

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 12-1, AS AMENDED**

**REGISTRATION STATEMENT UNDER THE SECURITIES REGULATION CODE**

SECURITIES AND EXCHANGE  
COMMISSION  
**MAR 29 2019**  
MARKET REGULATION DEPT.  
BY: Clupe TIME: 2:40 pm

1. SEC Identification Number **CEO2536**
2. **ABOITIZ EQUITY VENTURES INC.**  
Exact name of registrant as specified in its charter
3. **PHILIPPINES**  
Province, country or other jurisdiction of incorporation or organization
4. **003-828-269-V**  
BIR Tax Identification Number
5. **HOLDING COMPANY**  
General character of business of registrant.
6. Industry Classification Code:  (SEC Use Only)
7. **32ND STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, METRO MANILA, 1634 PHILIPPINES; TEL No. (02) 886-2800**  
Address, including postal code, telephone number, FAX number including area code, of registrant's principal offices
8. **N/A**  
If registrant is not resident in the Philippines, or its principal business is outside the Philippines, state name and address including postal code, telephone number and FAX number, including area code, and email address of resident agent in the Philippines.
9. Fiscal Year Ending Date (Month and Day) : **DECEMBER 31**

**Computation of Registration Fee**

Title of each class of securities to be registered	Amount to be registered	Proposed Maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
FIXED-RATE RETAIL BONDS <i>Due on the First Tranche</i>	PhP30,000,000,000.00	Face Value	PhP30,000,000,000.00	PhP8,062,500.00
Legal Research Fee of 1%				PhP1,343,750.00
Total Registration Fee Payable				PhP13,437.50
				PhP1,357,187.50

*Pursuant to Rule 8.1.2.2 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code ("SRC IRR"), PhP1,343,750.00 (equivalent to pro-rata share of the first tranche of PhP5,000,000,000.00 to the total amount to be registered, PhP30,000,000,000.00 plus the amount of Legal Research Fee indicated above) will be paid on the date of filing of this Registration Statement and the remaining portion of PhP6,718,750.00 (pro-rata share of the amount of PhP25,000,000,000.00 to be lodged under shelf registration to the total amount to be registered, PhP30,000,000,000.00) and the remaining portion of PhP67,187.50 as Legal Research Fee will be paid in accordance with Rule 8.1.2.2.2 of the SRC IRR.*

## **PART I - INFORMATION REQUIRED IN PROSPECTUS**

**Item 1. Front of the Registration Statement and Outside Front Cover Page of Prospectus.**  
*Please refer to the front page of the Preliminary Prospectus ("Prospectus").*

**Item 2. Inside Front Cover and First Two or More Pages of Prospectus.**  
*Please refer to the inside front cover page and the succeeding pages of the Prospectus.*

**Item 3. Risk Factors and Other Considerations.**  
*Please refer to the section "Risk Factors and Other Considerations" starting on page 35 of the Prospectus.*

**Item 4. Use of Proceeds.**  
*Please refer to the section "Use of Proceeds" starting on page 42 of the Prospectus.*

**Item 5. Determination of Offering Price.**  
*Please refer to the section "Determination of the Offer Price" starting on page 44 of the Prospectus.*

**Item 6. Dilution.**  
*Not applicable.*

**Item 7. Selling Security Holders.**  
*Not applicable.*

**Item 8. Plan of Distribution.**  
*Please refer to the section "Plan of Distribution" starting on page 45 of the Prospectus.*

**Item 9. Description of the Bonds.**  
*Please refer to the section "Description of the Offer" starting on page 51 of the Prospectus.*

**Item 10. Interests of Named Experts.**  
*Please refer to the section "Independent Auditors and Counsel" starting on page 264 of the Prospectus.*

**Item 11. Information with Respect to the Registrant.**

*Furnish the following information with respect to the registrant:*

- (a) *On Description of Business, please refer to the section "The Company" starting on page 69 of the Prospectus.*
- (b) *On Description of Properties, please refer to the section "Properties" starting on page 207 of the Prospectus.*
- (c) *On Certain Legal Proceedings, please refer to the section "Certain Legal Proceedings" starting on page 215 of the Prospectus.*
- (d) *On Management's Discussion and Analysis and Analysis of Financial Condition and Result of Operations, please refer to the section so titled starting on page 221 of the Prospectus.*
- (e) *On Changes in and Disagreements with Accountants on Accounting and Financial Disclosure, please refer to the section "Changes in and Disagreements with Accountants" starting on page 265 of the Prospectus.*
- (f) *On Directors, Executive Officers, Promoters and Control Persons, please refer to the section "Board of Directors and Management of the Company" starting on page 235 of the Prospectus.*
- (g) *On Executive Compensation, please refer to the section so titled on page 253 of the Prospectus.*
- (h) *On Security Ownership of Management and Certain Record and Beneficial Owners, please refer to the section "Security Ownership of Management" page 256 of the Prospectus.*

- (i) *On Certain Relationships and Related Transactions, please refer to the section so titled on page 259 of the Prospectus.*

**Item 12. Financial Information**

*Please refer to the section "Summary Financial Information" starting on page 23 of the Prospectus and "Management's Discussion and Analysis of Financial Position and Results of Operations" starting on page 221 of the Prospectus, and their reference to the audited consolidated financial statements for the years ended 31 December 2018, 2017 and 2016.*

**PART II - INFORMATION INCLUDED IN REGISTRATION STATEMENT BUT NOT REQUIRED IN PROSPECTUS**

**Item 13. Other Expenses of Issuance and Distribution.**

*Please refer to the section "Use of Proceeds" starting on page 42 of the Prospectus.*

**Item 14. Prospectus and Financial Statements; Exhibits.**

<b>Annex A</b>	Preliminary Prospectus dated March 29, 2019
<b>Annex A-1</b>	Audited Financial Statements for the fiscal year ended December 31, 2018 of the Company
<b>Annex A-2</b>	Audited Financial Statements for the fiscal year ended December 31, 2017 of the Company
<b>Annex A-3</b>	Audited Financial Statements for the fiscal year ended December 31, 2016 of the Company

<b>Annex</b>	<b>Description</b>
<b>Annex B</b>	Undertaking dated March 29, 2019 regarding publication of notice
<b>Annex C</b>	Latest Amended Articles of Incorporation and amended By-laws of Company
<b>Annex D</b>	Legal Opinion re: Legality and Tax Matters dated March 29, 2019 issued by C&G Law
<b>Annex E</b>	Draft Underwriting Agreement
<b>Annex F</b>	Tabular Summary of Material Contracts and Copies of Material Contracts
<b>Annex G</b>	List of the Company's subsidiaries
<b>Annex H</b>	Notarized Curriculum Vitae of Officers and Directors
<b>Annex I</b>	Board of Investments Certificate
<b>Annex J</b>	Authority to Examine Bank Accounts dated March 29, 2019
<b>Annex K</b>	Director's certificate dated March 29, 2019 and secretary certificate dated March 15, 2019 certifying the board resolution approving the Offer and appointing authorized signatories therefor
<b>Annex L</b>	Secretary certificate dated March 15, 2019 re: adoption of the Fit and Proper Rule and other corporate governance matters Letter of undertaking dated March 29, 2019 allowing the SEC to resolve any issue regarding the selection of independent directors
<b>Annex M</b>	Mandate Letter dated February 26, 2019 by and among the Company, BDO

Annex	Description
	Capital & Investment Corporation and First Metro Investment Corporation
Annex N	<p>Certification dated March 28, 2019 regarding the awareness of BDO Capital &amp; Investment Corporation of the submissions to the SEC relating to the filing of the registration statement for the Offer</p> <p>Certification dated March 28, 2019 regarding the awareness of First Metro Investment Corporation of the of the submissions to the SEC relating to the filing of the registration statement for the Offer</p>
Annex O	Certification dated March 29, 2019 regarding the Company's licenses and permits
Annex P	Certification dated March 29, 2019 regarding the Company's legal proceedings
Annex Q	Certification dated March 29, 2019 regarding the submission of audited financial statements of the Company's subsidiaries
Annex R	Certification dated March 29, 2019 regarding the awareness of the Company of the submissions to the SEC relating to the filing of the registration statement for the Offer
Annex S	Certification dated March 29, 2019 regarding the compliance of the Company and its subsidiaries with their tax obligations and Tax Compliance Report
Annex T	Undertaking dated March 29, 2019 regarding payment of applicable filing fees for subsequent tranches of bond offering
Annex U	Certification dated March 21, 2019 regarding eligibility of Trustee
Annex V	Draft Trust Agreement between the Company and BDO Unibank, Inc. – Trust and Investments Group
Annex W	Environmental Compliance Certificates

**SIGNATURES**

Pursuant to the requirements of the Code, this registration statement is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of

TAGUIG CITY on 29 MAR 2019

By:

[Redacted Signature]

**ERRAMON I. ABOITIZ**  
President and Chief Executive Officer  
(Principal Executive Officer)

[Redacted Signature]

**SABIN M. ABOITIZ**  
Executive Vice President and  
Chief Operating Officer  
(Principal Operating Officer)

[Redacted Signature]

**MANUEL R. LOZANO**  
Senior Vice President, Chief Financial Officer  
and Corporate Information Officer  
(Principal Financial Officer)

[Redacted Signature]

**MELINDA R. BATHAN**  
First Vice President and Controller  
(Comptroller and Principal Accounting Officer)

[Redacted Signature]

**MANUEL ALBERTO R. COLAYCO**  
First Vice President, Corporate Secretary, Chief  
Legal Officer, and Chief Compliance Officer

**SUBSCRIBED AND SWORN** to before me this 29 day of MAR 2019  
me their Identification/Residence Certificates, as follows:

NAMES	ID/RES. CERT.NO.	DATE OF ISSUE	PLACE OF ISSUE
ERRAMON I. ABOITIZ	Passport No. [Redacted]	[Redacted]	[Redacted]
SABIN M. ABOITIZ	[Redacted]	[Redacted]	[Redacted]
MANUEL R. LOZANO	[Redacted]	[Redacted]	[Redacted]
MELINDA R. BATHAN	[Redacted]	[Redacted]	[Redacted]
MANUEL ALBERTO R. COLAYCO	[Redacted]	[Redacted]	[Redacted]

Doc No. 84  
Page No. 18  
Book No. 1  
Series of 2019



[Redacted Signature]

**Mailene M. de la Torre**  
Notary Public for Taguig City  
Notarial Commission No. 61  
Until December 31 2019  
NAC Tower 3<sup>rd</sup> St. Bonifacio Global City, Taguig City  
PTR No. A-4208016: January 07 2019 Taguig City  
IBP Lifetime Member No. 010379: Taguig City, Jan 06, 2012  
Roll No. 55885  
MCLE No. VI-0014710 November 13, 2018



# aboitiz

## Equity Ventures

ABOITIZ EQUITY VENTURES, INC.

PhP30,000,000,000  
Debt Securities Program

First Tranche:  
Up to [PhP3,000,000,000]  
with an Oversubscription Option  
of up to [PhP2,000,000,000]

Series A: [•]% [5]-Year Bonds Due [2024]  
Series B: [•]% [10]-Year Bonds Due [2029]  
Offer Price: 100% of Face Value

Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners



**FIRST METRO**  
INVESTMENT CORPORATION  
Metrobank Group

SECURITIES AND EXCHANGE  
COMMISSION

RECEIVED  
MAR 29 2019  
MARKET REGULATION DEPT

BY: *Qeyre* TIME: 4:40 pm

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

The date of this Preliminary Prospectus is March 29, 2019.

RE RAT STA ENT ATION TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THE SAME BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PRELIMINARY PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION OF AN OFFER TO BUY.

# aboitiz

## Equity Ventures

(A corporation duly organized and existing under Philippine laws)

This Preliminary Prospectus relates to the shelf-registration and continuous offer of Aboitiz Equity Ventures Inc. (“AEV”, the “Issuer”, or the “Company”) through a sale in the Philippines of Fixed Rate Bonds in the aggregate principal amount of up to PhP30,000,000,000 (the “Bonds”).

For the first tranche of the Bonds to be issued out of the shelf-registration, AEV is offering Fixed Rate Bonds in the aggregate principal amount of up to PhP3,000,000,000, with an oversubscription option of up to PhP2,000,000,000 (the “First Tranche Bonds”) on the Issue Date (the “Offer”). The Series A Bonds shall have a term ending [five]([5]) years from the Issue Date, or on [2024], with a fixed interest rate of [•]% per annum and an optional redemption on the [4<sup>th</sup>] anniversary of the Series A Bonds, and in each case, the immediately succeeding Banking Day if such date is not a Banking Day. The Series B Bonds shall have a term ending [ten]([10]) years from the Issue Date, or on [2029], with a fixed interest rate of [•]% per annum and an optional redemption on the [7<sup>th</sup>],[8<sup>th</sup>], and [9<sup>th</sup>] anniversary of the Series B, and in each case, the immediately succeeding Banking Day if such date is not a Banking Day. Interest on the First Tranche Bonds shall be payable quarterly in arrears on [•],[•],[•], and [•] of each year while the First Tranche Bonds are outstanding, or the subsequent Banking Day without adjustment if such Interest Payment Date is not a Banking Day. The last Interest Payment Date shall fall on the relevant Maturity Date while the First Tranche Bonds are outstanding (see “Description of the Offer” – “Interest” on page [53] of this Preliminary Prospectus).

The First Tranche Bonds shall be repaid at maturity at par (or 100% of face value) on the relevant Maturity Date, unless the Company exercises its early redemption option according to the conditions therefore (see “Description of the Offer” – “Redemption and Purchase” on page [54] of this Preliminary Prospectus).

Upon issuance, the First Tranche Bonds shall constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to Section [5.02] (a) of the Trust Agreement or as may be allowed by the Trust Agreement, and (iii) other indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The First Tranche Bonds shall effectively be subordinated in right of payment to, among others, all of AEV’s secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines (see “Description of the Offer” – “Ranking” on page [53] of this Preliminary Prospectus).

The First Tranche Bonds have been rated [•], with a [•] Outlook by PhilRatings on [•]. Obligations rated PRS [•] are [•].

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The First Tranche Bonds are offered to the public at face value through BDO Capital & Investment Corporation and First Metro Investment Corporation as joint issue managers, joint lead

underwriters, and joint bookrunners (collectively, the “Joint Lead Underwriters”) with the Philippine Depository & Trust Corp. (PDTC) as the Registrar of the First Tranche Bonds. The First Tranche Bonds shall be issued in minimum denominations of PhP50,000 each, and in integral multiples of PhP10,000 thereafter. The First Tranche Bonds shall be traded in denominations of PhP10,000 in the secondary market.

AEV intends to cause the listing of the First Tranche Bonds on the Philippine Dealing & Exchange Corporation (“PDEX”) for this purpose. However, there can be no assurance that such a listing will actually be achieved either before or after the Issue Date or whether such a listing will materially affect the liquidity of the First Tranche Bonds on the secondary market. Such listing would be subject to the Company’s execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis.

AEV expects to raise gross proceeds of up to PhP3,000,000,000 or up to PhP5,000,000,000, if the Oversubscription Option is exercised. The net proceeds from the issue is estimated to be [PhP2,958,655,330.36] for a PhP3,000,000,000 issue size, or [PhP4,936,383,883.93] for a PhP5,000,000,000 issue size, after fees, commissions, and expenses. Proceeds of the Offer shall be used to as part of the refinancing plan of the medium-term loan of AEV International Pte. Ltd., a wholly-owned subsidiary of the Company., as more described in the section entitled “*Use of Proceeds*” on page [42] of this Preliminary Prospectus. The Joint Lead Underwriters shall receive an aggregate fee of 31.5 basis points on the final aggregate nominal principal amount of the First Tranche Bonds issued, which is inclusive of underwriting fees and selling commissions.

On 29 March 2019, AEV filed a Registration Statement with the Securities and Exchange Commission (SEC), in connection with the offer and sale to the public of debt securities with an aggregate principal amount of PhP30,000,000,000, under shelf registration, inclusive of the Offer and any amount remaining if the Oversubscription Option is not or is not fully exercised. The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the offer. Any subsequent offering of the Bonds under the relevant rules shall be subject to the submission of the Company of the relevant updates and amendments to the Registration Statement and the issuance of the corresponding permit to sell by the SEC. As a reporting company, the Issuer regularly disseminates such updates and information in its disclosures to the SEC.

However, there can be no assurance in respect of: (i) whether AEV would issue the remaining amount of the Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the specific terms and conditions of any such issuance. Any decision by AEV to offer such Bonds will depend on a number of factors at the relevant time, many of which are not within AEV’s control, including but not limited to: prevailing interest rates, the financing requirements of AEV’s business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

AEV confirms that this Preliminary Prospectus contains all material information relating to the Company, its affiliates and subsidiaries, as well as all material information on the issue and offering of the First Tranche Bonds as may be required by the applicable laws of the Republic of the Philippines. No facts have been omitted that would make any statement in this Preliminary Prospectus misleading in any material respect. AEV confirms that it has made all reasonable inquiries with respect to any information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Preliminary Prospectus. AEV, however, has not independently verified any or all such publicly available information, data or analysis.



The prices of securities can and do fluctuate. Any individual security may experience upward or downward movements, and may lose all or part of its value over time. The future performance of a security may defy the trends of its past performance, and there may be a significant difference between the buying price and the selling price of any security. As such, there is an inherent risk that losses may be incurred, rather than profit made, as a result of buying and selling securities. Thus, an investment in the First Tranche Bonds described in this Preliminary Prospectus involves a certain degree of risk.

In deciding whether to invest in the First Tranche Bonds, a prospective purchaser of the First Tranche Bonds (“Prospective Bondholder”) should, therefore, carefully consider all the information contained in this Preliminary Prospectus, including but not limited to, several factors inherent to the Company, which includes regulatory risk, information security risk, and other risk factors detailed in “*Risk Factors and Other Considerations*” section on page [35] of this Preliminary Prospectus, as well as those risks relevant to the Philippines vis-à-vis risks inherent to the First Tranche Bonds.

Neither the delivery of this Preliminary Prospectus nor any sale made pursuant to the Offer shall, under any circumstances, constitute a representation or create any implication that the information contained or referred to in this Preliminary Prospectus is accurate, complete or correct as of any time subsequent to the date hereof or that there has been no change in the affairs of AEV since the date of this Preliminary Prospectus.

The contents of this Preliminary Prospectus are not to be considered as definitive legal, business or tax advice. Each Prospective Bondholder receiving a copy of this Preliminary Prospectus acknowledges that he has not relied on the Joint Lead Underwriters, or any person affiliated with the Joint Lead Underwriters, in his investigation of the accuracy of any information found in this Preliminary Prospectus or in his investment decision. Prospective Bondholders should consult their own counsel, accountants, or other advisors as to legal, tax, business, financial, and related aspects of the purchase of the First Tranche Bonds, among others. It bears emphasis that investing in the First Tranche Bonds involves certain risks. It is best to refer again to the section on “*Risk Factors and Other Considerations*” on page [35] of this Preliminary Prospectus for a discussion of certain considerations with respect to an investment in the First Tranche Bonds.

No person nor group of persons has been authorized by AEV, and the Joint Lead Underwriters, to give any information or to make any representation concerning AEV or the First Tranche Bonds other than as contained in this Preliminary Prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by AEV or the Joint Lead Underwriters.

AEV is organized under the laws of the Philippines. Its principal office is at 32<sup>nd</sup> Street, Bonifacio Global City, 1634 Taguig City, Metro Manila, Philippines with telephone number (632) 886-2800.

**A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PRELIMINARY PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.**

ABOITIZ EQUITY VENTURES INC.

By: [REDACTED]

ERRAMON, ABOITIZ  
President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this 29<sup>th</sup> day of March 2019 at Taguig City, Philippines, affiant exhibiting to me his [REDACTED] and his [REDACTED], bearing the affiant's photograph and signature.

Doc. No. 81 ;  
Page No. 18 ;  
Book No. I ;  
Series of 2019.



[REDACTED]  
Mailene M. de la Torre  
Notary Public for Taguig City  
Notarial Commission No. 61  
Until December 31 2019  
NAC Tower, 32<sup>nd</sup> St. Bonifacio Global City Taguig City  
PTR No. A-4208016; January 07 2019 Taguig City  
IBP Lifetime Member No. 010379; Taguig City, Jan 06, 2012  
Roll No. 55885  
MCLE No. VI-0014710 November 13, 2018

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## FORWARD LOOKING STATEMENTS

This Preliminary Prospectus contains certain “forward-looking statements”. These forward-looking statements can generally be identified by use of statements that include words or phrases such as AEV or its management “believes”, “expects”, “anticipates”, “intends”, “plans”, “foresees”, or other words or phrases of similar import. Similarly, statements that describe AEV’s objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of AEV include, among others:

- General economic and business conditions in the Philippines;
- The Company’s management’s expectations and estimates concerning its future financial performance;
- The Company’s capital expenditure program and other liquidity and capital resources requirements;
- The Company’s level of indebtedness;
- Increasing competition in the industry in which the Company, its Subsidiaries and its affiliates operate;
- Industry risk in the areas in which the Company, its Subsidiaries, and its affiliates operate;
- Changes in laws and regulations that apply to the segments or industry in which the Company, its Subsidiaries, and its affiliates operate;
- Changes in political conditions in the Philippines;
- Inflation in the Philippines and any devaluation of the Philippine Peso;
- The risk factors discussed in this Prospectus as well as other factors beyond the Company’s control.

For further discussion of such risks, uncertainties and assumptions, see “*Risk Factors and Other Considerations*” on page [35] of this Preliminary Prospectus. Prospective purchasers of the First Tranche Bonds are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Preliminary Prospectus, and AEV undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

None of the Joint Lead Underwriters take any responsibility for, or gives any representation, warranty or undertaking in relation to, any such forward-looking statement.

## DEFINITION OF TERMS

<b>Aboitiz Foundation</b>	Aboitiz Foundation, Inc.
<b>Aboitiz Group</b>	ACO and the companies or entities in which ACO has beneficial interest and over which ACO, directly or indirectly, exercises management control, including, without limitation, AEV, AboitizPower, AboitizLand, Pilmico, Aboitiz InfraCapital and their respective Subsidiaries and Affiliates
<b>Aboitiz InfraCapital</b>	Aboitiz InfraCapital, Inc. (formerly: AEV Infracapital, Inc.)
<b>AboitizLand</b>	Aboitiz Land, Inc.
<b>AboitizPower AP</b> or	Aboitiz Power Corporation
<b>AboitizPower Group</b>	Aboitiz Power Corporation and its Subsidiaries
<b>Aboitiz Power International</b>	AboitizPower International Pte. Ltd.
<b>Abojob Group</b>	Refers to Aboitiz Jebsen Company, Inc., Aboitiz Jebsen Manpower Solutions, Inc., and Jebsen Maritime, Inc.
<b>Abovant</b>	Abovant Holdings, Inc.
<b>ACI</b>	Aboitiz Construction, Inc. (formerly Aboitiz Construction Group, Inc.)
<b>ACO</b>	Aboitiz & Company, Inc.
<b>AdventEnergy</b>	Adventenergy, Inc.
<b>AESI</b>	Aboitiz Energy Solutions, Inc.
<b>AEV, the Company, or the Issuer</b>	Aboitiz Equity Ventures, Inc.
<b>AEV Av</b>	AEV Aviation, Inc. (formerly Davco Holdings, Inc.; Spin Realty Corporation)
<b>AEV CRH</b>	AEV CRH Holdings, Inc.
<b>AEV Group or the Group</b>	AEV and its Subsidiaries
<b>AEV International</b>	AEV International Pte. Ltd.
<b>AFC</b>	American Feeds Company Limited
<b>Affiliate</b>	With respect to any Person, any other Person directly or indirectly Controlled or is under common Control by such Person
<b>Ambuklao-Binga Hydroelectric Power</b>	Refers to SN Aboitiz Power- Benguet's 105-MW Ambuklao Hydroelectric Power Plant located in Bokod, Benguet and 140-MW Binga Hydroelectric Power Plant in Itogon, Benguet



<b>Complex</b>	
<b>AMLA</b>	Anti-Money Laundering Act
<b>AP Solar</b>	AP Solar Tiwi, Inc.
<b>APA</b>	Asset Purchase Agreement
<b>APAC</b>	APAC Commodities Pte. Ltd.
<b>APDS</b>	Automatic Payroll Deduction System
<b>Apo Agua</b>	Apo Agua Infraestructura, Inc.
<b>APRI</b>	AP Renewables Inc.
<b>APX1</b>	Aboitiz Power Distributed Energy, Inc.
<b>APX2</b>	Aboitiz Power Distributed Renewables, Inc.
<b>Archipelago Insurance</b>	Archipelago Insurance Pte. Ltd.
<b>ARI</b>	Aboitiz Renewables, Inc. (formerly: Philippine Hydropower Corporation)
<b>ARR</b>	Annual Revenue Requirement
<b>AS</b>	Ancillary Services
<b>ASPA</b>	Ancillary Services Procurement Agreement
<b>Associate</b>	Refers to an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies
<b>ATM</b>	Automated Teller Machine
<b>ATSC</b>	Aboitiz Transport System (ATSC) Corporation (now 2GO Group, Inc.)
<b>Bakun AC Plant</b>	Refers to the 70-MW Bakun AC run- of-river hydropower plant located in Amilongan, Alilem, Ilocos Sur
<b>Banking Day</b>	Any day other than Saturday, Sunday and public holidays, on which commercial banks and the Philippine Clearing House Corporation are generally open for the transaction of business in Taguig City, Makati City, and the City of Manila; provided, that all other days otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each
<b>Banking Day</b>	Any day other than Saturday, Sunday and public holidays, on which commercial banks and the Philippine Clearing House Corporation are generally open for the transaction of business in Taguig City, Makati City, and the City of Manila; provided, that all other days otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each
<b>BCQ</b>	Bilateral Contract Quantity
<b>BDO Capital</b>	BDO Capital & Investment Corporation
<b>BEZ</b>	Balamban Enerzone Corporation
<b>BFF</b>	Bintawa Fishmeal Factory Sdn. Bhd.

<b>BIR</b>	Bureau of Internal Revenue
<b>Board</b>	Board of Directors of AEV, unless context clearly provides otherwise
<b>BOC</b>	Bureau of Customs
<b>BOI</b>	The Philippine Board of Investments
<b>Bondholder</b>	A Person whose name appears, at any time, as a holder of the First Tranche Bonds in the Register of Bondholders
<b>Bonds</b>	The unsecured fixed rate peso retail bonds in the aggregate principal amount of up to Thirty Billion Pesos (PhP30,000,000,000.00) in one or more tranches
<b>BOT</b>	Build-Operate-Transfer
<b>BPO</b>	Business Process Outsourcing
<b>Brownfield</b>	Refers to power generation projects that are developed on sites which had previous developments
<b>BSP</b>	Bangko Sentral ng Pilipinas
<b>Bunker C</b>	Refers to the thickest residual fuels that is produced by blending any oil remaining at the end of the oil refining process with a lighter oil
<b>Business Unit</b>	A Subsidiary or an Affiliate of AEV
<b>CA</b>	Court of Appeals
<b>CASA</b>	Current Account/Savings Account
<b>CBA</b>	Collective Bargaining Agreement
<b>CBAA</b>	Central Board of Assessment Appeals
<b>CDPEI</b>	Cebu District Property Enterprise, Inc.
<b>Cebu Energy</b>	Cebu Energy Development Corporation
<b>CFL</b>	Comfez Limited
<b>CG Report</b>	Refers to the Company's Corporate Governance Report
<b>CIPDI</b>	Cebu Industrial Park Developers, Inc.
<b>CitySavings or CSB</b>	City Savings Bank, Inc.
<b>Cleanergy</b>	Cleanergy, Inc. (formerly Northern Mini-Hydro Corporation)
<b>Coal Group</b>	Composed of the following Business Units: Therma Luzon, Inc., Therma South, Inc., Therma Visayas, Inc., GNPowder Mariveles Coal Plant Ltd. Co., GNPowder Dinginin Ltd. Co., Pagbilao Energy Corporation, Redondo Peninsula Energy, Inc., STEAG State Power, Inc., and Cebu Energy Development Corporation, which own and/or operate coal-fired power plants
<b>COC</b>	Certificate of Compliance
<b>Code</b>	Refers to the Company's Code of Ethics and Business Conduct
<b>Contestable Customer</b>	Refers to an electricity end- user who has a choice of a supplier of electricity, as may be determined by the ERC in accordance with Republic Act 9136 or the EPIRA
<b>Contestable Market</b>	Refers to the electricity end-users who have a choice of a supplier of electricity, as may be determined by the ERC in accordance with Sec. 4(h) of

	the EPIRA
<b>Control</b>	A term which refers to possession, directly or indirectly, by a Person of the power to direct or cause the direction of the management and policies of another Person whether through the ownership of voting securities or otherwise; provided, however, that the direct or indirect ownership of over 50% of the voting capital stock, registered capital or other equity interest of a Person is deemed to constitute control of that Person; “Controlling” and “Controlled” have corresponding meanings
<b>Cotabato Light</b>	Cotabato Light & Power Company
<b>CPDC</b>	Cebu Praedia Development Corporation
<b>CPL</b>	Comfez Pte. Ltd.
<b>CPPC</b>	Cebu Private Power Corporation
<b>CRH Aboitiz</b>	CRH Aboitiz Holdings, Inc.
<b>CSEE</b>	Contract for the Supply of Electric Energy
<b>CTA</b>	Court of Tax Appeals
<b>DAU</b>	Declaration of Actual Use
<b>Davao Light</b>	Davao Light & Power Company, Inc.
<b>DENR</b>	Department of Environment and Natural Resources
<b>DepEd</b>	Department of Education
<b>DOE</b>	Department of Energy
<b>DOLE</b>	Department of Labor and Employment
<b>DOTr</b>	Department of Transportation
<b>Distribution Companies or Distribution Utilities</b>	Refers to the companies within the AboitizPower Group engaged in Power Distribution, such as BEZ, Cotabato Light, Davao Light, LEZ, MEZ, SEZ, SFELAPCO and VECO.  “Distribution Company” or “Distribution Utility” may refer to any one of the foregoing companies.
<b>EAUC</b>	East Asia Utilities Corporation
<b>ECC</b>	Environmental Compliance Certificate
<b>Enerzone Companies</b>	A term collectively referring to BEZ, LEZ, MEZ and SEZ and other Distribution Utilities of the AboitizPower Group operating within special economic zones
<b>EPC</b>	Engineering, Procurement and Construction
<b>EPIRA</b>	RA 9136, otherwise known as the “Electric Power Industry Reform Act of 2001,” as amended from time to time, and including the rules and regulations issued thereunder
<b>EPPA</b>	Electric Power Purchase Agreement
<b>ERC</b>	Energy Regulatory Commission
<b>Events of Default</b>	Those events defined as such in the Trust Agreement and listed under “Description of the Offer” - “ <i>Events of Default</i> ” on page [•] of the Prospectus.

<b>FEZ</b>	FEZ Animal Nutrition Pte. Ltd.
<b>Filagri</b>	Filagri, Inc.
<b>Filagri Holdings</b>	Filagri Holdings, Inc.
<b>First Tranche Bonds</b>	Consists of Series A Bonds and Series B Bonds, in the aggregate principal amount of up to PhP3,000,000,000.00, with an Oversubscription Option in the aggregate principal amount of up to PhP2,000,000,000.00
<b>FIT</b>	Feed-in-Tariff
<b>FIT-All</b>	Feed-in-Tariff Allowance
<b>FMIC</b>	First Metro Investment Corporation
<b>Food Group</b>	A term collectively referring to Pilmico, PANC, Filagri, Pilmico International, Pilmico Vietnam Trading and PVF; the Company's Business Units engaged in the food business
<b>GCAFI</b>	Gold Coin Aqua Feed Incorporated
<b>GCDG</b>	Gold Coin Feedmill (Dongguan) Co. Limited
<b>GCFB</b>	Gold Coin Feedmill (Brunei) Sdn. Bhd.
<b>GCFD</b>	Gold Coin Feedmill (Dong Nai) Co. Ltd.
<b>GCFHN</b>	Gold Coin Feedmill Ha Nam Company Limited
<b>G CFL</b>	Gold Coin Feed Mills (Lanka) Ltd.
<b>GCFM</b>	Gold Coin Feedmills (Malaysia) Sdn. Bhd.
<b>GCFs</b>	Gold Coin Feedmill (Sabah) Sdn. Bhd.
<b>GCG</b>	Gold Coin Group Limited
<b>GCGI</b>	Green Core Geothermal Incorporated
<b>GCHSB</b>	Gold Coin Holdings Sdn Bhd
<b>GCI</b>	P.T. Gold Coin Indonesia
<b>GCIH</b>	GC Investment Holdings Limited
<b>GCKM</b>	Gold Coin Feedmill (Kunming) Company Limited
<b>GCMG</b>	Gold Coin Malaysia Group Sdn. Bhd.
<b>GCMH</b>	Gold Coin Management Holdings Limited
<b>GCS</b>	Gold Coin Sarawak Sdn. Bhd.
<b>GCSAB</b>	Gold Coin Sabah Sdn. Bhd.
<b>GCSI</b>	P.T. Gold Coin Specialties
<b>GCSS</b>	Gold Coin Services Singapore Pte Limited
<b>GCSsB</b>	Gold Coin Specialties Sdn. Bhd.
<b>GCST</b>	Gold Coin Specialties (Thailand) Co. Ltd.
<b>GCSZ</b>	Gold Coin Management (Shenzhen) Co. Limited
<b>GCTI</b>	P.T. Gold Coin Trading Indonesia
<b>GCZH</b>	Gold Coin (Zhuhai) Company Limited

<b>GCZJ</b>	Gold Coin (ZhangJiang) Company Limited
<b>GCZZ</b>	Gold Coin (Zhangzhou) Company Limited
<b>Generation Companies</b>	Refers to the companies within the AboitizPower Group engaged in Power Generation; “Generation Companies” may refer to any one of these companies.
<b>GLS</b>	Golden Livestock Sdn. Bhd.
<b>Global Formosa</b>	Global Formosa Power Holdings, Inc.
<b>Global Power</b>	Global Business Power Corporation of the Metrobank Group
<b>GMCP</b>	GNPower Mariveles Coal Plant Ltd. Co.
<b>GNPD</b>	GNPower Dinginin Ltd. Co.
<b>Government</b>	The Government of the Republic of the Philippines
<b>Greenfield</b>	Refers to power generation projects that are developed from inception on previously undeveloped sites
<b>GRES</b>	Geothermal Renewable Energy Service Contracts
<b>Grid</b>	As defined in the Implementing Rules and Regulations of the EPIRA, it is the high voltage backbone system of interconnected transmission lines, substations and related facilities located in each of Luzon, Visayas and Mindanao or as may be otherwise determined by the ERC in accordance with Section 45 of the EPIRA
<b>Government Authority</b>	The Republic of the Philippines, or any political subdivision or agency thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the said government, and any national agency or body vested with jurisdiction or authority over any Person
<b>GSIS</b>	Government Service Insurance System
<b>Guidelines</b>	AEV’s Amended Guidelines for the Nomination and Election of Independent Directors
<b>GWh</b>	Gigawatt-hour, or 1,000,000 kilowatt-hours
<b>Hedcor</b>	Hedcor, Inc.
<b>Hedcor Sabangan</b>	Hedcor Sabangan, Inc
<b>Hedcor Sibulan</b>	Hedcor Sibulan, Inc.
<b>Hedcor Tudaya</b>	Hedcor Tudaya, Inc.
<b>Hijos</b>	Hijos de F. Escaño, Inc.
<b>ILP</b>	Interruptible Load Program
<b>IMEM</b>	Interim Mindanao Electricity Market
<b>Insular Life</b>	The Insular Life Assurance Company, Ltd.
<b>IPPA</b>	Independent Power Producer Administrator
<b>IPO</b>	Initial Public Offering
<b>ISMS</b>	Information Security Management System



<b>Issue Date</b>		Means [•]
<b>Issue Price</b>		At par, which is equal to the face value of the First Tranche Bonds
<b>Joint Lead Underwriters or Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners</b>		BDO Capital and FMIC
<b>Joint Venture</b>		Refers to a type of joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually-agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require anonymous consent of the parties sharing control
<b>JVACC</b>		J.V. Angeles Construction Company
<b>KGT</b>		KLEAN Greentech Co. Ltd.
<b>kV</b>		Kilovolt, or 1,000 volts
<b>kW</b>		Kilowatt, or 1,000watts
<b>kWh</b>		Kilowatt-hour, the standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing 1,000 watts in one hour
<b>K&amp;L</b>		K & L Farming Industries Sdn. Bhd.
<b>Land Group</b>		A term collectively referring to AboitizLand and the Company's Business Units engaged in the real estate
<b>LBAA</b>		Local Board of Assessment Appeals
<b>LEZ</b>		Lima Enerzone Corporation (formerly Lima Utilities Corporation)
<b>LHC</b>		Luzon Hydro Corporation
<b>LimaLand</b>		Lima Land, Inc.
<b>LTC</b>		Lima Technology Center
<b>LWC</b>		Lima Water Corporation
<b>Maaraw Carlos</b>	<b>San</b>	Maaraw Holdings San Carlos, Inc.
<b>Magat Plant</b>		Refers to the 360-MW HEPP of SN Aboitiz Power - Magat, located at the border provinces of Isabela and Ifugao
<b>Majority Bondholders</b>		At any time, the Bondholders who hold, represent or account for at least fifty percent (50%) plus one peso (P1.00) of the aggregate outstanding principal amount of the First Tranche Bonds, provided that, in respect of any matter presented for resolution at any meeting of Bondholders that affect the rights and interests of only the holders of the Series A Bonds, holders of Series A Bonds, exclusively, will be considered for quorum and approval purposes; and in respect of any matter presented for resolution at any meeting of Bondholders that affect the rights and interests of only the holders of the Series B Bonds, holders of Series B Bonds, exclusively, will be

	considered for quorum and approval purposes.
<b>Maris Plant</b>	The 8.5 MW run-of-river Maris Main Canal 1 Hydroelectric Power Plant
<b>Mariveles Project</b>	2x316MW (net) pulverized coal-fired power plant located in Mariveles, Bataan, Philippines
<b>Master Certificate of Indebtedness</b>	Refers to the certificates representing each of the Series A and Series B Bonds sold in the Offer issued to and registered in the name of the Trustee, on behalf of the Bondholders
<b>MCIAA</b>	Mactan - Cebu International Airport Authority
<b>MEPZ I</b>	Mactan Export Processing Zone I
<b>MEPZ II</b>	Mactan Export Processing Zone II
<b>Meralco</b>	Manila Electric Company
<b>MEZ</b>	Mactan Enerzone Corporation
<b>MGCI</b>	Myanmar Gold Coin International Co. Ltd.
<b>MOA</b>	Memorandum of Agreement
<b>MORE</b>	Manila – Oslo Renewable Enterprise, Inc.
<b>MW</b>	Megawatt, or one mn watts
<b>MWh</b>	Megawatt-hour
<b>MWP</b>	Megawatt-peak
<b>MVA</b>	Megavolt Ampere
<b>NGCP</b>	National Grid Corporation of the Philippines
<b>NIA</b>	National Irrigation Authority
<b>NPC</b>	National Power Corporation
<b>NPPC</b>	Naga Power Plant Complex, the 55 MW land-based gas turbine power plant located in Colon, Naga City, Cebu
<b>NWRB</b>	National Water Resources Board
<b>Offer Period</b>	[•] 2019 to [•] 2019
<b>Oil Group</b>	Refers to the following companies: East Asia Utilities Corporation, Cebu Private Power Corporation, Therma Marine, Inc., Therma Mobile, Inc., Southern Philippines Power Corporation, and Western Mindanao Power Corporation, which own and operate Bunker C-fired power plants
<b>Open Access</b>	Retail Competition and Open Access
<b>Oversubscription Option</b>	An option exercisable by the Joint Lead Underwriters in consultation with the Issuer of up to PhP2,000,000,000.00. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the First Tranche Bonds under Oversubscription Option that will not be taken up or exercised during the Offer Period will remain under shelf registration and may be issued in tranches within the Shelf Period
<b>PA</b>	Provisional Authority
<b>Pagbilao Plant or Pag1 and</b>	Refers to the 700-MW (2x350 MW) coal-fired thermal power plant located

<b>Pag2</b>	in Pagbilao, Quezon
<b>PANC</b>	Pilmico Animal Nutrition Corporation (formerly Fil-Am Foods, Inc.)
<b>PAN-JSC</b>	Pilmico Animal Nutrition Joint Stock Company (formerly: Eurofeed)
<b>PBI</b>	Pilmico Bioenergy, Inc.
<b>PBR</b>	Performance-Based Rate-Setting Regulation
<b>PCC</b>	Philippine Competition Commission
<b>PCRM</b>	Pricing and Cost Recovery Mechanism
<b>PDEX</b>	Philippine Dealing & Exchange Corp., the fixed-income securities market which provides an electronic trading platform of exchange for fixed- income securities
<b>PDNI</b>	Propriedad del Norte, Inc.
<b>PDTC</b>	Philippine Depository and Trust Corporation
<b>PEC</b>	Pagbilao Energy Corporation
<b>PEMC</b>	Philippine Electricity Market Corporation
<b>Person</b>	Means an individual, corporation, partnership, association, joint stock company, trust, any unincorporated organization, or a government or political subdivision thereof
<b>PETNET</b>	PETNET, Inc.
<b>PEZA</b>	Philippine Economic Zone Authority
<b>Philippine Pesos, PhP or ₱</b>	The lawful currency of the Republic of the Philippines
<b>PhilRatings</b>	Philippine Rating Services Corporation
<b>Pilmico</b>	Pilmico Foods Corporation
<b>Pilmico International</b>	Pilmico International Pte. Ltd.
<b>Pilmico Vietnam Trading</b>	Pilmico Viet Nam Trading Company Ltd.
<b>PIPPA</b>	Philippine Independent Power Producers Association, Inc.
<b>PPA</b>	Power Purchase Agreement
<b>PPP</b>	Public-Private Partnership
<b>Prism Energy</b>	Prism Energy, Inc.
<b>PSA</b>	Power Supply Agreement
<b>PSALM</b>	Power Sector Assets and Liabilities Management Corporation
<b>PSC</b>	Power Supply Contract
<b>PSE</b>	The Philippine Stock Exchange, Inc.
<b>PSPA</b>	Power Supply and Purchase Agreement
<b>PT Ayam</b>	PT Ayam Unggul

<b>PVF</b>	Pilmico Vietnam Feeds Joint Stock Company (formerly: Pilmico VHF Joint Stock Company)
<b>QMS</b>	Quality Management System
<b>RA</b>	Republic Act
<b>RCBM</b>	Republic Cement and Building Materials, Inc.
<b>RCII</b>	Republic Cement Iligan, Inc.
<b>RCLR</b>	Republic Cement Land & Resources, Inc.
<b>RCMI</b>	Republic Cement Mindanao, Inc.
<b>RCSI</b>	Republic Cement Services, (Philippines) Inc.
<b>Record Date</b>	The cut-off date in determining Bondholders entitled to receive interest or principal amount due, as used with respect to any Payment Date shall mean the day which is two (2) Banking Days prior to the relevant Interest Payment Date; provided that if such day falls on a non-Banking Day, the Record Date shall be the next Banking Day immediately preceding said date;
<b>Register of Bondholders</b>	The electronic register which shows the legal title to the First Tranche Bonds, maintained by the Registrar, pursuant to and under the terms of the Registry and Paying Agency Agreement
<b>Registrar and Paying Agent</b>	Philippine Depository & Trust Corp.
<b>REM</b>	Retail Electricity Market
<b>Renewal Energy Act or RE Law</b>	RA 9513, otherwise known as the Renewable Energy Act of 2008
<b>REPA</b>	Renewable Energy Payment Agreement
<b>RES</b>	Retail Electricity Supplier
<b>RESA</b>	Retail Electricity Suppliers Association of the Philippines, Inc.
<b>RESC</b>	Renewable Energy Service Contracts
<b>Revised Corporation Code</b>	Republic Act No. 11232 or the Revised Corporation Code of the Philippines
<b>Revised Manual</b>	Refers to the Company's Revised Manual on Corporate Governance
<b>RORB</b>	Return-on-Rate base
<b>RP Energy</b>	Redondo Peninsula Energy, Inc.
<b>RPT</b>	Real Property Tax
<b>RSC</b>	Retail Supply Contracts
<b>RTC</b>	Regional Trial Court
<b>Run-of-river hydroelectric plant</b>	Refers to a hydroelectric power plant that generates electricity from the natural flow and elevation drop of a river
<b>RTT</b>	Right-to-Top

<b>Sacasun</b>	San Carlos Sun Power Inc.
<b>SBFZ</b>	Subic Bay Freeport Zone
<b>SBMA</b>	Subic Bay Metropolitan Authority
<b>SC</b>	The Supreme Court of the Philippines
<b>SEC</b>	The Securities and Exchange Commission of the Philippines
<b>Series A Bonds</b>	The First Tranche Bonds with an aggregate principal amount of PhP[•], as may be increased subject to the exercise of the Oversubscription Option during the Offer Period, having a term ending [5] years from the Issuer Date, or on [2024]
<b>Series B Bonds</b>	The First Tranche Bonds with an aggregate principal amount of PhP[•], as may be increased subject to the exercise of the Oversubscription Option during the Offer Period, having a term ending [10] years from the Issuer Date, or on [2029]
<b>SEZ</b>	Subic EnerZone Corporation
<b>SFELAPCO</b>	San Fernando Electric Light and Power Co., Inc.
<b>Shelf Period</b>	A period of three (3) years from the effectivity of the registration statement within which securities under shelf registration may be offered
<b>Sibulan Project</b>	Refers to the two run-of-river hydropower generating facilities tapping the Sibulan and Baroring rivers in Sibulan, Santa Cruz, Davao del Sur
<b>SN Aboitiz Power - Benguet</b>	SN Aboitiz Power - Benguet, Inc. (formerly SN Aboitiz Power Hydro, Inc.)
<b>SN Aboitiz Power Group</b>	Refers to the group of companies formed out of the strategic partnership between AboitizPower and SN Power, and refers to MORE and its Subsidiaries, including, SN Aboitiz Power-Benguet, Inc., SN Aboitiz Power-Gen, Inc., SN Aboitiz Power-RES, Inc., and SN Aboitiz Power-Magat, Inc.
<b>SN Power</b>	SN Power AS, a consortium between Statkraft AS and Norfund of Norway
<b>SN Power Group</b>	Refers to the group formed by Statkraft AS and Norfund, and is composed of, among others, SN Power AS and Agua Imara AS. It is the leading Norwegian hydropower group with operations in Asia, Africa and Latin America
<b>SPC</b>	SPC Power Corporation
<b>SPPC</b>	Southern Philippines Power Corporation
<b>SRC</b>	RA 8799 or the Securities Regulation Code of the Philippines
<b>STEAG Power</b>	STEAG State Power Inc.
<b>Subsidiary</b>	In respect of any Person, refers to any entity: (i) who has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) ability to use its power over the investee to affect its returns
<b>SYBVI</b>	Syaqua Group Incorporated
<b>SYHK</b>	Sya Holdings (Hong Kong) Limited



<b>SYSG</b>	Syaqua Singapore Pte Ltd
<b>TCIC</b>	Taiwan Cogeneration International Corporation
<b>Tax Code</b>	Presidential Decree No. 1158, otherwise known as the National Internal Revenue Code, as amended and may be further amended from time to time, including the rules and regulations issued thereunder
<b>TeaM Energy</b>	Team Energy Corporation
<b>Team Philippines</b>	Team Philippines Industrial Power II Corporation
<b>THC</b>	Tsuneishi Holdings (Cebu), Inc.
<b>THI</b>	Tsuneishi Heavy Industries (Cebu), Inc.
<b>Tiwi-MakBan Geothermal Facilities</b>	Refers to the geothermal facilities composed of twelve (12) geothermal plants and one (1) binary plant, located in the provinces of Batangas, Laguna and Albay
<b>TLI</b>	Therma Luzon, Inc.
<b>TMI</b>	Therma Marine, Inc.
<b>TMO</b>	Therma Mobile, Inc.
<b>TPI</b>	Therma Power, Inc.
<b>TPVI</b>	Therma Power - Visayas, Inc.
<b>TransCo</b>	National Transmission Corporation and, as applicable, the National Grid Corporation of the Philippines or NGCP which is the Transco concessionaire
<b>Trustee</b>	BDO Unibank, Inc. - Trust and Investments Group
<b>Trust Agreement</b>	Trust Agreement dated [•] entered into between the Company and the Trustee in relation to the First Tranche Bonds
<b>TSA</b>	Transmission Service Agreement
<b>TSI</b>	Therma South, Inc.
<b>TVI</b>	Therma Visayas, Inc. (formerly Vesper Industrial and Development Corporation)
<b>ULGEI</b>	Unified Leyte Geothermal Energy, Inc.
<b>ULGPP</b>	Unified Leyte Geothermal Power Plant
<b>Underwriting Agreement</b>	Underwriting Agreement dated [•] entered into between the Company and the Joint Lead Underwriters in relation to the First Tranche Bonds
<b>UnionBank or UBP</b>	Union Bank of the Philippines
<b>UPI</b>	Union Properties Inc.
<b>USD or US\$</b>	The lawful currency of the United States of America
<b>VAT</b>	Value Added Tax
<b>VEC</b>	Vivant Energy Corporation
<b>VECO</b>	Visayan Electric Company, Inc.
<b>VIGC</b>	Vivant Integrated Generation Corporation
<b>Vivant Group</b>	Refers to Vivant Corporation and its subsidiaries

<b>WAM</b>	Work and Asset Management
<b>WCIP</b>	West Cebu Industrial Park, Inc.
<b>WCIP-SEZ</b>	West Cebu Industrial Park- Special Economic Zone
<b>Weather Philippines</b>	WeatherPhilippines Foundation, Inc.
<b>WESM</b>	Wholesale Electricity Spot Market
<b>WMPC</b>	Western Mindanao Power Corporation
<b>Western Union</b>	Western Union Company
<b>YoY</b>	Year-on-Year

## EXECUTIVE SUMMARY

*The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this Preliminary Prospectus. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective investors should read the entire Preliminary Prospectus carefully, including the section entitled “Risk Factors and Other Considerations” and the financial statements and the related notes to those statements included in this Preliminary Prospectus.*

### BRAND PROMISE

Advancing Business and Communities

### INVESTMENT THESIS

AEV’s businesses have leading positions in key Philippine industries. Its core businesses of power, banking, food, land, and infrastructure address basic needs of society, and are critical input to the businesses of other companies. AEV fuels the country’s economic growth, and economic growth fuels even more demand for its products and services. It is in a sweet spot in the country’s economic cycle, and well positioned to reap its demographic dividends. Its experienced management team, strategic partners and key alliances, and a consistently executed risk management program enable it to carry out its plans in a timely and effective manner. Its strong financial position allows it to seize opportunities as they arise in the market, such as its recent acquisition of a leading regional feeds player. This has accelerated its growth plans and provides natural listening posts for expansion opportunities. Finally, a strong Environmental, Social and Governance (ESG) practice is in place to satisfy the heightened expectations of its various stakeholders.

### THE COMPANY

The Issuer, Aboitiz Equity Ventures Inc. (AEV or the “Company”), is the public holding and management company of the Aboitiz Group, one of the largest conglomerates, and the second oldest family led business group in the Philippines. Incorporated on September 11, 1989, the Company was originally known as Cebu Pan Asian Holdings, Inc. Its name was changed to Aboitiz Equity Ventures Inc. on December 29, 1993, and its ownership was opened to the general public through an IPO of its common shares in 1994. Today, it is recognized as one of the best-managed companies in the Philippines and in the ASEAN region, consistently cited for its commitment to good corporate governance and corporate social responsibility.

AEV’s various domestic and international Subsidiaries and Associates are spread out across 11 countries and are grouped into six main categories: (a) power generation, distribution, and retail electricity supply; (b) financial services; (c) food manufacturing; (d) real estate; (e) infrastructure; and (f) portfolio investments (parent company/others).

As of January 31, 2019, Aboitiz & Company, Inc. (ACO) owns 48.57% of the outstanding capital stock of AEV, 4.55% are owned by directors, officers and related parties, while the rest are owned by the public.

Neither AEV nor any of its Subsidiaries has ever been the subject of any bankruptcy, receivership or similar proceedings.

## **FINANCIAL HIGHLIGHTS**

For full-year 2018, AEV's consolidated net income was ₱22.2 bn, 3% higher than the ₱21.6 bn recorded in 2017. Non-recurring losses reached ₱891 mn, versus previous year's ₱2.3 bn, consisting of net unrealized foreign exchange losses and asset impairment costs. Without these one-off losses, core net income for 2018 totaled ₱23.1 bn, 3% lower than the ₱23.9 bn reported in 2017. Consolidated EBITDA for 2018 increased by 6.5% to ₱60.7 bn.

For 2018, the Power Strategic Business Unit (SBU) accounted for 73% of the total income contributions from all AEV's SBUs. The Financial Services, Food, Real Estate, and Infrastructure SBUs respectively contributed 16%, 7%, 3%, and 1% of total income during 2018.

As of year-end 2018, the Company's consolidated assets totaled ₱554.6 bn, a 13% increase from end-2017's level of ₱492.2 bn. Cash and cash equivalents stood at ₱59.0 bn as of December 31, 2018, 9% lower than ₱64.9 bn as of end-2017. Consolidated liabilities totaled ₱337.3 bn, a 13% increase from the year-end 2017 level of ₱299.7 bn, while equity attributable to equity holders of the parent increased by 13% to ₱174.7 bn. AEV's current ratio as of December 31, 2018 stood at 1.8x while the net debt-to-equity ratio was 1.0x.

## **SUMMARY HISTORICAL FINANCIAL INFORMATION**

For a full discussion, please refer to the section on "*Financial and Other Information*" beginning on page [271] of this Preliminary Prospectus.

**CONSOLIDATED BALANCE SHEETS**  
**(Amounts in Thousands)**

	December 31, 2018	December 31, 2017 (As restated)	January 1, 2017 (As restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	₱59,033,029	₱64,870,214	₱63,857,528
Trade and other receivables	33,795,312	24,192,785	21,732,203
Inventories	22,103,434	12,453,335	10,221,448
Land and improvements	2,340,113	3,689,677	3,525,381
Property held for sale	675,819	–	–
Derivative asset	71,583	228,644	188,417
Other current assets	17,989,065	12,442,516	9,579,230
<b>Total Current Assets</b>	<b>136,008,355</b>	<b>117,877,171</b>	<b>109,104,207</b>
<b>Noncurrent Assets</b>			
Property, plant and equipment	221,430,841	213,232,540	202,237,611
Investments and advances	106,959,557	91,609,592	86,950,461
Goodwill	56,261,911	41,308,689	41,249,629
Investment properties	8,224,667	6,844,633	5,372,390
Intangible asset - service concession rights	3,791,377	3,062,307	3,222,123
Deferred income tax assets	2,324,773	1,525,630	1,893,878
Trade receivables - net of current portion	258,809	580,925	277,771
Derivative asset - net of current portion	221,245	113,297	103,443
Financial assets at fair value through profit or loss (FVTPL)	353,734	–	–
Financial assets at fair value through other comprehensive income (FVOCI)	225,552	–	–
Available-for-sale (AFS) investments	–	772,794	563,748
Debt investments at amortized cost	453,871	–	–
Held-to-maturity (HTM) investments	–	189,216	–
Net pension assets	158,575	176,952	115,264
Other noncurrent assets	17,914,967	14,637,951	15,217,184
<b>Total Noncurrent Assets</b>	<b>418,579,879</b>	<b>374,054,526</b>	<b>356,890,718</b>
<b>TOTAL ASSETS</b>	<b>₱554,588,234</b>	<b>₱491,931,697</b>	<b>₱465,994,925</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	₱34,725,810	₱24,536,584	₱22,210,909
Bank loans	26,978,586	23,701,140	8,259,028
Current portions of:			
Long-term debts	10,702,974	20,722,330	7,698,261
Long-term obligation on Power Distribution System (PDS)	40,000	40,000	40,000
Finance lease obligations	4,131,059	3,316,165	2,968,491
Derivative liability	161,565	47,577	127,442
Income tax payable	535,233	703,489	685,215

(Forward)



	December 31, 2018	December 31, 2017 (As restated)	January 1, 2017 (As restated)
<b>Total Current Liabilities</b>	<b>77,275,227</b>	73,067,285	41,989,346
<b>Noncurrent Liabilities</b>			
Noncurrent portions of:			
Long-term debts	<b>₱200,729,393</b>	₱168,364,717	₱189,184,633
Finance lease obligations	<b>42,763,296</b>	45,909,089	49,371,713
Trade payables	<b>3,695,261</b>	880,943	578,892
Long-term obligation on PDS	<b>173,496</b>	186,071	197,248
Customers' deposits	<b>6,127,788</b>	6,269,383	7,040,347
Asset retirement obligation	<b>3,678,810</b>	2,959,060	1,821,577
Deferred income tax liabilities	<b>2,395,200</b>	1,623,915	1,567,411
Net pension liability	<b>486,232</b>	400,306	347,699
Derivative liability - net of current portion	-	-	233,435
<b>Total Noncurrent Liabilities</b>	<b>260,049,476</b>	226,593,484	250,342,955
<b>Total Liabilities</b>	<b>337,324,703</b>	299,660,769	292,332,301
<b>Equity Attributable to Equity Holders of the Parent</b>			
Capital stock	<b>5,694,600</b>	5,694,600	5,694,600
Additional paid-in capital	<b>13,013,197</b>	13,013,197	13,013,197
<i>Other equity reserves:</i>			
Gain on dilution	<b>5,043,152</b>	5,043,152	5,376,176
Excess of book value over acquisition cost of an acquired subsidiary	<b>469,540</b>	469,540	469,540
Acquisition of non-controlling interests	<b>(1,679,549)</b>	(1,577,075)	(1,577,075)
<i>Accumulated other comprehensive income (loss):</i>			
Net unrealized mark-to-market gains on FVOCI investments	<b>143</b>	-	-
Net unrealized mark-to-market gains on AFS investments	-	17,280	9,106
Cumulative translation adjustments	<b>734,404</b>	189,465	34,262
Actuarial losses on defined benefit plans	<b>(676,765)</b>	(666,132)	(783,891)
Share in actuarial losses on defined benefit plans of associates and joint ventures	<b>(435,068)</b>	(537,099)	(513,132)
Share in cumulative translation adjustments of associates and joint ventures	<b>250,295</b>	(107,913)	(95,378)
Share in net unrealized mark-to-market gains on FVOCI investments of associates	<b>114,527</b>	-	-
Share in net unrealized mark-to-market losses on AFS investments of associates	-	(3,229,609)	(3,938,424)
Retained earnings			
Appropriated	<b>4,200,000</b>	1,622,000	2,717,000
Unappropriated	<b>148,541,910</b>	135,288,145	120,077,394
Treasury stock at cost	<b>(565,246)</b>	(521,132)	(521,132)
	<b>174,705,140</b>	154,698,419	139,962,243
<b>Non-controlling Interests</b>	<b>42,558,391</b>	37,572,509	33,700,381
<b>Total Equity</b>	<b>217,263,531</b>	192,270,928	173,662,624
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱554,588,234</b>	₱491,931,697	₱465,994,925

**CONSOLIDATED STATEMENTS OF INCOME**  
**(Amounts in Thousands, Except Earnings Per Share Amounts)**

	<b>Years Ended December 31</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>			
Sale of:			
Power	<b>₱130,734,557</b>	₱118,759,149	₱88,585,890
Goods	<b>47,751,035</b>	23,819,250	21,848,393
Real estate	<b>3,925,308</b>	3,613,388	2,440,854
Fair value of swine	<b>2,501,841</b>	2,410,542	1,854,053
Service fees	<b>1,883,506</b>	1,620,401	1,453,336
Others	<b>146,573</b>	198,875	232,554
	<b>186,942,820</b>	150,421,605	116,415,080
<b>COSTS AND EXPENSES</b>			
Cost of generated and purchased power	<b>71,680,298</b>	63,949,850	46,226,259
Cost of goods sold	<b>43,693,907</b>	21,700,262	18,886,189
Operating expenses	<b>30,398,694</b>	26,255,915	21,187,182
Cost of real estate sales	<b>1,871,385</b>	1,825,570	1,084,740
Overhead expenses	<b>136,593</b>	113,864	109,671
	<b>147,780,877</b>	113,845,461	87,494,041
<b>OPERATING PROFIT</b>	<b>39,161,943</b>	36,576,144	28,921,039
Share in net earnings of associates and joint ventures	<b>7,727,663</b>	9,053,733	9,651,787
Interest income	<b>1,476,151</b>	1,375,695	1,436,933
Interest expense	<b>(14,638,588)</b>	(13,117,362)	(9,567,997)
Other income (expense) - net	<b>1,410,826</b>	(26,134)	2,501,026
<b>INCOME BEFORE INCOME TAX</b>	<b>35,137,995</b>	33,862,076	32,942,788
<b>PROVISION FOR INCOME TAX</b>	<b>3,899,198</b>	4,583,055	4,289,663
<b>NET INCOME</b>	<b>₱31,238,797</b>	₱29,279,021	₱28,653,125
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the parent	<b>₱22,232,977</b>	₱21,608,695	₱22,473,458
Non-controlling interests	<b>9,005,820</b>	7,670,326	6,179,667
	<b>₱31,238,797</b>	₱29,279,021	₱28,653,125
<b>EARNINGS PER SHARE</b>			
Basic and diluted, for net income for the year attributable to ordinary equity holders of the parent	<b>₱3.947</b>	₱3.836	₱4.017

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Amounts in Thousands)**

	<b>Years Ended December 31</b>		
	2018	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	38,417,349	32,237,312	31,574,460
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	(30,762,255)	(11,304,774)	(84,229,412)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	(13,223,355)	(19,458,941)	52,848,445
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,568,261)	1,473,597	193,493
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(268,924)	(460,911)	82,151
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	64,870,214	63,857,528	63,581,884
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱59,033,029</b>	<b>₱64,870,214</b>	<b>₱63,857,528</b>

**COMPETITIVE STRENGTHS**

The Company believes that its principal strengths are the following:

- Strong track record in each of its business segments
- Strong financial position and the ability to obtain limited recourse and corporate level financing
- Strong and experienced management team
- Strategic partners and key alliances
- Established corporate reputation

For a full discussion, please refer to page [78] of this Preliminary Prospectus.

**BUSINESS STRATEGIES**

The AEV Group strategy is best understood through four strategic pillars that guide it in creating long-term value for all its stakeholders:

- Grow the business
- Engage stakeholders
- Build human capital
- Execute with excellence

A key component of its strategy is to match its business expansion with sustainability initiatives, and to strengthen its Environmental, Social, and Governance (ESG) practices.

For a full discussion, please refer to page [80] of this Preliminary Prospectus.

## **RISKS OF INVESTING**

An investment in the Bonds involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether or not to invest in the Bonds.

Risks involved in the Business of AEV and its Significant Subsidiaries:

- Regulatory Risk
- Information Security Risk
- Business Interruption Due to Natural and Man-made Calamities
- Financial Risk
- Reputation Risk
- Talent Risk
- Emerging Risk

Risks Related to the Philippines:

- A slowdown in the Philippines' economic growth could adversely affect the Company
- Any political instability in the Philippines may adversely affect the Company
- Territorial disputes involving the Philippines and its neighboring countries may adversely affect its economy and business development

Risks Related to the Offer:

- Liquidity Risk
- Reinvestment Risk
- Pricing Risk
- Retention of Ratings Risk
- Suitability of Investment
- First Tranche Bonds have no preference under Article 2244(14) of the Civil Code

A detailed discussion on the above enumerated risks appears on the "Risk Factors and Other Considerations" section on page [35] of this Preliminary Prospectus.

This Preliminary Prospectus contains forward-looking statements that involve risks and uncertainties. AEV adopts what it considers conservative financial and operational controls and policies to manage its business risks. AEV's actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" on page [7] of this Preliminary Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of AEV, in particular, and those that pertain to the over-all political, economic, and business environment, in general.

## CAPITALIZATION

The following presents a summary of the short-term debts, long-term debts, and capitalization of the Group as of December 31, 2018, and as adjusted to reflect the issue of the Bonds:

	As of December 31, 2018	As adjusted for a ₱3 bn issue	As adjusted for a ₱5 bn issue
<b>Short-term debt</b>			
Short-term loans	26,978,586	26,978,586	26,978,586
Current portions of:			
Long-term debt	10,702,974	10,702,974	10,702,974
Finance lease obligation	4,131,059	4,131,059	4,131,059
Total short-term debts	41,812,620	41,812,620	41,812,620
<b>Long-term debts – net of current portion</b>			
Non-current portions of:			
Long-term debt	200,729,393	200,729,393	200,729,393
Finance lease obligation	42,763,296	42,763,296	42,763,296
The issue of First Tranche Bonds	-	3,000,000	5,000,000
Total long-term debts	243,492,689	246,492,689	248,492,689
<b>Equity</b>			
Equity attributable to equity holders of the parent	174,705,140	174,705,140	174,705,140
Non-controlling interests	42,558,391	42,558,391	42,558,391
Total Equity	217,263,531	217,263,531	217,263,531
Total Capitalization	502,568,839	505,568,839	507,568,839

## SUMMARY OF THE OFFERING OF THE FIRST TRANCHE BONDS

The following summary is qualified in its entirety by, and should be read in conjunction with the more detailed information appearing elsewhere in the Preliminary Prospectus to which it relates.

<b>Issuer</b>	:	Aboitiz Equity Ventures Inc.
<b>Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners</b>	:	BDO Capital & Investment Corporation (“BDO Capital”) First Metro Investment Corporation (“FMIC”)
<b>Trustee</b>	:	BDO Unibank, Inc. – Trust and Investments Group
<b>Registrar and Paying Agent</b>	:	Philippine Depository & Trust Corp.
<b>Issue / Issue Amount</b>	:	SEC-registered fixed rate, Peso-denominated bonds constituting the direct, unconditional, unsecured and unsubordinated obligations of the Issuer consisting of a primary offer in the aggregate principal amount of up to PhP3,000,000,000.00, with an Oversubscription Option of up to PhP2,000,000,000.00.

In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the First Tranche Bonds under Oversubscription Option that will not be taken up or exercised during the Offer Period will remain under shelf registration and may be issued in tranches within the Shelf Period.

The Oversubscription Option is exercisable by the Joint Lead Underwriters in consultation with the Issuer.

<b>Use of Proceeds</b>	:	Proceeds of the Offer will be used by AEV as part of the refinancing plan of the medium-term loan of AEV International, a wholly-owned subsidiary of the Company., as more described in the section entitled “ <i>Use of Proceeds</i> ” on page [42] of this Preliminary Prospectus
<b>Issue Price</b>	:	100% face value
<b>Manner of Distribution</b>	:	Public Offering
<b>Offer Period</b>	:	The Offer shall commence on [•] and end on [•].
<b>Issue Date</b>	:	[•]
<b>Maturity Date or Redemption Date</b>	:	Series A Bonds: [5] years from Issue Date Series B Bonds: [10] years from Issue Date

Except when the Early Redemption Option (as defined below) is exercised, the First Tranche Bonds will be redeemed at par

(or 100% of face value) on their respective Maturity Dates.

**Interest Rate** : Series A Bonds: [•]  
Series B Bonds: [•]

**Interest Payment Date** : The Interest shall be paid quarterly in arrears on [•], [•], [•], and [•] of each year commencing on [•], until and including the Maturity Date (each, an “Interest Payment Date”), or the next Banking Day if such dates fall on a non-Banking Day without any adjustment in the amount of interest as originally computed.

Interest on the First Tranche Bonds shall be calculated on a 30/360-day basis.

**Form and Denomination** : The First Tranche Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in multiples of ₱10,000.00 thereafter.

**Early Redemption** : The Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any series of the outstanding First Tranche Bonds (the “Early Redemption Option”), on the Interest Payment Dates specified below (any such date, the “Optional Redemption Date”) or the immediately succeeding Banking Day if such date is not a Banking Day, without any adjustment in the amount of interest as originally computed. The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated based on the principal amount of the relevant First Tranche Bonds being redeemed as the aggregate of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount (total outstanding principal amount of the relevant First Tranche Bonds) and the applicable Optional Redemption Price (as set out below) in accordance with the following schedule:

*Series A Bonds:*

<b>Optional Redemption Date</b>	<b>Optional Redemption Price (inclusive of Prepayment Penalty)</b>
[4] years from Issue Date	[100.25%]

*Series B Bonds:*

<b>Optional Redemption Dates</b>	<b>Optional Redemption Price (inclusive of Prepayment Penalty)</b>
[7] years from Issue Date	[102.00%]



[8] years from Issue Date	[101.00%]
[9] years from Issue Date	[100.25%]

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the relevant Series A Bonds or Series B Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption on the Optional Redemption Date stated in such notice.

**Redemption for Taxation Reasons :** The Issuer may redeem any series of the First Tranche Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' written notice to the Trustee) at par plus accrued interest, subject to the requirements of Applicable Law, if payments under the First Tranche Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer.

For avoidance of doubt, the Issuer shall not be liable for the payment of the additional or increased taxes on the income of the Bondholders, which shall be for the account of the Bondholders.

**Mandatory Redemption :** If any one or more of the following events shall occur, in the reasonable opinion of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the First Tranche Bonds for the events contemplated in (a), (b) or (c) below or the Majority Bondholders for the events contemplated in (d) below (and with written notice to the Trustee), and be continuing for a period of fifteen (15) Banking Days with respect to the events contemplated in (a) or (c) below:

- a. Any law, government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the First Tranche Bonds which shall be modified in a manner which, in the reasonable opinion of the Trustee, while not constituting an Event of Default, will materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld;
- b. Any provision of the Trust Agreement or any of the related documents is or becomes invalid, illegal or unenforceable by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of

competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents;

- c. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation, in such a manner as to materially and adversely affect the financial condition or operations of the Issuer; and
- d. Any Government Authority or any competent authority condemns, seizes, or expropriates all or substantially all of the assets or properties of the Issuer, unless such act is contested in good faith by the Issuer or unless such act is suspended or restrained by an order of a court of competent jurisdiction;

then, the Trustee, by notice in writing delivered to the Issuer, may declare the principal of the First Tranche Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any pre-payment penalty.

**Negative Pledge** : The First Tranche Bonds shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens, as provided under [Section 5.02 (a) of the Trust Agreement].

**Purchase and Cancellation** : The Issuer may at any time purchase any of the First Tranche Bonds at any price in the open market or by tender or by contract, in accordance with PDEX Rules, without any obligation to purchase (and the Bondholders shall not be obliged to sell) First Tranche Bonds pro-rata from all Bondholders. The First Tranche Bonds so purchased will be redeemed and cancelled, and may no longer be reissued.

Upon listing of the First Tranche Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

**Status of the First Tranche Bonds** : The First Tranche Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and rateably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to [Section 5.02 (a)] of the Trust Agreement or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The First Tranche Bonds shall effectively be subordinated in right of payment to, among others, all of AboitizPower's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines, unless the Issuer procures a waiver of the preference created by such notarization or equally and ratably extend such preference to the First Tranche Bonds.

**Rating** : The First Tranche Bonds are rated PRS [•] by PhilRatings.

**Listing** : The Issuer intends to list the First Tranche Bonds on PDEX on Issue Date.

**Non-Reliance** Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct.

**Own Risk** Bondholders understand and acknowledge that investment in the First Tranche Bonds is not covered by the Philippine Deposit Insurance Corporation ("PDIC") and that any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the First Tranche Bonds and the regular conduct of the Trustee's trust

business shall be for the account of the Bondholder.

**Contact Details of the Trustee**

BDO Unibank, Inc. – Trust and Investments Group  
Attention: Michael G. Munsayac  
Subject: Aboitiz Equity Ventures Bonds Due [•] and [•]  
Address: 15<sup>th</sup> Floor, South Tower BDO Corporate  
Center. 7899 Makati Avenue, Makati City  
Facsimile: (632) 840-7040  
E-mail: [munsayac.michael@bdo.com.ph](mailto:munsayac.michael@bdo.com.ph)

## RISK FACTORS AND OTHER CONSIDERATIONS

*An investment in the First Tranche Bonds described in this Preliminary Prospectus involves a number of risks. The price of the securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. There is an extra risk of losing money when securities are bought from smaller companies. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of these securities. Investors deal with a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Preliminary Prospectus, including the risk factors described below before deciding to invest in the First Tranche Bonds.*

*This section entitled “Risk Factors and Other Considerations” does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study the trading of these securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in trading of securities, and specifically those high-risk securities. Investors may request publicly available information on the First Tranche Bonds and the Company from the SEC.*

*The risks factors discussed in this section are of equal importance and are only separated into categories for easy reference.*

### RISKS RELATED TO THE COMPANY’S BUSINESS

An integral part of AEV’s Enterprise Risk Management efforts is to anticipate, understand and manage the risks that the company may encounter in the businesses it is involved in.

#### **Regulatory Risk**

Due to the type of industries the AEV Group is engaged in – power, food, banking, real estate and infrastructure – AEV and its Subsidiaries are exposed to risks arising from the inability to anticipate new and/or changes in existing laws and regulations.

The recent acquisition of the Gold Coin Group, which is headquartered in Singapore and operates in several countries across ASEAN Region, has brought about not only opportunities but also a variety of risks. This includes risk arising from non-familiarity with the regulatory and political landscape for each country where Gold Coin operates.

Though each industry where the AEV Group operates has specific regulatory risks, the common factor is the dynamic, political and regulatory landscape that the AEV Group has to comply with regulation compliance. Failure to do so will have negative consequence on both the AEV Group’s net income and its reputation.

To keep up with the fast changing regulatory and political landscape, AEV ensures that the following actions/processes are in place:

- Collaboration of internal subject matter experts (e.g. government relations, legal, tax, and regulatory) to study and analyze proposed new /changes in laws and regulations;
- Continuous coordination and discussions with regulators to: (i) provide feedback on the proposed laws and regulations; and (ii) ensure the Company’s interpretation of the laws is aligned with the regulators; and
- Coordination with the management of newly acquired companies and come up with unified approach on how to address regulatory risks.

To further address this risk, AEV is developing a Unified Compliance Management System based on the Governance, Risk and Compliance (GRC) methodology. A compliance framework was defined and is being supported by policies, guidelines and procedures. The goal is to improve compliance management and oversight using the greater availability of data and information. This system also supports the objective of embedding a culture of managing compliance risk in the AEV Group.

### **Information Security Risk**

AEV is cognizant to the continuous increase of information security incidents happening globally as well as the increasingly complex challenges of digital transformations. AEV's management understands that information security threats should be addressed in order to avoid these breaches, which can have catastrophic implications not only on the organization's bottom line but also to its reputation.

To address this risk, the AEV Group aims to strengthen its security and resilience for the potential consequences of information security breaches through the ongoing roll – out of the Information Security Management System (ISMS) Project and implementation of Cyber Security Program and Operational Technology (OT) Security Governance. These initiatives will cover the three pillars of Information and Operational Systems Security: People, Process and Technology.

The ISMS Project roll – out started in 2017 and will transition to program implementation in 2019. To ensure sustainable implementation of this program, appropriate structures have been in place which includes a formal governance structure and policies based on the 14 ISMS domains.

The Company also continues to work on its goal to achieve an information security risk – aware culture by releasing IT Security Awareness advisories across the Group and ISMS E – Learning campaigns. These aim to strengthen the prevention, detection and comprehensive response processes throughout the AEV Group and keep pace with the growing information security threat landscape.

### **Business Interruption Due to Natural and Man-made Calamities**

A significant portion of AEV's risk management program is dedicated to address business interruption exposures of the AEV Group brought about by natural calamities such as typhoon, floods, and earthquake. In addition to standard perils, AEV also highly recognizes the emerging man-made calamities such as cyber-attacks, which is continuously increasing globally, and acts of terrorism.

The AEV Group has progressively strengthened their reactive and recovery measures to address potential interruptions in business operations by partnering with insurance providers in conducting trainings and engineering surveys to realistically align the exposures with the best-fit insurance solutions. A partnership with Weather Philippines Foundation, Inc. (WeatherPhilippines) also helps to better prepare for weather related business disruptions and minimize the impact of these events to operations. A communication process across all business units and external support (e.g. Hospital, Fire Department) has been institutionalized for support and back-up system.

Existing business interruption scenarios and continuity plans for each of these scenarios are constantly reviewed, evaluated, and updated through "table top exercises" and "lessons learned" sessions to ensure that they remain relevant with the current business conditions. In addition, teams are prepared for emergencies through mandatory trainings and drills while testing and improving procedures are performed on an ongoing basis.

Moreover, to further improve the existing Business Continuity Management (BCM) framework and practices of the Group, AEV and its Subsidiaries commenced a Business Continuity Audit that started in 2017 and was completed in 2018. The audit assessed the BCM Maturity of the AEV Group and its conformity to ISO 22301:2012. Output of the audit is a Business Continuity Roadmap which will outline the direction and basis of BCM initiatives for the next three years.

### **Financial Risk**

In the course of its operations, AEV and its Subsidiaries is exposed to the following financial risks:

- Financing risk in terms of the AEV Group's inability to borrow money to fund future projects;
- Refinancing and liquidity risks arising from balloon / bullet payments for existing loans;
- Interest rate risks resulting from the increasing cost to borrow money as a result of inflation; and
- Foreign exchange (forex) risks in terms of foreign exchange fluctuations that may significantly affect its foreign currency- denominated placements, transactions and borrowings.

Aside from the negative effect to the AEV Group's net income, these risks would also put constraints on AEV and its Subsidiaries plans of growth. Furthermore, failure to pay existing loans will eventually lead to reputation risk.

To address these risks, the AEV Group has taken the following actions:

- Regular monitoring of the its cash position;
- Issuance of retail bonds;
- Maintaining good relationship with the banks; and
- Strengthening of Financial Risk Management to ensure a consistent approach in identifying, assessing, quantifying and mitigating financial risks across the AEV Group.

### **Reputation Risk**

AEV and its Subsidiaries recognized reputation as its greatest strength and most valuable asset. Focus is given on sustainability initiatives and programs such as "*A-Park*", "*Wealth on Waste*" and "*Race to Reduce*" that will help the AEV Group in minimizing the likelihood of this risk. In addition, AboitizPower is in the process of developing communication plan which aims to build and strengthen trust through stakeholder engagement and communication.

### **Talent Risk**

Continuous expansion of AEV and its Subsidiaries brought about challenges on the capability of the current workforce to support it. Furthermore, as the Group embarked on various digital transformation projects, nature of the Company's requirements has evolved making it more complex and complicated. There is also the increasingly competitive market, locally and abroad, for high demand talents (e.g. digital roles). These challenges have made it more difficult for the AEV Group to source and match fitting talent.

Inability to prepare and minimize the impact of this risk will entail potential delay in the execution of various initiatives which could eventually lead to missed business opportunities.



To address this, AEV has identified various sourcing channels and have optimized available technological attraction tools such as LinkedIn. In addition, there is also the ongoing initiative to enhance the brand of Aboitiz as an employer and embed Strategic Workforce Planning to Business Strategic Planning.

### **Emerging Risks**

Embedded in the risk management process is the continuous identification and monitoring of emerging risks. Emerging risk is currently defined as newly developing risks that cannot yet be fully assessed (due to high uncertainty) but could have a major impact on an organization in the future.

AEV recognizes the need to anticipate, understand and prepare for these potential risks triggered by the continuous and fast – paced changes in the political, economic, social, technological legal and environmental where AEV and its Subsidiaries operates.

To address this need, Subject Matter Experts (SMEs) closely monitor their area of expertise for potential changes. These changes are communicated to the Group Risk Management Team for further study and analysis, specifically on the potential impact to the Group. AEV management has also included Emerging Risks as part of the Risk Management Council and Board Risk Committee regular agenda.

## **RISKS RELATED TO THE PHILIPPINES**

### **A slowdown in the Philippines' economic growth could adversely affect the Company**

Historically, results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy, with demand for power, food, financial services and real estate historically being tied to the level of economic activity in the Philippines. As a result, the Company's income and results of operations depend, to a significant extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso, and the imposition of exchange controls.

From mid-1997 to 1999, the economic crisis in Asia adversely affected the Philippine economy, causing a significant depreciation of the Philippine Peso, increases in interest rates, increased volatility and the downgrading of the Philippine local currency rating and the ratings outlook for the Philippine banking sector. These factors had a material adverse impact on the ability of many Philippine companies to meet their debt-servicing obligations. Over the last several years, the government instituted several reforms in the fiscal and banking sectors, among others, that strengthened the country's economic fundamentals.

The Philippines enjoys investment grade credit ratings from the following major agencies:

- Fitch Ratings - BBB (stable), which was affirmed last July 2018
- Standard & Poors - BBB (positive) which was granted April 2018
- Moody's Investors Service - Baa2 (stable), which was affirmed last July 2018

The Philippine gross domestic product (GDP) grew by 6.2% in 2018. As identified in the Philippine Development Plan 2017-2022, Philippine GDP growth is expected to strengthen at 7% to 8% in the medium term, making the Philippines one of the faster growing economies of the ASEAN region.

Nonetheless, any deterioration in the Philippine economy may adversely affect consumer sentiment and lead to a reduction in demand for the Company's products. There is no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

Historically, the demand for power for the past ten (10) years, has shown an increasing trend. This has been the case despite the volatility in the economic, financial, and political conditions of the country. It may be attributable to the inelasticity of electricity at certain levels wherein essential appliances and industries need to operate. The rising population and remittances from overseas workers will likewise provide a minimum growth in the demand for power.

#### **Any political instability in the Philippines may adversely affect the Company**

The Philippines has from time to time experienced political, social, and military instability. In the past decade, there has been political instability in the Philippines, including alleged extrajudicial killings, alleged electoral fraud, impeachment proceedings against two (2) former presidents, the chief justice of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, a number of current and past officials of the Philippine government are currently under investigation on corruption charges stemming from allegations of misuse of public funds, extortion, and bribery. An unstable political environment may also arise from the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting.

There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. Likewise, no assurance can be given that the future political or social environment in the Philippines will be stable.

Further, in May 2016, the Philippines elected Rodrigo M. Duterte as its new president, winning 38.5% of the votes cast. The 2016 elections had a record voter turnout of 81%, the highest in the country's three automated elections. The Duterte administration has unveiled a "10-point plan" which has committed, among others, to "continue and maintain current macroeconomic policies, including fiscal, monetary, and trade policies." As of the last quarter of 2018, President Duterte's approval and trust ratings remained high. The new leadership is currently focused on executing its reform agenda. The Duterte government has initiated efforts to build peace with communist rebels and other separatists through continuing talks with these groups. The shift to the federal-parliamentary form of government is likewise targeted to be achieved before the end of the current administration's term.. In December 2018, the Philippine House of Representatives has approved on the 3<sup>rd</sup> and final reading the resolution that seeks to shift the Philippines to a federal system of government. On July 27, 2018, President Rodrigo Duterte signed Republic Act 11054, approving the BBL which was renamed to Bangsamoro Organic Law. There is no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

The Supreme Court also recently ruled against Maria Lourdes P, Sereno in the quo warranto proceedings initiated by the Office of the Solicitor General, removing her from the post of Chief Justice of the Supreme Court. As of the date of this Offering Circular, there is a criminal case against a former Philippine President in relation to a failed military operation in Mindanao.

In general, political or social instability in the Philippines could negatively affect the general economic conditions and business environment in the Philippines, which could have a material adverse effect on the business, operations, and financial position of the Company.

## **Territorial disputes involving the Philippines and its neighboring countries may adversely affect its economy and business environment**

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei, Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflicts. The South China Sea covers more than three million square kilometers in terms of area and is home to some of the biggest coral reefs of the world. It is also believed that under the seabed lies vast unexploited oil and natural gas deposits. China claims historic rights to nearly all of the West Philippine Sea based on its so-called “nine-dash line” and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at The Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea (UNCLOS). In July 2016, the tribunal rendered a decision stating that “as between the Philippines and China, Mischief Reef and Second Thomas Shoal (in the West Philippine Sea/South China Sea) form part of the exclusive economic zone and continental shelf of the Philippines” and that the “nine-dash line” claim of China is invalid. China rejected the ruling, saying that it did not participate in the proceedings for the reason that the court had no jurisdiction over the case. China was reported to conduct land reclamation activities in the disputed territories, which was completed in 2016. News reports indicate increased Chinese activity in the contested waters, including the installation of missile systems and the deployment of bomber planes. Several countries have conducted Freedom of Navigation operations in the contested waters to challenge China’s militarization of artificial features in the West Philippine Sea. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Bank’s business, financial position and results of operations.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has repeatedly announced that it will not honor said ruling. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

## **RISKS RELATED TO THE OFFER**

### **Liquidity Risk**

The Philippine securities markets are substantially smaller, less liquid, and more concentrated than major global securities markets. As such, the Company cannot guarantee that the market for the First Tranche Bonds will always be active or liquid. Even if the First Tranche Bonds are listed on the PDEX, trading in securities such as the First Tranche Bonds, may sometimes be subject to extreme volatility in response to interest rates, developments in local and international capital markets and the overall market for debt securities and other factors. There is no assurance that the First Tranche Bonds may be disposed at prices, volumes or at times deemed appropriate by the Bondholders.

### **Reinvestment Risk**

Prior to the relevant Maturity Dates, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any series of the outstanding First Tranche Bonds on the relevant Optional Redemption Dates (see “*Description of The Offer – Optional Redemption*” on page [54] of

this Preliminary Prospectus). In the event that the Company exercises this early redemption option, the relevant series of the First Tranche Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed First Tranche Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

### **Pricing Risk**

The market value of bonds moves (either up or down) depending on the change in interest rates. The First Tranche Bonds when sold in the secondary market are worth more if interest rates decrease since the First Tranche Bonds have a higher interest rate relative to the market. Conversely, if the prevailing interest rate increases the First Tranche Bonds are worth less when sold in the secondary market. Therefore, an investor faces possible loss if he decides to sell when the prevailing interest rate has increased.

### **Retention of Ratings Risk**

There is no assurance that the rating of the First Tranche Bonds will be retained throughout the life of the First Tranche Bonds. The rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

### **Suitability of Investment**

Each potential investor in the First Tranche Bonds must determine the suitability of that investment in the context of its own distinct circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a satisfactory evaluation of the First Tranche Bonds, the merits and risks of investing in the First Tranche Bonds and the information contained in this Preliminary Prospectus; (ii) have access to, and knowledge of, relevant analytical tools to evaluate, in the context of its particular financial situation, an investment in the First Tranche Bonds and the impact the First Tranche Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the First Tranche Bonds, including where the currency for principal or interest payments is different from the potential investor's currency; (iv) understand thoroughly the terms of the First Tranche Bonds and be familiar with the behavior of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **The First Tranche Bonds have no preference under Article 2244(14) of the Civil Code.**

The Master Certificate of Indebtedness, which represents the First Tranche Bonds subject of the Offer, shall not be notarized and, thus, will not be deemed a public instrument under Article 2244 (14) of the Civil Code. As such, the First Tranche Bonds shall not enjoy preference under Article 2244 (14) of the Civil Code, unless the Issuer procures a waiver of the preference created by such notarization or equally and ratably extend such preference to the First Tranche Bonds. This is consistent with the status of the First Tranche Bonds as being direct, unconditional, unsecured, and unsubordinated Peso denominated obligations of the Issuer.

## USE OF PROCEEDS

The Issue Price shall be at par, which is equal to the face value of the Series [A] Bonds and the Series [B] Bonds. AEV expects that the net proceeds of the First Tranche Bonds shall amount to approximately [PhP2,958,655,330.36] for an issue size of up to PhP3,000,000,000.00 or [PhP4,936,383,883.93] for an issue size of up to PhP5,000,000,000.00, assuming full exercise of the Oversubscription Option, and after deducting fees, commissions and expenses.

*Based on an issue size of up to PhP3,000,000,000.00*

Documentary Stamp Tax	[22,500,000.00]
Issue Management and Underwriting Fees <sup>1</sup>	[9,450,000.00]
Other Professional Fees	[7,500,000.00]
SEC Registration Fee and Legal Research	[814,312.50]
Credit Rating Fees	[642,857.14]
Other Expenses (e.g. Trustee Fee, Printing Cost, etc.)	[437,500.00]
<b>Estimated net proceeds of the Issue</b>	<b>[PhP2,958,655,330.36]</b>

*Based on an issue size of PhP5,000,000,000.00*

Documentary Stamp Tax	[37,500,000.00]
Issue Management and Underwriting Fees <sup>2</sup>	[15,750,000.00]
Other Professional Fees	[7,500,000.00]
SEC Registration Fee and Legal Research	[1,357,187.50]
Credit Rating Fees	[1,071,428.57]
Other Expenses (e.g. Trustee Fee, Printing Cost, etc.)	[437,500.00]
<b>Estimated net proceeds of the Issue</b>	<b>[PhP4,936,383,883.93]</b>

Aside from the foregoing one-time costs, AEV expects the following annual expenses related to the First Tranche Bonds:

1. Aside from the Listing Application Fee, the Issuer will be charged an annual maintenance fee of [PhP150,000.00] in advance upon the approval of the Listing;
2. The Issuer will pay a yearly retainer fee to the Trustee amounting to [PhP180,000.00] per annum;
3. After the Issue, a Paying Agency fee amounting to [PhP100,000.00] is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the First Tranche Bonds and the number of Bondholders; and

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<sup>1</sup> Inclusive of GRT

<sup>2</sup> Inclusive of GRT

4. The Issuer will pay an annual monitoring fee to Philratings amounting to [PhP560,000.00] (VAT inclusive). However, Philratings charges the annual monitoring fee to the Company in relation to all of its bonds outstanding.

The allocation of the proceeds of the Offer and the schedule of disbursements shall be as follows:

Oversubscription Option is Not Exercised

	<b>Amount</b>	<b>Timing of Disbursement</b>
<i>Oversubscription Option is Not Exercised</i>		
Transition financing of the Medium-Term Loan of AEV International Pte. Ltd.	₱3.0 Billion	Within 2019
<i>Oversubscription Option is Fully Exercised</i>		
Transition financing of the Medium-Term Loan of AEV International Pte. Ltd.	₱5.0 Billion	Within 2019

The Company plans to use up to [PhP4,936,383,883.93] of the net proceeds from the Offer as part of the refinancing plan of the medium-term loan of AEV International Pte. Ltd. ("AEV International"), a wholly-owned subsidiary of the Company. The medium-term loan was obtained by AEVI from DBS Bank Ltd., Mizuho Bank, Ltd., MUFG Bank, Ltd., and Standard Chartered Bank, last 20 July 2018 to fully finance the acquisition by Pilmico International Pte. Ltd., a wholly owned subsidiary of AEV International, of 75% equity interest in Gold Coin Management Holdings Limited ("GCMH"). As part of this refinancing plan and to minimize interest expenses, the Company, through AEV International, has partially prepaid the medium-term loan ahead of its stated maturity date of July 20, 2023. The total amount prepaid is broken down as follows:

<b>Lender</b>	<b>Amount Prepaid</b>
Standard Chartered Bank, London	11,227,810.65
DBS Bank Ltd., Singapore Branch	20,414,201.18
Mizuho Bank, Ltd., Singapore Branch	23,816,568.05
MUFG Bank, Ltd., Labuan Branch	23,816,568.06
Bank of China Limited, Manila Branch	5,954,142.01
Bank of China Limited, Singapore Branch	5,954,142.01
Sumitomo Mitsui Banking Corporation, Singapore Branch	11,908,284.02
ING Bank N.V., Singapore Branch	11,908,284.02
<b>Total</b>	<b>USD115,000,000.00</b>

The Company infused capital to AEV International for this purpose. With the net proceeds from the Offer, the Company will effectively refinance the transition financing extended to AEV International.

## **DETERMINATION OF THE OFFERING PRICE**

The Series A Bonds and the Series B Bonds shall be issued on a fully-paid basis and at an issue price that is at par.



## PLAN OF DISTRIBUTION

### THE OFFER

On 29 March 2019, AEV filed a Registration Statement with the SEC, in connection with the offer and sale to the public of fixed rate bonds with an aggregate principal amount of up to PhP30,000,000,000, under shelf registration, inclusive of the Offer. The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the Offer.

The First Tranche Bonds is offered by the Company as the first tranche of the Bonds. The Company shall issue the First Tranche Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters. The Offer does not include an international offering. The Offer will consist of the primary offer of an aggregate principal amount of up to PhP3,000,000,000.00 with an Oversubscription Option of up to PhP2,000,000,000.00. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the First Tranche Bonds under Oversubscription Option that will not be taken up or exercised during the Offer Period will remain under shelf registration and may be issued in tranches within the Shelf Period.

### SHELF REGISTRATION OF SECURITIES NOT COVERED BY THE OFFER

After the close of the Offer and within the Shelf Period, AEV may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of the Bonds in subsequent tranches, including any amount remaining if the Oversubscription Option is partly exercised or not exercised at all. Any such subsequent offering requires the submission by AEV of the relevant updates and amendments to the registration statement and the issuance of the corresponding Permit to Sell by the SEC. As a listed Company, AEV regularly disseminates such updates and information in its disclosures to the SEC, PDEx, and PSE.

However, there can be no assurance in respect of: (i) whether AEV would issue such Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the specific terms and conditions of such issuance. Any decision by AEV to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within AEV's control, including but not limited to: prevailing interest rates, the financing requirements of AEV's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

### UNDERWRITING OBLIGATIONS OF THE JOINT LEAD UNDERWRITERS

BDO Capital and FMIC pursuant to the Underwriting Agreement with AEV dated [•], have agreed to act as Joint Lead Underwriters for the Offer and as such, distribute and sell the First Tranche Bonds at the Issue Price. Subject to the satisfaction of certain conditions provided in the Underwriting Agreement and in consideration for certain fees and expenses. The Joint Lead Underwriters have committed severally and not jointly to underwrite the following amounts the base issue size on a firm basis:

Joint Lead Underwriter	Commitment
BDO Capital	[PhP1,500,000,000.00]
FMIC	[PhP1,500,000,000.00]
<b>Total</b>	<b>[PhP3,000,000,000.00]</b>

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to AEV of the net proceeds of the Offer. In case the Underwriting Agreement is terminated, the Company shall notify SEC of the termination and its subsequent course of action.

BDO Capital and FMIC are the Joint Lead Underwriters for this transaction.

The Joint Lead Underwriters shall receive an aggregate fee of 31.5 basis points, inclusive of GRT, on the final aggregate nominal principal amount of the First Tranche Bonds issued, which is inclusive of underwriting fees and selling commissions to be paid.

The Joint Lead Underwriters are duly licensed by the SEC to engage in underwriting or distribution of securities. The Joint Lead Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for AEV.

The Joint Lead Underwriters have no direct relations with AEV in terms of ownership by either of their respective majority shareholder/s and have no right to designate or nominate any member of the Board of Directors of the Company.

BDO Capital, a Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, is a subsidiary of BDO Unibank, Inc. which serves as the Trustee for the First Tranche Bonds.

The Joint Lead Underwriters have no contract or other arrangement with the Company by which it may return to the Company any unsold First Tranche Bonds.

BDO Capital is a leading investment bank in Philippines and was incorporated in the Philippines on September 8, 1998 as a wholly owned subsidiary of BDO Unibank, Inc. BDO Capital presently conducts business as a full service investment house with the following functions, among others: securities underwriting and trading; loan syndication; financial advisory; and private placement of debt and equity. As of December 31, 2018, it had total assets of ₱3.01 billion, total liabilities of ₱0.06 billion and total equity of ₱2.95 billion.

First Metro Investment Corporation is a leading investment bank in the Philippines with over fifty years of service in the development of the country's capital markets. It is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country. First Metro and its subsidiaries offer a wide range of services, from debt and equity underwriting to loan syndication, project finance, financial advisory, investment advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research. First Metro has established itself as a leading bond house with key strengths in origination, structuring, and execution. As of June 30, 2018, it had total assets of ₱44.6 billion, total liabilities of ₱30.1 billion and total equity of ₱14.5 billion.

## **SALE AND DISTRIBUTION**

The distribution and sale of the First Tranche Bonds shall be undertaken by the Joint Lead Underwriters who shall sell and distribute the First Tranche Bonds to third party buyers/investors. The Joint Lead Underwriters are authorized to organize a syndicate of co-lead managers, soliciting dealers and/or selling agents for the purpose of the Offer; provided, however, that the Joint Lead Underwriters shall remain severally, but not jointly responsible to the Issuer in respect of its obligations under the Underwriting Agreement entered into by them with the Issuer and the Issuer shall not be bound by any of the terms and conditions of any agreement entered into by the Joint

Lead Underwriters with such other parties. Nothing herein shall limit the rights of the Joint Lead Underwriters from purchasing the First Tranche Bonds for its respective accounts.

There are no persons to whom the First Tranche Bonds are allocated or designated. The First Tranche Bonds shall be offered to the public at large and without preference.

## **TERM OF APPOINTMENT**

The engagement of the Joint Lead Underwriters shall subsist so long as the SEC Permit to Sell remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

## **MANNER OF DISTRIBUTION**

The Joint Lead Underwriters shall, at its discretion but with written notice to AEV, determine the manner by which proposals for applications for purchase and issuances of the First Tranche Bonds shall be solicited, with the primary sale of the First Tranche Bonds to be effected only through the Joint Lead Underwriters .

The Joint Lead Underwriters, in consultation with the Issuer, shall agree on the process for allocating the First Tranche Bonds and the manner of accepting the Applications to Purchase (the "Allocation Plan"). Consistent with bank procedures (if applicable) and the allocation plan, each of the Joint Lead Underwriters shall be responsible for determining who are Eligible Bondholders from the Applicants and for establishing the *bona fide* identity of each in accordance with AMLA, as well as its own internal policies and arrangements under acceptable standards and policies regarding "know-your-customer" and anti-money laundering.

## **OFFER PERIOD**

The Offer Period shall commence on [●] and end on [●] or such other date as may be mutually agreed by the Company and the Joint Lead Underwriters .

All applications to purchase the First Tranche Bonds shall be evidenced by a duly completed and signed Application to Purchase, together with two (2) fully executed signature cards authenticated by the Corporate Secretary with respect to corporate and institutional investors, and shall be accompanied by the payment in full of the corresponding purchase price of the First Tranche Bonds applied for, by check or by appropriate payment instruction, and the required documents which must be submitted to the Joint Lead Underwriters.

Corporate and institutional purchasers must also submit a certified true copy of its SEC Certificate of Registration, its latest Articles of Incorporation and By-laws, or such other relevant organizational or charter documents, and the duly notarized certificate of the Corporate Secretary attesting to the resolution of the board of directors and/or committees or bodies authorizing the purchase of the First Tranche Bonds and designating the authorized signatory/ies therefore, including his or her specimen signature. Individual Applicants must also submit a photocopy of any one of the following identification cards (ID): passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank, which must be valid as of the date of the Application.

An Applicant who is exempt from or is not subject to withholding tax, or who claims preferential tax treaty rates shall, in addition, be required to submit the following requirements to the relevant Joint

Lead Underwriter (together with their applications) who shall then forward the same to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:

- a. Proof of Tax Exemption or Entitlement to Preferential Tax Rates
  - i. For (a) tax-exempt corporations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof;
  - ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form 2336);
  - iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax. For qualified non-stock, non-profit educational institutions, however, Tax Exemption Rulings or Certificates of Exemption issued prior to June 30, 2012 are required to apply for new Tax Exemption Rulings; and
  - iv. For entities claiming tax treaty relief – (i) certificate of tax residence issued for the current year by the competent tax authority in the Applicant’s country of residence (whether using the form prescribed in their country of residence, or using Part I (D) of the Certificate of Tax Residence for Tax Treaty Relief (“CORTT”) Form prescribed under Revenue Memorandum Order No. 8-2017), and (ii) duly accomplished CORTT Form (particularly Part I (A), (B) and (C), and Part II (A), (B), (C) and (D)).

In addition, for subsequent interests due, the Bondholder shall submit an updated Part II (A), (B), (C) and (D) of the CORTT Form to the Issuer through the Registrar no later than the first day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

Only the originals should be submitted to the relevant Joint Lead Underwriter.

- b. A duly notarized declaration (in the prescribed form) warranting that the Bondholder’s tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder’s entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and

Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and

- c. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (a), (b) and (c) above, as may be applicable, will result in the application of the regular income tax rate provided under the Tax Code.

Completed Applications to Purchase and corresponding payments must reach the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner prior to the end of the Offer Period, or such earlier date as may be specified by the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner. Acceptance by each Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner of the completed Application to Purchase shall be subject to the availability of the First Tranche Bonds and the approval by AEV and the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically cancelled and any prior acceptance of the Application to Purchase is deemed revoked.

#### **MINIMUM PURCHASE**

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

#### **ALLOTMENT OF THE FIRST TRANCHE BONDS**

If the First Tranche Bonds are insufficient to satisfy all Applications to Purchase, the available First Tranche Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice subject to AEV's exercise of its right of rejection.

#### **ACCEPTANCE OF APPLICATIONS**

AEV and the Joint Lead Underwriters reserve the right to accept or reject applications to subscribe in the First Tranche Bonds, and in case of oversubscription, allocate the First Tranche Bonds available to the applicants in a manner they deem appropriate. If any application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner.

#### **REFUNDS**

In the event an Application is rejected or the amount of the First Tranche Bonds applied for is scaled down, the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, upon receipt of such rejected and/or scaled down applications, shall notify the Applicant concerned that his application has been rejected or the amount of First Tranche Bonds applied for is scaled down, and refund the amount paid by the Applicant with no interest thereon. With respect to an Applicant whose application was rejected, refund shall be made by the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner by making the check payment of the Applicant concerned available for his retrieval. With respect to an Applicant whose application has been scaled down,

refund shall be made by the issuance by the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner of its own check payable to the order of the Applicant and crossed "Payees' Account Only" corresponding to the amount in excess of the accepted Application. All checks shall be made available for pick up by the Applicant concerned at the office of the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner to whom the rejected or scaled down Application was submitted within ten (10) Banking Days after the last day of the Offer Period. The Issuer shall not be liable in any manner to the Applicant for any check payment corresponding to any rejected or scaled-down application which is not returned by the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner; in which case, the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner shall be responsible directly to the Applicant for the return of the check or otherwise the refund of the payment.

## **SECONDARY MARKET**

AEV intends to list the First Tranche Bonds at the PDEX. AEV may purchase the First Tranche Bonds at any time, in the open market or by tender or by contract, in accordance with PDEX Rules, without any obligation to make pro rata purchases of Bonds from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the First Tranche Bonds on the PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

## **REGISTRY OF BONDHOLDERS**

The First Tranche Bonds shall be issued in scripless form and will be eligible for trading under the scripless book-entry system of PDTC. Master Certificates of Indebtedness representing the First Tranche Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the First Tranche Bonds shall be shown in the Registry Book (the "Registry Book") to be maintained by the Registrar. Initial placement of the First Tranche Bonds and subsequent transfers of interests in the First Tranche Bonds shall be subject to applicable prevailing Philippine selling restrictions. AEV will cause the Registry Book to be kept at the specified office of the Registrar. The names and addresses of the Bondholders and the particulars of the First Tranche Bonds held by them and of all transfers of Bonds shall be entered into the Registry Book.

Initial placement of the First Tranche Bonds and subsequent transfers of interests in the First Tranche Bonds shall be subject to applicable prevailing Philippine selling restrictions.

## DESCRIPTION OF THE OFFER

*The following does not purport to be a complete listing of all the rights, obligations, or privileges of the First Tranche Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of the Company, the information contained in the Preliminary Prospectus, the Trust Agreement, the Underwriting Agreement, the Registry and Paying Agency Agreement and other agreements relevant to the Offer.*

The corresponding issue of the First Tranche Bonds in an aggregate principal amount of up to PhP3,000,000,000, with an Oversubscription Option of up to an aggregate principal amount of up to PhP2,000,000,000, were authorized by a resolution of the Board of Directors of AEV dated 7 March 2019.

The First Tranche Bonds shall be constituted by a Trust Agreement executed on [•] (the “Trust Agreement”) entered into between the Issuer and BDO Unibank, Inc. - Trust and Investments Group (the “Trustee”), which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Agreement. The description of the terms and conditions of the First Tranche Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

A registry and paying agency agreement executed on [•] (the “Registry and Paying Agency Agreement”) in relation to the First Tranche Bonds among the Issuer, Philippine Depository & Trust Corporation as paying agent (the “Paying Agent”) and as registrar (the “Registrar”).

The First Tranche Bonds shall be offered and sold through a general public offering in the Philippines, and issued and transferable in minimum principal amounts of PhP50,000.00 and in multiples of PhP10,000.00) thereafter, and traded in denominations of PhP10,000.00 in the secondary market.

The Series A Bonds shall mature on [2024], while the Series B Bonds shall mature on [2029], unless earlier redeemed by the Issuer pursuant to the terms thereof and subject to the provisions on redemption and payment below.

The Paying Agent and Registrar has no interest in or relation to AEV which may conflict with its role as Registrar for the Offer. The Trustee has no interest in or relation to AEV which may conflict with the performance of its functions as Trustee.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. The holders of the First Tranche Bonds (the “Bondholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

## FORM AND DENOMINATION

The First Tranche Bonds are in scripless form, and shall be issued in denominations of Fifty Thousand Pesos (₱50,000.00) each as a minimum and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.



## **TITLE**

Legal title to the First Tranche Bonds shall be shown in the Registry Book maintained by the Registrar. A notice confirming the principal amount of the First Tranche Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the First Tranche Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Registry Book maintained by the Registrar. Settlement in respect of such transfer or change of title to the First Tranche Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

## **BOND RATING**

The First Tranche Bonds have been rated PRS [•], with a [•] Outlook by PhilRatings on [•]. Obligations rated PRS [•] are [•].

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

## **TRANSFER OF BONDS**

### **Registry Book**

The Issuer shall cause the Registry to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the First Tranche Bonds held by them and of all transfers of First Tranche Bonds shall be entered into the Registry Book. As required by Circular No. 428-04 issued by the Bangko Sentral ng Pilipinas, the Registrar shall send each Bondholder, in the mode elected by such Bondholder in the Application to Purchase or the Registration Form, a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the First Tranche Bonds that is effected in the Registrar's system (at the cost of the relevant Bondholder). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfers of the First Tranche Bonds may be made during the period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

### **Transfers; Tax Status**

The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfers. Settlement in respect of such transfers or change of title to the First Tranche Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be settled directly between the transferee and/or the transferor Bondholders.

Transfers across tax categories shall not be allowed except on Interest Payment Dates that fall on a business day. Restricted transfers include, but are not limited to, transfers between taxable and non-taxable entities, between taxable entities of different tax categories (where tax-withheld entities with different final withholding tax rates (e.g. 20%, 25%, 30%) are considered as belonging to different tax categories), or between parties who claim the benefit of a tax treaty; provided,

however, that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name to ensure that the computation is based on the final withholding tax rate of the taxable party to the trade. For such transactions, the tax-exempt entity shall be treated as belonging to the same tax category as its taxable counterpart for the interest period within which such transfer occurred. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under the Registry and Paying Agency Agreement upon submission of the account opening documents to Registrar. Transfers taking place in the Register of Bondholders after the First Tranche Bonds are listed on PDEX shall be allowed between tax-exempt and non-tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions, and guidelines of PDEX and PDTC.

### **Secondary Trading of the First Tranche Bonds**

The Issuer intends to list the First Tranche Bonds at PDEX for secondary market trading or such other securities exchange as may be licensed as such by the SEC. Secondary market trading in PDEX shall follow the applicable PDEX rules, conventions, and guidelines governing trading and settlement between bondholders of different tax status and shall be subject to the relevant fees of PDEX and PDTC. Upon listing of the First Tranche Bonds with PDEX, investors shall course their secondary market trades through PDEX Brokering Participants for execution in the PDEX Trading Platform in accordance with PDEX Trading Rules, Conventions and Guidelines, and shall settle such trades on a Delivery versus Payment (DvP) basis in accordance with PDEX Settlement Rules and Guidelines. The PDEX rules and conventions are available in the PDEX website ([www.pds.com.ph](http://www.pds.com.ph)). An Investor Frequently Asked Questions (FAQ) discussion on the secondary market trading, settlement, documentation and estimated fees are also available in the PDEX website.

### **RANKING**

The First Tranche Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and rateably in priority of payment without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to [Section 5.02 (a) of the Trust Agreement] or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The First Tranche Bonds shall effectively be subordinated in right of payment to, among others, all of AEV's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines, unless the Issuer procures a waiver of the preference created by such notarization or equally and ratably extend such preference to the First Tranche Bonds.

### **INTEREST**

#### **Interest Payment Dates**

The First Tranche Bonds bear interest on its principal amount from and including Issue Date at the rate of [•] % p.a., for the Series A Bonds and [•] % p.a., for the Series B Bonds, payable quarterly starting on [•] for the first interest payment date, and [•], [•], [•], and [•] of each year for each subsequent Interest Payment Date at which the First Tranche Bonds are outstanding, or the

subsequent Banking Day, without adjustment, if such Interest Payment Date is not a Banking Day. The last Interest Payment Date shall fall on the Maturity Date.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be the day two (2) Banking Days prior to the relevant Interest Payment Date (the "Record Date"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the First Tranche Bonds, provided that if such day falls on a non-Banking Day, the Record Date shall be the next Banking Day immediately preceding said date. No transfers of the First Tranche Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

### **Interest Accrual**

Each Series A Bond and Series B Bond shall cease to bear interest from and including the Maturity Date, as defined in the discussion on "Final Redemption," unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see "Penalty Interest") shall apply.

### **Determination of Interest Amount**

The interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

## **REDEMPTION AND PURCHASE**

### **Final Redemption**

Unless previously purchased and cancelled, the First Tranche Bonds shall be redeemed at par or 100% of face value on the respective Maturity Dates. However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment, on the succeeding Banking Day if the Maturity Date is not a Banking Day.

### **Optional Redemption**

Prior to the respective Maturity Dates, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Series A Bonds or Series B Bonds on the Optional Redemption Dates, as provided below, or the immediately succeeding Banking Day if such date is not a Banking Day (the "Optional Redemption Date") , without any adjustment on the principal or interest accruings.

The amount payable to the Bondholders in respect of the Optional Redemption exercise (the "Optional Redemption Price") shall be calculated based on the principal amount of the Series A Bonds or Series B Bonds being redeemed as the aggregate of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount and the applicable Optional Redemption Price in accordance with the following schedule:

*Series A Bonds:*

<b>Optional Redemption Dates</b>	<b>Optional Redemption Price</b>
[4] years from Issue Date	[100.25%]

*Series B Bonds:*

<b>Optional Redemption Dates</b>	<b>Optional Redemption Price</b>
[7] years from Issue Date	[102.00%]
[8] years from Issue Date	[101.00%]
[9] years from Issue Date	[100.25%]

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the relevant Series A Bonds or Series B Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption on the Optional Redemption Date stated in such notice.

**Redemption for Taxation Reasons**

The Issuer may redeem the Series A Bonds or the Series B Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee) at par plus accrued interest, subject to the requirements of Applicable Law, if payments under the Series A Bonds or the Series B Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer.

For avoidance of doubt, the Issuer shall not be liable for the payment of the additional or increased taxes, which shall be for the account of the Bondholders.

The Trustee, upon receipt of written notice of redemption delivered by the Issuer, shall declare the principal of the Series A Bonds or the Series B Bonds, including all accrued interest, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any pre-payment penalty that is imposed under an optional redemption, anything in the Trust Agreement or in the Series A Bonds or the Series B Bonds contained to the contrary notwithstanding.

**Mandatory Redemption**

If any one or more of the following events shall occur, in the reasonable opinion of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the First Tranche Bonds for the events contemplated in (a), (b) or (c) below or the Majority Bondholders for the events contemplated in (d) below (and with written notice to the Trustee), and be continuing for a period of fifteen (15) Banking Days with respect to the events contemplated in (a) or (c) below:

- a. Any law, government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the First Tranche Bonds which shall be modified in a manner which, in the reasonable opinion of the Trustee, while not constituting an Event of Default, will materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld;

- b. Any provision of the Trust Agreement or any of the related documents is or becomes invalid, illegal or unenforceable by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents;
- c. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation, in such a manner as to materially and adversely affect the financial condition or operations of the Issuer; and
- d. Any Government Authority or any competent authority condemns, seizes, or expropriates all or substantially all of the assets or properties of the Issuer, unless such act is contested in good faith by the Issuer or unless such act is suspended or restrained by an order of a court of competent jurisdiction;

then, the Trustee, by notice in writing delivered to the Issuer, may declare the principal of the First Tranche Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any pre-payment penalty.

### **Purchase**

The Issuer may at any time purchase any of the First Tranche Bonds at any price in the open market or by tender or by contract in accordance with PDEX Rules, without any obligation to purchase First Tranche Bonds pro-rata from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the First Tranche Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

### **Payments**

The principal of, interest on, and all other amounts payable on the First Tranche Bonds shall be paid to the Bondholders by crediting of the settlement accounts designated by each of the Bondholders. The principal of, and interest on, the First Tranche Bonds shall be payable in Philippine Pesos, net of final taxes and fees (if any). AEV shall ensure that so long as any of the First Tranche Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the First Tranche Bonds. AEV may terminate the appointment of the Paying Agent, as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, AEV shall appoint the Makati City office of such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

## Payment of Additional Amounts - Taxation

Interest income on the First Tranche Bonds is subject to final withholding tax at rates depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided below or in the Trust Agreement, and without prejudice to the right of the Issuer to exercise its option to redeem the Series A Bonds or the Series B Bonds for taxation reasons, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

1. The applicable final withholding tax applicable on interest earned on the Series A Bonds and the Series B Bonds prescribed under the Tax Code, as amended and its implementing rules and regulations as maybe in effect from time to time. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:
  - a. Proof of Tax Exemption or Entitlement to Preferential Tax Rates
    - i. For (a) tax-exempt corporations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof;
    - ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form No. 2336);
    - iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax. For qualified non-stock, non-profit educational institutions, however, Tax Exemption Rulings or Certificates of Exemption issued prior to June 30, 2012 are required to apply for new Tax Exemption Rulings; and
    - iv. For entities claiming tax treaty relief – (i) certificate of tax residence issued for the current year (whether using the form prescribed in their country of residence, or using Part I (D) of the Certificate of Tax Residence for Tax Treaty Relief (“CORTT”) Form prescribed under Revenue Memorandum Order No. 8-2017), and (ii) duly accomplished CORTT Form (particularly Part I (A), (B) and (C), and Part II (A), (B), (C) and (D)).

In addition, for subsequent interests due, the Bondholder shall submit an updated Part II (A), (B), (C) and (D) of the CORTT Form to the Issuer through the Registrar no later than the first day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

Only the originals should be submitted to the Underwriter.

- b. A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.
- c. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (a), (b), and (c) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

- 2. Any applicable taxes on other income due to any Bondholder arising from the Series A Bonds or Series B Bonds, including but not limited to the Prepayment Penalty, if and when applicable;
- 3. Gross Receipts Tax under the Tax Code;
- 4. Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and
- 5. Value Added Tax ("VAT") under the Tax Code, as amended. Documentary stamp tax for the primary issue of the First Tranche Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

## **FINANCIAL RATIOS**

The Issuer shall not incur any loan obligation with a maturity of more than one (1) year, if on the Transaction Date, after giving effect to the incurrence of such loan obligation, and any other such cumulative obligations, but not giving any effect to the receipt or application of proceeds therefrom, the Net Debt, as at the last day of the Relevant Period immediately preceding the Transaction Date, to Consolidated Equity, in respect of the Relevant Period immediately preceding the Transaction Date, will exceed 3:1.



With respect to the First Tranche Bonds, there are no other regulatory ratios that the Issuer is required to comply with.

For the schedule of the Issuer's relevant financial ratios as of December 2018, December 2017, and December 2016, please refer to the section entitled "*Financial Ratios.*"

## **EVENTS OF DEFAULT**

Each of the following events constitutes an Event of Default.

1. **Payment Default.** The Issuer fails to pay when due and payable any amount of principal or interest which the Issuer is obligated to pay the Bondholders under the Trust Agreement and the First Tranche Bonds, and such failure to pay is not remedied within seven (7) Banking Days from due date thereof.

The Issuer fails to pay when due and payable any other amount payable by the Issuer in respect of the First Tranche Bonds and under the Trust Agreement in the manner, at the place, and in the currency in which it is expressed to be payable, and such non-payment continues for thirty (30) days from the date such payment is due. These other amounts include Penalty Interest, insofar as the payment of such interest is concerned.

2. **Representation Default.** Except for clerical or typographical error, any representation or warranty made by the Issuer in the Trust Agreement or in any document issued pursuant thereto or otherwise in connection therewith shall prove to have been untrue, incorrect, or misleading in any material respect as at the time it was made or deemed to have been made or is violated or not complied with, and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than thirty (30) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect.
3. **Other Provisions Default.** The Issuer fails to perform or comply with any other term, obligation, or covenant contained in the Trust Agreement or in any other document or instruments related or otherwise in connection therewith and any such failure, violation, non-compliance is not remediable or if remediable, continues unremedied for a period of ninety (90) days for financial covenants and sixty (60) days for all other covenants from the date after written notice thereof shall have been given by the Trustee; Provided, however, that for the avoidance of doubt, no additional grace period shall apply to the Events of Default.
4. **Cross-Default.** The Issuer violates any other material obligation by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer within thirty (30) Banking Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation will, further, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Issuer of its obligations under the Trust Agreement and the First Tranche Bonds. Provided, however, that no event of default will occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or is



in excess of five percent (5%) of the Fair Market Value of Assets of the Issuer, based on the relevant parent-only financial statements of the Issuer.

5. **Insolvency Default.** The Issuer becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, which act shall include: (i) the filing of a petition in any bankruptcy, reorganization, winding up or liquidation of the Issuer, or any other proceeding analogous in purpose and effect: Provided, however, that in case the foregoing petition is filed by any other party, other than the Issuer, such event shall be considered a declared Event of Default only upon the issuance of a final order by the court of competent authority; (ii) the making of an assignment by the Issuer of substantially all or all of its assets, or in fraud of creditors; (iii) the admission in writing by the Issuer of its inability to pay its debts; (iv) the entry of any final order or judgment of any court, tribunal, or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization, winding up or liquidation of the Issuer; or (v) the appointment of a receiver, liquidator, assignee, trustee, or sequestrator of the Issuer, or a substantial part of its property or assets or a substantial part of its capital stock or to assume custody or control of the Issuer, or the ordering of its dissolution, winding-up or liquidation of its affairs.
6. **Closure Default.** The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days, except that if the closure is: (i) due to strikes or lockouts; or (ii) necessary to prevent business losses; or (iii) due to fortuitous events or force majeure, then such closure shall not be deemed a Closure Default.
7. **Judgment Default.** Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of 20% of the Issuer's Fair Market Value of Assets or its equivalent in any other currency is entered against the Issuer and any relevant period specified for payment in such judgment, decree, order, or agreement, shall have expired without being satisfied, discharged, or stayed; and
8. **Writ and Similar Process Default.** Any writ, warrant of attachment or execution, or similar process shall be issued or levied against all or substantially all of the Issuer's assets, and such writ, warrant, or similar process shall not be released, vacated, or fully bonded within sixty (60) days after its issue or levy (or such longer period as the Issuer satisfies the Majority Bondholders as appropriate under the circumstances).

## CONSEQUENCES OF DEFAULT

### Declaration

1. If any one or more of the Events of Default shall occur and be continuing, the Trustee, upon the written direction of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the First Tranche Bonds, by notice in writing delivered to the Issuer, may declare the principal of the First Tranche Bonds then outstanding, including all interest accrued and unpaid thereon and all amounts due thereunder, to be due and payable immediately, anything contained in the Trust Agreement or in the First Tranche Bonds to the contrary notwithstanding.
2. The provision above, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Bondholders, by written notice to the Issuer and to the Trustee, may rescind and annul such declaration made by the Trustee pursuant to a consequence of default and its consequences, upon such terms, conditions and agreements, if

any, as they may determine, including, in connection with a Cross Default, the fact that the non-payment of the obligation is contested in good faith by the Issuer; provided, that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereto. Any such waiver shall be conclusive and binding upon all the Bondholders and upon all future holders and owners of such First Tranche Bonds, or of any First Tranche Bond issued in lieu thereof or in exchange therefor, irrespective of whether or not notation of such waiver is made upon the First Tranche Bonds.

3. At any time after an Event of Default shall have occurred, the Trustee may:
  - a. by notice in writing to the Issuer, the Registrar, and the Paying Agent, require the Registrar and Paying Agent to:
    - i. act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Registry and Paying Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under the provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Agreement in relation to the First Tranche Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the First Tranche Bonds on behalf of the Trustee; and/or
    - ii. deliver all evidence of the First Tranche Bonds and all sums, documents and records held by them in respect of the First Tranche Bonds to the Trustee or as the Trustee shall direct in such notice; provided, that, such notice shall be deemed not to apply to any document or record which the Paying Agent or Registrar is not obliged to release by any Applicable Law; and
  - b. by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the First Tranche Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn.

#### **Notice of Default**

The Trustee shall, within ten (10) days after the occurrence of an Event of Default give to the Bondholders written notice of any such Event of Default known to it unless the same shall have been cured before the giving of such notice; provided, that, in the case of a Payment Default, the Trustee shall, upon written notice from the Paying Agent of the Issuer's failure to pay any amount of principal or interest which the Issuer is obligated to pay the Bondholders under the Trust Agreement and the First Tranche Bonds, immediately notify the Bondholders upon the occurrence of such Payment Default; provided further, that such written notice from the Paying Agent shall not be required if the Issuer's failure to pay was caused by a technical error or by reasons beyond the control of the Issuer. The existence of a written notice required to be given to the Bondholders under this Section shall be published in two (2) newspapers of general circulation in Metro Manila, Philippines for two (2) consecutive days, indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the First Tranche Bonds at the principal office of the Trustee as indicated in the Trust Agreement upon presentation of sufficient and acceptable identification to the Trustee.

Subject to Applicable Law, in case of the occurrence of an Event of Default, the Issuer shall authorize the Registrar to provide the Trustee with the list of Bondholders containing the names, addresses, tax identification number (TIN), tax status, and account details of the Bondholders, the amount of the First Tranche Bonds held by them, the Cash Settlement Account numbers where payment to them shall be credited and such other information as may be agreed upon between the Registrar and the Issuer.

### **Penalty Interest**

In case any amount payable by the Issuer under the First Tranche Bonds, whether for principal, interest, fees due to the Trustee, Registrar or Paying Agent or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty fee on the defaulted amount(s) at the rate of two percent (2.0%) per annum (the "Penalty Interest") from the time the amount fell due until it is fully paid.

### **Payments in the Event of Default**

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer will pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the First Tranche Bonds on the overdue principal and with Penalty Interest, where applicable, and in addition thereto the Issuer will pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

Upon the occurrence of an Event of Default and in accordance with the requirements of the Trust Agreement, the Bondholders shall have the right, but not the obligation, to require the Issuer to redeem the First Tranche Bonds in full, by payment of the amounts stated above, plus the principal amount, by delivery of the relevant evidence of the First Tranche Bonds to the Trustee.

### **Application of Payments**

Any money collected by the Trustee and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds, shall be applied by the Trustee in the order of preference as follows:

First: To the payment of the costs, expenses, fees and other charges of collection, including reasonable compensation to the Trustee, Paying Agent, Registrar, and each such person's agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursement made by the Trustee, Paying Agent and Registrar without negligence or bad faith.

Second: To the payment of Penalty Interest.

Third: To the payment of the interest, in the order of the maturity of such interest.

Fourth: To the payment of the principal amount of the outstanding Bonds due and payable.

Fifth: The remainder, if any, shall be paid to the Issuer, its successors or assigns, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the First Tranche Bonds shall require the conformity of the Trustee.

### **Remedies**

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extrajudicial proceedings appropriate to enforce the conditions and covenants of in the Trust Agreement.

No delay or omission by the Trustee or by any Bondholder to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto, and every power and remedy given in the Trust Agreement to the Trustee or to the Bondholder may be exercised from time to time and as often as may be necessary or expedient.

### **Ability to File Suit**

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless all of the following conditions have been fulfilled: (1) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the First Tranche Bonds, and (2) the Majority Bondholders shall have decided and made a written request upon the Trustee to institute such suit, action or proceeding in its own name, and (3) the Trustee for sixty (60) days after receipt of such notice and request shall have neglected or refused to institute any such suit, action or proceeding, unless such failure was due to any circumstance beyond its control, and (4) no directions inconsistent with such written request or waiver of default by the Bondholders shall have been made, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholder shall have any right in any manner whatsoever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Bondholders. For the protection and enforcement of the provisions of this Section, each and every Bondholder and the Trustee shall be entitled to such relief as can be given under the Applicable Law.

### **Waiver of Default by Bondholders**

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and in behalf of the Bondholders to waive any past default except the Payment Default, Cross-Default, Insolvency Default, and Closure Default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future

holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the First Tranche Bonds.

## **MEETINGS OF BONDHOLDERS**

### **Meetings**

A meeting of Bondholders may be called at any time and from time to time pursuant to the provisions of this Section for the purpose of taking any action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Agreement or under applicable law and such other matters related to the rights and interests of the Bondholders under the First Tranche Bonds.

### **Notice of Meetings**

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the First Tranche Bonds may direct the Trustee to call a meeting of the Bondholders, to take any action specified herein, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Bondholders and published in two (2) newspapers of general circulation in Metro Manila, Philippines not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the notices for the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported statement of account.

### **Failure of Trustee to Call a Meeting**

In case at any time the Issuer, pursuant to a resolution of its board of directors, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the First Tranche Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, the notice of such meeting within fifteen (15) Banking Days after receipt of such request, then the Issuer or the holders of the First Tranche Bonds in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof, and the costs thereof shall be chargeable to the Trustee, except when such failure is beyond the control of the Trustee.

### **Quorum**

The presence of the Majority Bondholders personally or by proxy shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

### **Procedure for Meetings**

The Trustee shall preside at all the meetings of the Bondholders unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the

meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting from among the Bondholders then present or represented during the meeting.

Any meeting of the Bondholders duly called pursuant to the provisions of this Section may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the First Tranche Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

In an event consent/s are requested from the Bondholders, the Bondholders' records with the Registrar as of the immediately preceding month-end prior to the date of the request shall be used by the Trustee until the results of the exercise is completed. Transfers or changes to ownership during any exercise shall be disregarded by the Trustee. Notwithstanding the foregoing, if the Registrar determines the record date of Bondholders according to its Agreements then such listing shall prevail and the Trustee shall rely on such records

#### **Voting Rights**

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of the First Tranche Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of such meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representative of the Issuer and its legal counsel.

#### **Voting Requirement**

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the majority of the Bondholders present or represented in a meeting at which there is a quorum, except as otherwise provided in the Trust Agreement.

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

#### **Role of the Trustee in Meetings of Bondholders**

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of Bonds, the appointment of proxies by registered holders of Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit. The minutes of each meeting and any resolution made thereat shall be taken by the Trustee.

#### **Evidence Supporting Bondholders' Action**

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of Bonds may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact

that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instruments and any such record of meeting of the Bondholders. The Trustee shall rely on the Registrar to authenticate all Bondholders' signature at all times.

### **Duties and Responsibilities of the Trustee**

The Trustee shall act as trustee for and in behalf of the Bondholders and as such shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the Issuer's observance of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters to be taken up with the Issuer.

The Trustee shall have custody of and hold in its name, for and in behalf of the Bondholders, the Master Certificates of Indebtedness for the total issuance of the First Tranche Bonds.

The Trustee shall promptly and faithfully carry out the instructions or decisions of the Majority Bondholders issued or reached in accordance with the Trust Agreement.

The Trustee may, from time to time, request the Issuer to submit such certification of its officers, reports of its external auditors, and other documents relating to the Issuer's ability to comply with its obligations under the First Tranche Bonds and the Trust Agreement, as well as to examine such records of the Issuer as may be related to the Issuer's obligations under the First Tranche Bonds and the Trust Agreement.

The request shall be reasonable, made not less than seventy-two (72) hours prior to the intended date of examination and shall be in writing to the Issuer which shall include, in reasonable detail, the purpose for such request and the intended use of the requested documents or information. The Issuer may require the Trustee, its directors, officers, employees, representatives, agents, partners, consultants and advisors to hold in confidence such documents and information furnished to the Trustee pursuant to said request or to limit the use thereof for the purpose intended as stated in the request, provided such limitation shall not apply if in conflict with the duties and responsibilities of the Trustee under any provision of the Trust Agreement.

The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances.

The Trustee shall inform the Bondholders of any event, breach of representations and warranties, and Events of Default within a reasonable period from the time that the Trustee learns of such events.



The Trustee shall perform such other powers and functions as provided for elsewhere under the Trust Agreement.

### **Supplemental Agreements**

With the written consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental hereto for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, however, that no such supplemental agreement shall:

1. Without the consent of each Bondholder affected thereby:
  - a. extend the fixed maturity of the Series A Bonds or Series B Bonds, or
  - b. reduce the principal amount of the Series A Bonds or Series B Bonds, or
  - c. reduce the rate or extend the time of payment of interest and principal thereon;
2. Affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders; or
3. Reduce the percentage required to be obtained of the Bondholders to consent to or approve any supplemental agreement or any waiver provided for in the Trust Agreement without the consent of all the Bondholders.

It shall not be necessary to obtain the consent of the Bondholders for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the First Tranche Bonds.

Promptly after the execution by the Issuer and the Trustee of any supplemental agreement, the Issuer shall send a notice to the Bondholders setting forth in general terms the substance of such supplemental agreement. Any failure of the Issuer to send such notice or any defect therein shall not, however, in any way impair or affect the validity of any supplemental agreement.

### **MISCELLANEOUS PROVISIONS**

#### **Notice**

Any notice or demand authorized by the Trust Agreement to be given to the Issuer and the Trustee shall be sufficiently given for all purposes hereof, if delivered or mailed at their respective addresses mentioned herein or at such address designated by them subsequently in writing.

Notices to the Bondholders shall be sent to their mailing address as set forth in the Registry Book. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Registry Book. The Trustee shall rely on the Registry Book provided by the Registrar, in determining the Bondholders entitled to notice.



All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on the date of publication, or (iv) on the date of delivery, for personal delivery.

### **Binding and Conclusive Nature**

Except as provided under the Trust Agreement, all notifications, opinion, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Bondholders and (in the absence of willful default, bad faith or manifest error) no liability to the Issuer, the Registrar, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement, resulting from the Trustee's reliance on the foregoing.

### **Dispute Settlement**

In case any dispute shall arise between the Issuer, the Trustee or any of the Bondholders in respect of the Trust Agreement, or other related agreements or arrangements, the Issuer, the Trustee or any of the Bondholders shall attempt to resolve the same amicably by agreement which shall be in writing. However, if no such agreement is concluded within thirty (30) Banking Days from the time the dispute arose, or such period as may be reasonable under the circumstances, the parties may have recourse to the usual judicial action obtaining under the circumstances.

### **No Right to Set-Off**

The Trustee shall have no right to apply funds or money of the Issuer on deposit with or in the custody of the Trustee or any of its branches, subsidiaries, or affiliates on reduction of amounts past due under the Trust Agreement.

### **Governing Law**

The First Tranche Bonds issued hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the Republic of the Philippines.

## THE COMPANY

The Issuer, Aboitiz Equity Ventures Inc. (AEV or the “Company”), is the public holding and management company of the Aboitiz Group, one of the largest conglomerates in the Philippines. Incorporated on September 11, 1989, the Company was originally known as Cebu Pan Asian Holdings, Inc. Its name was changed to Aboitiz Equity Ventures Inc. on December 29, 1993, and its ownership was opened to the general public through an Initial Public Offering (IPO) of its common shares in 1994.

Since then, the Company has expanded its portfolio into a wide range of businesses. Currently, AEV’s core businesses, conducted through its various domestic and international Subsidiaries and Associates across 11 countries, are grouped into six main categories: (a) power generation, distribution, and retail electricity supply; (b) financial services; (c) food manufacturing; (d) real estate; (e) infrastructure; and (f) portfolio investments (parent company/others).

In 2013, AEV transferred its corporate headquarters from Cebu to Metro Manila. The transfer, including the corresponding amendment to the Company’s corporate documents, was approved by the stockholders during the May 20, 2013 Annual Stockholders’ Meeting. AEV’s current principal office address is at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila. AEV and its Subsidiaries still maintain administrative and liaison offices in Cebu.

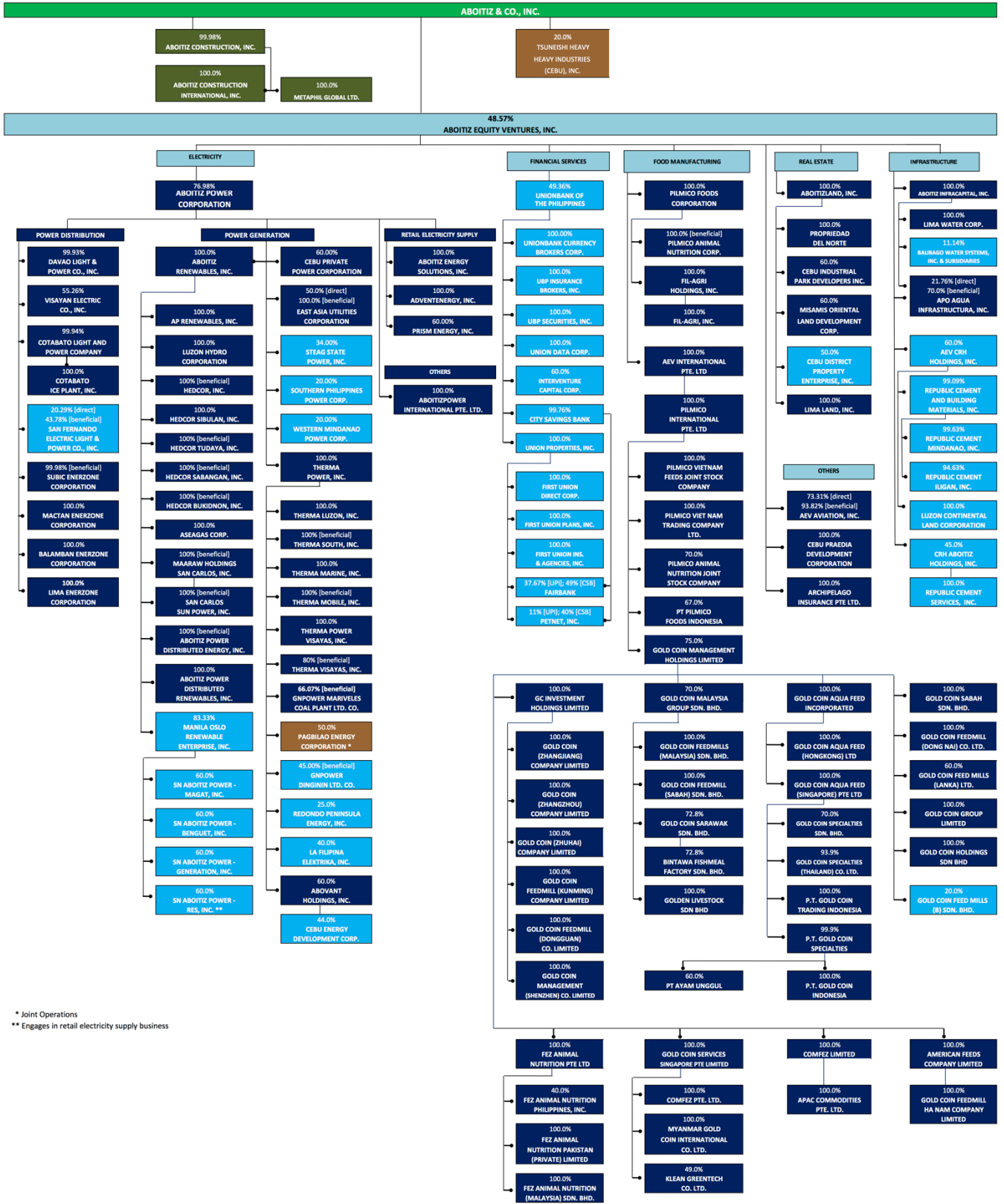
As of January 31, 2019, Aboitiz & Company, Inc. (ACO) owns 48.57% of the outstanding capital stock of AEV, 4.55% are owned by directors, officers and related parties, while the rest are owned by the public.

Neither AEV nor any of its Subsidiaries has ever been the subject of any bankruptcy, receivership or similar proceedings.

Below is the Aboitiz Group’s corporate structure as of December 31, 2018:

**ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**  
**CONGLOMERATE MAPPING**  
 As of December 31, 2018

- Legend:**
- Parent Company
  - Reporting Company
  - Co-Subsidiary
  - Subsidiary
  - Associate or Joint Venture
  - Other Related Parties



\* Joint Operations  
 \*\* Engages in retail electricity supply business

## **BUSINESS DEVELOPMENT**

### **Power Generation, Distribution, and Retail Electricity Supply**

AEV's power Business Unit, Aboitiz Power Corporation (AboitizPower) was incorporated on February 13, 1998 in Cebu City, Philippines as a private holding company. Since its incorporation, AboitizPower has become a publicly-listed holding company that, through its Subsidiaries and Affiliates, is now a leader in the Philippine power industry and has interests in a number of privately-owned generation companies, retail electricity supply services, and distribution utilities, throughout the Philippines, from Benguet in the north to Davao in the south. AboitizPower has accumulated interests in a portfolio of power generating plants, using renewable and non-renewable sources. As of December 31, 2018, its generation companies have an attributable net sellable capacity of 3,206 MW, which is equivalent to 17% market share of the national grid's installed generating capacity. The company also owns interests in nine distribution utilities in Luzon, Visayas, and Mindanao, including the second and third largest distribution utilities in the Philippines, Visayan Electric Company, Inc. (VECO) and Davao Light & Power Company, Inc. (Davao Light). AboitizPower's Subsidiaries engaged in the supply of retail electricity sold a total of 5.32 TWh as of December 31, 2018.

AboitizPower plans to enter the rooftop solar business through Aboitiz Power Distributed Energy, Inc. (APX1) and expand the renewable energy portfolio under its Cleanergy brand. AboitizPower's Cleanergy portfolio includes its geothermal, run-of-river hydro, and large hydropower facilities. AboitizPower first ventured into the solar market in 2016 with San Carlos Sun Power, Inc. (Sacasun). As of December 31, 2018, AboitizPower has 988 MW of net sellable capacity, through its partners, under its Cleanergy brand. AboitizPower is pushing for a balanced mix strategy – maximizing Cleanergy while taking advantage of the reliability and cost efficiency of thermal power plants.

On January 4, 2019, TMO notified Manila Electric Company (MERALCO) that it will physically disconnect from MERALCO's system and will deregister as a Trading Participant in the Wholesale Electricity Spot Market (WESM) effective February 5, 2019. This is due to TMO's commercial inactivity since June 26, 2018, following the absence of an approved power supply agreement for its four barges. After evaluating the circumstances and the options available, TMO decided to preserve its bunker C-fired diesel power plants. Notices were sent to Philippine Electricity Market Corporation (PEMC), Independent Electricity Market Operator of the Philippines Inc., Department of Energy (DOE), and Energy Regulatory Commission (ERC), following the applicable legal requirements.

Neither AboitizPower nor any of its subsidiaries has been the subject of any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

### **Financial Services**

AEV's financial services group is composed of Union Bank of the Philippines (UnionBank or the "Bank") and its Subsidiaries, which now includes PETNET, Inc. (PETNET), a money-transfer company. UnionBank is a publicly-listed universal bank whose principal shareholders are AEV, the Social Security System (SSS), and The Insular Life Assurance Company, Ltd. (Insular Life). It distinguishes itself through technology and innovation, unique branch sales and service culture, and centralised backroom operations.

UnionBank's clientele encompasses retail, middle-market, and corporate customers, as well as major government institutions. UnionBank believes that its use of technology, marketing strategies, and

operational structure have enabled it to capture and secure a loyal customer base and achieve high levels of efficiency and productivity.

UnionBank has undertaken two bank mergers, first with International Corporate Bank (Interbank) in 1994 and then with International Exchange Bank (iBank) in 2006.

On January 8, 2013, UnionBank's Board of Directors approved the purchase of CitySavings, Inc. (CitySavings), a premier thrift bank engaged in, among other banking activities, granting teacher's loans under the Department of Education's (DepEd) Automatic Payroll Deduction System (APDS). The transaction was approved by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP) on March 21, 2013. The acquisition of CitySavings is aligned with UnionBank's business plan and long-term strategy of building businesses based on consumers.

On October 20, 2013, UnionBank raised a total of ₱3.0 bn from its initial offering of Long-Term Negotiable Certificates of Deposits (LTNCDs). The LTNCDs carry a coupon rate of 3.50% per annum, payable quarterly beginning January 18, 2014 maturing on April 17, 2019. Proceeds of the issuance were utilized to improve the Bank's deposit maturity profile and support business expansion plans.

On October 16, 2014, an amendment to UnionBank's Articles of Incorporation was approved by the BSP, whereby the authorized capital stock increased from ₱6.7 bn to ₱23.1 bn, divided into approximately 1.3 billion common shares with par value of ₱10.00 each and 100 mn preferred shares with par value of ₱100.00 each. UnionBank likewise obtained BSP approval for the payment of 65% stock dividends, which was used to fund the 25% subscription relating to the increase in capital stock. Record date and payment date for the aforesaid dividend declaration were set on November 18, 2014 and December 4, 2014, respectively.

On November 20, 2014, UnionBank issued ₱7.2 bn of Basel III-compliant Tier 2 Unsecured Subordinated Notes with a coupon rate of 5.375% per annum, due February 20, 2025, and callable on February 20, 2020.

On August 16, 2016, UnionBank signed a Cooperation Agreement with Lombard Odier & Co., a Swiss global wealth and asset manager, to expand its wealth and asset management businesses. The Bank and Lombard Odier plan to offer estate planning solutions and launch a global and diversified multi-asset fund customized to UnionBank's high-net-worth and ultra-high-net-worth clients' requirements. In July 2017, the Capital Accumulation Global Fund of Funds, a US dollar-denominated fund of funds that is invested in various mutual funds and exchange traded funds in the global markets, was launched.

On December 15, 2016, UnionBank's subsidiaries, Union Properties Inc. (UPI) and CitySavings received approval from the Monetary Board of the BSP to finalize the joint-acquisition of the majority stake in First-Agro Industrial Rural Bank (FAIRBank), a rural bank that provides banking and microfinance services and loan products to micro, small, and medium enterprises, and micro housing institutions.

On January 27, 2017, UnionBank and CitySavings entered into a bancassurance partnership with Insular Life for the sale and distribution of insurance products across the Bank's and CitySavings's respective networks. On April 4, 2017, BSP granted UnionBank and CitySavings the authority to engage in cross-selling activities with Insular Life across its network.

On November 22, 2017, UnionBank announced the issuance of US\$400 mn in Fixed Rate Senior Notes, as the debut drawdown under the Bank's Medium-Term Note Programme. On November 27,

2017, the Bank launched an upsize of US\$100 mn. This brings its total Senior Notes issuance to US\$500 mn, issued at par with a yield of 3.369% per annum, maturing November 29, 2022. The said bonds were rated Baa2 by Moody's, identical to the issuer rating given to UnionBank, and were listed in the Singapore Stock Exchange.

On February 26, 2018, City Savings agreed to acquire 33.73% of the outstanding capital of Philippine Resources Savings Bank Corporation (PR Savings) from International Finance Corporation, an Isabela-based bank engaged in extending motorcycle, agri-machinery, and teachers' salary loans.

On December 29, 2017, CitySavings announced that it has signed a Share Purchase Agreement (SPA) with the ROPALI Group to acquire 100% of the common shares of PR Savings. The transaction was approved by the BSP on June 19, 2018. On December 27, 2018, the Bank also received BSP's approval for the merger between CitySavings and PR Savings, with CitySavings as the surviving entity.

In February 2018, CitySavings and UPI signed an SPA with AEV to purchase 51% of the common shares of PETNET, Inc. The transaction was approved by the Philippine Competition Commission (PCC) on May 8, 2018, and by the BSP on November 23, 2018. PETNET, more widely known by its retail brand name PeraHub, has over 2,800 outlets nationwide which offers a variety of cash-based services including remittance, currency exchange, and bills payment. In addition, PETNET, is an outsourced service provider of CitySavings, facilitates and accepts applications for DepEd salary loans and GSIS pension loans.

On February 21, 2018, UnionBank issued ₱3.0 bn LTNCDs due in August 2023 with a fixed rate of 4.375% per annum. This is the initial tranche of the Parent Bank's ₱20.0 bn LTNCD program as approved by BSP. The net proceeds from the issuance of LTNCD will be used to diversify the Parent Bank's maturity profile of funding sources and to support its business expansion plans.

On September 28, 2018, UnionBank announced the completion of its ₱10.0 bn Stock Rights Offer (SRO) following the end of the offer period on September 21, 2018. The bank issued 158,805,583 common shares or 15% of UnionBank's outstanding shares prior the SRO and was priced at ₱62.97 each. The rights shares were listed at the PSE on the same day.

On November 23, 2018, UnionBank issued ₱10.5 bn in senior fixed rate bonds, the first issuance under the Bank's ₱20.0 bn multi-tranche bond and commercial paper program. On November 29, 2018, the Bank increased the final bond issuance to ₱11.0 bn. The two-year fixed rate bonds have a coupon rate of 7.061% per annum due 2020. The said bonds were listed on the PDEX on December 7, 2018.

### **Food Manufacturing**

AEV through its food manufacturing Business Units, Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, and Pilmico International Pte. Ltd. (Pilmico Intl), is engaged in the business of flour, hog and layer farms, animal feeds, and by-products. In July 2018, Pilmico International completed the acquisition of a 75% equity interest in Gold Coin Management Holdings, Ltd. (GCMH) and its subsidiaries (collectively, the "Gold Coin Group"), for a final consideration of US\$333.8 mn. This expanded AEV's animal feed business into 11 countries across the Asia-Pacific region.

### **Feeds and Flour**



Incorporated on August 8, 1958, Pilmico began as a joint venture of the Aboitiz Group, the Lu Do Group, the Soriano Group and the Pillsbury Group of the United States of America (U.S.A.). The Lu Do, Soriano and Pillsbury Groups eventually sold all their shareholdings to AEV.

In September 2008, Pilmico commenced commercial operations of its new 115,000 metric-ton (MT) Feed Mill 1 located within its flour mill complex in Iligan City. In October 2010, Pilmico completed the construction of its Iligan Feed Mill 1 Line 2, doubling its capacity to produce high quality animal feeds. This allowed Pilmico to meet the growing demand for animal feeds in the Visayas and Mindanao regions, to achieve operating cost efficiencies and yield improvements.

In order to address additional raw material requirements and feeds volume caused by the expansion of feed mills, Pilmico expanded its port facilities, as well as its unloading and storage capabilities, in Iligan: the port expansion in 2012 to accommodate Panamax vessels, and Inter-Island Pier 2 in 2015. This resolved the bottleneck in the delivery of raw materials to Iligan and the distribution of feeds to the other parts of Visayas and Mindanao.

In April 2016, Pilmico's Iligan Feed Mill 2 commenced commercial operations. This additional 124,800 MT in feed mill capacity answered the growing demand of feeds in the Visayas and Mindanao regions. In addition, Pilmico also completed a powermix line in 2016 in support of the growing poultry business.

Anchoring on Pilmico's core strength as a flour miller, Pilmico had taken the opportunity to grow the flour business internationally. In June 2014, Pilmico established its first Southeast Asian representative office in Jakarta Selatan, Indonesia, followed by the creation of another representative office in Ho Chi Minh City, Vietnam in March 2015. Pilmico's international expansion allowed it to build its market in the Indochina region, deepen its reach in the ASEAN market, and increase its competitiveness in the flour milling industry.

Through these representative offices, Pilmico was able to establish its flour export business, successfully distributing its flour products to Hong Kong, Vietnam, Myanmar, Thailand, Malaysia and Indonesia. Further efforts will be made by Pilmico to strengthen its presence in the ASEAN region.

In 2017, Pilmico Foods broke ground in building new warehousing and silo storage to support volume growth in the feeds and flour businesses. This is slated for completion in second quarter of 2018.

### **Hog and Layer Farms**

In June 1997, Pilmico entered into the swine production and animal feeds business through Pilmico Animal Nutrition Corporation (PANC) (formerly Fil-Am Foods, Inc.). PANC was a joint venture with Tyson International Holding Co. (Tyson), a subsidiary of Tyson Foods, and PM Nutrition Company, Inc. (PMNC), an affiliate of Purina Mills, Inc. In October 2002, Pilmico acquired the shareholdings of Tyson and PMNC, thus making PANC its wholly-owned Subsidiary. At present, Pilmico, together with another wholly-owned Subsidiary, Filagri Holdings, Inc., owns 100% of PANC.

In January 1999, PANC began commercial operations of its feed mill plant located in Capas, Tarlac to cater to the growing demand of feeds in Luzon. During the second half of 1999, PANC started its swine operations with a sow level of 4,750 heads.

In November 2008, PANC constructed a biogas system which converts hogs' waste to biogas, making its farms partially self-sufficient for their electricity requirements. In 2009, PANC first expanded its

farms, which brought the company's sow level to 6,500 heads. By 2012, the farms' capacity was once again ramped up to increase its sow level to 8,360 heads, which was achieved in early 2015. This increased average monthly hog sales volume to 13,000 heads.

In December 2015, PANC started its layer farms operations. The layer farm facility was completed and became fully-operational by December 2016. This layer farm facility can hold up to 173,000 egg-laying chickens that would translate to 4 million eggs per month.

To support the growing Luzon commercial feeds volume as well as the rising internal layer and swine farm requirements, PANC successfully completed Tarlac's Feed Mill 2. This resulted in an additional 124,800 MT in feed mill capacity.

In 2017, PANC successfully completed the increase of its sow level to 14,000, twice the size of its farms business from its first expansion in 2012. At this 14,000-sow level, monthly sales volume reached 22,000 heads. This made PANC as one of the biggest commercial producers of market hogs in the country.

To continually grow the farms business, PANC intends to increase its sow level to 20,000 by 2020.

### **International Animal Nutrition**

In 2014, AEV began its expansion into the Vietnamese market via the aqua feeds and animal feeds segment through Pilmico International, the Company's Singapore-based Affiliate. Pilmico International acquired 70% of the total outstanding shares in Vin Hoan 1 Feed JSC (VHF), one of the largest aqua feed producers in Vietnam. This allowed the Food Group to expand its feeds business in Vietnam and build its market base internationally. After completion of the acquisition, VHF was thereafter renamed as Pilmico VHF. Under its share purchase agreement, Pilmico International has the obligation to purchase the remaining 30% of the outstanding shares of Pilmico VHF within a period of five years. Thus, on August 1, 2017, Pilmico International acquired an additional 15% equity interest, for a total of 85% ownership stake in Pilmico VHF. Pilmico VHF was thereafter renamed as Pilmico Vietnam Feeds Joint Stock Company (PVF).

In October 2016, Pilmico International purchased 100% ownership interest in Pilmico Vietnam Trading Company Ltd. (Pilmico Vietnam Trading). Pilmico Vietnam Trading is the corporate the vehicle used for the importation and distribution of Pilmico products in the Vietnam market.

In 2017, Pilmico International further expanded its core feeds business in Vietnam through the acquisition of 70% equity interest in Europe Nutrition Joint Stock Company (Eurofeed).

In 2018, to further expand the Aboitiz Group's animal feeds business within the Asian region, AEV, through Pilmico International, acquired a 75% equity interest in GCMH, the parent company of the Gold Coin Group. Headquartered in Singapore, the Gold Coin Group is engaged in animal nutrition and manufacturing of animal feed across 11 countries in Asia. Gold Coin is a leading brand in animal nutrition with 3,000 employees and more than 21 production facilities, with an installed milling capacity of 3 million metric tonnes per year as of January 2018. As of January 31, 2019, it has three research facilities located in China, Indonesia and Malaysia.

Gold Coin manufactures and sells animal feed and specialty nutrition products, including compound feed, pre-mix and additives for the livestock and aqua sectors in the Asia Pacific region. Products and services include: (a) livestock feed such as feed for poultry broiler/layer, swine, duck, other birds



and fish; (b) aqua feed or feeds for aquaculture produce such as shrimp; and (c) specialty nutrition or the premix and specialty concentrates complete feed.

GCMH was listed on the Malaysian Stock Exchange in 1974, but was privatised in 2001 due to strategic consideration. In 1981, its first mill was opened in Jakarta, Indonesia. Two years after, in 1983, Gold Coin also opened a mill in Shenzhen, China, in Colombo, Sri Lanka in 1993, and in Dong Nai, Vietnam in 2004. It also opened its first Aqua Mill in Malaysia in 1991, and in India in 2006.

Gold Coin Group established its flour mill business in 1984. A year after, it started its research and formulation for aqua Feed. In 2004, it divested its flour business.

Gold Coin Group entered into a joint venture agreement with Ayam Unggul Indonesia in 2010, and with CCK in East Malaysia in 2016 to accelerate market penetration in poultry feed in East Malaysia.

### **Real Estate**

Incorporated on June 2, 1964, AboitizLand (formerly Central Visayan Warehousing Co., Inc.) is the real estate arm of the Aboitiz Group. It is primarily engaged in the design and development of real estate for residential, industrial, and commercial use.

AboitizLand currently has ten residential projects in the selling phase across three different product types: lot only, house and lot, and condominiums. It is the developer and operator of three economic zones: (a) the Mactan Economic Zone II (MEZ II) in Barangay Basak, Mactan, Lapu Lapu City; (b) the West Cebu Industrial Park (WCIP) in Balamban, Cebu, through its Subsidiary, Cebu Industrial Park Developers Inc. (CIPDI); and (c) the Lima Technology Center (LTC) in Malvar, Batangas. It also has five commercial projects, namely: (a) The Outlets at Lipa in Malvar, Batangas, (b) The Persimmon Plus in Mabolo, Cebu City; (c) the iMez Building, (d) Pueblo Verde; and (e) The Outlets at Pueblo Verde. The latter three commercial projects are all located in Barangay Basak, Mactan, Lapu-Lapu City.

In 2013, AboitizLand acquired a 60% majority stake in LimaLand, the owner and operator of the Lima Technology Center, a 590-hectare PEZA-registered industrial park located in Batangas. AboitizLand was able to fully acquire LimaLand following the purchase of the remaining 40% ownership interest in February 2014.

In January 2014, AboitizLand and Ayala Land Inc. (Ayala Land) entered into a joint venture for the development of a 15-hectare property located in Subangdaku, Mandaue City, Cebu. In 2015, its project company, Cebu District Property Enterprise Inc. (CDPEI), began the development of the property into a city center. The proposed city center has residential and commercial spaces with retail and office components, and with direct access to major roads and public transport facilities.

In the first half of 2017, AboitizLand launched Seafront Residences, a 43-hectare beachside community located in San Juan, Batangas, and Foressa Mountain Town, a 250-hectare mountain town community located in Balamban, Cebu.

In 2018, AboitizLand launched Ajoya Cabanatuan and Ajoya Capas both located in Central Luzon, and SeaFront Villas in Laiya, Batangas. AboitizLand expects to launch additional projects in 2019, which will contribute to the growing portfolio of both its residential and commercial segment.

### **Infrastructure**

Incorporated on January 13, 2015, Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital) (formerly: AEV Infracapital, Inc.) is the investment vehicle in all infrastructure related investments of the Aboitiz Group.

On March 17, 2015, Apo Agua Infraestructura, Inc. (Apo Agua), a joint venture company with J.V. Angeles Construction Company (JVACC), entered into a Joint Venture Agreement and Bulk Water Purchase Agreement with Davao City Water District (DCWD). The proposed joint venture includes the construction of both a hydroelectric-powered bulk water treatment facility and the conveyance system needed to deliver treated bulk water to numerous DCWD delivery points. Following the execution of the Engineering, Procurement, and Construction (EPC) contract with JVACC on February 6, 2018, construction started on November 26, 2018 and is expected to continue for a period of three years.

On September 15, 2015, the Company and CRH plc through their investment vehicles, through AEV CRH Holdings, Inc. (AEV CRH), CRH Aboitiz Holdings, Inc. (CRH Aboitiz), closed the acquisition of the Lafarge S.A.'s Philippine assets, which included four Luzon-based cement manufacturing plants located in Bulacan, Norzagaray, Teresa, and Batangas; an integrated plant in Iligan, Mindanao; a cement grinding mill in Danao City, Cebu; and associated limestone quarries. CRH plc is a global leader in the manufacture and supply of a diverse range of building materials and products for the modern built environment.

Aboitiz Infracapital has participated in and intends to continue participating in the Philippine government's infrastructure programs. On February 12, 2018, it was part of a consortium of several of the country's major conglomerates that submitted an unsolicited proposal to DOTr for the rehabilitation and transformation of the Ninoy Aquino International Airport (NAIA) into a regional airport hub. The consortium plans to work with foreign technical partners with proven world-class track records and experiences in airport operations to improve, upgrade, and enhance the operational efficiencies of NAIA covering both landside and airside facilities. On September 13, 2018, the consortium's proposal was granted Original Proponent Status (OPS) by the DOTr and the Manila International Airport Authority. Following the grant of OPS, the proposal shall now be subject to the review and approval by the NEDA Board and to a Swiss Challenge from other parties in accordance with the requirements of the BOT Law.

On March 7, 2018, Aboitiz InfraCapital submitted to the DOTr an unsolicited proposal to upgrade, expand, operate, and maintain four major Philippine airports seen as key entry points into Visayas and Northern Mindanao; namely, Iloilo International Airport, Bacolod-Silay Airport, Laguindingan Airport, and New Bohol International Airport. The ₱148 bn multi-phased project was intended to transform these facilities into world-class regional gateways built under the "green airports" concept. On September 28, 2018, Aboitiz Infracapital was granted OPS by the DOTr for the operations and maintenance, future development, and expansion of the New Bohol International Airport in Panglao Island, and on March 1, 2019, it was also granted OPS for Laguindingan Airport.

On August 13, 2018, Aboitiz InfraCapital, as part of a consortium, submitted an unsolicited proposal to the Philippine Statistics Authority for the design and development of a national identity infrastructure solution that will provide a safe and secure identification and benefits payment mechanism for individuals transacting with the government.

On February 7, 2019, Aboitiz InfraCapital signed a Memorandum of Understanding with the Department of Information and Communications Technology (DICT) allowing the former to potentially build, operate, and maintain a network of cellular towers throughout the Philippines that it can lease to the telecommunication companies.



## **COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES**

### **COMPETITIVE STRENGTHS**

AEV believes that its principal strengths are the following:

#### **1. Strong track record in each of its business segments**

The Company believes that it has a proven track record of successfully operating its various business units - as AEV, or through previous activities of the Aboitiz family. It entered the power distribution business in 1918 when the family bought a 20% equity stake in the Visayan Electric Company, and the power generation business in 1978 when Hedcor was formed. Even earlier, around 1914-1916, the family entered banking and the allied field of insurance as Cebu agent of the Manila-based insurance and loan firms El Hogar Filipino and Filipinas. It entered the flour milling business in 1958 with Central Philippine Milling Corporation, the land business in 1989 with Acoland, and cement business in 1995 with Republic Cement Corporation. To date, AEV's power, banking, food, cement, land, and water businesses have leading market positions in their respective industries.

#### **2. Strong financial position and the ability to obtain limited recourse and corporate level financing**

The Company believes that its strong financial position enables it to implement its strategy of expanding its business portfolio through selective acquisitions and greenfield projects, while at the same time supporting organic growth of its existing businesses. The Company's strong balance sheet supports its growth plans. The Company, through its business units, has also consistently been able to secure bank financing from leading Philippine banks.

Additionally, the growth that the Company's business segments have achieved over the years, particularly the power segment, has enabled AEV to benefit from strong cash flow generation and high levels of liquidity of its financial resources.

#### **3. Strong and experienced management team**

The Company has an experienced management team with a hands-on understanding of both the financial and technical aspects of its various business units. The Company's senior management has extensive operational and management experience in the relevant industries and has enjoyed a long tenure with the Company and the Aboitiz Group.

The Company also believes that its reputation and its management team's experience and relationships in the various industries it is present in are key factors in ensuring the sustainability of the Company's operations. The Company believes its growth and strong financial performance are indicative of the capabilities of the Company's management team.

#### **4. Strategic partners and key alliances**

The Company has established strategic partnerships across its businesses, as well as key alliances. The Company believes that these partnerships and alliances enhance its ability to compete for, develop, finance and operate future growth projects.

AboitizPower owns and operates the Magat and Ambuklao-Binga hydroelectric plants with SN Power, which is a leading renewable energy Company with projects and operations in Asia, Africa and Latin America. It has also established partnerships with the likes of STEAG GmbH, Global Power, Meralco, and TeaM Energy, which are recognized names in their respective industries.

UnionBank has an exclusive relationship with Insular Life for its bancassurance business. It has also partnered with the Government Service Insurance System for pension, and the Department of Education for CitySavings Bank, as well as key technology service providers and FinTech partners critical to its digital transformation.

Finally, AEV has partnered with the CRH Group of Ireland for its cement business, and formed key alliances through Aboitiz InfraCap with the JV Angeles Construction Company and Balibago Waterworks System for various water projects.

The Company remains open to new strategic partnerships and alliances in the pursuit of its growth projects.

## **5. Established corporate reputation**

AEV recognizes that its reputation is its single most valuable asset. It is a competitive advantage that enables the Company to earn the trust of its stakeholders. The Company is cognizant of the fact that the reputation it has today took generations to firm up and it is therefore something that the Company wants to protect, build and enhance continuously.

The Company has been consistently recognized in international surveys as among the Philippines' best managed companies and has also been cited for its commitment to good corporate governance. More importantly, the Company's reputation as a responsible corporate citizen has allowed its various business units to prosper in communities where they have established operations.

## **BUSINESS STRATEGIES**

The AEV group strategy is best understood through four strategic pillars that guide it in creating long-term value for all its stakeholders:

1. Grow the business
2. Engage stakeholders
3. Build human capital
4. Execute with excellence

### **Business Growth**

AEV's first strategic pillar is to grow the business. In general terms, it will continue to explore businesses that build on its existing experience and expertise, are scalable, and with recurring profits.

AEV will grow within its acceptable thresholds for risk, leverage, and returns.

Part of AEV's strategy is to keep its balance sheets healthy and its capacity to raise money through the debt markets strong. This allows it to seize opportunities as they arise in the market.

While AEV remains open to the possibility of a sixth leg of business, it remains bullish on the long term prospects of its five main businesses. Power, banking, food, land, and infrastructure are basic needs of society. AEV fuels economic growth, and economic growth fuels even more demand for its products and services. It is in a sweet spot in the country's economic cycle, and well positioned to reap its demographic dividends.

## **Power Generation, Distribution, and Retail Electricity Supply**

The Philippine GDP is projected to grow by over 6% next year, and in the succeeding years. To sustain this growth, and maintain its position as one of the faster growing economies of the world, the country will need ample and competitively priced power to meet its growing energy needs. AboitizPower's mission is to provide the country reliable power, at a reasonable cost, and in a responsible manner; and therefore address the country's Energy Trilemma.

To achieve this, AboitizPower will continue to expand its generation portfolio of multi-fuel technologies, while protecting and optimizing its current business as a means to drive cost-efficient growth.

In support of its developmental efforts, acquisitions like GNPowerr will play a critical role in the pursuit of growth. AboitizPower believes that coal has a critical role in the country's energy mix. It provides reliable base load power and is the most competitive fuel at this point.

Notwithstanding, AboitizPower will continue to expand its renewable portfolio. AboitizPower is the country's second largest renewable company, the largest renewable player in the open access market, and a pioneer of run-of-river mini hydros. It recently started to operate a new 68 MW run of river mini hydro plant in Mindanao.

AboitizPower is leveraging on its renewable expertise to make sure it has enough assets to address the future demands to comply with the Renewable Portfolio Standards and give customers the power of choice under the Green Energy Option Program.

Aside from the local projects AboitizPower has in the pipeline, it is exploring opportunities overseas where it makes sense.

AboitizPower looks forward to the full implementation of open access. It has been strengthening its menu of products and services to meet the evolving demands of the market. It recently rolled out its rooftop solar venture. AboitizPower gives its customers the option to self-generate.

## **Financial Services**

UnionBank is currently strengthening its business model by repositioning itself as a digital bank. Hence, it has invested in things like its UnionBank Mobile app, the Ark, and other initiatives delivering 24/7 service. The expectation is to drive revenues up while driving costs down.

Unionbank is also expanding its core business model to the unbanked. This segment is not necessarily unbanked, but actually serviced by fragmented institutions relying on traditional brick-and-mortar and face-to-face delivery. Its approach is to bank them by teching them up.

Technology is at the core of its strategy, to the extent where some believe it will evolve into a tech company with an embedded banking experience.

## **Food**

Pilmico is strategically positioned at the beginning of the food chain. To meet the rising global protein consumption, it is building a comprehensive animal nutrition platform in Asia.

Pilmico's strategy is to sustain and strengthen the profitability of existing core businesses, as it builds new businesses within its ecosystem.

As part of its overseas strategy, the recent Gold Coin acquisition has allowed Pilmico to expand its customer base and geographic reach. Pilmico is now the fourth largest animal feed manufacturer in Southeast Asia, and is present in 11 countries across the Asia Pacific. This provides it a foothold in those regional markets to explore opportunities down the value chain. It also provides Pilmico and the rest of AEV's businesses with natural listening posts for expansion opportunities.

Pilmico looks forward to harnessing synergies it sees in distribution, localized operation, cross selling, R&D, and raw materials and logistics costs.

## **Land**

AboitizLand's strategy has been to expand outside of Cebu and Metro Manila, and step up mid-market residential launches. It is looking to capitalize on the growing provincial H&L mid-market, to develop commercial spaces that complement its residential and industrial communities, and to grow its well-performing industrial business.

AboitizLand will start building its recurring income by focusing on opportunities around its current developments.

In all these, AboitizLand will actively explore complementary services from AEV's utilities, financial services, and infrastructure businesses, as it is doing at the Lima Technology Center.

## **Infrastructure**

Aboitiz InfraCapital (AIC) will continue to support the government's infrastructure program, and continue to submit unsolicited proposals to address the country's pressing needs.

AIC's bulk water project, Apo Agua, was the result of an unsolicited bid. It has commenced construction, and is expected to start operating in about 3 years. Together with Lima Water and Balibago Water Systems, AIC is now present in all areas of the water value chain – from water supply, to distribution, to waste water treatment. Using this water portfolio as a platform, it will look into unserved or underserved areas for opportunities to enter the water space across the country.

AIC will continue looking into more projects. As needed, it will develop strategic partnerships that will complement its existing expertise.

Republic Cement remains committed to build capacity for the country's long-term cement requirements and upgrade its facilities to ensure best in class efficiency standards.

## **Stakeholder Engagement**

AEV's second strategic pillar is to engage stakeholders.

AEV's mission is to create long term value for all its stakeholders. It is fundamental to AEV that its shareholders are not the only beneficiaries in its value creation efforts. It believes that the only way the business enterprise will be truly sustainable and enduring is if all its stakeholders benefit from it. Therefore, it is focused on improving the satisfaction of all its stakeholders

AEV also believes that its reputation is its greatest asset. It recognizes that reputation management is not a one-off event but a continuing and never ending process. As Aboitiz grows, establishing and protecting a solid reputation becomes more important than ever. It puts great emphasis on this as it continues to embark on initiatives that aim to further strengthen stakeholder trust and confidence in the Company.

### **Human Capital**

AEV's third strategic pillar is to build human capital. This entails strengthening its capability to attract, retain, and optimize top caliber professionals who will not only help manage its businesses, but upgrade the Group's capabilities and skills. Talent management and succession planning are at the core of its strategy.

AEV looks to hire people who believe in its purpose and its brand promise, whose values are aligned with its core values, and who will thrive in its culture.

### **Execution Excellence**

AEV's fourth strategic pillar is to execute with excellence. This means executing its plans in a timely and effective manner. Best-in-class processes are continuously being upgraded in the corporate service units and across the strategic business units to ensure it sharpens its competitive edge.

Additionally, corporate governance best practices, and a consistently executed risk management program have been put in place to satisfy the heightened expectations of its various stakeholders. Today, it is recognized as one of the best-managed companies in the Philippines and in the ASEAN region, consistently cited for its commitment to good corporate governance and corporate social responsibility.

### **Sustainability**

AEV will not grow for growth's sake. A key component of its strategy is to match its business expansion with sustainability initiatives.

AEV looks at a triple-bottom line to measure the impact of its activities not only on profit but also on people and the planet. In line with this, it continues to strengthen its commitment to Environmental, Social, and Governance (ESG) practices.

AEV's goal is to grow profitably, while partnering with its stakeholders to create shared value, and minimizing its environmental impact.

## **PRINCIPAL PRODUCTS AND SERVICES**

### **GENERATION OF ELECTRICITY**

Since its incorporation in 1998, AboitizPower has accumulated interests in both renewable and non-renewable generation plants. As of 2018, the power generation business accounted for 80% of earning contributions from AboitizPower's business segments. AboitizPower conducts its power generation activities through the Subsidiaries and Affiliates listed in the table below.

The table below summarizes the Generation Companies' operating results as of December 31, 2018 compared to the same period in 2017 and 2016:



Generation Companies	Energy Sold			Revenue		
	2018	2017	2016	2018	2017	2016
	(in GWh)			(in mn Pesos)		
APRI	2,975	2,747	2,688	12,518	11,645	10,334
Hedcor	172	162	140	694	821	776
LHC	291	272	263	970	774	801
Hedcor Sibulan	213	259	189	1,385	1,591	1,131
Hedcor Tudaya	32	41	30	191	240	180
Hedcor Sabangan	53	55	28	315	325	166
SN Aboitiz Power-Magat	2,379	1,324	923	7,182	8,298	6,308
SN AboitizPower-	2,085	989	867	6,070	6,996	6,307
TLI	6,808	5,126	5,091	26,603	22,939	19,661
TSI	1,959	1,647	1,640	11,141	10,535	8,869
Cebu Energy	1,978	1,724	1,723	9,724	8,752	7,966
STEAG Power	1,840	1,212	1,605	4,373	4,255	4,706
GMCP*	5,498	5,482	0	23,492	21,644	0
WMPC	438	221	355	1,393	1,439	1,636
SPPC	161	50	155	161	524	633
CPPC	551	141	146	1,253	1,484	1,292
EAUC	368	63	90	819	844	725
TMI	1,432	182	917	2,016	2,076	4,268
TMO	814	286	336	1,694	3,111	2,911
Davao Light**	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral
Cotabato Light**	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral

\* TPI completed the acquisition of GMCP on December 27, 2016.

\*\* Plants are operated as stand-by plants and are revenue neutral, with costs for operating each plant recovered by Davao Light and Cotabato Light, as the case may be, as approved by the ERC.

## **Renewables**

### **Aboitiz Renewables, Inc. (ARI)**

Since the start of its operations in 1998, AboitizPower has been committed to developing expertise in renewable energy technologies. AboitizPower believes that due to the growing concerns on the environmental impact of power generation using traditional fossil fuel energy sources, greater emphasis should be placed on providing adequate, reliable, and reasonably priced energy through innovative and renewable energy technologies such as hydroelectric and geothermal. As such, a significant component of AboitizPower's future projects is expected to focus on those that will allow the company to leverage its experience in renewable energy, while maintaining its position as a leader in the Philippine renewable energy industry.

As one of the leading providers of renewable energy in the country, AboitizPower holds all its investments in renewable energy through its wholly-owned Subsidiary, ARI. ARI was incorporated on January 19, 1995. AboitizPower, through and/or with ARI, owns equity interests in the following Generation Companies, among others:

- a. 100% equity interest in Luzon Hydro Corporation (LHC), which operates the 70-MW Bakun AC Plant in Ilocos Sur in Northern Luzon;
- b. 100% equity interest in Hedcor, which operates 13 mini-hydroelectric plants (each with less than 10 MW in installed capacity) with a total capacity of 37.90 MW located in Benguet Province in northern Luzon and in Davao City in Southeastern Mindanao;
- c. 100% equity interest in Hedcor Sibulan, Inc. (Hedcor Sibulan), which operates the 49-MW Sibulan HEPP and Tudaya 1 HEPP in Davao del Sur;
- d. 100% equity interest in Hedcor Tudaya, Inc. (Hedcor Tudaya), which operates the 7-MW Tudaya 2 HEPP in Davao del Sur;
- e. 100% equity interest in Hedcor Sabangan, Inc. (Hedcor Sabangan), which operates the 14-MW Sabangan run-of-river HEPP in Sabangan, Mountain Province;
- f. 100% equity interest in Hedcor Bukidnon, Inc. (Hedcor Bukidnon), which is currently building a 68-MW run-of-river HEPP in Manolo Fortich, Bukidnon;
- g. 83.33% equity interest in Manila-Oslo Renewable Enterprise, Inc. (MORE), which owns SN Aboitiz Power-Magat, the company that operates the 360-MW Magat HEPP and the 8.5MW Maris Plant in Isabela in Northern Luzon and SN Aboitiz Power-Benguet, the company that operates the 245-MW Ambuklao-Binga Hydroelectric Power Complex in northern Luzon;
- h. 100% equity interest in APRI, which owns and operates the 344-MW Tiwi-MakBan geothermal facilities located in Albay, Laguna and Batangas. 100% beneficial ownership interest in Sacasun, the company that owns and operates 59-MWp utility-scale solar photovoltaic solar project in San Carlos City, Negros Occidental; and
- i. 100% equity interest in Aseagas Corporation, the company that owns the biogas plant in Lian, Batangas, which has ceased operations.

#### *Run-of-River Hydros*

##### **Luzon Hydro Corporation (LHC)**

Incorporated in September 14, 1994, Luzon Hydro Corporation owns, operates, and manages the 70-MW Bakun AC run-of-river hydropower plant located in Amilongan, Alilem, Ilocos Sur.

LHC was previously ARI's joint venture company with Pacific Hydro of Australia, a privately-owned Australian company that specializes in developing and operating power projects utilizing renewable energy sources. On March 31, 2011, ARI, LHC, and Pacific Hydro signed a MOA granting ARI full ownership over LHC. ARI assumed 100% ownership and control of LHC on May 10, 2011.

LHC's Bakun AC Plant was constructed and operated under the government's build-operate-transfer scheme (BOT). As such, the 254 GWh of energy produced by the Bakun AC Plant annually, is delivered and taken up by NPC pursuant to a Power Purchase Agreement ("Bakun PPA") and dispatched to the Luzon Grid through the 230-kV Bauang-Bakun transmission line of National Grid Corporation of the Philippines (NGCP). Under the terms of the Bakun PPA, all of the electricity generated by the Bakun AC Plant will be purchased by NPC for a period of 25 years from February 2001. The Bakun PPA also requires LHC to transfer the Bakun AC Plant to NPC in February 2026, free from liens and without the payment of any compensation by NPC.

The Independent Power Producer Administrator (IPPA) contract for the Bakun AC Plant was awarded to Northern Renewables (formerly Amlan Power Holdings Corporation) following a competitive bidding process conducted by PSALM.

LHC completed the rehabilitation of approximately 900 meters of unlined tunnel of the Bakun AC Plant on September 2012. LHC also replaced two 15-year old power transformers in February 2016

to improve reliability and to enable the plant to continuously produce clean and renewable energy and supply it to the Luzon Grid.

The Bakun AC Plant received its latest ISO certification, ISO 55001:2014 or the Asset Management Standard, last December 2017. It is also currently ISO-certified on Quality, Environmental, Operational Health and Safety, and Information Security.

### **Hedcor, Inc. (Hedcor)**

Hedcor owns, operates, and manages run-of-river hydropower plants in Northern Luzon and Davao City with a combined net sellable capacity of 36.52 MW.

Hedcor was incorporated on October 10, 1986 by ACO as Baguio-Benguet Power Development Corporation. ARI acquired ACO's 100% ownership interest in Hedcor in 1998.

In 2005, ARI consolidated all of its mini-hydroelectric generation assets, including those developed by HEDC and Cleanergy in Hedcor. The electricity generated from Hedcor's hydropower plants are taken up by NPC, AdventEnergy and Davao Light pursuant to Power Purchase Agreements (PPAs) with the said off-takers. Irisan 1 is selling under the Feed-in Tariff (FIT) mechanism through a Renewable Energy Payment Agreement (REPA) with National Transmission Corporation (Transco). The remaining electricity is being sold through the Wholesale Electricity Spot Market (WESM).

Northern Luzon's climate is classified as having two pronounced seasons - dry from November to April and wet for the rest of the year. Due to this classification, generation levels of Hedcor's plants, particularly those located in Northern Luzon, are typically lower during the first five months of each year. In 2018, Hedcor's hydropower plants generated a total of 149 GWh of Cleanergy, its brand for clean and renewable energy.

In 2017, Hedcor broke ground on its Bineng Combination Hydro project in La Trinidad, Benguet. It will replace Bineng 1, 2, and 2B, which originally had a combined capacity of 6 MW, with a new facility and is expected to produce 19 MW of hydro power of which 100% is attributable to AboitizPower. The plant is targeted commercial operations in July 2019 and is expected to be FIT-eligible.

### **Hedcor Sibulan, Inc. (Hedcor Sibulan)**

Incorporated on December 2, 2005, Hedcor Sibulan is a wholly-owned Subsidiary of ARI and owns, operates, and manages 49.23-MW hydropower plants collectively known as "Sibulan plants" in Sibulan, Santa Cruz, Davao del Sur.

The Sibulan Plants are composed of three cascading plants: Sibulan A Hydro which produces 16.32 MW; Tudaya 1 Hydro which produces 6.7 MW; and Sibulan Hydro B which produces another 26.25 MW by re-using the water from Sibulan A Hydro and Tudaya 1 Hydro. The Energy Regulatory Commission (ERC) renewed the Certificates of Compliance (COC) for Tudaya Hydro 1 on March 10, 2014, and for the Sibulan Hydro A and B plants on May 18, 2015. Since 2007, the energy produced by the Sibulan Plants has been sold to Davao Light through a Power Supply Agreement (PSA).

On September 12, 2012, DOE were awarded to Tudaya 1 with a Renewable Energy Service Contract (RESC) which allowed Hedcor Sibulan to avail of the incentives under the Republic Act No. 9513 or the Renewable Energy Act of 2008 (RE Law) for seven years.

In 2017, Hedcor Sibulan and Hedcor Tudaya obtained the very first ISO 55001:2014 certification which certifies for the Asset Management Standard in the Philippines, proving that the company has an integrated and effective management system for its assets.

#### **Hedcor Tudaya, Inc. (Hedcor Tudaya)**

Incorporated in January 17, 2011, Hedcor Tudaya is a wholly-owned Subsidiary of ARI and owns, operates, and manages the 7-MW Tudaya Hydro 2 run-of-river hydropower plant in Astorga, Santa Cruz, Davao del Sur. Commercially operating since March 2014, Tudaya Hydro 2 is currently selling energy under the FIT mechanism through a Renewable Energy Supply Agreement (RESA) with Davao del Sur Electric Cooperative, and through a REPA with Transco.

Together with Hedcor Sibulan, Hedcor Tudaya was awarded the very first ISO certification for Asset Management or the ISO 55001:2014 standard in the Philippines in 2017, certifying that the company has an integrated and effective management system for its assets.

#### **Hedcor Sabangan, Inc. (Hedcor Sabangan)**

Incorporated in January 17, 2011, Hedcor Sabangan is a wholly-owned Subsidiary of ARI and owns, operates, and manages the 14-MW Sabangan run-of-river HEPP in Sabangan, Mountain Province. The Sabangan Hydro Plant has been commercially operating since June 2015, and is selling under the FIT mechanism through a REPA with Transco. The plant is a pioneer hydropower plant in the Mountain Province region, harnessing the power of the Chico River.

#### **Hedcor Bukidnon, Inc. (Hedcor Bukidnon)**

Incorporated on January 17, 2011, Hedcor Bukidnon is a wholly-owned Subsidiary of ARI and owns, operates, and manages the Manolo Fortich hydropower plants with a combined net sellable capacity of 68.8 MW (“Manolo Fortich Plant”) located in Manolo Fortich, Bukidnon.

The Manolo Fortich plant is composed of two plants: the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2. Both plants produce at least 350 GWh annually. The construction of the Manolo Fortich project was brought to completion in 2018, with the total project costing estimated total of ₱13 bn.

#### *Large Hydros*

#### **SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat)**

Incorporated on November 29, 2005, SN Aboitiz Power-Magat is the owner and operator of the 360-MW Magat HEPP (“Magat Plant”) located at the border of Ramon, Province of Isabela and Alfonso Lista, Ifugao in Northern Luzon, and the 8.5-MW run-of-river Maris Main Canal 1 HEPP (“Maris Plant”) located in Brgy. Ambatali in Ramon, Isabela.

The Magat Plant was completed in 1983 and was acquired by SN Aboitiz Power-Magat on December 14, 2006 after winning a bidding process conducted by Power Sector Assets and Liabilities Management Corporation (PSALM). As a hydroelectric facility that can be started up in a short period of time, the Magat Plant is suited to act as a peaking plant with the capability to capture the significant upside potential that can arise during periods of high demand. This flexibility allows for the generation and sale of electricity at the peak demand hours of the day. This hydroelectric asset has minimal marginal costs, which AboitizPower believes gives it a competitive advantage in terms

of economic dispatch order versus other fossil fuel-fired power plants that have significant marginal costs. The Magat Plant has a nameplate capacity of 360 MW but is capable of producing up to 380 MW.

The Magat reservoir has the ability to store water equivalent to 17 days of 24 hours of full generating capacity. The Magat Plant's source of upside - water as a source of fuel and the ability to store it - is also its source of limited downside. SN Aboitiz Power-Magat is an accredited provider of much needed Ancillary Services (AS) to the Luzon Grid. Selling a significant portion of its available capacity to the WESM System Operator of the Luzon Grid. SN Aboitiz Power-Magat's remaining capacity is sold as electric energy to the spot market through the WESM and to load customers through bilateral contracts.

In 2009, SN Aboitiz Power-Magat began the refurbishment project of Unit 2, which was completed on January 2018. The refurbishment projects involved the replacement of power transformers and related equipment, as well as automation of its control systems. These aimed to overhaul the plant's electro-mechanical equipment and avert operational inefficiencies that usually occur in HEPPs after more than 25 years of operation. Half-life refurbishment is considered a good industry practice to ensure that the plants remain available throughout their lifespan.

SN Aboitiz Power-Magat's COC was issued on December 2015 which is valid for five years or until November 28, 2020.

The mild La Niña phenomenon experienced during the last quarter of 2017 up to the first quarter of 2018 resulted in higher than normal inflows from January to April. The La Niña episode ended in the first half of 2018, with inflows experienced in the Magat dam higher by 10% compared to the historical normal. In the second half of 2018, third quarter inflows were above normal, but the fourth quarter had below normal inflows due to the impending El Niño. Overall, for 2018, Magat dam experienced water availability that is 10% higher than normal. However, 2018 inflows in Magat dam was 14% lower compared to the high inflow experienced in 2017.

Driven by lower water inflows, the Magat Plant's total sold capacity from spot energy generation and AS decreased by 8% in 2018 at 2.26 Terawatt-hour (TWh) from 2.46 TWh in 2017. This was equivalent to sold capacity factor of 68% in 2018 compared to 75% for 2017. This resulted to spot and AS revenue of ₱6.23 bn in 2018, or 12% lower than the revenue of P7.06 bn in 2017. Bilateral Contract Quantity (BCQ) revenue in 2018 associated with SN Aboitiz Power-Magat is P550 mn, or 21% lower than in 2017 (P698 mn).

In partnership with the Department of Energy (DOE), the Safety and Health Association of the Philippine Energy Sector, Inc. (SHAPES) declared SN Aboitiz Power-Magat as Hall of Famer during the DOE's 2018 Corporate Safety and Health Excellence Awards recognizing its exemplary occupational health and safety performance for three consecutive years from 2016-2018. Magat HEPP of SN Aboitiz Power-Magat recorded nearly 1.18 mn manhours without lost time incident. Several SN Aboitiz Power-Magat safety professionals were also feted for being instrumental in implementing safety and health policies that helped the company attain zero lost time accident.

SN Aboitiz Power-Magat implemented the Integrated Management System consisting of the ISO 14001 Environmental Management System, the ISO 9001 Quality Management System, transition from OHSAS 18001 Occupational Health & Safety Management System to ISO 45001, and ISO 55001 Asset Management, as verified and audited by DQS Philippines in 2018.

SN Aboitiz Power-Magat is ARI's joint venture with SN Power, a leading Norwegian hydropower company with projects and operations in Asia, Africa, and Latin America. MORE owns 60% of the company while SN Power Philippines Inc. (SN Power Philippines) owns the remaining 40%.

### **SN Aboitiz Power-Benguet, Inc. (SN Aboitiz Power-Benguet)**

Incorporated in March 12, 2007, SN Aboitiz Power-Benguet is the owner and operator of the Ambuklao-Binga Hydroelectric Power Complex, which consists of the 105-MW Ambuklao HEPP ("Ambuklao Plant") and the 140-MW Binga HEPP ("Binga Plant"), located in Brgy. Tinongdan, Itogon, Benguet Province.

On March 2017, SN Aboitiz Power-Benguet received its amended COC from the ERC for all four units of the Binga Plant. The amended COC reflects the increase of Binga's capacity from 130 MW (35 MW for each of the four units) to 130.08 MW (35.02 MW for each unit).

The mild La Niña phenomenon experienced during the last quarter of 2017 up to the first quarter of 2018 resulted to higher than normal inflows from January to June. This ended the first half of 2018, with inflows to the Benguet dams higher by 42% as compared to the historical normal. In the second half of 2018, third quarter inflows were way above normal due to the Habagat-fueled typhoons, while the fourth quarter experienced below normal inflows due to the El Niño manifestations. This resulted to the Benguet dams ending 2018 with 57% higher than the normal water availability and for all of 2018 in the Benguet dams nearly doubled the 2017 inflows.

Although inflows were higher in the Ambuklao reservoir in 2018 as compared to 2017, there was an overall lower AS Capacity Approval and Spot Sales for Benguet. Ambuklao Plant's total sold capacity from spot energy generation and Ancillary Services (AS) decreased by 0.74% at 810 GWh in 2018 as compared to 816 GWh in 2017. This is equivalent to sold capacity factor of 88% in 2018, as compared to 89% in 2017.

Similarly, Binga Plant's total sold capacity from spot energy generation and AS in 2018 is at 1.1 TWh as compared to 1.18 TWh in 2017. This is equivalent to sold capacity factor of 90% in 2018 compared to 96% in 2017.

The resulting combined spot and AS revenue of the Ambuklao and Binga Plants for 2018 was ₱4.9 bn, which is 7% lower than the revenue of ₱5.29 bn in 2017. BCQ revenue in 2018 associated with SN Aboitiz Power-Benguet was ₱553 mn, 22% lower than that of 2017 (₱707 mn).

SN Aboitiz Power-Benguet was also declared as Hall of Famer by DOE during the 2018 Corporate Safety and Health Excellence Awards for its exemplary occupational health and safety performance for three consecutive years from 2016-2018. The Ambuklao and Binga Hydroelectric Power Plants (HEPP) jointly have more than 3.79 million-man hours of having no lost time incident and several safety professionals were also feted for being instrumental in implementing safety and health policies that helped the company attain zero lost time accident.

Both the Ambuklao and Binga Plants have implemented of their Integrated Management System (ISO 14001 Environmental Management System, ISO 9001 Quality Management System, and OHSAS 18001 Occupational Health & Safety Management System) and have retained the management system certificates. SN Aboitiz Power-Benguet Inc. was successfully certified on ISO 55001 for Asset Management on its two plants Ambuklao and Binga plant facilities last March 14, 2018. This added to the three ISO standards already obtained by the organization in the past.



SN Aboitiz Power-Benguet is also a joint venture between ARI and SN Power. The company is 60% owned by MORE, while the remaining 40% is owned by SN Power Philippines.

### **SN Aboitiz Power-Generation, Inc. (SN Aboitiz Power-Gen)**

Incorporated on March 10, 2011, SN Aboitiz Power-Gen that implements the SN Aboitiz Power Group's Greenfield Development Program. This program aims to grow the SN Aboitiz Power Group's renewable energy portfolio by looking at potential hydroelectric power projects in the Philippines, primarily within its current host communities in Northern Luzon.

There is a pipeline of projects in various stages from initial prospecting, pre-feasibility, feasibility, construction, including the recently completed Maris Plant which was transferred to SN Aboitiz Power-Magat. As of the end of 2018, SN Aboitiz Power-Gen significant project is the proposed 380-MW Alimit Hydropower Complex Project in Ifugao. The project consists of the 120-MW Alimit hydropower plant, the 250-MW Alimit pumped storage facility (on hold due to market constraints), and the 20-MW Olilicon hydropower plant. The technical part of the feasibility study is completed and all agreements with the indigenous peoples (IPs)/indigenous cultural communities (ICCs) related to the Free Prior and Informed Consent (FPIC) are also concluded. SN Aboitiz Power-Gen is now processing the application for the approval of the FPIC process as it continues to work with the government, IP/ICC representatives, and industry partners.

The company was awarded the 2017 Corporate Safety Milestone Award for its proposed Alimit project, which accumulated at least one mn man-hours without lost time incident. It was also recognized for the safe conduct of activities associated with its feasibility study.

SN Aboitiz Power-Gen is a joint venture between ARI and SN Power. It is currently 60% owned by MORE with the remaining 40% owned by SN Power Philippines.

### *Geothermal*

### **AP Renewables Inc. (APRI)**

Incorporated on March 9, 2007, APRI is a wholly-owned Subsidiary of ARI and one of the leading renewable power companies in the country. It owns and operates the Tiwi-MakBan geothermal facilities located in Tiwi, Albay, Bay and Calauan, Laguna; and Sto. Tomas, Batangas ("Tiwi-MakBan Plants") with a total potential capacity of 693.2 MW. The Tiwi-MakBan Plants were acquired by APRI from PSALM in July 2008 and were formally turned over to APRI on May 25, 2009.

The Tiwi-MakBan Plants produce clean energy that is reasonable in cost, efficient in operation and environment- friendly. As a demonstration of APRI's commitment to providing world class services, adhering to environmental management principles to reduce pollution, complying with regulations, and ensuring a safe and healthy workplace, the company has been issued Integrated Management System (IMS) certifications by TÜV Rheinland Philippines that include International Organization for Standardization (ISO) 9001:2015, ISO 14001:2015 (Environment), and OSHAS (Occupational Health and Safety Series) 18001:2007 (Health and Safety).

On August 24, 2018, APRI and Philippine Geothermal Production Company, Inc. ("PGPC") signed a Geothermal Resources Supply and Services Agreement ("GRSSA") for the supply of steam and drilling of new production wells for the Tiwi-MakBan Plants thereby ensuring the long-term operations of the facilities. Under the GRSSA, PGPC will drill at least 12 new production wells over a

six-year period to increase steam availability. The GRSSA also ensures a more equitable and competitive fuel pricing in the long run.

APRI's geothermal facilities have generally operated at par or better than industry standards. The company routinely evaluates and implements various projects while improving coordination with PGPC to improve efficiency levels and counteract the challenges of a declining steam supply.

#### *Solar*

##### **Maaraw San Carlos Holdings, Inc. (Maaraw San Carlos)**

Maaraw San Carlos was incorporated on April 24, 2015 as the holding company of Sacasun.

AboitizPower, through its wholly owned subsidiaries ARI and AboitizPower International, effectively owns 100% of the company.

##### **San Carlos Sun Power Inc. (SacaSun)**

Sacasun was incorporated on July 25, 2014 initially as a joint venture between ARI and SunEdison Philippines, a Dutch company. On December 4, 2017, AboitizPower International acquired SunE Solar B.V.'s equity interest in Sunedison Philippines, resulting in AboitizPower's 100% effective equity ownership in Sacasun.

Sacasun owns and operates the 59-MWp solar photovoltaic power generation plant located in the San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental ("Sacasun Plant").

As a renewable energy developer, Sacasun participates in the renewable energy market and other initiatives which promote utilization of renewable energy resources. The energy generated from the Sacasun Plant benefits more than 8,000 homes. Sacasun believes in producing clean energy for sustainable development and inclusive growth of its communities within a shared environment.

AboitizPower, through its wholly-owned Subsidiaries, ARI and AboitizPower International, effectively owns 100% of Sacasun.

##### **Aboitiz Power Distributed Energy, Inc. (APX1) and Aboitiz Power Distributed Renewables Inc. (APX2)**

Incorporated in November 2016, APX1 is the project company which, together with APX2 (formerly: Kookabura Equity Ventures, Inc.) (collectively, APX), will engage in the business of operating light and power systems. APX1 and APX2 are wholly-owned Subsidiaries of ARI.

During their first year of operation, APX1 and APX2 focused on building internal capability to serve various market segments, attracting top technical talent for photovoltaic (PV) solar technology, and defining synergies with other teams and products within the Aboitiz Group.

In February 2018, a 100 kW installation atop the roof of the Aboitiz Corporate Office at Banilad, Cebu City was completed by APX to signal the entry of the AboitizPower Group into Behind the Meter (BTM), distributed energy solutions such as rooftop solar. This was shortly followed by the announcement of a 1.5 MW rooftop solar solution for The Outlets at Lipa in Lima Technology Center which was completed and commissioned in December 2018. Through this project, revenue will be secured for the next 20 years starting January 2019.



Several customers in various locations across Luzon and Visayas have also agreed to terms with APX to go solar. By creating sales channels through relationships with the RES and Distribution Utility teams within the AboitizPower Group, APX is poised to advance its pipeline nationwide in 2019.

### **Non-Renewables**

#### **Therma Power, Inc. (TPI)**

Incorporated on October 26, 2007, TPI is a wholly-owned Subsidiary of AboitizPower and is the latter's holding company for its non-renewable energy projects. AboitizPower, through and/or with, TPI has equity interests in the following generation companies, among others:

- a. 100% equity interest in TMI, owner and operator of 100-MW Mobile 1 barge-mounted power plant in Maco, Compostela Valley and 100-MW Mobile 2 barge-mounted power plant in Nasipit, Agusan del Norte;
- b. 100% equity interest in TMO, owner and operator of Mobile 3-6 barge-mounted power plants in Navotas Fish port, Manila, with a total generating capacity of 242 MW;
- c. 100% equity interest in EAUC, owner and operator of a 43-MW Bunker C fired power plant in MEPZ 1, Mactan, Cebu;
- d. 100% equity interest in TLI, the IPPA of the 700-MW contracted capacity of the Pagbilao Plant located in Quezon Province;
- e. 100% equity interest in TSI, owner and operator of a 300 MW circulating fluidized bed (CFB) coal-fired power plant in Toril, Davao City;
- f. 100% equity interest in TPVI, the project company for the Naga power plant, located in Naga City, Cebu;
- g. 80% equity interest in TVI, which is currently building a 340-MW CFB coal-fired power plant in Toledo City, Cebu;
- h. 66.07% beneficial ownership interest as of March 31, 2018 in GMCP, owner and operator of an approximately 2x316 MW (net) pulverized coal-fired electric power generation facility in Mariveles, Bataan;
- i. 50% beneficial ownership interest as of December 31, 2018 in GNPD, which is currently building a 2x668 MW (net) supercritical coal-fired power plant in Bataan;
- j. 50% equity interest in PEC, owner and operator of the 400-MW (net) coal-fired power plant in Pagbilao, Quezon Province;
- k. 26.4% beneficial ownership interest in Cebu Energy, which operates a 3x82-MW coal-fired power plant in Toledo City, Cebu; and
- l. 25% equity interest in RP Energy, the project company for the power plant project at the Redondo Peninsula located in the Subic Bay Freeport Zone (SBFZ).

#### *Oil Group*

#### **Therma Marine, Inc. (TMI)**

Incorporated on November 12, 2008, TMI is a wholly-owned Subsidiary of TPI and owns and operates Power Barges Mobile 1 (previously known as PB 118) and Mobile 2 (previously known as PB117), with a total generating capacity of 200 MW. Mobile 1 is currently moored at Barangay San Roque, Maco, Compostela Valley, while Mobile 2 is moored at Barangay Sta. Ana, Nasipit, Agusan del Norte.

The 192.2-MW dependable capacities of Mobile 1 and Mobile 2 are currently being fully contracted and sold to various cooperatives, industrial and commercial customers in Mindanao under ERC-approved Energy Supply Agreements (ESAs). The ESAs have been extended with different expiry dates ranging from 2019 to 2021.

#### **Therma Mobile, Inc. (TMO)**

Incorporated on October 20, 2008, TMO is a wholly-owned Subsidiary of TPI and owns and operates four barge-mounted power plants located at the Navotas Fish Port, Manila, with a total installed generating capacity of 242 MW.

On January 7, 2019, TMO notified MERALCO that it will physically disconnect from MERALCO's system and will deregister as a Trading Participant in the WESM effective February 5, 2019. This was due to TMO's commercial inactivity since June 26, 2018, following the absence of an approved power supply agreements for its four barges. After evaluating the circumstances and the options available, TMO decided to preserve its bunker C-fired diesel power plants. Notices were also sent to PEMC, DOE, ERC and Independent Electricity Market Operator of the Philippines Inc. (IEMOP), following applicable legal notice requirements.

#### **East Asia Utilities Corporation (EAUC)**

Incorporated on February 18, 1993, EAUC is a wholly-owned Subsidiary of TPI and is the owner and operator of a Bunker C-fired power plant in Mactan Economic Processing Zone I (MEPZ I), Lapu-Lapu City, Cebu. It has been operating the plant since 1997 and has been supplying power through the WESM since 2010.

#### **Therma Power Visayas, Inc. (TPVI)**

Incorporated on October 8, 2007, TPVI is a wholly-owned Subsidiary of TPI and successfully bid for the NPPC and successfully bid for the NPPC.

Following protracted legal proceedings, on May 18, 2018, PSALM issued a Certificate of Effectivity of the Notice of Award originally issued in April 30, 2014 in favor to TPVI. Thereafter, PSALM and TPVI executed the Asset Purchase Agreement and Land Lease Agreement of the Naga Power Plant Complex (NPPC).

On July 16, 2018, PSALM physically turned over the NPPC to TPVI. TPVI is currently working on the rehabilitation of the NPPC.

#### **Cebu Private Power Corporation (CPPC)**

Incorporated on July 13, 1994, CPPC owns and operates a 70-MW Bunker C-fired power plant located in the Old VECO Compound, Cebu City ("CPPC Plant"). It is one of the largest diesel-powered plants on the island of Cebu and is located within the franchise area of VECO. Commissioned in 1998, the CPPC plant was constructed pursuant to a BOT contract to supply 61.72 MW of power to VECO.

CPPC is a joint venture company between AboitizPower and the Vivant Group. AboitizPower beneficially owns 60% of CPPC.

#### **Southern Philippines Power Corporation (SPPC)**

Incorporated on March 15, 1996, SPPC owns and operates a 55-MW Bunker C-fired power plant (“SPPC Plant”) located in Alabel, Sarangani, a municipality outside General Santos City in Southern Mindanao.

SPPC currently supplies power to electric utilities and cooperatives pursuant to PSAs approved by the ERC. These utilities and cooperatives pay SPPC on a monthly basis for the fuel costs, capital recovery, energy, and fixed and variable operations and maintenance fees as specified in the PSAs.

SPPC is a joint venture company among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd. AboitizPower has a 20% equity interest in SPPC.

#### **Western Mindanao Power Corporation (WMPC)**

Incorporated on March 15, 1996, WMPC owns and operates a 100-MW Bunker C-fired power station (“WMPC Plant”) located in Zamboanga City, Zamboanga Peninsula in Western Mindanao.

WMPC currently supplies power electric utilities and cooperatives pursuant to PSAs approved by the ERC. These utilities and cooperatives pay WMPC on a monthly basis for the fuel costs, capital recovery, energy, and fixed and variable operations and maintenance fees as specified in the PSAs.

WMPC is a joint venture company among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd. AboitizPower has a 20% equity interest in WMPC.

#### *Coal Group*

#### **Therma Luzon, Inc. (TLI)**

Incorporated in October 20, 2009, TLI is a wholly-owned Subsidiary of TPI and was the first IPPA in the country. TLI has been the registered trader of the contracted capacity of the 764-MW (2x382 MW) (gross) Pagbilao coal-fired thermal power plant located in Pagbilao, Quezon (“Pagbilao Plant” or “Pag1” and “Pag2”) since October 1, 2009.

As the IPPA for the Pagbilao Plant, TLI is responsible for procuring the fuel requirements of, and selling the electricity generated by, the Pagbilao Plant. The Pagbilao Plant is owned and operated by Team Energy Corporation (Team Energy). Under the IPPA Agreement, TLI has the right to receive the transfer of Pag1 and Pag2 at the end of the ECA.

Over the past years, TLI’s capacity has been contracted to various cooperatives, private distribution utilities, directly connected customers, and to an Affiliate Retail Electricity Supplier (RES), AESI. AESI, in turn, sells the power to Contestable Customers under the Retail Competition and Open Access (Open Access) regime. The diversification of the customer base spreads the risk of TLI. Most of these bilateral contracts have terms ranging between two and 20 years. A significant number of TLI’s Open Access customers consume most of their energy during off-peak periods. This results in a customer mix with a high load factor.

Currently, TLI is undertaking the necessary procedure to secure its own license to operate as a RES. With this license, TLI will be able to sell, broker, market, and/or aggregate electricity to Contestable Customers and participate in the competitive retail electricity market.

#### **Pagbilao Energy Corporation (PEC)**

Incorporated on April 30, 2012, PEC owns and operates third coal-fired power plant within the Pagbilao Plant facilities located in Pagbilao, Quezon with a net capacity of 400 MW (“Pag 3”).

Pursuant to their Joint Development Agreement effective May 31, 2012, TPI and TeaM Energy formed PEC as a separate vehicle for Pag3 and as a separate entity from TLI. As such PEC is not covered by either TLI’s IPPA with PSALM, or TeaM Energy’s BOT contract with NPC/PSALM. An Environmental Compliance Certificate (ECC) was issued by the Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB) on June 18, 2013.

In 2014, PEC entered into an Engineering Procurement and Construction (EPC) contract with a consortium comprised of Mitsubishi Hitachi Power Systems Ltd., Daelim Industrial Co. Ltd., DESCO Inc. and Daelim Philippines Inc. for the project. It started commercial operations in March 2018.

Through TPI, AboitizPower owns 50% of PEC while TPEC Holdings Corporation owns the remaining 50%.

#### **Therma South, Inc. (TSI)**

Incorporated in November 18, 2008, TSI is a wholly-owned Subsidiary of TPI and owns and operates the 300-MW (2x150MW) (gross) CFB coal-fired power plant located both in Barangay Binugao, Toril District, Davao City and Barangay Inawayan, Sta. Cruz, Davao del Sur.

TSI declared commercial operations for Unit 1 and Unit 2 on September 2015 and February 2016, respectively. Formal inauguration of Unit 2 was held on January 8, 2016.

TSI contributes to the continuing growing power requirements of Mindanao by providing stable and cost-effective base load power. TSI has currently contracted out 260 MW of energy and has 22 different approved Power/Energy Supply Agreements with various private distribution utilities and energy cooperatives.

The company seeks to sustain the positive impact it has brought its host communities through various educational, livelihood, and enterprise development programs, benefitting children, students, small and medium business enterprise owners, and most notably its employees.

#### **Therma Visayas, Inc. (TVI)**

TVI is the project company for the 2x169 (gross) MW CFB coal-fired power plant located in Barangay Bato, Toledo City, Cebu.

TVI aims to address the increasing power demand of the Visayas Grid with provisions for the future addition of a third generating unit.

In May 2014, TVI signed an EPC contract with Hyundai Engineering Co., Ltd. and Galing Power Energy Co., Inc. The 2x170-MW coal-fired power plant is currently in the testing and commissioning phase, but has experienced technical issues that will delay Commercial Operations Date (COD) of the first unit to June 2019 and the second unit to April 2019.

AboitizPower through TPI, effectively owns 80% of TVI. The remaining 20% is held by Vivant Group through VIGC and VEC.

#### **Abovant Holdings, Inc. (Abovant) and Cebu Energy Development Corporation (Cebu Energy)**

Incorporated on November 28, 2007, Abovant is a joint venture company between AboitizPower and Vivant Group formed as the holding company for shares in Cebu Energy.

Cebu Energy was incorporated on December 5, 2008 by Abovant and Global Formosa Power Holdings, Inc. (Global Formosa), a joint venture between Global Business Power Corporation and Flat World Limited, to own, operate and maintain a 3x82 MW CFB coal-fired power plant situated within the Toledo Power Complex in Barangay Daanlungsod, Toledo City, Cebu. The first 82 MW unit was commissioned in February 2010, while the second and third units were commissioned in the second and fourth quarter of 2010, respectively.

The Cebu Energy power plant in Toledo City completed its first full year of commercial operations in 2018. The power plant provides much-needed power to the province of Cebu and its neighboring province, Bohol.

Abovant has a 44% stake in Cebu Energy, while Global Formosa owns the remaining 56%. Consequently, AboitizPower, through TPI, holds a 26.4% effective ownership interest in Cebu Energy.

#### **Redondo Peninsula Energy, Inc. (RP Energy)**

RP Energy was incorporated on May 30, 2007 to construct, own and operate the 2x300-MW (net) coal-fired power plant located in Redondo Peninsula of Subic Bay within the SBFZ, Subic, Zambales.

RP Energy was originally a joint venture between AboitizPower and TCIC. MPGC acquired a majority interest in RP Energy by virtue of a share purchase agreement with TPI on July 22, 2011. AboitizPower, through TPI, and TCIC each retained a 25% stake in RP Energy.

#### **STEAG State Power Inc. (STEAG Power)**

Incorporated on December 19, 1995, STEAG Power is the owner and operator of a 232-MW (gross) coal-fired power plant located in PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The plant was built under a BOT arrangement and started commercial operations on November 15, 2006. STEAG Power has a 25-year PPA with the NPC, which is backed by a Performance Undertaking issued by the Republic of the Philippines.

While STEAG Power's pioneer status expired on November 14, 2012, its COC, on the other hand, was renewed by the ERC and is effective until August 2021.

AboitizPower has 34% equity interest in STEAG Power following the purchase of said equity from Evonik Steag GmbH (now STEAG GmbH or STEAG), Germany's fifth largest power generator. STEAG and La Filipina Uy Gongco Corporation currently hold the remaining 51% and 15% equity, respectively, in STEAG Power.

#### **GNPower Mariveles Coal Plant Ltd. Co. (GMCP)**

GMCP is a private limited partnership organized on May 13, 2007 and established to undertake the development, construction, operation, and ownership of an approximately 2x316MW (net) pulverized coal-fired power plant located in Mariveles, Bataan, Philippines ("Mariveles Project").

The Mariveles Project is located within an industrial zone on a 60-hectare coastal site near the port of Mariveles, Bataan. The project site lies near the northern entrance to Manila Bay, providing easy

and safe shipping access from the West Philippine Sea. The Mariveles Project commenced construction after execution of the equity and financing documentation, approval by the relevant government authorities and the initial drawdown under the non-recourse loan on January 29, 2010. It was declared commercially available in 2013 and currently supplies electric capacity to the Luzon and Visayas markets.

The electricity produced by the Mariveles Project is exported through a 230kV high voltage transmission line owned and operated by NGCP. Substantially all of the capacity of the Mariveles Project is contracted under long term power purchase agreements with highly-rated distribution utilities and Contestable Customers, through its designated RES.

In October 2016, TPI entered into Purchase and Sale Agreements for the acquisition of partnership interests held by affiliated investment funds of The Blackstone Group L.P. in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.) Following the receipt of approvals from the Board of Investments (BOI) and the PCC, TPI completed the acquisition of GMCP and GNPD on December 27, 2016.

Beginning October 13, 2017, through its general and limited partners, AboitizPower's, sharing percentage on: (i) profits and losses and (ii) distributions, including net distributable liquidation proceeds, in GMCP is 66.0749%.

On March 7, 2018, AboitizPower completed the restructuring of its share ownership structure in GMCP by transferring its direct ownership of GMCP from the offshore subsidiaries of TPI to TPI itself, and the eventual dissolution and liquidation of the offshore intermediary subsidiaries that own the GMCP shares.

Effectively, the partnership interests in GMCP are owned by (i) TPI, (ii) ACE Mariveles Power Ltd. Co., a joint venture between AC Energy, Inc. (ACE), a wholly-owned Subsidiary of Ayala Corporation, and Power Partners Ltd. Co. (Power Partners), and (iii) Power Partners.

### **GNPower Dinginin Ltd. Co. (GNPD)**

GNPD is a limited partnership organized and established on May 21, 2014 with the primary purpose of: (a) developing, constructing, operating, and owning a 2x668 MW (net) supercritical coal-fired power plant to be located at Mariveles, Bataan; (b) generating, selling and trading of electric power, importing machines, equipment, motor vehicles, tools, appurtenant spare parts, coal for fuel, lubricants, cleansing substances, and other necessary and related materials or chemicals; and (c) obtaining, entering into and performing any and all contracts and engaging in any and all transactions consistent with the foregoing purpose.

GNPD successfully achieved financial close and started the construction of Unit 1 in September 2016, with target delivery in the first half of 2019. The company also proceeded with the expansion of the power plant and successfully achieved its financial closing for Unit 2 in December 2017. To date, GNPD has signed numerous Power Purchase and Sale Agreements with highly-rated distribution utilities and RES.

GNPD's construction is being conducted in two phases: (i) the first phase is for Unit 1 and its associated ancillary facilities as well as the balance of plant and (ii) the second phase is for an additional identical 668MW (net) unit (Unit 2) and associated ancillary facilities. The electricity that will be produced by Unit 1 of GNPD will be exported through the existing 230kV high voltage



transmission line owned and operated by NGCP. Eventually, energy from Unit 1 and Unit 2 will be exported through NGCP's 500kV high voltage transmission line once completed.

On December 27, 2016, TPI completed the acquisition of the partnership interests held by affiliated investment funds of The Blackstone Group, L.P in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.) The sharing percentage on (i) profits and losses and (ii) distributions of AboitizPower in GNPD, through its general and limited partners, will eventually be reduced to 40%.

In 2018, AboitizPower, through TPI, restructured its share ownership structure in GNPD and the transferred direct ownership of GNPD from the offshore subsidiaries of TPI to TPI itself. After the restructuring and as of January 31, 2019, TPI directly owns a 50% partnership interest in GNPD.

GNPD is co-developed by Powers Partners, ACE, and TPI.

### Other Generation Assets

Cotabato Light maintains a stand-by 9.927-MW Bunker C-fired power plant capable of supplying approximately 15% of its requirements as of December 31, 2018.

### Future Projects

AboitizPower assesses the feasibility of any new power generation project. Factors taken into consideration include the proposed project's land use requirements, access to a power grid, fuel supply arrangements, availability of water, local requirements for permits and licenses, acceptability of the project to the communities and people it will affect, ability of the project to generate electricity at a competitive cost, and the existence of potential purchasers of the electricity generated. For the development of a new power project, AboitizPower, its partners and suppliers are required to obtain all national and local permits and approvals before the commencement of construction and commercial operations, including those related to the project site, construction, the environment, land use planning/zoning, operations licenses, and similar approvals.

### DISTRIBUTION OF ELECTRICITY

The Aboitiz Group has more than 85 years of experience in the Philippine power distribution sector.

With ownership interests in nine Distribution Utilities, AboitizPower is currently one of the largest electricity distributors in the Philippines. AboitizPower's Distribution Utilities collectively supply electricity to franchise areas covering a total of 18 cities and municipalities in Luzon, Visayas, and Mindanao.

As of December 31, 2018, the power distribution business' earnings contribution from AboitizPower's business segments is equivalent to 20%. The Distribution Utilities had a total customer base of 995,828 as of end-2018, compared to 954,300 in 2017, and 916,876 in 2016.

The table below summarizes the key operating statistics of the Distribution Utilities for each of the past three years.

Company	Electricity Sold (MWh)			Peak Demand (MW)			No. of Customers		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Davao Light	2,468,192	2,317,985	2,173,373	421	404	380	404,574	384,434	367,782

Cotabato	165,409	153,973	146,678	31	29	27	41,681	41,110	38,924
VECO	3,159,032	2,938,532	2,922,950	547	522	524	437,823	422,814	408,586
SFELAPCO	665,425	623,607	588,985	134	116	117	107,536	101,942	97,847
SEZ	423,939	517,558	535,010	100	106	103	3,343	3,267	3,151
MEZ	123,276	114,272	111,486	22	21	21	85	83	82
BEZ	100,554	91,273	102,208	27	27	30	31	31	32
LEZ	224,175	197,908	165,481	39	33	28	755	619	472
<b>Total</b>	<b>7,330,002</b>	<b>6,955,108</b>	<b>6,746,171</b>	<b>1,320</b>	<b>1,258</b>	<b>1,230</b>	<b>995,828</b>	<b>954,300</b>	<b>916,876</b>

### Visayan Electric Company, Inc. (VECO)

Incorporated in February 22, 1961, VECO is the second largest privately-owned distribution utility in the Philippines in terms of customer size and annual MWh sales. It supplies electricity to the greater part of Metro Cebu, covering an area of 674 square kilometers (sq. kms.) and with a population of approximately 1.7 mn. To date, VECO has 20 power substations and one mobile substation that serve the power needs of the cities of Cebu, Mandaue, Talisay and Naga, and the municipalities of Minglanilla, San Fernando, Consolacion, and Liloan. As of December 31, 2018, VECO served a total of 437,823 customers and had a peak demand during 2018 of 525 MW.

In 1928, Visayan Electric Company, S.A. was granted a 50-year distribution franchise by the Philippine Legislature. The term of this franchise was extended by Republic Act (RA) 6454 for an additional 25 years starting 1978 and was conditionally renewed for another 25 years from December 2003. In September 2005, the Philippine Congress passed RA 9339, which extended VECO's franchise to September 2030. VECO's application for the extension of its Certificate of Public Convenience and Necessity (CPCN) was approved by the ERC on January 26, 2009.

VECO, directly and through its predecessors-in-interest, has been in the business of distributing electricity in Cebu since 1905. In the early 1900s, the predecessors-in-interest of the Aboitiz Group acquired a 20% interest in VECO's predecessor-in-interest, the Visayan Electric Company, S.A. Since that time, the Aboitiz Group's ownership interest in VECO has increased from 20% to its current ownership interest of 55.25%, which is directly held by AboitizPower.

VECO is part of the third group (Group C) of private distribution utilities to shift to Performance-Based-Rate-Setting Regulation (PBR). VECO entered into a PPA for the purchase of electric energy from CPPC for a period of 15 years starting from the commercial operation date of the latter. After its expiry in 2013, a new Power Supply Agreement was signed between VECO and CPPC and it is awaiting for ERC approval. The ERC, however, has allowed VECO to continue drawing power from CPPC under the same terms and conditions of the expired PPA until the ERC approves the 2013 PSA.

For its long-term capacity requirement, VECO entered into a 15-year PSA with TVI for the supply of 150MW beginning in 2018. To reduce WESM exposure in 2016 until TVI's commercial operations have commenced, the company entered into a PSA with South Luzon Power Generation Company (SLPGC) for 50MW in 2016. The contract with SLPGC has expired last June 26, 2018.

With the Retail Competition and Open Access, some of VECO's customers who qualified as Contestable Customers who voluntarily migrated to Retail Electricity Suppliers (RES). VECO continues to renegotiate the reduction of its bilateral contracts to account for the continued migration of Contestable Customers.



As of December 2018, VECO's systems loss is at 6.73%, which includes a feeder loss cap of 5.22%. This is below the government-mandated feeder loss cap of 6.5% which results to reduced power costs thereby providing more savings to the customer.

### **Davao Light & Power Company, Inc. (Davao Light)**

Davao Light is the third largest privately-owned electric distribution utility in the country in terms of customer size and annual kWh sales. Davao Light's franchise area covers Davao City, areas of Panabo City, and the municipalities of Carmen, Dujali, and Santo Tomas in Davao del Norte, with a population of approximately 1.8 mn and a total area of 3,561 sq. kms. During 2018, Davao Light served a total of 404,983 customers, with a recorded peak demand of 421MW.

Davao Light was incorporated in October 11, 1929, and acquired by the Aboitiz Group in 1946. Davao Light's original 50-year franchise, covering Davao City, was granted on November 1930 by the Philippine Legislature. On September 2000, RA 8960 granted Davao Light a franchise for a period of 25 years, or until September 2025.

The large percentage of Davao Light's power supply comes from renewable energy sources from the NPC-PSALM, Hedcor Sibulan, and Hedcor's Talomo plant, which comprised 52.29% of Davao Light's power mix.

In 2016, Davao Light signed a 60MW Power Supply Contract (PSC) with San Miguel Consolidated Power Corporation, subject to ERC approval. Davao Light also signed a 50MW firm power supply contract with Therma Marine Inc. and 55MW with Western Mindanao Power Corporation on October and November 2017, respectively, respectively, with a total capacity of 105MW. This is intended to supply Davao Light's power requirements during the drought months when the supply coming from NPC- PSALM is very limited.

Davao Light has several ongoing projects to improve the services within its franchise area. In July 2018, Davao Light started the works for the implementation of the 1st Phase of its Underground Distribution System which involves 1.2 kilometers of cables being migrated along CM Recto Street. During the last quarter of 2018, Davao Light began a five-year partnership program with the Davao City LGU to replace all sodium lamps in Davao City with Light Emitting Diode (LED) lamps. The shift will reduce the city's energy consumption without compromising services. During 2018, Davao Light has upgraded its R. Castillo and Panabo Substations to increase reliability and flexibility in the subtransmission line in the City-North area of Davao Light's franchise to match the power demand of the thriving economy of the franchise's north sector. Davao Light also installed new 13.2 kV lines within the city's downtown and Calinan areas to increase reliability and provide additional capacity. It has also increased the capacity of its ERA Line 2 and has constructed and upgraded a total of 8.2 circuit kilometers of 13.8 kV line and 6 circuit kilometers of 69 kV line.

These projects are indication of the expected robust economic growth in the various areas within the Davao Light franchise.

The growth during 2018 resulted in total sales of 2,502,802 MWh, a total growth in energy sales of 5.75% and increase in demand of 6.37%.

Davao Light's systems loss at 7.03% in 2018 remains below the government-mandated cap of 8.5%. Systems loss below the mandated caps translates to reduced power costs, resulting in customer savings.

Davao Light is part of Group C of private distribution utilities to enter the PBR. The reset process for the next regulatory period is put on hold by the ERC.

Davao Light is currently owned 99.93% by AboitizPower.

### **Cotabato Light and Power Company (Cotabato Light)**

Cotabato Light and Power Company is a wholly owned electric distribution utility of Aboitiz Power Corporation. It supplies electricity to Cotabato City and portions of the municipalities of Datu Odin Sinsuat and Sultan Kudarat, both in Maguindanao, with a land area of 191 sq. kms. As of December 2018, Cotabato Light's peak demand was recorded at 32 MW and is serving a total of 41,645 customers.

Cotabato Light began its operation last June 18, 1939 by virtue of Commonwealth Act No. 487. In June 16, 2014, franchise was been renewed for another 25 years under R.A 10637.

As of 2018, Cotabato Light has three substations of 12 MVA, 12.5 MVA and 25 MVA. It is served by one 69-kV transmission line. Cotabato Light's distribution voltage is 13.8 kV. These lines can be remotely controlled using the Supervisory Control Data Acquisition (SCADA).

Cotabato Light also maintains a standby 4.45-MW Bunker C-fired plant capable of supplying approximately 15% of its franchise area requirements. The existence of a standby plant, capable of supplying electricity in cases of power supply problems with its power suppliers or the NGCP and for the stability of voltage whenever necessary, is another benefit to Cotabato Light's customers.

As of December 2018, its total systems loss stands at 8.46%, where 7.44% is the feeder loss. Cotabato Light is continuously innovating its strategies and process.

Cotabato Light utilizes the most up-to-date systems such as the Customer Care and Billing, Enterprise Resource Planning (ERP) and soon, the Work and Asset Management (WAM). Cotabato Light is committed to provide reliable and ample power supply when needed, ensure that the supply of electricity is provided and competitive price, and accomplish the first two duties with the least possible adverse effects on our environment and communities.

AboitizPower directly owns 94% of Cotabato Light.

### **San Fernando Electric Light & Power Co., Inc. (SFELAPCO)**

SFELAPCO was incorporated in May 17, 1927 and was granted a municipal franchise in 1927. Its franchise in the City of San Fernando, Pampanga covers an area of 78.514 sq. kms. It supplies 35 barangays in the City of San Fernando, Barangays San Isidro and Cabalantian in Bacolor, Pampanga, 25 barangays in the municipality of Floridablanca, and one barangay in Guagua, Pampanga which includes 584.011 and 977.372 circuit-kilometers on its 13.8-kV and 240- volt distribution lines, respectively. During 2018, SFELAPCO's peak demand was recorded at 118,490 kW, and as of December 31, 2018 it was serving a total of 105,076 customers.

SFELAPCO's current legislative franchise was granted through RA 9967, for 25 years commencing on March 24, 2010. It belongs to the fourth batch (Group D) of private utilities to enter PBR whose reset process for the next regulatory period is put on hold by the ERC.

SFELAPCO's systems loss at 4.7751% remains below the government-mandated cap of 7.5% plus Subtransmission loss. Systems loss below the mandated caps translates to reduced power costs resulting in bigger customer savings.

AboitizPower owns an effective 43.78% interest in SFELAPCO.

### **Subic EnerZone Corporation (SEZ)**

In May 2003, the consortium of AEV and Davao Light won the competitive bid to provide distribution management services to SBMA and to operate the SBFZ power distribution utility for a period of 25 years. On June 3, 2003, SEZ was incorporated as a joint venture company owned by a consortium comprised of Davao Light, AEV, SFELAPCO, Team Philippines, Okeelanta, and PASUDECO to undertake the management and operation of the SBFZ power distribution utility. Eventually, SEZ was formally awarded the contract to manage SBFZ's power distribution utility and took over operations.

SEZ's authority was granted by SBMA pursuant to the terms of RA 7227 or The Bases Conversion and Development Act of 1992, as amended. As a company operating within the SBFZ, SEZ enjoys a preferential tax of 5% on its gross income in lieu of all other national and local taxes.

In 2018, the contracted capacity of SEZ with TLI was carved down from 15.73 MW in 2017 and then reduced to 12.09 MW in December 2018. Similarly, its contracted capacity with San Miguel Energy Corporation was carved down from 4.2 MW in 2017 and reduced to 4.02 MW in December 2018.

The recorded peak demand during 2018 was 55.99 MW. As of December 31, 2018, SEZ served a total of 3,342 customers, consisting of 82 industrial locators, 1,168 commercial locators, 1,973 residential customers, 101 streetlights and 18 industrial locators under RES.

SEZ's systems loss at 2.64% in 2018 remains below the government-mandated feeder loss cap of 6.5%. Systems loss below the mandated caps translates to reduced power costs resulting in customer savings.

Together with Davao Light's interest of 35%, AboitizPower owns 100% of SEZ.

### **Mactan Enerzone Corporation (MEZ)**

MEZ was incorporated on February 19, 2007 when AboitizLand spun off the power distribution system of its Mactan Export Processing Zone II (MEPZ II) project. The MEPZ II project, which was launched in 1995, was operated by AboitizLand under a BOT agreement entered into with the Mactan-Cebu International Airport Authority (MCIAA).

On June 8, 2007, AboitizPower entered into an agreement to acquire AboitizLand's 100% equity stake in MEZ, representing 8,754,443 common shares.

MEZ sources its power from SN Aboitiz Power-Magat and GCGI pursuant to a CSEE. Under this CSEE, GCGI is required to provide 4.957 MW to MEZ base load. SN Aboitiz Power-Magat is required to supply 4.957 MW with 50% load factor.

During 2018, MEZ recorded peak demand at 22.24 MW, and served a total of 85 customers, consisting of 53 captive industrial locators, 26 captive commercial locators, and 6 industrial locators under RES.

MEZ's systems loss at 0.99% in 2018 remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of MEZ.

### **Balamban Enerzone Corporation (BEZ)**

BEZ was incorporated on February 19, 2007 when Cebu Industrial Park Developers, Inc. (CIPDI), a joint venture between AboitizLand and Tsuneishi Holdings (Cebu), Inc. (THC), spun off the power distribution system of the West Cebu Industrial Park – Special Economic Zone (WCIP-SEZ). WCIP-SEZ is a special economic zone for light and heavy industries owned and operated by CIPDI. CIPDI, located in Balamban, Cebu, is home to the shipbuilding and ship repair facilities of Tsuneishi Heavy Industries (Cebu), Inc. (THICI), the modular fabrication facility of Aboitiz Construction International, Inc. (formerly: Metaphil International, Inc.) and recently, Austal Philippines Pty. Limited.

As of February 2017, only the firm contract with Cebu Energy remained, since its other Contestable Customers have switched to RES.

BEZ's peak demand for 2018 was recorded at 27 MW and served a total of 31 customers composed of 14 captive industrial customers, 11 captive commercial customers, and 6 contestable industrial customers.

BEZ's systems loss at 0.50% in 2018 remains below the government-mandated cap of 8.5%. Systems loss below the mandated caps translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of BEZ.

### **Lima Enerzone Corporation (LEZ)**

LEZ was incorporated as Lima Utilities Corporation on June 5, 1997 to serve and provide locators within the Lima Technology Center (LTC) with a reliable and stable power supply.

LEZ was originally a wholly-owned Subsidiary of Lima Land. With the acquisition by AboitizLand of the interests of the Alsons and Marubeni groups in Lima Land in 2013 and 2014, respectively, LEZ and Lima Land became a wholly- owned Subsidiaries of AboitizLand.

LEZ's responsive interface ensures that customers receive power that fully meets their business requirements. As asset manager of the electrical infrastructure constructed at the LTC, LEZ has the sole responsibility of providing clean, reliable and uninterrupted power supply to enable the multinational manufacturing companies to produce quality products at international standards. On December 10, 2017, LEZ completed an additional 50-MVA power transformer, and is now capable of serving the increasing demand for future locators and expansions. This allows LEZ to provide reliable and flexible power to the LTC.

During 2018, LEZ recorded peak demand at 37 MW, and as of December 31, 2018 it served a total of 771 customers, consisting of 76 captive industrial locators, 21 captive commercial locators, 659 captive residential customers, and 15 industrial locators under RES.

LEZ's systems loss at 5.3% in 2018 remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of LEZ.

#### **Malvar Enerzone Corporation (Malvez)**

Malvez was incorporated in June 9, 2017 to serve and provide locators within the Light Industry & Science Park IV (LISP IV) of Malvar, Batangas. Malvez will manage the construction, installation, operation, and maintenance of the power distribution of LISP IV for 25 years. LISP IV will have two 50-megawatt transformers to provide reliable and quality power to locators, which are mostly from manufacturers and exporters.

AboitizPower directly owns 100% of Malvez.

### **RETAIL ELECTRICITY AND OTHER RELATED SERVICES**

One of the objectives of electricity reform in the Philippines is to ensure the competitive supply of electricity at the retail level. With the start of Open Access, large-scale customers allowed to obtain electricity from RES licensed by the ERC.

#### **Aboitiz Energy Solutions, Inc. (AESI)**

Incorporated in August 11, 1998, AESI, a wholly-owned Subsidiary of AboitizPower, is engaged in the business of a retail energy supplier and energy consolidator. It was granted a license to act as a RES on November 9, 2009, which license was renewed on October 29, 2012 for another 5 years. Its application for renewal of RES license has been duly filed, and is currently pending with the ERC. At the start of commercial operations of Open Access on June 26, 2013, AESI served 42 customers. For the year 2018, AESI supplied retail electricity to a total of 185 customers, with total energy consumption of 2,326.56 mn kWh.

AESI was able to deliver a total of 346.56 mn kWh to its off-taker, VECO, during 2018.

#### **Adventenergy, Inc. (AdventEnergy)**

Incorporated in August 14, 2008, AdventEnergy, a wholly-owned Subsidiary of AboitizPower, is a RES company that sells, brokers, markets, or aggregates electricity to end-users, including those within economic zones. AdventEnergy's application for renewal of RES license is currently pending with the ERC. AdventEnergy was specifically formed to serve Contestable Customers located in economic zones.

AdventEnergy differentiates itself from competition by sourcing electricity from a 100% renewable source. With this competitive advantage, more and more companies are opting to source their electricity supply from AdventEnergy as an environmental initiative.

During 2018, AdventEnergy supplied retail electricity to 83 customers with a total consumption of 1,944.48 mn kWh.

#### **Prism Energy, Inc. (Prism Energy)**

Prism Energy was incorporated on March 24, 2009 as a joint venture between AboitizPower (60%) and Vivant Corporation (40%). It was granted a five-year RES license by the ERC on May 22, 2012, and its application for renewal of RES license has been duly filed and is currently pending with the ERC.

Prism Energy is envisioned to serve Contestable Customers in the Visayas region. As a RES, Prism Energy will provide its customers with contract options for electricity supply to be based on their operating requirements.

During 2018, Prism Energy supplied retail electricity to 37 customers with a total energy consumption of 155.90 mn kWh.

#### **SN Aboitiz Power – Res, Inc. (SN Aboitiz Power - RES)**

Incorporated on December 23, 2009, SN Aboitiz Power – RES is the RES arm of the SN Aboitiz Power Group. SN Aboitiz Power - RES caters to the Contestable Customer sector and electricity consumers using an average of at least 1 MW in the last 12 months across all industries under Open Access. It offers energy supply packages tailored to its customers’ needs and preferences.

SN Aboitiz Power – RES’ vision is to become the leading RES in the country through profitable growth, excellence in business processes, and innovative ideas. It also aims to supply the energy requirements of its customers in a fair and equitable manner and to contribute to the vibrant local power market that supports the country’s development. SN Aboitiz Power-RES harnesses the synergy from the partnership of the SN Power Group, an international hydropower expert, and AboitizPower.

From a single customer in 2013, SN Aboitiz Power-RES has grown its customer base to 31 by the end of 2018, with a significant number of closed deals signed in 2017 and 2018. This growth can be attributed to the strategic focus of SN Aboitiz Power – RES on four major industry segments that allow it to tailor supply packages to customer segment needs and preferences.

Despite the challenging regulatory landscape in the Contestable and aggressive competition, SN Aboitiz Power – RES was still able to steadily carve an expanding market share. As of December 31, 2018, SN Aboitiz Power - RES accounts for 379 GWh or 31% of BCQ volumes which contributed P115 mn or 9.5% of BCQ net revenue.

SN Aboitiz Power - RES is a joint venture between ARI and SN Power. It is currently 60% owned by MORE with the remaining 40% owned by SN Power Philippines.

#### **FINANCIAL SERVICES**

AEV’s financial services group is consolidated under UnionBank, a leading universal bank in the country; UnionBank’s Subsidiaries; CitySavings, a thrift bank based in Cebu City; and PETNET, a money transfer services company.

#### **Union Bank of the Philippines (UnionBank or “The Bank”)**

UnionBank, originally known as “Union Savings and Mortgage Bank”, was incorporated in the Philippines on August 16, 1968. On January 12, 1982, it was given the license to operate as a commercial bank. The Bank’s common shares were listed in the PSE on June 29, 1992 and shortly after, it was granted the license to operate as a universal bank on July 15, 1992. The Bank became the 13th and youngest universal bank in the country in only its tenth year of operation as a commercial bank. UnionBank has undertaken two bank mergers, first with International Corporate Bank (Interbank) in 1994 and then with International Exchange Bank (iBank) in 2006.



UnionBank distinguishes itself through superior technology, unique branch sales, service-oriented culture, and centralized backroom operations. UnionBank's superior technology allows delivery of online, real-time business solutions to meet the customers' changing and diverse needs through customized cash management products and service offerings. Its unique branch culture ensures delivery of efficient and quality service, as well as, mitigates operational risk. The Bank's centralized backroom operations enable it to provide responsive, scalable, and secure transaction processing.

Aligned with its thrust of being at the forefront of technology-based banking in the Philippines, UnionBank endeavors to elevate its systems and processes to be at par with international standards and best practices. It obtained ISO 9001:2000 Quality Management System (QMS) Certification for its Central Processing Services (CPS) in 2008, making it at this time the first and only bank in the Philippines awarded for its entire centralized backroom operations. In 2010, UnionBank received the ISO 9001:2008 certification, an update from the previous. Thereafter, UnionBank obtained the ISO 27001:2005 Certification for its Information Security Management System (ISMS), attesting to the Bank's unwavering commitment to become the leader and benchmark for service quality, technological advancement, and operational excellence. UnionBank also achieved ISO 9001:2008 Certifications for its Customer Service Group in 2012 and Branch Operations Management in 2013. In 2015, UnionBank earned ISO 9001:2015 QMS Certifications for its Branch Operations Management, Central Processing Services, and Customer Service Group. UnionBank is the first local bank that was certified under the new ISO standard. In 2016, the Loans and Trade Finance Operations Management group of UnionBank also earned the ISO 9001:2015 QMS Certification. In 2015 and 2016, UnionBank was certified as having zero nonconformance rating during quality audits, demonstrating UnionBank's dedication to uphold quality in its business processes. In 2017, the Bank successfully passed the ISO 9001:2015 QMS standard 2nd surveillance audit, as conducted by TUV Rheinland in November. The certification was also extended to the Treasury Operations.

UnionBank's clientele encompasses retail, middle-market and corporate customers, as well as major government institutions. It believes that its use of technology, marketing strategy and operational structure enabled it to capture and secure a loyal customer base and achieve high levels of efficiency and productivity.

The Bank's principal shareholder groups include AEV; SSS, a government-owned and -controlled corporation that provides social security to workers in the private sector; and Insular Life, one of the leading and largest Filipino- owned life insurance companies in the Philippines.

#### **PETNET, Inc. (PETNET)**

Incorporated on August 12, 1998, PETNET is primarily engaged in providing money transfer services as a direct agent of Western Union. In conjunction with Western Union Business Solutions, it offers services that enable local businesses to make international payment transactions in over 140 currencies. PETNET is a BSP-licensed remittance agent, money changer and foreign exchange dealer. Apart from the Western Union money transfer service, PETNET offers money changing, bills payment, airline ticketing, personal accident insurance, and e-loading in its company- owned locations. Since 2015, PETNET has been an outsourced service provider of CitySavings for facilitating and accepting applications for DepEd salary loans and Government Service Insurance System (GSIS) pension loans.

On February 9, 2018, CitySavings and Union Properties, Inc. executed a sale and purchase agreement to acquire AEV's 51% equity interest in PETNET, in order to consolidate the Group's financial services under UnionBank. The sale was approved by the PCC on May 8, 2018, and the investment of CitySavings in PETNET was approved by the BSP on November 23, 2018.

## **FOOD MANUFACTURING**

### **Pilmico Foods Corporation (Pilmico)**

Pilmico, the food arm of the Aboitiz Group, was incorporated on August 8, 1958. Pilmico began as a joint venture of the Aboitiz Group, the Lu Do Group, the Soriano Group and the Pillsbury Group of the United States of America (U.S.A.). The Lu Do, Soriano and Pillsbury Groups eventually sold all their shareholdings to AEV.

Pilmico is primarily engaged in the manufacture and sale of flour, feeds, and their by-products. It has a wide network of distributors and dealers located in major cities of Manila, Cebu, Davao, Iloilo, Bacolod, and Cagayan. To date, it is one of the largest flour manufacturers in the country, and is ranked among the top three domestic flour producers.

Pilmico's key raw materials are imported from the U.S.A., Canada and Australia. This exposes Pilmico to risks arising from currency fluctuations and volatile price movements of raw materials. Meanwhile, the high costs of freight and distribution limit the selling territory of Pilmico within its main network of distributors and dealers. Pilmico responds to this challenge through the strategic location of its Iligan plant, which narrows down the high costs of freight and distribution.

Pilmico established representative offices in Jakarta, Indonesia in 2004 and Ho Chi Minh City, Vietnam in 2015, to expand its flour export business. Through these representative offices Pilmico distributes flour products to Hong Kong, Vietnam, Myanmar, Thailand, Malaysia, and Indonesia. Further efforts will be made by Pilmico to strengthen its presence in the ASEAN region.

### **Pilmico Animal Nutrition Corporation (PANC)**

In June 1997, Pilmico entered into the swine production and animal feeds business through PANC (formerly Fil-Am Foods, Inc.). PANC was a joint venture with Tyson International Holding Co. (Tyson), a Subsidiary of Tyson Foods, and PM Nutrition Company, Inc. (PMNC), an affiliate of Purina Mills, Inc. In October 2002, Pilmico acquired the shareholdings of Tyson and PMNC, thus making PANC its wholly-owned Subsidiary.

PANC operates farms and feed mill plants in Capas, Tarlac and Kiwalan Cove, Iligan City.

Pilmico, together with another of its wholly owned Subsidiary, Filagri Holdings, Inc., owns 100% of PANC.

### **Filagri, Inc. (Filagri)**

Filagri (formerly Filagri Land, Inc.) was incorporated on July 13, 1997. It was originally formed to hold PANC's investments in real estate properties. In January 2012, as part of the diversification plans of PANC, Filagri became the project vehicle of PANC's low-cost feeds.

Pilmico effectively owns a 100% equity interest in Filagri.

### **AEV International Pte. Ltd. (AEV International)**



Established on May 5, 2014, AEV International is the holding company of AEV's investments outside the Philippines. AEV International owns 100% of Pilmico International, the investment company that holds an 85% equity interest in Pilmico Vietnam Feeds Joint Stock Company (PVF), a 70% equity interest in Pilmico Animal Nutrition – Joint Stock Company (PAN-JSC), and a 100% of Pilmico Viet Nam Trading Company Ltd. (Pilmico Vietnam Trading).

#### **Pilmico International Pte. Ltd. (Pilmico International)**

Pilmico International is the project vehicle of AEV's first international investment in the feeds business. The company was established in June 2014 as a wholly-owned Subsidiary of AEV International. Pilmico International has an 85% equity interest in PVF, the operator of an aqua feed mill in Dong Thap Province in Vietnam.

In October 2016, Pilmico International purchased 100% ownership interest in Pilmico Vietnam Trading, a company engaged in the wholesale of food products, beverages, and agricultural and forestry raw materials in Vietnam.

In 2017, Pilmico International further expanded its core feeds business in Vietnam through the acquisition of a 70% equity interest in Europe Nutrition Joint Stock Company (Eurofeed). Eurofeed is a joint stock company organized under the laws of Vietnam and is engaged in the business of producing animal feeds. Eurofeed was then renamed (PAN-JSC).

In 2018, Pilmico International acquired a 75% equity stake in Gold Coin Management Holdings (GCMH), the holding company of the Gold Coin Group and one of Asia's largest privately-owned agribusiness corporations, which operates mills across seven countries in Asia, including South China. The Gold Coin acquisition is Pilmico International's largest investment in the Asia-Pacific region to-date.

In 2019, PAN-JSC was integrated into the Gold Coin Group. Gold Coin Singapore Services, a wholly-owned Subsidiary of GCMH, acquired 100% of PAN-JSC. This mill is expected to supplement the growing animal feeds requirement in South Vietnam.

#### **Pilmico Vietnam Feeds Joint Stock Company (PVF) (formerly: Pilmico VHF Joint Stock Company)**

In August 2014, Pilmico International successfully acquired a 70% equity stake in aqua feed mill operator, Vinh Hoan 1 Feed JSC, a company established on May 2, 2007 under the laws of Vietnam. In August 2017, Pilmico International bought an additional 15% equity stake, thereby bringing Pilmico International's total equity stake in the aqua feed mill to 85%. Pilmico International has the right to purchase the remaining 15% by 2019 at a pre-agreed price.

The Food Group's entry in Vietnam marks the first international investment of the Aboitiz Group. Vinh Hoan 1 Feed JSC was officially renamed as Pilmico VHF Joint Stock Company by December 2014 and later on renamed as Pilmico Vietnam Feeds Joint Stock Company (PVF) in July 2017.

PVF is located in Dong Thap Province in Vietnam, approximately 165 kilometers away from Ho Chi Minh City. It is the fourth largest pangasius aqua feeds producer in Vietnam, with a capacity of 165,000 MT per year. PVF's capacity was successfully expanded to 270,000 MT in April 2016. This expansion supported efforts to build a commercial Vietnam and export market in addition to the long-term supply agreement with Vinh Hoan Corporation.

The investment in PVF allowed the Food Group to gain a foothold in the Vietnamese aqua feeds business, and at the same time, build its reach to other aqua farm customers. This strategic move was also intended to establish a gateway to investments in other ASEAN countries like Thailand, Laos, and Cambodia. This allowed Pilmico to expand its core feeds business internationally, and to diversify and gain competence in the aqua feeds product segment currently not offered in the Philippines.

#### **Pilmico Viet Nam Trading Company Ltd. (Pilmico Vietnam Trading)**

Pilmico Vietnam Trading was incorporated on July 6, 2015. It is a limited liability company operating in Vietnam and engaged in the wholesale of food products, beverages, agricultural and forestry raw materials, among others. In October 2016, Pilmico International purchased 100% ownership interest in Pilmico Vietnam Trading. It is currently the vehicle used for the importation and distribution of Pilmico products within the Vietnam market.

#### **Pilmico Animal Nutrition Joint Stock Company (PAN-JSC)**

In August 2017, Pilmico International successfully acquired a 70% equity stake in an animal feed mill operator, Europe Nutrition Joint Stock Company (Eurofeed). Eurofeed was later on renamed as Pilmico Animal Nutrition Joint Stock Company (PAN-JSC). On December 2018, the Pilmico International's ownership stake in PAN-JSC was sold to Gold Coin Singapore Services, Pte. Ltd. as part of the ongoing integration between the businesses of Pilmico and the Gold Coin Group.

#### **International Animal Nutrition**

##### **Gold Coin Management Holdings Limited (GCMH)**

In July 2018, Pilmico International acquired a 75% equity stake in Gold Coin Management Holdings Limited (GCMH). GCMH is a major producer of animal feeds and operated 20 livestock and aqua feed mills across 11 countries in Asia Pacific. It enjoys lead market positions in key Asian markets and is well-enabling long-term client loyalty. Combined with the Gold Coin Group, Pilmico International expects to become a comprehensive animal nutrition platform across the Asia-Pacific region, with competitive advantages in terms of delivering scientifically balanced livestock and aqua feeds, and specialty nutrition products.

GCMH is an investment holdings company incorporated under the laws of the British Virgin Islands on January 5, 2000. GCMH is the parent holding entity, through which all investments in the Gold Coin Group are held.

##### **a. British Virgin Islands**

Gold Coin Aqua Feed Incorporated (GCAFI) is a wholly-owned Subsidiary of GCMH incorporated under the laws of the British Virgin Islands on May 6, 2008. GCAFI is an investment holdings company, which owns 100% equity interests in Gold Coin Aqua Feed (Singapore) Pte. Ltd. (formerly Syaqua Singapore Pte Limited) and Gold Coin Aqua Feed (Hong Kong) Ltd. (formerly SYA Holdings (HongKong) Limited).

##### **b. Singapore**

GCMH Subsidiaries in Singapore are engaged in: (i) management and consultancy services through Gold Coin Services Singapore Pte. Ltd. (GCSS); (ii) investment holdings such as Gold Coin Aqua Feed (Singapore) Pte Ltd (formerly Syaqua Singapore Pte Limited), Comfez Ltd (CFL), and FEZ Animal Nutrition Pte. Ltd, Inc. (FEZ); and (iii) and commodity trading or procurement of raw materials through APAC Commodities Pte Ltd (APAC) and Comfez Pte Ltd. (CPL).

c. China and Hong Kong

In China and Hong Kong, GCMH's subsidiaries are engaged in the business of: (i) management and consulting services and general trading through GC Investment Holdings Limited (GCIH) and Gold Coin Group Limited (GCG); (ii) manufacture and sales of animal and aqua feeds with production mills through Gold Coin (Zhanjiang) Co Ltd (GCZJ), Gold Coin (Zhangzhou) Co Ltd (GCZZ), Gold Coin (Zhuhai) Co Ltd (GCZH), Gold Coin Feedmill (Kunming) Co Ltd (GCKM), Gold Coin Feedmill (Dongguan) Co. Ltd. (GCDG); and (iii) investment holdings through Gold Coin Management (ShenZhen) Co Ltd. (GCSZ) and Gold Coin Aqua Feed (Hong Kong) Ltd.

d. Indonesia

There are four GCMH Subsidiaries that are located in Indonesia, namely: PT Gold Coin Specialities (GCSI), PT Ayam Unggul (PT Ayam), PT Gold Coin Indonesia (GCI), and PT Gold Coin Trading Indonesia (GCTI). These subsidiaries are engaged in the manufacturing and sales of animal feeds, hatching and breeding of day-old chick (DOC), and importation of feeds and prawn nutrition.

e. Malaysia

GCMH Subsidiaries in Malaysia are engaged in the business of manufacture and sales of animal fish meals feeds, commodity trading, management and consulting services, as well as in investment holdings. Subsidiaries operating in Malaysia are Gold Coin Malaysia Group Sdn Bhd (GCMG), Gold Coin Feedmills (Malaysia) Sdn Bhd (GCFM), Gold Coin Feedmill (Sabah) Sdn Bhd (GCFM), Golden Livestock Sdn Bhd (GLS), Bintawa Fishmeal Factory Sdn Bhd (BFF), Gold Coin Sarawak Sdn Bhd (GCS), Gold Coin Holdings Sdn. Bhd. (GCSHB), Gold Coin Sabah Sdn. Bhd. (GCSAB), Gold Coin Specialties Sdn Bhd (GCSSB), and FEZ Animal Nutrition (Malaysia) Sdn. Bhd.

f. Vietnam

The subsidiaries in Vietnam are engaged in the business of manufacturing and sales of animal feeds, and in special nutrition mitrotoxin birding production. These are Gold Coin Feedmill (Dong Nai) Co Ltd (GCFD), American Feed Co Ltd (AFC), and Gold Coin Feedmill (Hanam) Co Ltd (GCFHN).

g. Thailand

There are two subsidiaries of GCMH located in Thailand, namely, Klean Greentech Co. Ltd. (KGT) and Gold Coin Specialties (Thailand) Co Ltd. (GCST). These subsidiaries are also engaged in the manufacturing and sales of aqua feeds, as well as in the business of special nutrition mitrotoxin birding production.

h. Sri Lanka

Gold Coin Feed Mills (Lanka) Ltd (GCFL) is a 60% owned Subsidiary of GCMH incorporated under the laws of Sri Lanka on December 29, 1992. It is engaged in the manufacturing and sales of animal feeds.

i. Myanmar

Myanmar Gold Coin International Co. Ltd. (MGCI) is a wholly-owned Subsidiary of Gold Coin Services Singapore Pte. Ltd. incorporated under the laws of Myanmar on September 5, 2013. It is engaged in animal and aqua feeds manufacturing.

j. Pakistan

FEZ Animal Nutrition Pakistan (Private) Limited is a wholly-owned Subsidiary of FEZ Animal Nutrition Pte. Ltd. incorporated under the laws of Pakistan on April 30, 2018. It is engaged in the trading of feed additives.

k. Philippines

FEZ Animal Nutrition Philippines, Inc. is a 40% owned Subsidiary of FEZ Animal Nutrition Pte. Ltd. incorporated under the laws of the Philippines on July 27, 2018. It is engaged in business of animal feeds.

l. Brunei

Gold Coin FeedMill (Brunei) Sdn Bhd (GCFB) is 20% owned Subsidiary of GCMH incorporated under the laws of Brunei on December 23, 2009. It is engaged in the manufacturing and sales of animal feeds.

## **REAL ESTATE**

### **Aboitiz Land, Inc. (AboitizLand)**

Incorporated on June 2, 1964, AboitizLand (formerly Central Visayan Warehousing Co., Inc.) is the real estate arm of the Aboitiz Group. It is primarily engaged in the design and development of real estate for residential, industrial, and commercial use.

AboitizLand currently has ten residential projects in the selling phase across three different product types: lot only, house and lot, and condominiums. It is the developer and operator of three economic zones: (a) the Mactan Economic Zone II (MEZ II) in Barangay Basak, Mactan, Lapu Lapu City; (b) the West Cebu Industrial Park (WCIP) in Balamban, Cebu, through its Subsidiary, Cebu Industrial Park Developers Inc. (CIPDI); and (c) the Lima Technology Center (LTC) in Malvar, Batangas. It also has five commercial projects, namely: (a) The Outlets at Lipa in Malvar, Batangas, (b) The Persimmon Plus in Mabolo, Cebu City; (c) the iMez Building, (d) Pueblo Verde; and (e) The Outlets at Pueblo Verde. The latter three commercial projects are all located in Barangay Basak, Mactan, Lapu-Lapu City.

AboitizLand is a wholly-owned Subsidiary of AEV.

### **Cebu Praedia Development Corporation (CPDC)**

Incorporated on October 13, 1997, CPDC is engaged in leasing of properties located in the cities of Makati and Cebu. To date, its major property holdings include the commercial and office building block located at 110 Legazpi Street, Legaspi Village, Makati City and AEV's Cebu offices located at Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City.

CPDC is a wholly-owned Subsidiary of AEV.

#### **Cebu Industrial Park Developers, Inc. (CIPDI)**

CIPDI is a joint venture company between AboitizLand and the Kambara Group from Japan, through its wholly-owned Subsidiary, Tsuneishi Holdings (Cebu), Inc. Incorporated on June 15, 1992, CIPDI began operations in 1993 with the development and operation of WCIP in Balamban, Cebu. WCIP is a 282-hectare industrial zone, catering to medium to heavy industries such as shipbuilding, ship recycling facilities, iron and steel manufacturing plants, and allied activities. WCIP currently has 15 locators that employ approximately 15,800 employees. On April 2017, the joint venture brought to market the first phase of its 250-hectare sustainable mountain town community, Foessa, also located in Balamban, Cebu.

AboitizLand owns a 60% equity interest in CIPDI.

#### **Propriedad del Norte, Inc. (PDNI)**

Incorporated on March 1, 2007, PDNI is engaged in the purchase and development of real estate. PDNI's current land bank stands at 67 hectares, all of which are located in Liloan, Cebu.

PDNI is a wholly-owned Subsidiary of AboitizLand.

#### **Lima Land, Inc. (LimaLand)**

Incorporated in October 1995, LimaLand is the developer and operator of LTC, a PEZA-registered economic zone located in the Lipa-Malvar area of Batangas, at the heart of the Calabarzon region, the administrative region composed of the provinces of Cavite, Laguna, Batangas, Rizal and Quezon. LTC is a 590-hectare industrial park catering to export-oriented locators engaged in manufacturing and warehousing operations.

Each year, LimaLand has continuously expanded LTC to cater to new investors. The first expansion of 50-hectare property in 2015 is already fully occupied by new locators. The second and third expansions totaling approximately 70 hectares was completed in 2017 to accommodate new investors and the expansion requirements of existing locators. LimaLand's ongoing construction its fourth expansion, with additional 50 hectares will be made available to new and existing locators by the first quarter of 2020. Simultaneously, it is currently on the design phase of its fifth expansion that will add another 47 hectares of inventory.

AboitizLand envisions LTC to be a total township project, combining the concepts of an integrated city and an environment for wholesome living. In 2016, AboitizLand launched The Outlets at Lipa. It is a 9.3-hectare commercial development located inside LTC, aimed to complement the industrial estate by offering outlet shops, restaurants and leisure places for the ecozone employees and neighboring communities. The Outlets first phase was opened to the public in December 2018. To complete its retail offering, AboitizLand broke ground in August – Lima Exchange. This will host a supermarket and a terminal for public transport.

In 2019, AboitizLand also intends to launch its first residential project – The Villages in Lipa. This is planned as a 50 hectare project that will host 2,500 housing units in three villages targeting the upper mid and mid markets.

LTC continues to be one of Asia's new-generation industrial parks that combine smart economics, strategic location, and a synergy of strengths, focused to ensure the growth and profitability of its investors' enterprises.

Lima Land was formerly managed by the Alsons group and the Marubeni group. AboitizLand acquired Alsons' 60% interest of LimaLand in October 2013. The remaining 40% interest of Marubeni was subsequently acquired in February 2014, thereby making LimaLand a wholly-owned Subsidiary of AboitizLand.

### **Cebu District Property Enterprise Inc. (CDPEI)**

Incorporated on February 20, 2014, CDPEI is a joint venture between Ayala Land and AboitizLand. Committed to its goal of nurturing communities, AboitizLand partnered with Ayala Land to plan and develop Gatewalk Central – a 17-hectare mixed-use project in Mandaue City, Cebu. The partnership leverages the strengths of both companies, as it brings together AboitizLand's deep-rooted real estate experience in Cebu and Ayala Land's proven track record in developing master-planned and sustainable communities.

Having broken ground in 2016, Gatewalk Central is expected to become a stellar growth center in Mandaue, featuring innovative residential developments complemented by commercial retail and office spaces.

AboitizLand and Ayala Land each own a 50% equity interest in CDPEI.

## **INFRASTRUCTURE**

### **Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital)**

Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital) was first incorporated as AEV InfraCapital, Inc. on January 13, 2015. It undertakes all infrastructure and infrastructure related investments of the Aboitiz Group.

Aboitiz InfraCapital established itself as a provider of water supply, water distribution, wastewater treatment, and water-related infrastructure through its acquisition of equity interests in Apo Agua Infraestructura, Inc. (Apo Agua) in 2015, Lima Water Corporation (LWC) in 2017, and Balibago Waterworks System, Inc. (BWSI) in 2017.

Another key area of interest for Aboitiz InfraCapital is infrastructure projects. In 2015 and 2016, the Company, through its infrastructure investment arm, participated in the initial bid process for two of the government's Public-Private Partnership Projects: (i) LRT Line 2, and (ii) Laguna Lake Expressway-Dike projects. During 2018, it submitted two unsolicited proposals to the DOTr involving the rehabilitation and expansion of: (i) the Ninoy Aquino International Airport (NAIA), as part of a consortium of seven of the country's major conglomerates in the country; and (ii) four (4) regional airports: Iloilo International Airport, Bacolod-Silay Airport, Laguindingan Airport, and New Bohol International Airport in Panglao. Later in 2018, the DOTr granted the Original Proponent Status to the NAIA and New Bohol International Airport rehabilitation.

Aboitiz InfraCapital is a wholly-owned Subsidiary of AEV.

### **Lima Water Corporation (LWC)**

LWC was incorporated on May 28, 1999. LWC provides industrial and potable water to over 80 industrial locators, at the Lipa, Batangas based LTC. LWC has a daily water capacity of 8,700 cubic meters. The company also operates its own centralized wastewater treatment plant to ensure the proper treatment of waste water generated within the LTC. On August 1, 2017, Aboitiz InfraCapital acquired and took full operational control of LWC from its affiliate AboitizLand.

Aboitiz InfraCapital owns a 100% equity interest in LWC.

### **AEV CRH Holdings, Inc. (AEV CRH) and CRH Aboitiz Holdings, Inc. (CRH Aboitiz)**

AEV, in partnership with CRH plc, formed two investment vehicles for their infrastructure projects, AEV CRH and CRH Aboitiz, incorporated on July 2015. On September 15, 2015, CRH Aboitiz acquired equity interests in Republic Cement Services, Inc. (RCSI) (formerly Lafarge Cement Services Philippines, Inc.).

AEV CRH was initially granted the option to acquire 5,174,720,568 shares of Republic Cement Building Materials, Inc. (RCBM) (formerly Lafarge Republic, Inc.), representing 88.85% of RCBM's outstanding capital stock in a private sale from its major shareholder. In compliance with the requirements of the Securities Regulation Code, AEV CRH conducted a mandatory tender offer to acquire the remaining shares from the minority shareholders of RCBM. On September 9, 2015, AEV CRH accepted from the public a total of 596,494,186 shares representing 10.24% of the outstanding shares of RCBM. The tendered shares brought up AEV CRH's total shares in RCBM to 99.09% as of February 29, 2016. As of February 28, 2018, AEV CRH owns 99.39% of RCBM's outstanding capital stock.

AEV owns 60% and 45% equity interests in AEV CRH and CRH Aboitiz, respectively.

### **Republic Cement & Building Materials, Inc. (RCBM)**

Incorporated on May 3, 1955, RCBM is primarily engaged in the manufacture, development, exploitation, and sale of cement, marble and all other kinds and classes of building materials, and the processing or manufacture of materials for any industrial or commercial purposes. On February 4, 2005, the SEC approved the extension of the corporate term of RCBM for another 50 years, or until May 3, 2055.

In September 2015, AEV CRH acquired a total of 99.09% equity interest in RCBM partly through private sale and partly through a mandatory tender offer. AEV CRH was required to conduct a mandatory tender offer subsequent to its acquisition of approximately 88.85% of the issued and outstanding shares of RCBM through a private sale. On January 14, 2016, RCBM filed a Petition for Voluntary Delisting with the PSE, which was approved by the PSE Board of Directors, effective on April 25, 2016.

On September 26, 2016, AEV CRH's equity interest in RCBM increased to 99.37% following the increase in the par value and decrease in its authorized capital stock. RCBM's number of shareholders also fell below 200, thereby it ceased to be a public company. In its Order of Revocation dated January 4, 2017, the SEC granted RCBM's application for Voluntary Revocation of



Registration of Securities and Certificate of Permit to Sell Securities. AEV CRH's equity interest in RCBM has since increased to 99.40% through the purchase of three shares of minority shareholders.

RCBM's operating cement manufacturing plants are located in the following sites: (a) Barangay Minuyan, Norzagaray, Bulacan (Bulacan Plant); (b) Bo. Bigte, Norzagaray, Bulacan (Norzagaray Plant); (c) Bo. Mapulo, Taysan, Batangas (Batangas Plant); (d) Barangay Dulumbayan, Teresa, Rizal (Teresa Plant); and (e) Bo. Dungo-an, Danao, Cebu (Danao Plant).

RCBM owns 94.63% of Republic Cement Iligan, Inc. (formerly Lafarge Iligan, Inc.) and 99.75% of Republic Cement Mindanao, Inc. (formerly Lafarge Mindanao, Inc.).

#### **Republic Cement Mindanao, Inc. (RCMI)**

RCMI was incorporated on May 25, 1957 to engage and deal in the production, purchase and sale of cement, concrete and allied products; quarrying, crushing and dealing in limestone in all its forms; and mixing, processing and sale of limestone with binder of any description. On June 18, 2007, the SEC approved the extension of RCMI's corporate term for another 50 years, or from May 25, 2007 until May 25, 2057. The company amended its corporate name from "Mindanao Portland Cement Corporation" to "Lafarge Mindanao, Inc." on June 11, 2012. To facilitate the transition of RCMI from a Lafarge-associated entity to a CRH-Aboitiz company following the completion of the purchase of the Lafarge Philippine assets, the company once again changed its corporate name from "Lafarge Mindanao, Inc." to "Republic Cement Mindanao, Inc." This was approved by the SEC on November 2, 2015.

On December 29, 2017, RCBM's equity interest in RCMI increased from 99.63% to 99.75% following the increase in the par value and decrease in RCMI's authorized capital stock. RCMI's number of shareholders also fell below 200.

In its Order dated April 6, 2018, the SEC granted RCMI's application for Voluntary Revocation of Registration of Securities and Certificate of Permit to Sell Securities.

Since 1999, RCMI's business operations is concentrated mainly on cement distribution and the contracting for the manufacture of cement by an affiliate, RCII.

#### **Republic Cement Iligan, Inc. (RCII)**

Incorporated on June 1, 1967, RCII's primary purpose is to acquire, own, construct, manage and operate a cement plant for the manufacture and production of all kinds of cement and cement products or by-products, including any derivatives thereof.

RCII manufactures cement for RCMI. The company's operating cement manufacturing plant is located in Barangay Kiwalan, Iligan City. RCBM has a 94.63% equity interest in RCII.

#### **Republic Cement Land & Resources, Inc. (RCLR) (formerly: Luzon Continental Land Corporation)**

RCLR was incorporated on October 26, 1998 primarily to acquire, develop and operate land, quarries, mining rights, buildings and other real or personal property used for mining, and process all kinds of ore and cement materials. It currently leases land and supplies limestone and other raw materials to its Affiliate, RCBM. The company amended its corporate name from "Luzon Continental Land Corporation" to "Republic Cement Land & Resources, Inc.", approved by the SEC on July 7, 2017.



AEV CRH acquired 100% of RCLR from Calumbuyan Holdings, Inc. on September 15, 2015.

#### **Republic Cement Services, Inc. (RCSI)**

RCSI was incorporated on August 21, 2001 and is the managing company of the non-nationalized businesses of RCBM, RCMI, and RCII. CRH Aboitiz owns a 100% equity interest in RCSI.

#### **Apo Agua Infraestructura, Inc. (Apo Agua)**

Incorporated on August 8, 2014, Apo Agua is a joint venture between AEV and J.V. Angeles Construction Corporation (JVACC). The overall objective of Apo Agua is to provide sustainable, reliable, and safe supply of bulk water to DCWD.

On March 17, 2015, Apo Agua entered into a Joint Venture Agreement and Bulk Water Purchase Agreement with DCWD. Apo Agua will construct the bulk water treatment facility, while DCWD will construct or upgrade the facilities necessary to receive the treated water. The bulk water treatment facility will supply an average of 300 million liters per day, equivalent to an annual supply volume of 109.5 mn cubic meters, beginning on the second to the thirtieth year of actual operations. This will enable DCWD to improve its services to customers by providing 24/7 water availability, sufficient pressure, increased service coverage and the prevention of hazards brought about by over extraction of groundwater.

A unique component of the project is a pioneering innovation which utilizes the “water-energy nexus” concept. The bulk water treatment facility will be powered by its own run-of-river hydropower plant. Following the execution of the engineering, price, and construction contract last February 6, 2018, the project commenced on the implementation of the advanced works in March 21, 2018.

On November 29, 2018, Apo Agua signed a ₱9 bn Omnibus Notes Facility and Security Agreement with a consortium of lender-banks, arranged by BPI Capital Corporation, to finance the construction phase of the Davao City Bulk Water Supply Project (DCBWSP).

AEV and its wholly-owned Subsidiary, Aboitiz InfraCapital, collectively own a 70% equity interest in Apo Agua.

#### **OTHER INVESTMENTS**

AEV’s other investments include holdings in: (a) aviation through AEV Aviation, Inc., (b) underwriting of its insurable risks through Archipelago Insurance Pte. Ltd., and (c) portfolio investments abroad through AEV International.

On February 12, 2014, AEV completed the divestment of its interests in the shipping and shipping related businesses with the disposition of all its interests in Aboitiz Jebsen Company, Inc., Aboitiz Jebsen Manpower Solutions, Inc., and Jebsen Maritime, Inc. (collectively, the “Abojeb Group”).

The divestment of interests in the Abojeb Group is part of AEV’s strategy to focus on its identified core businesses. Jebsen Invest AS, AEV’s long-time partner in the Abojeb Group, continued to partner with the Aboitiz family members in their personal capacities.

#### **Archipelago Insurance Pte. Ltd. (Archipelago Insurance)**

Archipelago Insurance, a wholly-owned Subsidiary of AEV, was incorporated in Singapore on February 26, 2010 as a general captive insurance company. It is licensed and regulated by the Monetary Authority of Singapore, under Section 8 of the Insurance Act (Cap. 142).

As a captive insurer which is licensed to insure only the risks of its parent and related companies, Archipelago Insurance underwrites the insurable risks of AEV and its Subsidiaries. The classes of risks covered by the company include industrial all risk, business interruption, transmission and distribution parametric solution and marine hull insurance of the Aboitiz Group.

#### **AEV Aviation, Inc. (AEV Av)**

AEV Av holds AEV's aviation assets, including corporate aircraft and accompanying support facilities. Incorporated on October 22, 1990 as Spin Realty Corporation, AEV Av was reorganized in late 1998 when all AEV corporate aircraft was placed under it.

On September 18, 2013, SEC approved the increase in the authorized capital stock of AEV Av to ₱502 mn. AboitizPower acquired an equity interest in AEV Av through the subscription from its increase in authorized capital stock. AEV and AboitizPower remain the majority stockholders of the company.

AEV Av operates under the strictest safety measures and complies with all government aviation policies and the aircraft manufacturers' mandated maintenance procedures. It has 18 employees, who are tasked to serve the aviation needs of the executives of AEV and its Subsidiaries and Affiliates all over the Philippines. All of AEV Av's pilots and maintenance personnel undergo rigid trainings. This ensures that AEV Av's employees are armed with the latest knowledge and skills in aviation technology.

### **DISTRIBUTION METHODS OF THE PRODUCTS OR SERVICES**

#### **POWER GENERATION AND DISTRIBUTION**

The Generation Companies sell their capacities and energy in the following manner: an IPPA with the NPC/PSALM; bilateral PSAs with private distribution utilities, electric cooperatives, RES or other large end-users; and through the WESM. There are also Subsidiaries and Affiliates providing ancillary services through ASPAs with NGCP.

Currently, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, and TLI have ASPAs with NGCP as AS providers. The SN Aboitiz Power Group delivers regulating, contingency and dispatchable reserves, as well as blackstart service through its three power plants, namely Ambuklao Hydro, Binga Hydro, Magat Hydro plants. TLI offers contingency reserve under its ASPA. In March 26, 2018, the ERC approved TMI's ASPA with NGCP for a maximum period of five years. TMI provides both contingency and dispatchable reserves to the Mindanao Grid.

In addition, the Hedcor Tudaya Hydro 2, Hedcor Irisan Hydro 1, and Hedcor Sabangan plants, all in commercial operations, have been approved for inclusion in the FIT system for run-of-river HEPPs. Hedcor, Hedcor Tudaya, and Hedcor Sabangan, the companies that own and operate the foregoing plants, have entered into REPAs with Transco, in its capacity as FIT-All Administrator, for the collection and payment of the FIT. The power generated by Hedcor Tudaya 2 is covered by a Renewable Energy Supply Agreement. Currently, HBI is applying for FIT eligibility of the 68.8-MW Manolo Fortich hydro powerplants in Bukidnon province.

AboitizPower's Generation Companies have transmission service agreements with the NGCP for the transmission of electricity to the Grid.

On the other hand, AboitizPower's Distribution Utilities have distribution franchises in the areas where they operate. Each Distribution Utility has a distribution network consisting of a widespread network of predominantly overhead lines and substations. Customers are classified according to voltage levels based on their electricity consumption and demand. Large industrial and commercial consumers receive electricity at distribution voltages of 13.8 kV, 23 kV, 34.5 kV and 69 kV, while smaller industrial, commercial and residential customers receive electricity at 240 V or 480 V.

All of AboitizPower's Distribution Utilities have entered into transmission service contracts with the NGCP. These contracts allow the Distribution Utilities to use the NGCP's transmission facilities to receive power from their respective Independent Power Producers (IPP), the NPC, or PSALM for distribution to their respective customers. All customers that connect to the Distribution Utilities' distribution lines are required to pay a tariff approved by the ERC.

AboitizPower's wholly-owned RES companies, AdventEnergy and AESI, have existing electricity supply contracts to ensure continuous supply of power to their customers. AdventEnergy and AESI follow a pricing strategy which allows customer flexibility. The power rates are calculated using a fixed formula pricing arrangement based on customer load curves, resulting in either a peak-off-peak or capacity-based competitive rate.

## **FINANCIAL SERVICES**

### **Union Bank of the Philippines**

UnionBank provides its relevant target customers' information and transaction needs through its well-trained relationship managers, strategically located branch networks, and automated teller machines (ATMs), supplemented by a call center under its ISO-certified Customer Service Group. Moreover, UnionBank's brick-and-mortar presence is complemented by its digital footprint, exhibited by its website ([www.unionbankph.com](http://www.unionbankph.com)), online banking portal and mobile application (UnionBank Online), customer service chatbot, as well as its own digital bank, EON.

*Relationship Managers.* UnionBank's sales force is equipped with the competencies and tools to bring about solutions-based financial services to customers nationwide. Relationship managers are trained to be experts on the Bank's products and service offerings. They are tasked to manage a healthy pipeline of customers and call reports through a mobile-based sales and productivity platform. UnionBank's Relationship Managers and financial advisors are also licensed by the Insurance Commission to provide customers with bancassurance products.

*Branch Network.* UnionBank and its subsidiaries ended December 2018 with 433 branches nationwide. Select branches are located in strategic areas within and outside of Metro Manila to maximize visibility and expand customer reach. The branches have user-friendly terminals and a web-based Signature Verification System (SVS) which promote efficient processing of teller transactions. Customers can do over-the-counter (OTC) cash deposit and withdrawals, and check deposit and encashment at any UnionBank branch. High-volume transaction branches are provided with Transaction Assistant Portal, an in-house developed self-service innovation, which aims to facilitate faster processing time through paperless transactions and use of a card that stores bills payment and account information. UnionBank's Check Verification System utilizes Philippine Clearing House Corporation's check images, and is instrumental in enabling fast and reliable check clearing. In 2017, the Bank also launched its concept branch called "The Ark". It is a completely

digital and paperless branch which allows for straight-thru processing of transactions, and at the same time, houses branch ambassadors for product discovery and advisory services. It will be UnionBank's platform for innovative development and customer experiences as it shifts utilizing branches from transactional spaces to interactional spaces.

*ATM Network.* UnionBank and its subsidiaries' network of 389 ATMs as of end-December 2018, supplements its branch network by providing 24-hour banking services to its customers. Customers are given access to ATM facilities through ATM cards, which are issued to checking and savings account holders. UnionBank's interconnection with the Bancnet ATM consortium, allows its cardholders to access almost 13,000 ATMs nationwide. In addition, UnionBank's ATM card functions as a VISA debit card that allows electronic purchase and payment transactions.

*Call Center.* UnionBank's 24-hour ISO-certified call center handles retail customer relationship and care, catering to deposit and card product queries, among others. The call center utilizes a mix of phone, postal mail, email, fax and internet as customer touch points. In handling customer complaints, it adheres to certain service level agreements, such as feedback or resolution of ATM-related concerns and redelivery of card within Metro Manila in as early as one day. Customer complaint handling is continuously improved through resolution tracking.

*Customer Service Chatbot.* UnionBank's Rafa is the country's first banking chatbot that delivers instant 24/7 customer service. Rafa is accessible through Facebook messenger. It is capable of answering customer queries on nearest ATM, nearest branch, provides the latest foreign exchange rate of up to ten currencies, assists customers who are exploring auto loans, and provides customers with options to get the credit card that best suits them, among others. The Bank believes that Rafa provides a more personal and conversational customer experience compared to the interactive voice response or auto reply platforms.

*Mobile and E-Banking.* UnionBank Online, launched in August 2017, is the new online and mobile banking platform for the Bank's customers. It is designed with an omni-channel user experience wherein the same look and feel applies to different touchpoints (website and mobile app), operating systems (Android or IOS) and device types. UnionBank Online enables the Bank's customers to sign up, transact, view their account information, and update their details online without visiting a branch or ATM, or messaging or calling the Bank's call center. UnionBank Online also allows customers to customize account viewing, manage transaction limits, transfer funds to other banks via PESONet and Instapay, and many more.

*EON.* The EON cyber account, the Philippine's first online payment card, was launched in 1999. In 2017, the Bank re-launched its EON brand and introduced the first bank account specially designed for digital commerce. It is the only electronic money product in the Philippines with modern application security features including a "selfie banking" feature which employs facial recognition in authorizing transactions through a smart phone, touch ID, pin change, and lock-and-unlock ability. In addition to the EON cyber account, the Bank offers the following products under the EON brand: (a) the EON electronic money account; (b) EON Zero, a virtual lending platform where loan underwriting, application processing, and releasing of proceeds are all completed digitally; and (c) EON Duo, a virtual credit card.

#### **PETNET, Inc.**

From a single location in 1998, PETNET has expanded over the years to a network of now over 1,500 company-owned and sub-representative locations nationwide. The initial product offering of its company-owned branches has likewise grown from Western Union services, money changing, bills

payment, e-loading, airline ticketing, and personal accident insurance, to now include DepEd Salary and GSIS Pension loan origination as outsourced service provider of CitySavings.

In November 2016, PETNET signed LBC Express, Inc. as its first non-exclusive Western Union sub-representative. With full roll-out completed in September 2017, this added an over 1,300 locations to PETNET's Western Union network. PETNET continues to operate the largest Western Union agent network in the Philippines.

## **FOOD MANUFACTURING**

The rapid population and urbanization of the Asia Pacific Region will and the changing dietary habits in Asia with increased preference on processed food, and growing consumption of poultry and pork as sources of protein are among the key factors that boost demand for animal feeds and feed additives across the Asia-Pacific region.

With the acquisition of GCMH, the Company's food group has developed an Asia Pacific-wide distribution chains and sales network that it believes will be an added competitive advantage. Through GCMH, the Aboitiz Group's food manufacturing business gained access to a comprehensive platform with an extensive distribution and sales network spread across 11 countries in the Asia Pacific Region.

The Gold Coin Group has established relationships with customers, offering a number of brands of livestock and aqua feeds products with top quality feed formulation across various key markets. Moreover, in 2018, the Gold Coin Group launched a sales optimisation program to introduce a centrally designed sales program with aim to integrate livestock operation, distribution, and sales channels to expand its specialty nutrition and aqua feeds. Taking advantage of this program, the Company's Food Group can now develop a stronger and multi-branded one- stop shop platform of animal nutrition products to address the demands of its wide range of customers across the Asia-Pacific Region.

## **REAL ESTATE**

Since the early 1990s, AboitizLand developed upper-mid to high-end residential subdivisions, focusing on horizontal (lot-only and/or house-and-lot) products. Having expanded its portfolio to include mid-market residential products, AboitizLand has also introduced many firsts to Cebu's real estate scene: (a) the New Urbanism concept of live-work- play in the large master-planned community of Pristina North; (b) Zen living, which takes off from the spa lifestyle trend, in Kishanta; (c) the commercial and residential "urban village" that is The Persimmon; (d) the introduction of shophouses as a residential product in Ajoya; (e) fully-furnished affordable units in an all-studio residential tower that is The Persimmon Studios; (f) Asian Contemporary designed units in Almiya; and (g) Amoa, inspired by traditional Filipino residences. In 2017, AboitizLand reached a key milestone as it launched its first residential project in Luzon, the Seafrost Residences - a beachside community located in San Juan, Batangas.

A critical component to AboitizLand's overall success, the industrial business unit comprised approximately 62% of its total revenues in 2018. Furthermore, approximately 81% of the industrial business unit's revenue was contributed by LimaLand, which was fully acquired by AboitizLand in 2014. Additionally, AboitizLand is a registered developer/ operator of MEZ II, where it leases land and provides utility services to locators inside the economic zone under a BOT Agreement with MCIAA. The 63-hectare zone is home to 49 light-to-medium manufacturing locators and is fully leased out.

The commercial business unit, which comprised 4% to AboitizLand's revenues for the year, focuses on neighborhood retail and service hubs that complement AboitizLand's existing industrial and residential developments. With the growth of the Business Process Outsourcing (BPO) sector, AboitizLand launched iMEZ in 2009, its first BPO office building, thereby expanding its product line. In 2013, AboitizLand successfully launched its first outlet development in Visayas and Mindanao region, The Outlets at Pueblo Verde, which offers 20%-75% discounts on global brand merchandise year-round.

Additionally, AboitizLand offers property management services to support not only its own business units, but also those of the other companies within the Aboitiz Group. These services cover community security, site and infrastructure maintenance, village activities and policy administration.

## **INFRASTRUCTURE**

In 2017, the cement sales of RCBM and its Subsidiaries (RCBM Group) were primarily made through distributors and dealers, with other sales made directly to contractors, developers, pre-cast manufacturers and ready-mix concrete companies. On the other hand, the RCBM Group's aggregate sales were primarily made directly to customers, with some sales made through dealers and retailers. RCBM Group's products are sold nationwide, with a majority of its sales coming from the Luzon region.

## **NEW PRODUCTS/SERVICES**

### **POWER**

Other than the disclosed ongoing Greenfield and/or rehabilitation projects undertaken by AboitizPower's Generation Companies, AboitizPower and its Subsidiaries do not have any publicly announced new products or services as of the date of this report.

### **FINANCIAL SERVICES**

UnionBank offers a broad range of products and services, which include deposit and related services; corporate and middle market lending, consumer finance loans such as mortgage, auto, and salary loans, and credit cards; investment, treasury, and capital markets; trust and fund management; and remittance, cash management, and mobile banking. In addition, the Bank offers estate planning solutions and a global and diversified multi-asset fund to its high-net-worth and ultra-high-net-worth clients through its partnership with Lombard Odier, and various life insurance products through its bancassurance partnership with Insular Life.

PETNET's primary service is providing money transfer facilities as a direct agent of Western Union. In addition, the company also offers money changing services for its Western Union and walk-in clients. PETNET also offers Western Union Business Solutions, a foreign exchange cross-border business-to-business payment facility, which began in 2011, and has proven to be an effective service for its customers, particularly small and medium-sized enterprises. PETNET also engages in foreign exchange trading of US Dollars, primarily with corporate clients. Another product offering of PETNET in its company-owned branches is Load Central, a one-stop distribution provider for retail prepaid services such as e-load, call cards, internet cards, gaming cards and other prepaid airtime credits. In addition, PETNET also offers money changing, bills payment (Bayad Center), airline ticketing, outsourced origination and acceptance of DepEd salary and GSIS pension loan applications for CitySavings, and personal accident insurance, in all its company-owned locations. Lastly, PETNET



provides BDO and FEXCO ATM withdrawal facilities and is an outsourced service provider for Cash Credit micro-loans, in selected branches.

## **REAL ESTATE**

Pursuant to its goal to grow and expand nationwide, in September 2018 AboitizLand launched two new residential projects in Luzon – Ajoya Capas (13 hectares) and Ajoya Cabanatuan (20 hectares). The Ajoya brand represents AboitizLand’s flagship mid-market residential product, featuring modern housing units inspired by the “Bahay na Bato” concept, and amenities such as town plaza, clubhouse, and pocket parks among others.

Following the development of The Outlets at Pueblo Verde in Cebu, AboitizLand is expanding its commercial business through the Outlets at Lipa, which began operations in late 2018. The Outlets at Lipa is AboitizLand’s first commercial project in Luzon, and is considered to be the largest outlet-format development in the Philippines.

## **FOOD**

Following Pilmico International’s acquisition of PVF in August 2014, the Food Group began offering aqua feeds products for the different stages of growing pangasius. In 2016, Pilmico expanded its aqua feed lines to include tilapia and other species.

Following Pilmico International’s acquisition of PAN-JSC in October 2017, the Food Group began offering animal feeds products in Vietnam for the different stages of growing swine, poultry, cow, and rabbit.

In 2016, Pilmico started offering animal healthcare products in the Philippines to complete its objective of becoming a total solutions provider for its feeds customers.

From 2015 to 2017, Pilmico participated in the Rice Importation Program of the Philippine government through the National Food Authority.

Pilmico and PANC likewise sell major feeds raw materials through their commodity trading business.

## **International Animal Nutrition**

The Gold Coin Group provides nutritional solutions and onsite technical support to customers to optimize aquaculture and farm production across the Asia-Pacific Region. As of 2018, the group has an existing 17 livestock feed mills in six countries (China, Indonesia, Malaysia, Vietnam, Sri Lanka, and Brunei); four aqua feed mills in three countries (Indonesia, Malaysia, and Thailand); and offers specialty nutrition across six countries (Malaysia, Sri Lanka, Philippines, China, Pakistan, and Myanmar). Meanwhile, research and development activities are supported by five research farms located in Malaysia, Indonesia & China, covering both Livestock and Aqua products. Its production facilities are ISO 22000/HACCP certified.

The Gold Coin Group intends to introduce innovative new products, product variants, and line extensions in the livestock and aquaculture feeds segments. In 2018, the group introduced its entry to the young animal and pet food segment for its livestock portfolio, and enhanced nutritional specifications for shrimp feeds, and fish feed additives for its aquaculture portfolio. The group also relies on technological innovation and feed re-formulation in order to maximize profits. The capabilities of the Gold Coin Group will allow the Food Group to develop a stronger and multi-



branded platform of animal nutrition products to address the demands of a wide range of customers across the Asia-Pacific Region.

## **SOURCES OF RAW MATERIALS AND SUPPLIES**

### **Power Generation Business**

The Power Generation Companies produce energy using the following fuel types: hydropower, geothermal, solar, coal, and oil. In 2018 renewable fuel sources comprised 29% of its production, while fossil fuel accounted for 71%.

The hydropower facilities of some of the Generation Companies harness the energy from the flow of water from neighboring rivers to generate electricity. These facilities have impounding dams allowing the storage of water for later use. The hydroelectric companies on their own, or through the NPC as in the case of LHC, possess water permits issued by National Water Resources Board (NWRB), which allow them to utilize the energy from a certain volume of water from the applicable source of the water flow.

APRI's steam requirement for its geothermal power generation continues to be supplied by the PGPC. The terms of the steam supply are governed by a Geothermal Resource Sales Contract (GRSC) under which price of steam is ultimately indexed to the Newcastle Coal Index and the Japanese Public Utilities coal price. APRI and PGPC signed a new agreement on August 24, 2018 under which PGPC will drill 12 new production wells over the next six years and that the costs shall be completely pegged to the market price by September 26, 2021.

Oil-fired plants use Bunker-C fuel to generate electricity. SPPC and WMPC source fuel from Shell and Phoenix Petroleum, respectively. Each of EAUC, CPPC, TMI, and TMO has a fuel supply agreement with Shell. The fuel prices under these agreements are pegged to the Mean of Platts Singapore index.

TLI has long-term coal supply contracts for the Pagbilao Plant annual coal requirements. Nevertheless, it is continuously looking for and evaluating other coal sources to diversify sources and ensure security of supply.

Likewise, TSI has annual coal supply contracts for its coal plant in Mindanao. It applies the same sourcing strategy as that of Pagbilao where evaluation of other potential coal sources is being conducted in order to establish the most competitive and optimum fuel supply mix. On the other hand, GMCP, STEAG, and CEDC also have long-term coal supply agreements.

### **Distribution Utilities Business**

The provisions of the Distribution Utilities' PPAs are governed by the ERC regulations. The main provisions of each contract relate to the amount of electricity purchased, the price, including adjustments for various factors such as inflation indexes, and the duration of the contract.

Hedcor Sibulan supplies Davao Light with electricity generated from its Hedcor Sibulan plants pursuant to the Hedcor consortium's 12-year PSA. To add to its power reserve capacity, Davao Light has entered into a PSC with TMI for 15 MW last March 21, 2011. This was later increased to 30 MW in 2012. The contract with TMI finally ended last July 25, 2018. Davao Light and Cotabato Light entered into 25-year PSCs with TSI for 100 MW and 5 MW, respectively. In September 2015, Davao Light and Cotabato Light started drawing the first half of their contracted capacity, or 50 MW and

2.5 MW respectively, from TSI. Starting February 2016, the full 100 MW and 5MW contracted capacity was supplied by TSI. On June 10, 2016, Davao Light and TSI filed a Joint Manifestation with the ERC stating that they agreed to supplement and modify their supply contract to 108 MW.

On December 25, 2015, the CSEEs of Davao Light and Cotabato Light with PSALM expired. Following negotiations, on December 23, 2015, Davao Light and Cotabato Light entered into PSAs with WMPC for the supply of 18 MW and 2 MW, respectively, for a period of four months from January to April 2016. These PSAs were provisionally approved by the ERC on March 1, 2016. On April 2016, the PSALM CSEEs of Davao Light and Cotabato Light were renewed for an annual term with a lower contracted capacity. Due to significant reduction of the contracted capacity of the PSALM CSEEs, Davao Light and Cotabato Light entered into a PSA with SPPC for a supply of 50 MW and 5 MW, respectively, on April 28, 2016 for a period of two years. These were provisionally approved by the ERC on July 11, 2016. On December 1, 2016, PSALM wrote a letter to DLPC extending the CSEE up to December 25, 2018 with the amended contracted demand and energy.

In anticipation of higher demand and lower allocation from PSALM, Davao Light entered into a PSC with San Miguel Consolidated Power Corporation (SMCPC) in November 28, 2016 for a supply of 60MW for a period of ten years. This was provisionally approved by ERC on June 20, 2017, and SMCPC began supplying the 60MW contracted capacity on February 26, 2018.

Due to the increasing load demand and decreasing power allocation from PSALM, Cotabato Light renewed its 1 MW PSC with TMI for another year, and entered into a PSC with San Miguel Consolidated Power Corporation (SMCPC) on November 28, 2016 for a supply of 5 MW for a period of ten years. These contracts have been issued Provisional Authority, pending ERC approval.

VECO entered into a PPA for the purchase of electric energy from CPPC for a period of 15 years starting from CPPC's commercial operation date. In 2013, the PPA was extended for another ten years.

To further reduce VECO's WESM exposure in 2016, it entered into a PSA with SLPGC for 50 MW in 2016. This contract expired last June 26, 2018. For its long-term capacity requirement, VECO entered into a 15-year PSA with TVI for the supply of 150 MW. In 2018, TVI, during its commissioning and testing stage, has been injecting power to VECO under pre-commercial terms. The contract between VECO and TVI was approved by the Energy Regulatory Commission in June 2018.

When the Retail Competition and Open Access was embarked, there were Contestable Customers who voluntarily migrated to RES. The DUs will continue to renegotiate the reduction of its bilateral contracts to account for the continued migration of these Contestable Customers.

In 2016, following the on-set of Retail Competition and Open Access, the contracted capacity of SEZ with TLI was carved down from 30 MW to 20.5 MW. This was further reduced to 15.73 MW in 2017 and to 12.09 MW in December 2018.

Also in 2016, the contracted capacity of SEZ with San Miguel Energy Corporation was carved down from 10 MW to 8.8 MW. It was then reduced to 4.2 MW in 2017 and to 4.02 MW in December 2018.

On September 25, 2015, MEZ entered into PSAs with its SN Aboitiz Power-Magat and Green Core Geothermal Inc. with contracted capacity 10 MW each and load factor 50% and 100%, respectively, which translated to energy per year of 43,920 MWh and 87,840 MWh, respectively. However, on February 26, 2017, these were reduced to 4.957 MW each with same load factor but with energy per

year of 21,712 MWh and 43,423 MWh. The decrease was due to the transfer of MEZ’s contestable customers with 1MW capacity to RES.

On March 26, 2017, the contracted capacity of BEZ with CEDC was reduced to 9.8967 GWh from 51.12 GWh for 2017 and reduced to 6.55275 GWh from 51.12 GWh for 2018. This was due to the entry of six of BEZ’s Contestable Customers into Open Access thru various RES. BEZ PSA with CEDC will end on February 26, 2025.

On February 26, 2017, the contracted capacity of LEZ with Therma Luzon, Inc. was reduced to 51,126 GWh from 163,147 GWh. This was due to the entry of the Contestable Customers into Open Access thru various RES. LEZ PSA with TLI will end on January 25, 2020.

### **Transmission Charges**

Five of AboitizPower’s Distribution Utilities have existing Transmission Service Agreements (TSAs) with the NGCP for the use of the latter’s transmission facilities in the distribution of electric power from the Grid to its customers, which are valid until the dates specified below:

<b>Distribution Utility</b>	<b>Valid until</b>
Davao Light	January 25, 2019
Lima Enerzone	July 25, 2022
Mactan Enerzone	January 25, 2020
Balamban Enerzone	January 25, 2020
SFELAPCO	December 25, 2018

Cotabato Light has renewed its TSA while Subic Enerzone is still in the process of securing its TSA with NGCP. VECO, Davao Light, and SFELAPCO have each signed their respective TSA renewals and are awaiting NGCP’s execution of the document. The Distribution Utilities have negotiated agreements with the NGCP in connection with the security deposit to secure their obligations to the NGCP under the TSAs.

### **Food Manufacturing**

Pilmico and its Subsidiaries import wheat, soybean meal and other grains mostly from various suppliers in the U.S.A., Canada, and Australia.

PVF imports soybean meal from Argentina and the U.S.A, and cassava from Cambodia. Rice bran and other grains are sourced locally from various suppliers in Vietnam.

### **International Animal Nutrition**

A wide variety of raw materials are required by the Gold Coin Group to manufacture its livestock and aqua feeds products, including, but not limited to, corn grains, soya beans and meals, and wheat products. Costs of raw materials account for 80% to 85% of sales value (2018 Budget: US\$685 mn). Corn grains and soy bean, sourced from China, Malaysia, Singapore, Indonesia, and Vietnam, account for 65% to 70% raw material usage is subject to volatile price movements that can go up to US\$20 per metric ton.

Sourcing of these materials is a combination of local and import strategies. In order to optimize its position as one of the largest animal nutrition providers in the Asia-Pacific Region, and take advantage of the synergies between related-parties and affiliates, the Gold Coin Group instituted a

centralized commodity trading team within the group wherein all procurement and strategic sourcing activities and decisions are made.

## **Infrastructure**

### **Purchases of Raw Materials**

The principal raw materials for the manufacture of cement consist of minerals such as limestone, silica sand and shale, which are quarried from the RCBM Group's or RCLR's sites, mining claims, or purchased from local suppliers or affiliates. Cement manufacture is the result of a definite process - the crushing of minerals, grinding, mixing, calcining/sintering, cooling and adding of retarder or gypsum. Other raw materials, slag, coal, other fuel and spare parts are obtained locally and abroad.

The RCBM Group is not expected to be dependent upon one or a limited number of suppliers for essential raw materials.

## **CUSTOMERS, ANALYSIS OF DEMAND AND RATES**

As a holding company providing management services, AEV's principal customers are its Subsidiaries and Associates.

### **Power Generation Business**

Out of the total electricity sold by AboitizPower's Generation Companies, approximately 94% is covered by bilateral contracts with, among others, private distribution utilities, electric cooperatives, and industrial and commercial companies. The remaining, approximately 6%, is sold by the Generation Companies through the WESM.

### **Retail Electricity Supply Business**

The Company's RES business has nearly 300 Contestable Customers from a wide number of industries, including property development, meat processing, semiconductors, steel, and cement. AboitizPower thus believes that this diversity will insulate its RES business from downturns in any one industry.

### **Distribution Utilities**

Most of AboitizPower's Distribution Utilities, on the other hand, have wide and diverse customer bases. As such, the loss of any one customer is not expected to have a material adverse impact on AboitizPower. The Distribution Utilities' customers are categorized into four principal categories:

- a. *Industrial customers.* Industrial customers generally consist of large-scale consumers of electricity within a franchise area, such as factories, plantations and shopping malls.
- b. *Residential customers.* Residential customers are those who are supplied electricity for use in a structure utilized for residential purposes.
- c. *Commercial customers.* Commercial customers include service-oriented businesses, universities and hospitals.
- d. *Other customers.* Customers not falling under any of the above categories.

Government accounts for various government offices and facilities are categorized as either commercial or industrial depending on their load. Each Distribution Utility monitors government

accounts separately and further classifies them to local government accounts, national government account, or special government accounts.

### **Food Manufacturing**

#### **International Animal Nutrition**

The Gold Coin Group's businesses are not dependent upon a single customer or a few customers that a loss of anyone would have a material adverse effect on the performance of its sales and distribution. The Gold Coin Group has no single customer that, based on existing orders, will account for 20% or more of its total sale of goods and services.

### **Real Estate**

AboitizLand's residential projects currently targets a diverse base of customers, ranging from the middle to upper income brackets. AboitizLand's industrial division serves various locators, with the slight exception of its industrial segment operated through CIPDI, which has commitments to Tsuneishi Holdings Corporation (THC) of Japan.

### **Other Subsidiaries and Affiliates**

AEV's other Subsidiaries and Affiliates have a wide and diverse customer base. As such, the loss of any on customer will have no material adverse impact on AEV.

## **COMPETITION**

At the parent company level, AEV has no direct competitors. However, for reference purposes, other holding and management companies listed in the PSE can be used for comparison.

On the Subsidiary and Affiliate level, competition may be described as follows:

### **Generation Business**

The Open Access regime and additional capacities from new power plants have led to a steady but significant increase in competition over the last five years. As of the date of this report, DC 2015-06-010 and the four ERC issued RCOA resolutions in 2016 regarding Open Access are still subject of a TRO at the Supreme Court.

PEC which is AboitizPower's joint venture with TeaM Energy brought a considerable increase in its capacity in 2018 due to the retail and commercial operation of Pag3 in March 2018. The Manolo Fortich hydro power plants started its commercial operations and contributed an additional 68.8 MW into the net attributable capacity of AboitizPower during 2018.

In 2019, AboitizPower expects to further add some 860MW to its attributable capacity through its ongoing projects. With this project pipeline, AboitizPower is closer to its target of 4,000 MW net attributable capacity in 2020. This target already includes its 40% beneficial share in the Bataan project of GNPowr Dinginin.

AboitizPower's portfolio, consisting of a mix of renewable and non-renewable energy sources and a mix of baseload and peaking power plants, allows for flexibility in pricing and reliability of supply, thus enhancing competitiveness.

### **Retail Electricity Supply Business**

Based on ERC's Competitive Retail Electricity Market Monthly Statistical Data as of November 2018, there are 30 licensed RES companies and 25 Local RES companies participating in the Open Access market in Luzon and Visayas. The Meralco group, through its RES companies, has the largest market share, at 31.33%. The AboitizPower Group, through its RES companies, has the second-largest market share, at 19.53%.

From December 2016 through early 2017, RES companies geared up in anticipation of the reduction of the threshold for contestability of 1 MW to 750 kW, and further down to 500 kW. At that point in time, switching to the Open Access regime was mandatory for captive customers with levels of demand at those thresholds. A TRO on the mandatory switching was executed, however, in the first quarter of 2017, which also put a halt to the lowering of the contestability thresholds. With issuance of the TRO, the switch of Contestable Customers continues to be allowed by the DOE (through Department Circular No. 2017-12-0013 published on December 12, 2017), on a voluntary basis for Contestable Customers with an average peak demand of 750 kW and above. This substantially reduced the pool of customers that the numerous RES companies can vie for, and thus intensifying the level of competition.

The increase in the number of power plants, the number of RES companies, and volatile oil and coal prices have also increased the level of competition in the Open Access market. RES companies have resorted to both aggressive pricing and contractual concessions. AboitizPower's believes that its portfolio, consisting of different types of energy sources with a mix of renewables and non-renewables, allows it to be flexible in both pricing and reliability of supply, thus enhancing its competitiveness.

### **Distribution Utilities Business**

Each of AboitizPower's Distribution Utilities currently have an exclusive franchise to distribute electricity in the areas covered by their representative franchises.

Under Philippine law, the franchises of the Distribution Utilities may be renewed by the Congress of the Philippines (Congress) provided that certain requirements related to the rendering of public services are met. Each Distribution Utility intends to apply for the extension of its franchise prior to expiration. Distribution Utilities may face competition or opposition from third parties in connection with the renewal of their franchises. It should be noted that under Philippine law, a party wishing to secure a franchise to distribute electricity must first obtain a CPCN from the ERC, which requires that such party has to prove that it has the technical and financial competence to operate a distribution franchise, and that there is a need for such franchise. Ultimately, Congress has absolute discretion in determining whether to issue new franchises or to renew existing franchises. The acquisition by competitors of any of the Distribution Utilities' franchises could adversely affect the results of the Company's operations. However, with the commencement of Open Access in Luzon and Visayas, the supply segment of the distribution business has become a contestable market, initially for customers with at least an average of 1 MW monthly demand.

Pursuant to DOE Circular No. DC2015-06-0010 entitled: "Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access (RCOA) in the Philippine Electric Power Industry", all Contestable Customers which are currently being served by their franchised distribution utilities are mandated to secure their respective Retail Supply Contracts (RSCs) no later than June 25, 2016 with any of the following: (i) any licensed RES; (ii) any generating company with a



COC and a RES license; or (iii) any prospective generation company whose power generation project is undergoing construction or planned and has been included in the DOE's Power Development Plan.

All Contestable Customers with an average demand ranging from 750 kW and 999 kW for the preceding 12-month period are mandated to secure their RSCs with a RES no later than June 25, 2016. Also, Aggregators shall be allowed to compete with RES, generation companies and prospective generation companies. In the case of retail aggregation, any Contestable Customer within a contiguous area may individually or collectively aggregate their electricity supply requirements to an Aggregator, duly licensed by the ERC. The aggregated demand shall in no case be lower than 750 kW.

All electricity end users with an average demand ranging from 501 kW to below 750 kW for the preceding twelve (12) months may be allowed to choose their respective RES effective June 26, 2018, subject to the determination of the ERC on the basis of its evaluation on the performance of the retail electricity market.

Voluntary contestability for end users with average demand of 500 kW and below for the preceding twelve months shall be based on the continuing evaluation and assessment by the ERC.

On November 29, 2017, the DOE promulgated Department Circular No. 2017-12-0013 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Contestable Customers in the Philippine Electric Power Industry." The circular provides, inter alia, that (i) upon its effectivity, all Contestable Customers with a monthly average peak demand of 750 kW and above, for the preceding twelve months, may participate in the Contestable Market; (ii) by June 26, 2018 or on an earlier date specified by the ERC, all eligible electricity end-users to become Contestable Customers with a monthly average peak demand of 500 kW to 749 kW for the preceding twelve months may voluntarily participate in the Contestable Market; and (iii) by December 26, 2018 or on an earlier date specified by the ERC, electricity end-users within a contiguous area whose aggregate average peak demand is not less than 500 kW for the preceding twelve-month period may aggregate their demand to be part of the Contestable Market and may voluntarily enter into RSC with the Aggregators. The circular also provides the list of entities that may become RES, and stipulates that distribution utilities may provide electricity services to Contestable Customers within its franchise area as a local RES upon authorization from the ERC.

Despite the foregoing DOE issuances, the lack of nuance in the TRO issued by the Supreme Court created a blanket prohibition against the implementation of every provision in these issuances. As a result, the ERC has restrained themselves from issuing RES Licenses, for fear that it might be cited in contempt.

### **Financial Services**

UnionBank faces competition from both domestic and foreign banks, in part, as a result of the liberalization of the banking industry by the Government. Since 1994, a number of foreign banks, which have greater financial resources than the Bank, have been granted licenses to operate in the Philippines. Foreign banks have not only increased competition in their corporate market, but have caused more domestic banks to focus on the commercial middle-market, placing pressure on margins in both markets. On January 21, 2016, the Monetary Board approved the phased lifting of the moratorium on the grant of new banking license or establishment of new domestic banks. The moratorium on the establishment of new domestic banks and locational restrictions shall be fully liberalized beginning on January 1, 2018.



Since September 1998, the BSP has been encouraging consolidation among banks in order to strengthen the Philippine banking system. Mergers and consolidation result in greater competition, as a smaller group of “top tier” banks compete for business.

Certain factors arising from the 1997 Asian crisis and the 2008 global financial crisis also resulted in greater competition and exert downward pressure on margins. Banks instituted more restrictive lending policies as they focused on asset quality and reduction of their nonperforming loans, which resulted in increasing liquidity. As Philippine economic growth further accelerates and banks apply such liquidity in the lending market, greater competition for corporate, commercial, and consumer loans is expected.

Amidst this operating environment, UnionBank leverages its competitive advantages anchored on the case of superior technology, unique branch sales and service culture, and centralized backroom operations. As a result, UnionBank has been acknowledged as a leader in developing innovative products and services. It is recognized as among the industry's lowest cost producers, measured by revenue-to-expense ratio, which is a result of its wholesale customer acquisition strategy of providing cash management solutions to principals' ecosystems, having automated and centralized operations, and establishing a full-blown digital strategy rather than the traditional brick-and-mortar expansion. Lastly, the Bank is one of the most profitable in terms of return on equity, return on assets, and absolute income.

PETNET faces competition from other remittance companies in terms of number of branches, variety of products and services, level and type of marketing promotions and advertising, and pricing schemes. In order to address these challenges, PETNET embarked on a rapid expansion program and undertook a brand re-boot with its new retail brand “pera HUB” in April of 2016. It continues to increase its product and service offerings. In tandem with all these efforts, PETNET has and is poised to launch digital initiatives and leverage technology to more effectively market its product and service offerings. Among these initiatives is a mobile application, then the first within the Western Union network in the Philippines, which was launched in January 2017, initially with only promotional functionalities. Its transactional capabilities were introduced in the first quarter of 2017.

### **Food Manufacturing**

There is a relatively high degree of competition in the domestic flour milling industry. However, because of high freight and distribution costs within the Philippine archipelago, flour companies have a competitive advantage in the areas proximate to their milling plants. Pilmico's flourmill is located in Iligan City in Northern Mindanao. The only other flour miller operating in Mindanao is Universal Robina Corporation, which has a plant in Davao.

### **International Animal Nutrition**

The animal nutrition business is described as highly competitive and competition varies by country and product segment. The Gold Coin Group considers quality consistency, brand recognition and awareness, and the distribution network as the principal competitive factors that affects the group.

The Gold Coin Group's principal competitors on the livestock feeds are the following: Charoen Pokphand Group, Japfa Comfeed, Cargill, and Proconco.

The Gold Coin Group's principal competitors on the aqua feeds are the following: Charoen Pokphand Group, Suri Tani Pemuka (STP), and Thai Union.

The Gold Coin Group relies on innovation and synergies among affiliates in order to address these risks.

### **Real Estate**

AboitizLand faces stiff competition from local and national real estate developers, such as Ayala Land, Primary Homes, Inc. and Vista Land, Inc.

### **Infrastructure**

The main competitors of the RCBM Group for its cement products consist of the cement manufacturers in the Philippines, as well as traders who import cement into the Philippines.

The RCBM Group's brand names and product lines have long been respected in the local construction industry, enabling it to effectively compete in the market. The RCBM Group continuously innovates and improves its product lines and production efficiency, to respond to the growing needs of the quality-conscious Filipino builder.

## **TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES**

AEV and its Subsidiaries (the Group), in their regular conduct of business, have entered into related party transactions consisting of professional and technical services, rental, money market placements, and power sales and purchases. These are made on an arm's length basis.

ACO, the parent company of AEV, and certain associates have service contracts with either AEV or AboitizPower (parent companies) for corporate center services rendered, such as human resources, internal audit, legal, treasury and corporate finance, among others. These services are obtained from AEV and AboitizPower to enable the Group to realize cost synergies. The parent companies maintain a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transactions are priced on an arm's length basis, and covered with service level agreements to ensure quality of service.

ACO and certain associates are leasing office spaces from CPDC, a Subsidiary of AEV. Rental rates are comparable with prevailing market prices. These transactions are covered with lease contracts for a period of three years.

The Group has cash deposits and money market placements with UnionBank and CitySavings, AEV's banking Associates. These are earning interest at prevailing market rates.

Power generation Subsidiaries sell to certain power associates based on their respective power supply agreements. Meanwhile, power distribution Subsidiaries purchase from certain generation associates based on existing power purchase agreements.

A wholly-owned construction and steel fabrication subsidiary of ACO renders its services to the Group for the construction of new power plant.

The Company's retirement benefit fund (the "Fund") is in the form of a trust being maintained and managed by ACO. The Fund has investments in the equity of one of its subsidiaries.

The above related party transactions are discussed extensively in the audited financial statements of the Company.

No other transaction, without proper disclosure, was undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

AEV employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are determined and brought to the attention of management.

## **GOVERNMENT APPROVALS, PATENTS, COPYRIGHTS, FRANCHISES**

### **Power Generation Business**

Power generation is not considered a public utility operation under the EPIRA. Thus, a national franchise is not needed to engage in the business of power generation. Nonetheless, no person or entity may engage in the generation of electricity unless such person or entity has secured a Certificate of Compliance (COC) from the ERC to operate a generation facility and has complied with the standards, requirements, and other terms and conditions set forth in the said COC.

In its operations, a generation company is required to comply with technical, financial and environmental standards. It shall ensure that facilities connected to the Grid meet the technical design and operation criteria of the Philippine Grid Code, Philippine Distribution Code, and Philippine Electrical Code. It shall also conform with financial standards and comply with applicable environmental laws, rules and regulations.

AboitizPower’s Distribution Utility, Cotabato Light, has its own generation facility and is required under the EPIRA to obtain a COC. For IPPAs such as TLI, the COCs issued to the IPPs of the relevant generation facilities are deemed issued in favor of the IPPAs. As such, the IPPAs are also bound to comply with the provisions of the Philippine Grid Code, Philippine Distribution Code, WESM rules, and applicable rules and regulations of the ERC.

AboitizPower’s HEPPs are also required to obtain water permits from the NWRB for the water flow used to run their respective hydroelectric facilities. These permits specify the source of the water flow that the Generation Companies can use for their hydroelectric generation facilities, as well as the allowable volume of water that can be used from the source of the water flow. Water permits have no expiration date and require their holders to comply with the terms of the permit with regard to the use of the water flow and the allowable volume.

AboitizPower, its Subsidiaries and Affiliates are in various stages of development of several projects. Some of these projects have been awarded renewable energy service contracts by the DOE.

The Generation Companies and the Distribution Utilities, Davao Light and Cotabato Light, possess COCs for their power generation businesses, details of which are as follows:

Title of Document	Issued under the Name of	Power Plant					Economic Life/Term of COC	Date of Issuance/ Validity Period
		Name	Type	Location	Capacity	Fuel		

Title of Document	Issued under the Name of	Power Plant						Date of Issuance/ Validity Period
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
COC No. 18-12-M-00330L	Hedcor, Inc.	Irisan 3	Hydroelectric Power Plant	Tadiangan, Tuba, Benguet	1.20 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 18-12-M-00334L	Hedcor, Inc.	Bineng 3	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	5.625 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 18-12-M-00329L	Hedcor, Inc.	Ampohaw	Hydroelectric Power Plant	Banengbeng, Sablan, Benguet	8.00 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 18-12-M-00336L	Hedcor, Inc.	Sal-angan	Hydroelectric Power Plant	Ampucaao, Itogon, Benguet	2.40 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 17-04-M-00032L	Hedcor, Inc.	Irisan 1	Hydroelectric Power Plant	Brgy. Tadiangan, Tuba, Benguet	3.89 MW	Hydro	April 30, 2017 – April 29, 2022	April 19, 2017
COC No. 16-05-M-00061M	Hedcor, Inc.	Talomo 1 – Unit 1	Hydroelectric Power Plant	Calinan, Davao City	500 kW	Hydro	February 15, 2015 - February 14, 2020	May 4, 2016
		Talomo 1 – Unit 2			500 kW			
COC No. 16-05-M-00062M	Hedcor, Inc.	Talomo 2 – Unit 1	Hydroelectric Power Plant	Mintal Proper, Davao City	200 kW	Hydro	February 15, 2015 - February 14, 2020	May 4, 2016
		Talomo 2 – Unit 2			200 kW			
		Talomo 2 – Unit 3			200 kW			
COC No. 16-05-M-00063M	Hedcor, Inc.	Talomo 2A – Unit 1	Hydroelectric Power Plant	Upper Mintal, Davao City	450 kW	Hydro	February 15, 2015 - February 14, 2020	May 4, 2016
		Talomo 2A – Unit 2			200 kW			
COC No. 16-05-M-00064M	Hedcor, Inc.	Talomo 2B	Hydroelectric Power Plant	Upper Mintal, Davao City	300 kW	Hydro	February 15, 2015 - February 14, 2020	May 4, 2016
COC No. 16-05-M-00065M	Hedcor, Inc.	Talomo 3 – Unit 1	Hydroelectric Power Plant	Catalunan, Pequeño, Davao City	960 kW	Hydro	February 15, 2015 - February 14, 2020	May 4, 2016
		Talomo 3 – Unit 2			960 kW			
COC No. 18-12-M-00327L	Hedcor, Inc.	FLS Plant	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	6.40 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 18-12-M-00335L	Hedcor, Inc.	Lower Labay	Hydroelectric Power Plant	Ampusongan, Bakun, Benguet	2.40 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 18-12-M-00328L	Hedcor, Inc.	Lon-oy	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	3.60 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 15-05-M-56M	Hedcor Sibulan, Inc.	Sibulan A – Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao	8.164 MW	Hydro	25 years	May 18, 2015 -

Title of Document	Issued under the Name of	Power Plant						Date of Issuance/ Validity Period
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
		Sibulan A – Unit 2		del Sur	8.164 MW			
COC No. 15-05-M-54M	Hedcor Sibulan, Inc.	Sibulan B – Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	13.128 MW	Hydro	25 years	May 18, 2015 - May 24, 2020
		Sibulan B – Unit 2			13.128 MW			
COC No. 14-03-GN 346-20102M	Hedcor Sibulan, Inc.	Tudaya 1	Hydroelectric Power Plant	Sitio Tudaya, Brgy. Sibulan, Sta. Cruz, Davao del Sur	6.65 MW	Hydro	15 years	March 10, 2014 - March 10, 2019
COC No. 18-06-M-00017L	Luzon Hydro Corporation	Bakun AC	Hydroelectric Power Plant	Amilongan, Alilem, Ilocos Sur	74.80 MW	Hydro	July 30, 2018 – July 29, 2023	June 20, 2018
COC No. 15-06-M-00013M	Hedcor Tudaya, Inc.	Tudaya 2	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	8.13 MW	Hydro	25 years	June 15, 2015
COC No. 15-09-M-00023L	Hedcor Sabangan, Inc.	Sabangan	Hydroelectric Power Plant	Brgy. Namatec, Sabangan, Mountain	14.96 MW	Hydro	25 years	September 29, 2015
COC No. 15-11-M-13701M	Davao Light & Power, Co.	Bajada Diesel Power Plant	Diesel Power Plant	J.P. Laurel Ave., Bajada, Davao City	58.70 MW	Diesel	20 years	November 26, 2015 - December 7, 2020
			Blackstart		483.20 kW	Diesel	20	
COC No. 17-04-M-15911M	Cotabato Light and Power Company, Inc.	N/A	Bunker C-Fired Diesel Engine	CLPC Compound, Sinsuat Ave., Rosary Heights I, Cotabato City	9.927 MW	Diesel / Bunker C	January 10, 2017 - January 9, 2022	April 19, 2017
			Blackstart		10 kW	Diesel		
COC No. 18-03-M-00002V	East Asia Utilities Corporation	N/A	Bunker C/Diesel Fired Power Plant	Barrio Ibo, Mactan Export Processing Zone 1 (MEPZ 1), Lapu-Lapu City,	49.60 MW	Bunker C	June 10, 2018 – June 10, 2023	March 27, 2018
COC No. 18-03-M-00001V	Cebu Private Power Corporation	N/A	Bunker C/Diesel Fired Power Plant	Old Veco Compound, Brgy. Ermita, Carbon, Cebu	70.59 MW	Bunker C/ Diesel	June 4, 2018 – June 3, 2023	March 27, 2018
COC No. 18-12-M-00020M	Western Mindanao Power Corporation	N/A	Bunker C-Fired Power Plant	Malasugat, Sangali, Zamboanga City	112 MW	Bunker C/Diesel	August 27, 2018 – August 26, 2023	December 4, 2018
		N/A	Blackstart		160 kW	Diesel		
COC No. 18-12-M-00021M	Southern Philippines Power Corporation	N/A	Bunker C-Fired Diesel Power Plant	Brgy. Baluntay, Alabel, Sarangani Province	61.72 MW	Bunker C/ Diesel	August 27, 2018 – August 26, 2023	December 4, 2018
			Blackstart		160 kW	Diesel		
COC No. 18-04-M-00150L	SN Aboitiz Power – Magat, Inc.	Maris Main Canal I	Hydroelectric Power Plant	Brgy. Ambatali, Ramon, Isabela	8.50 MW	Hydro	April 4, 2018 – April 3, 2023	April 4, 2018
COC No. 17-03-M-00309L	SN Aboitiz Power –	Binga – Unit 1	Hydroelectric Power Plant	Brgy. Tinongdan,	35.02 MW	Hydro	March 12,	March 9, 2017

Title of Document	Issued under the Name of	Power Plant						Date of Issuance/ Validity Period
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
	Benguet, Inc.	Binga – Unit 2	Hydroelectric Power Plant	Itogon, Benguet	35.02 MW		2017 - March 11, 2022	
		Binga – Unit 3	Hydroelectric Power Plant		35.02 MW			
		Binga – Unit 4	Hydroelectric Power Plant		35.02 MW			
		Binga Hydroelectric Power Plant	Blackstart Generator Set		320 KW	Diesel		
		Binga Hydroelectric Power Plant	Auxiliary Generator Set		330.40 KW	Diesel		
COC No. 16-08-M-00087L	SN Aboitiz Power – Benguet, Inc.	Ambuklao – Unit 1	Hydroelectric Power Plant	Brgy. Ambuklao, Bokod, Benguet	34.85 MW	Hydro	August 31, 2016 - August 30, 2021	August 18, 2016
		Ambuklao – Unit 2			34.85 MW			
		Ambuklao – Unit 3			34.85 MW			
		Ambuklao Hydroelectric Power Plant	Auxiliary Generator Set		320 KW	Diesel		
		Ambuklao Hydroelectric Power Plant	Blackstart Generator Set		314 KW	Diesel		
COC No. 16-06-M-00016M	STEAG State Power, Inc.	N/A	Coal Fired Power Plant Emergency Generating	Phividec Industrial Estate, Balascanas,	232 MW 1.25 MW	Coal Diesel	August 30, 2016 - August 29, 2021	June 13, 2016
COC No. 15-03-S-00013M	STEAG State Power, Inc.	N/A	Diesel Engine	Phividec Industrial Estate, Villanueva, Micamis	400 kW	Diesel	25 years	March 25, 2015 - March 25, 2020
COC No. 15-05-M-00007L	AP Renewables, Inc.	Makban – Bay, Plant A	Geothermal Power Plant	Brgy. Bitin, Bay, Laguna	63.2 MW	Geo-thermal Steam	23 years	May 4, 2015 - May 31, 2020
		Makban – Bay,			63.2 MW			
		Makban – Bay, Plant D			20.0 MW			
		Makban – Bay,			20.0 MW			
COC No. 15-05-M-00008L	AP Renewables, Inc.	Makban – Calauan, Plant A	Geothermal Power Plant	Brgy. Limao, Calauan, Laguna	63.2 MW	Geo-thermal Steam	23 years	May 4, 2015 - May 31, 2020
		Makban – Calauan, Plant B			63.2 MW			
		Makban – Calauan, Plant C			55.0 MW			
		Makban – Calauan, Plant D			55.0 MW			
COC No. 15-05-M-00009L	AP Renewables, Inc.	Makban – Sto. Tomas, Plant A	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	20.0 MW	Geo-thermal Steam	23 years	May 4, 2015 - May 31, 2020
		Makban – Sto. Tomas, Plant B			20.0 MW			

Title of Document	Issued under the Name of	Power Plant						Date of Issuance/ Validity Period
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
COC No. 15-11-M-00028L	AP Renewables, Inc.	Plant A, Unit 1	Geothermal Power Plant	Brgy. Naga, Tiwi, Albay	60 MW	Geo-thermal Steam	25 years	November 26, 2015 - December 12, 2020
		Plant A, Unit 2			60 MW			
COC No. 15-11-M-286rL	AP Renewables, Inc.	Plant C, Unit 5	Geothermal Power Plant	Brgy. Cale, Tiwi, Albay	57 MW	Geo-thermal Steam	25 years	November 26, 2015 - December 12, 2020
		Plant C, Unit 6			57 MW			
COC No. 17-05-M-00105L	AP Renewables, Inc.	MakBan Binary 1	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	7.0 MW	Brine	November 7, 2016 - November 6, 2021	May 15, 2017
COC No. 16-03-M-00286ggM	Therma Marine, Inc.	Mobile 1	Diesel Power Plant	Brgy. San Roque, MACO, Compostela Valley	100.33 MW	Diesel	25 years	March 30, 2016 - April 18, 2021
			Blackstart		1.68 MW	Diesel	5 years	
COC No. 16-03-M-00286bbM	Therma Marine, Inc.	Mobile 2	Diesel Power Plant	Brgy. Nasipit, Agusan del Norte	100.33 MW	Diesel	25 years	March 30, 2016 - April 5, 2021
			Blackstart		1.68 MW	Diesel	5 years	
COC No. 17-07-M-00305L	Therma Mobile, Inc.	Barge 1/ Mobile 3	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	66 MW	Bunker C/ Diesel	July 9, 2017 - July 8, 2022	June 22, 2017
COC No. 17-07-M-00306L	Therma Mobile, Inc.	Barge 2/ Mobile 4	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	56 MW	Bunker C/ Diesel	July 9, 2017 - July 8, 2022	June 22, 2017
COC No. 17-07-M-00307L	Therma Mobile, Inc.	Barge 3/ Mobile 5	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	57 MW	Bunker C/ Diesel	July 9, 2017 - July 8, 2022	June 22, 2017
COC No. 17-07-M-00308L	Therma Mobile, Inc.	Barge 4/ Mobile 6	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	52 MW	Bunker C/ Diesel	July 9, 2017 - July 8, 2022	June 22, 2017
COC No. 15-09-M-00022M	Therma South, Inc.	Unit 1	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150 MW	Coal	25 years	September 1, 2015 - August 31, 2020
		Unit 2	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150 MW	Coal	25 years	January 19, 2016 - August 31, 2020
COC No. 18-02-M-00145L	Pagbilao Energy Corporation	Pagbilao Unit 3 Coal Fired Thermal Power Plant	Coal Fired Thermal Power Plant	Isla Grande, Ibabang Polo, Pagbilao, Quezon	420 MW	Coal	February 20, 2018 – February 19, 2023	February 20, 2018
			Black Start		1.04 MW	Diesel		
COC No.	GNPower	Unit 1	Coal Fired	Brgy. Alas-asin,	325.8 MW	Coal	December	November



Title of Document	Issued under the Name of	Power Plant						Date of Issuance/ Validity Period
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
17-11-M-00282L	Mariveles Coal Plant Ltd. Co.	Unit 2	Power Plant	Mariveles, Bataan	325.8 MW		3, 2017 – December 2, 2022	21, 2017
		N/A	Blackstart		1.68 MW	Diesel		

## **Distribution Business**

Under the EPIRA, the business of electricity distribution is a regulated public utility business that requires a franchise that can be granted only by Congress. In addition to the legislative franchise, a CPCN from the ERC is also required to operate as a public utility. However, distribution utilities operating within economic zones, are not required to obtain a franchise from Congress, but must be duly registered with the PEZA in order to operate within the economic zone.

All distribution utilities are required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code, which provides the rules and regulations for the operation and maintenance of distribution systems, and the performance standards set out in the implementing rules and regulations of the EPIRA.

Shown below are the respective expiration periods of the Distribution Utilities' legislative franchises:

<b>DU</b>	<b>Franchise</b>	<b>Term</b>	<b>Expiry</b>
VECO	R.A. 9339	25 years from effectivity of R.A. 9339. (R.A. 9339 approved on Sept. 1, 2005. Publication date not known.)	Valid until September 24, 2030
	ERC Certificate No. CPCN-09-01 (ERC Decision dated January 26, 2009, ERC Case No. 2008-095 MC).	25 years from September 24, 2005 to September 24, 2030	
DLPC	R.A. 8960	25 years from effectivity of the Act (Lapsed into law September 7, 2000. Publication date not known.)	Valid until September 7, 2025
	CPCN (Decision dated February 26, 2002, ERC Case No. 2001-792)	September 7, 2000 to September 7, 2025	
CLPC	R.A. 10637 (Approved June 16, 2014)	25 years from expiration of CA 487, as amended	Valid until June 16, 2039
	ERC Certificate No. CPCN-14-001 (ERC Decision dated December 9, 2019, ERC Case No. 2013-063 MC)	25 Years from June 17, 2014 or until June 16, 2039	
SFELAPCO	R.A. 9967	25 years from effectivity of the Act (Lapsed into law on Feb. 6, 2010)	Valid until March 23, 2035
	ERC Certificate No. CPCN-10-01 (ERC Decision dated August 31, 2010, ERC Case No. 2010-029 MC)	March 24, 2010 to March 23, 2035	
SEZ	Distribution Management Service Agreement (DMSA) between SEZ and JV of AEV-DLPC	Notarized on May 15, 2003. Term of the DMSA is 25 years.	Valid until May 15, 2028

MEZ, BEZ and LEZ, which operate the power distribution utilities in MEPZ II, WCIP and LTC, respectively, are duly registered with PEZA as Ecozone Utilities Enterprises. Cotabato Light's franchise was renewed for another 25 years upon the signing of RA 10637 on June 16, 2014 by then-President Benigno C. Aquino III.

## **Retail Electricity Supply Business**

Like power generation, the business of supplying electricity is not considered a public utility operation under the EPIRA, but is considered a business affected with public interest. As such, the EPIRA requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within their franchise areas, to obtain a license from the ERC. With the implementation of Open Access in 2013, AboitizPower's Subsidiaries, AESI, AdventEnergy, SN Aboitiz

Power – RES, and Prism Energy, obtained separate licenses to act as RES and Wholesale Aggregator. AESI, AdventEnergy and Prism Energy have each filed the corresponding application for renewal of its RES licenses.

### **Banking and Financial Services Business**

As banking institutions, the business operations of UnionBank and CitySavings are regulated by BSP, SEC, and Philippine Deposit Insurance Commission (PDIC). CitySavings, as an accredited lender institution under DepEd’s APDS, also has to comply with the policies issued by DepEd with regard to the setting of interest rates and other fees on loans to public school teachers.

PETNET, as a company engaged in money remittance, is required to obtain licenses from the BSP for its branches. It is also required to comply with the requirements of the Anti-Money Laundering Act.

### **International Animal Nutrition**

The Gold Coin Group, with companies and plant operations across different Asia Pacific countries, have secured the necessary registrations, permits, and licenses to allow it to do business in the following countries: China, Indonesia, Malaysia, Thailand, Sri Lanka.

### **Trademarks**

AEV and its Subsidiaries own, or have pending applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. The following table sets out information regarding the trademark applications which AEV and its Subsidiaries have filed with the Philippine Intellectual Property Office (IP Office).

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
A Better Future word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004383 November 11, 2010	Application for the word mark "A Better Future".	Original Certificate of Registration was issued on November 11, 2010.  The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on April 23, 2013 with the IP Office.  The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
Better Solutions word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004384 November 11, 2010	Application for the word mark "A Better Solutions".	Original Certificate of Registration was issued on November 11, 2010.  The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office.  The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
AboitizPower word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004385 November 11, 2010	Application for the word mark "AboitizPower".	Original Certificate of Registration was issued on November 11, 2010.  The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office.  The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
AboitizPower Spiral Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004380 February 10, 2011	Application for the device mark "AboitizPower Spiral and Device", with color claim. The representation of a spiral rendered in blue.	Original Certificate of Registration was issued on February 10, 2011.  The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on April 23, 2013 with the IP Office.  The 5th year Anniversary DAU was filed on February 3, 2017 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on February 10, 2021.
Cleanergy word mark (Class No. 40)	Aboitiz Power Corporation	October 19, 2001	4-2001-007900 January 13, 2006	Application for the word mark "Cleanergy".	Original Certificate of Registration for the mark CLEANERGY was issued on January 13, 2006.  The 3rd year Anniversary DAU was filed on November 11, 2004.  The 5th year Anniversary DAU was filed on December 27, 2011 with the IP Office.  The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on January 13, 2016.  The 15th DAU is due on January 13, 2021.
Cleanergy word mark (Class Nos. 39 and 42)	Aboitiz Power Corporation	January 16, 2019	4-2019-000850	Application for the word mark "Cleanergy" for the additional goods and services under Class Nos. 39 and 42.	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on January 16, 2022 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Cleanergy and Device (Class No. 42)	Aboitiz Power Corporation	July 30, 2002	4-2002-06293 July 16, 2007	Application for the device mark "Cleanergy and Device", with color claim). The representation of a light with bulb with three leaves attached to it, with the words "CLEANERGY" and a small "ABOITIZ" diamond logo below it.	Original Certificate of Registration was issued on July 16, 2007.  The 3rd year Anniversary DAU was filed on June 28, 2005 with the IP Office.  The 5th year Anniversary DAU was filed on July 15, 2013 with the IP Office.  The 10th year Anniversary DAU and application for renewal of registration were filed on July 16, 2017 with the IP Office.  The Renewal DAU was due on July 16, 2018 but was not filed due to non-use.
Cleanergy Get It and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004381 November 11, 2010	Application for the device mark "Cleanergy Get it and Device". The word "Cleanergy", with color claim.  The phrase "get it" below it with both words endorsed by representation of a thumbs up sign. The whole mark is rendered in two shades of green.	Original Certificate of Registration was issued on November 11, 2010.  The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office.  The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
Cleanergy Got It and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004382 November 11, 2010	Application for the device mark "Cleanergy got it and device".  The word "Cleanergy" with the phrase "got it" below it with both words endorsed by representation of a thumbs up sign. The whole mark is rendered in two shades of	Original Certificate of Registration was issued on November 11, 2010.  The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office.  The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
				green.	The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
AboitizPower and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004379  February 10, 2011	Application for the device mark "AboitizPower and Device", with color claim.	Original Certificate of Registration was issued on February 10, 2011.  The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office.  The 5th year Anniversary DAU was filed on February 3, 2017 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on February 10, 2021.
Alterspace word mark (Class Nos. 9, 39 and 40)	Aboitiz Power Corporation	April 6, 2011	4-2011-003968  February 24, 2012	Application for the word mark "ALTERSPACE".	Original Certificate of Registration was issued on February 24, 2012.  The 3rd year Anniversary DAU was filed on May 20, 2014 with the IP Office.  The 5th DAU was due on February 24, 2018 but was not filed due to non-use.



Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Alterspace and Device (Class Nos. 9, 39 and 40)	Aboitiz Power Corporation	May 31, 2011	4-2011-006291 December 22, 2011	Application for the device mark "Alterspace and Device".  A globe with the words "alter" and "space" inside an arrow circling the globe and separating the words. The globe is rendered in forest green, while the words and arrow are rendered in lime green.	Original Certificate of Registration was issued on December 22, 2011.  The 3rd year Anniversary DAU was filed May 20, 2014 with the IP Office.  The 5th DAU was due on December 22, 2017 but was not filed due to non-use.
RP Energy and Device (Class No. 40)	Redondo Peninsula Energy, Inc.	August 12, 2008	4-2008-0093737 April 13, 2009	Application for the device mark "RP Energy and Device".	Original Certificate of Registration was issued on April 13, 2009.  The 5th year DAU was filed on February 16, 2015.  The 10th year Anniversary DAU and application for renewal are due for filing on April 13, 2019.
Subic EnerZone Corporation and Logo (Class No. 39)	Subic EnerZone Corporation	July 6, 2006	4-2006-007306 August 20, 2007	Trademark application for Subic EnerZone Corporation and Logo, with color claim (blue and yellow).  The mark consists of the words "SUBIC ENERZONE" in Fujiyama extra bold font with the word "CORPORATION" below it, also in Fujiyama font, rendered in cobalt medium blue color, and a representation of the letter "S" taking the shape of a flame (the company logo) above the words.  The logo is likewise rendered in the cobalt medium blue color in a yellow background.	Original Certificate of Registration was issued on August 20, 2007.  The mark was renewed on August 20, 2017.  The renewal DAU was filed on August 20, 2018 with the IP Office.  The Renewal 5th Year DAU is due on August 20, 2023.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Subic EnerZone Corporation and Logo (Class No. 39)	Subic EnerZone Corporation	July 6, 2006	4-2006-007305 August 20, 2007	Application for the Subic EnerZone Corporation word mark and device (gray). The mark consists of the words "SUBIC ENERZONE" in Fujiyama extra bold font with the word "CORPORATION" below it, also in Fujiyama font, and a representation of the letter "S" taking the shape of a flame (the company logo) above the words.	Original Certificate of Registration was issued on August 20, 2007.  The mark was renewed on August 20, 2017.  The renewal DAU was filed on August 20, 2018 with the IP Office.  The Renewal 5th Year DAU is due on August 20, 2023.
Subic EnerZone Corporation word mark (Class No. 39)	Subic EnerZone Corporation	July 6, 2006	4-2006-007304 June 4, 2007	Application for the word mark "Subic EnerZone Corporation".	Original Certificate of Registration was issued on June 4, 2007.  The 3rd year Anniversary DAU was filed with the IP Office on July 6, 2009.  The 5th year Anniversary DAU was filed with the IP Office on June 4, 2013.  The 10th year Anniversary DAU and application for renewal of registration was filed with the IP Office on June 4, 2017.  The renewal DAU was filed on June 4, 2018 with the IP Office.  The Renewal 5th Year DAU is due on June 4, 2023.
Driven to Lead. Driven to Excel. Driven to Serve. word mark (Class Nos. 30, 36, 37, 39, 40 and 42)	Aboitiz Equity Ventures, Inc.	January 30, 2012	04-2012-001132 June 21, 2012	Application for the word mark "Driven to Lead. Driven to Excel. Driven to Serve."	Original Certificate of Registration was issued on June 21, 2012.  The 3rd year Anniversary DAU was filed on January 30, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on June

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					21, 2018 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on June 21, 2022.
Aboitiz Better Ways word mark (Class Nos. 30, 31, 35, 36, 37, 39, 40 and 42)	Aboitiz Equity Ventures, Inc.	December 18, 2013	04-2013-015095  March 27, 2014	Application for the word mark "Aboitiz Better Ways".	Original Certificate of Registration was issued on March 27, 2014.  The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on March 27, 2020.
Aboitiz Better World word mark (Class Nos. 30, 31, 35, 36, 37, 39, 40 and 42)	Aboitiz Equity Ventures, Inc.	December 18, 2013	04-2013-015094  March 27, 2014	Application for the word mark "Aboitiz Better World".	Original Certificate of Registration was issued on March 27, 2014.  The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on March 27, 2020.
Aboitiz word mark (Class Nos. 30, 35, 36, 37, 39, 40 and 42)	Aboitiz Equity Ventures, Inc	October 16, 2018	04-2018-018635	Application for the word mark "Aboitiz".	Pending with the IP Office.  The 3rd year Anniversary DAU is due on October 16, 2021.
Aboitiz word mark (Additional activities under Class Nos. 36, 37)	Aboitiz Equity Ventures, Inc.	January 3, 2019	04-2019-000086	Application for the word mark "Aboitiz" to cover additional services under Class Nos. 36 and 37.	Pending with the IP Office.  The 3rd year Anniversary DAU is due on January 3, 2022.
Advancing Business and Communities Logo (Class Nos. 35	Aboitiz Equity Ventures, Inc	December 5, 2018	04-2018-021743	Application for the device mark "Advancing Business and Communities", with color claim.	Pending with the IP Office.  The 3rd year Anniversary DAU is due on December 5, 2021.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
and 36)					
Aboitiz Equity Ventures word mark (Class Nos. 35 and 36)	Aboitiz Equity Ventures, Inc	November 29, 2018	04-2018-021492	Application for the word mark "Aboitiz Ventures".	Pending with the IP Office.  The 3rd year Anniversary DAU is due on November 29, 2021.
Aboitiz Equity Ventures Logo (Class Nos. 35 and 36)	Aboitiz Equity Ventures, Inc	November 29, 2018	04-2018-021742	Application for the device mark "Aboitiz Equity Ventures", with color claim.	Pending with the IP Office.  The 3rd year Anniversary DAU is due on November 29, 2021.
Aboitiz InfraCapital word mark (Class Nos. 35, 36 and 37)	Aboitiz InfraCapital, Inc.	April 18, 2018	04-2018-00006537	Application for the word mark "Aboitiz InfraCapital"	Pending with the IP Office.  The 3rd year Anniversary DAU is due on April 18, 2021.
Aboitizland Geometric Symbol Logo (Class Nos. 35 and 37)	Aboitiz Land, Inc.	May 25, 2009	04-2009-005107  March 11, 2010	Application for the word mark "ABOITIZLAND GEOMETRIC SYMBOL LOGO", with color claim.	Original Certificate of Registration was issued on March 11, 2010.  The 3rd year Anniversary DAU was filed on May 21, 2012 with the IP Office.  The 5th year Anniversary DAU was filed on March 10, 2016 with the IP Office.  The 10th year Anniversary DAU and application for renewal of registration are due for filing on March 11, 2020.
Aboitizland Made For Life And Device (Class Nos. 35 and 37)	Aboitiz Land, Inc.	May 25, 2009	04-2009-005108  March 11, 2010	Application for the device mark "ABOITIZLAND MADE FOR LIFE AND DEVICE, with color claim.	Original Certificate of Registration was issued on March 11, 2010.  The 3rd year Anniversary DAU was filed on May 21, 2012 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					<p>The 5th year Anniversary DAU was filed on March 10, 2016 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for renewal of registration are due for filing on March 11, 2020.</p>
Aboitizland and Device (Class Nos. 35 and 37)	Aboitiz Land, Inc.	May 25, 2009	04-2009-005106  March 11, 2010	Application for the device mark "ABOITIZLAND AND DEVICE" with color claim.	<p>Original Certificate of Registration was issued on March 11, 2010.</p> <p>The 3rd year Anniversary DAU was filed on May 21, 2012 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on March 10, 2016 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for renewal of registration are due for filing on March 11, 2020.</p>
Aboitizland word mark (Class Nos. 35 and 37)	Aboitiz Land, Inc.	July 14, 2009	04-2009-006961  April 15, 2010	Application for the word mark "ABOITIZLAND".	<p>Original Certificate of Registration was issued on April 15, 2010.</p> <p>The 3rd year Anniversary DAU was filed on May 21, 2012 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on March 10, 2016 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for</p>

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					renewal of registration are due for filing on April 15, 2020.
The Outlets word mark (Class Nos. 16, 35 and 37)	Aboitiz Land, Inc.	April 11, 2014	04-2014-004494  February 26, 2015	Application for the word mark "THE OUTLETS".	Original Certificate of Registration was issued on February 26, 2015.  The 3rd year Anniversary DAU was filed on March 7, 2017 with the IP Office.  The 5th year Anniversary DAU is due for filing on February 26, 2021.
The Outlets and Device (Class Nos. 16, 35 and 37)	Aboitiz Land, Inc.	April 11, 2014	04-2014-004493  December 4, 2014	Application for device mark "THE OUTLETS AND DEVICE", with color claim.	Original Certificate of Registration was issued on December 4, 2014.  The 3rd year Anniversary DAU was filed on March 7, 2017.  The 5th year Anniversary DAU is due for filing on December 4, 2020.
Ajoya word mark (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	November 29, 2016	4-2016-506202  March 9, 2017	Application for the word mark "Ajoya".	Original Certificate of Registration was issued on March 9, 2017.  The 3rd year Anniversary DAU is due for filing on November 29, 2019.
Ajoya and Device (Logo) (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	November 29, 2016	4-2016-506203  March 24, 2017	Application for the device mark "Ajoya".	Original Certificate of Registration was issued on March 24, 2017.  The 3rd year Anniversary DAU is due for filing on November 29, 2019.
Foessa word mark (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	December 6, 2016	4-2016-506331  March 24, 2017	Application for the word mark "Foessa".	Original Certificate of Registration was issued on March 24, 2017.  The 3rd year Anniversary DAU is due for filing on December 6, 2019.
Foessa	Aboitiz Land, Inc.	December 6,	4-2016-506329	Application for the device mark	Original Certificate of Registration was issued on

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Mountain Town and Device (Class Nos. 16, 35, and 37)		2016	June 15, 2017	"Foressa".	June 15, 2017.  The 3rd year Anniversary DAU is due for filing on December 6, 2019.
Lekeitio word mark (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	December 20, 2016	4-2016-506607 April 20, 2017	Application for the word mark "Lekeitio".	Original Certificate of Registration was issued on April 20, 2017.  The 3rd year Anniversary DAU is due for filing on December 20, 2019.
Lekeitio Device (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 30, 2017	4-2017-5004-24 June 2, 2017	Application for the device mark "Lekeitio".	Original Certificate of Registration was issued on June 2, 2017.  The 3rd year Anniversary DAU is due for filing on January 30, 2020.
Seafront Residences word mark (Class Nos. 16,35, and 37)	Aboitiz Land, Inc.	January 26, 2017	4-2017-500379 July 14, 2017	Application for the word mark "Seafront Residences"	Original Certificate of Registration was issued on July 14, 2017.  The 3rd year Anniversary DAU is due for filing on January 26, 2020.
Seafront Residences Device (Class Nos. 16,35, and 37)	Aboitiz Land, Inc.	January 30, 2017	4-2017-500423 August 10, 2017	Application for the device mark "Seafront Residences".	Original Certificate of Registration was issued on August 10, 2017.  The 3rd year Anniversary DAU is due for filing on January 26, 2020.
The Outlets Logo (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 24, 2017	04-2017-500324 July 14, 2017	Application for the device mark "The Outlets".	Original Certificate of Registration was issued on July 14, 2017.  The 3rd year Anniversary DAU is due for filing on January 24, 2020.
Seafront Villas word mark (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 26, 2017	4-2017-500378 July 14, 2017	Application for the word mark "Seafront Villas".	Original Certificate of Registration was issued on July 14, 2017.  The 3rd year Anniversary DAU is due for filing on January 26, 2020.



Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Seafront Villas Device (Class Nos. 16,35, and 37)	Aboitiz Land, Inc.	January 30, 2017	4-2017-5004-22 August 17, 2017	Application for the device mark "Seafront Villas".	Original Certificate of Registration was issued on August 17, 2017.  The 3rd year Anniversary DAU is due for filing on January 30, 2020.
La Villita word mark (Class Nos. 16,35, and 37)	Aboitiz Land, Inc.	March 7, 2017	4-2017-500953 July 14, 2017	Application for the word mark "La Villita".	Original Certificate of Registration was issued on July 14, 2017.  The 3rd year Anniversary DAU is due for filing on March 7, 2020.
La Villita Device (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	March 8, 2017	4-2017-500968 August 10, 2017	Application for the device mark "La Villita".	Original Certificate of Registration was issued on August 10, 2017.  The 3rd year Anniversary DAU is due for filing on March 8, 2020.
Plaza Kalea word mark (Class Nos. 16,35, and 37)	Aboitiz Land, Inc.	March 7, 2017	4-2017-500954 September 14, 2017	Application for the word mark "Plaza Kalea".	Original Certificate of Registration was issued on September 14, 2017.  The 3rd year Anniversary DAU is due for filing on March 7, 2020.
Plaza Kalea Device (Class Nos. 16,35, and 37)	Aboitiz Land, Inc.	March 7, 2017	4-2017-500951 July 14, 2017	Application for the device mark "Plaza Kalea".	Original Certificate of Registration was issued on July 14, 2017.  The 3rd year Anniversary DAU is due for filing on March 7, 2020.
Lima Exchange word mark (Class Nos. 16, 35, 36, 37 and 39)	Aboitiz Land, Inc.	July 13, 2017	04-2017-00502724 December 7, 2017	Application for the word mark "Lima Exchange".	Original Certificate of Registration was issued on December 7, 2017.  The 3rd year Anniversary DAU is due for filing on July 13, 2020.
Lima Exchange Device (Class Nos. 16, 35, 36, 37 and 39)	Aboitiz Land, Inc.	July 13, 2017	4-2017-502734 October 26, 2017	Application for the device mark "Lima Exchange".	Original Certificate of Registration was issued on October 26, 2017.  The 3rd year Anniversary DAU is due for filing on

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
39)					July 13, 2020.
Lima Land, Inc. word mark (Class Nos. 16,35, 36, 37, and 39)	Aboitiz Land, Inc.	July 13, 2017	04-2017-00502737  April 12, 2018	Application for the word mark "Lima Land".	Original Certificate of Registration was issued on April 12, 2018.  The 3rd year Anniversary DAU is due for filing on July 13, 2020.
Lima Land, Inc. Logo (Class Nos. 16,35, 36, 37, and 39)	Aboitiz Land, Inc.	July 14, 2017	04-2017-00502749  March 22, 2018	Application for the device mark "Lima Land".	Original Certificate of Registration was issued on March 22, 2018.  The 3rd year Anniversary DAU is due for filing on July 14, 2020.
Lima Technology Center word mark (Class Nos. 16,35, 36, 37, and 39)	Aboitiz Land, Inc.	July 13, 2017	4-2017-503466 June 15, 2018	Application for the word mark "Lima Technology Center".	Original Certificate of Registration was issued on June 15, 2018.  The 3rd year Anniversary DAU is due for filing on July 13, 2020.
Lima Technology Center Device (Class Nos. 16,35, 36, 37, and 39)	Aboitiz Land, Inc.	July 13, 2017	4-2017-502735  April 12, 2018	Application for the device mark "Lima Technology Center"	Original Certificate of Registration was issued on April 12, 2018.  The 3rd year Anniversary DAU is due for filing on July 13, 2020.
The Villages at Lipa word mark (Class Nos. 16, 35, 37)	Aboitiz Land, Inc.	October 16, 2018	04-2018-018626	Application for the word mark "The Villages at Lipa".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on October 16, 2021.
The Villages At Lipa Device (Class Nos. 16, 35, 37)	Aboitiz Land, Inc.	October 16, 2018	04-2018-018629	Application for the device mark "The Villages at Lipa".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on October 16, 2021.
Pilmico Foods Corporation Device	Pilmico Foods Corporation	October 26, 1998	4-1998-007886  November 28,	Application for device mark "PILMICO FOODS CORPORATION".	Original Certificate of Registration was issued on November 28, 2005. The mark was renewed on November 28, 2015.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
(Class No. 30)			2005		The 5th Year Renewal DAU is due for filing on November 28, 2021.
SUN-MOON-STAR Device (Class No. 30)	Pilmico Foods Corporation	January 22, 2002	4-2002-100524 October 2, 2006	Application for device mark "SUN-MOON-STAR"	Original Certificate of Registration was issued on October 2, 2006.  The mark was renewed on October 2, 2016.  The 5th Year Renewal DAU is due for filing on October 2, 2022.
GOLD STAR AND Device (Class No. 30)	Pilmico Foods Corporation	January 22, 2002	4-2002-000525 August 17, 2006	Application for the device mark "GOLD STAR AND DEVICE".	Original Certificate of Registration was issued on August 17, 2006.  The mark was renewed on August 17, 2016.  The 5th Year Renewal DAU is due for filing on August 17, 2022.
SUNSHINE (Class No. 30)	Pilmico Foods Corporation	April 17, 1996	4-1996-127942 October 15, 2007	Application for the device mark "SUNSHINE".	Original Certificate of Registration was issued on October 15, 2007.  The 3rd year Anniversary DAU was filed on November 29, 2001 with the IP Office.  The 5th year Anniversary DAU was filed on May 17, 2013 with the IP Office.  The 10th year Anniversary DAU and application for renewal of registration was filed on October 5, 2018 with the IP Office.  The 5th Year Renewal DAU is due for filing on October 15, 2023.
GLOWING SUN Device	Pilmico Foods Corporation	November 13, 1998	4-1998-008409	Application for the device mark "GLOWING SUN".	Original Certificate of Registration was issued on October 2, 2006.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
(Class No. 30)			October 2, 2006		The mark was renewed on October 2, 2016.  The 5th year renewal DAU is due for filing on October 2, 2022.
KUTITAP and Device (Class No. 30)	Pilmico Foods Corporation	October 26, 2001	4-2001-008098  January 17, 2005	Application for the device mark "KUTITAP AND DEVICE".	Original Certificate of Registration was issued on January 17, 2005.  The mark was renewed on January 17, 2015.  The 5th Year Renewal DAU is due on January 17, 2021.
KUTITAP (Class No. 30)	Pilmico Foods Corporation	January 22, 2002	4-2002-000523  December 5, 2004	Application for the device mark "KUTITAP", with color claim.	Original Certificate of Registration was issued on December 5, 2004.  The mark was renewed on December 5, 2014.  The 5th year Renewal DAU is due on December 5, 2020.
MEGA STAR and Device (Class No. 30)	Pilmico Foods Corporation	August 2, 2002	4-2002-006424  November 28, 2005	Application for the device mark "MEGA STAR AND DEVICE" with color claim.	Original Certificate of Registration was issued on November 28, 2005.  The mark was renewed on November 28, 2015.  The 5th year Renewal DAU is due for filing on November 28, 2021.
SUNFLOUR AND DESIGN Device (Class No. 30)	Pilmico Foods Corporation	June 8, 2007	4-2007-005916  May 5, 2008	Application for the device mark "SUNFLOUR AND DESIGN".	Original Certificate of Registration was issued on May 5, 2008.  The 3rd year Anniversary DAU was filed on June 8, 2010 with the IP Office.  The 5th year Anniversary DAU was filed on March 7, 2013 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					<p>The 10th year Anniversary DAU and application for renewal of registration was filed on May 4, 2018.</p> <p>The Renewal DAU is due on May 5, 2019.</p> <p>The 5th Year Renewal DAU is due for filing on May 5, 2024.</p>
PILMICO FLOUR AND DESIGN Device (Class No. 30)	Pilmico Foods Corporation	December 19, 2008	4-2008-015334 July 30, 2009	Application for the device mark "PILMICO FLOUR".	<p>Original Certificate of Registration was issued on July 30, 2009.</p> <p>The 3rd year Anniversary DAU was filed on October 18, 2011 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on July 23, 2015 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for renewal of registration are due for filing on July 30, 2019.</p>
PILMICO 'M' Handshake Device (Class Nos. 30 and 31)	Pilmico Foods Corporation	October 13, 2009	4-2009-010359 August 12, 2010	Application for the device mark "PILMICO 'M' handshake".	<p>Original Certificate of Registration was issued on August 12, 2010.</p> <p>The 3rd year Anniversary DAU was filed on September 11, 2012 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on August 1, 2016 with the IP office.</p> <p>The 10th year Anniversary DAU and application for renewal are due for filing on August 12, 2020.</p>
Silver Star word mark (Class No. 30)	Pilmico Foods Corporation	August 31, 2011	4-2011-010284 February 24,	Application for the word mark "Silver Star".	Original Certificate of Registration was issued on February 24, 2012.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
			2012		<p>The 3rd year Anniversary DAU was filed on August 22, 2014 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on January 15, 2018.</p> <p>The 10th year Anniversary DAU and application for renewal are due for filing on February 24, 2022.</p>
Silver Star Logo (Class No. 30)	Pilmico Foods Corporation	September 13, 2011	4-2011-010919 January 13, 2012	Application for the device mark "Silver Star logo", with color claim.	<p>Original Certificate of Registration was issued on January 13, 2012</p> <p>The 3rd year Anniversary DAU was filed on August 22, 2014 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on January 15, 2018.</p> <p>The 10th year Anniversary DAU and application for renewal are due for filing on January 13, 2022.</p>
Sun Rays Hard Wheat Flour Device (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013-006662 February 20, 2014	Application for the device mark "SUN RAYS HARD WHEAT FLOUR".	<p>Original Certificate of Registration was issued on February 20, 2014.</p> <p>The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on February 20, 2020.</p>
Star Beam Soft Wheat Flour Device (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013-006658 December 26, 2013	Application for the device mark "STAR BEAM SOFT WHEAT FLOUR".	<p>Original Certificate of Registration was issued on December 26, 2013.</p> <p>The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on</p>

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					December 26, 2019.
Star Blaze Soft Wheat Flour Device (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013-006663 February 20, 2014	Application for the device mark "STAR BLAZE SOFT WHEAT FLOUR".	Original Certificate of Registration was issued on February 20, 2014.  The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on February 20, 2020.
LUNA CAKE FLOUR Device (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013-006661 February 20, 2014	Application for the device mark "LUNA CAKE FLOUR".	Original Certificate of Registration was issued on February 20, 2014.  The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on February 20, 2020.
SUN STREAM HARD WHEAT FLOUR Device (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013-006659 February 20, 2014	Application for the device mark "SUN STREAM HARD WHEAT FLOUR".	Original Certificate of Registration was issued on February 20, 2014.  The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on February 20, 2020.
PILMICO Device (Class No. 31)	Pilmico Foods Corporation	August 7, 2013	4-2013-00009422 December 26, 2013	Application for the device mark "PILMICO".	Original Certificate of Registration was issued on December 26, 2013.  The 3rd year Anniversary DAU was filed on August 1, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on December 26, 2019.
PILMICO FLOUR	Pilmico Foods	August 7, 2013	4-2013-00009423	Application for the device mark	Original Certificate of Registration was issued on



Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Device (Class Nos. 30, 31 and 44)	Corporation		February 20, 2014	"PILMICO FLOUR".	February 20, 2014.  The 3rd year Anniversary DAU was filed on August 1, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on February 20, 2020.
MAHALIN PAGKAING ATIN LOGO (Class Nos. 29, 30 and 31)	Pilmico Foods Corporation	March 4, 2015	4-2015- 002322  July 2, 2015	Application for the device mark "Mahalin Pagkaing Atin", with color claim.  The mark consists of images of two eggs, bread, ham and whole dressed chicken (from left to right) in a basket is embraced by a human represented by a heart-shaped figure with a circle on top. The words Mahalin Pagkaing Atin in curvy letter forms are located below the images. The images and words are in WHITE color drawn on a CYAN background.	Original Certificate of Registration was issued on July 2, 2015.  The 3rd year Anniversary DAU was filed on March 4, 2018 with the IP Office.  The 5th year Anniversary DAU is due for filing on July 2, 2021.
SUN BEAM word mark (Class No. 30)	Pilmico Foods Corporation	November 27, 2015	4-2015-013643  April 7, 2016	Application for the word mark "SUN BEAM".	Original Certificate of Registration was issued on April 7, 2016.  The 3rd year Anniversary DAU was due for filing on November 27, 2018 but was not filed due to non-use.
SUNLIGHT word mark (Class No. 30)	Pilmico Foods Corporation	November 27, 2015	4-2015-013644  September 1, 2016	Application for the word mark "SUNLIGHT".	Original Certificate of Registration was issued on September 1, 2016.  The 3rd year Anniversary DAU was filed on November 27, 2018 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					The 5th year Anniversary DAU is due on September 1, 2022.
KIRA word mark (Class No. 30)	Pilmico Foods Corporation	November 27, 2015	4-2015-013645  April 7, 2016	Application for the word mark "KIRA".	Original Certificate of Registration was issued on April 7, 2016.  The 3rd year Anniversary DAU was due for filing on November 27, 2018 but was not filed due to non-use.
MOON BEAM word mark (Class No. 30)	Pilmico Foods Corporation	November 27, 2015	4-2015-013642  April 7, 2016	Application for the word mark "MOON BEAM".	Original Certificate of Registration was issued on April 7, 2016.  The 3rd year Anniversary DAU was due for filing on November 27, 2018 but was not filed due to non-use.
NUTRA BITE word mark (ClassNo. 30)	Pilmico Foods Corporation	August 30, 2016	4-2016-504397  November 24, 2016	Application for the word mark "Nutra Bite"	Original Certificate of Registration was issued on November 24, 2016.  The 3rd year Anniversary DAU is due for filing on August 30, 2019.
NUTRA BITE logo (Class No. 30)	Pilmico Foods Corporation	August 30, 2016	4-2016-50404401  November 24, 2016	Application for the device mark "Nutra Bite"	Original Certificate of Registration was issued on November 24, 2016.  The 3rd year Anniversary DAU is due for filing on August 30, 2019.
THE CARE PACKAGE word mark (Class Nos. 30, 35, 41, 44, 45)	Pilmico Foods Corporation	August 30, 2016	4-2016-504398	Application for the word mark "The Care Package"	The application which was filed on August 30, 2016 is pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on August 30, 2019.
THE CARE PACKAGE Device (Class Nos. 30,	Pilmico Foods Corporation	August 30, 2016	4-2016-504400	Application for the logo "The Care Package".	The application which was filed on August 30, 2016 is pending with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
35, 41, 44, 45)					The 3rd year Anniversary DAU is due for filing on August 30, 2019.
WOODEN SPOON Device (Class No. 30)	Pilmico Foods Corporation	March 15, 1991	4-1991-00054939 May 4, 1993	Application for the device mark "WOODEN SPOON".	Original Certificate of Registration was issued on May 4, 1993.  The mark was renewed on May 4, 2013.  The 5th year Renewal DAU is due for filing on May 4, 2019.
WOODEN SPOON word mark (additional classes – Class Nos. 35, 43)	Pilmico Foods Corporation	August 30, 2016	4-2016-504396 December 17, 2017	Application for the word mark "WOODEN SPOON" for additional classes Nos. 35 and 43.	Original Certificate of Registration was issued on December 17, 2017.  The 3rd year anniversary DAU is due for filing on August 30, 2019.
WOODEN SPOON AND DEVICE (additional classes – Class Nos. 35, 43)	Pilmico Foods Corporation	August 30, 2016	4-2016-504399	Application for the device mark "WOODEN SPOON" for additional classes Nos. 35 and 43.	The application which was filed on August 30, 2016 is pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on August 30, 2019.
PILMICO word mark (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	September 21, 2016	4-2016-504847 March 24, 2017	Application for the word mark "PILMICO"	Original Certificate of Registration was issued on March 24, 2017.  The 3rd year Anniversary DAU is due for filing on September 21, 2019.
Silver 168 (Class No. 30)	Pilmico Foods Corporation	October 24, 2017	4-2017-017183 February 22, 2018	Application for the word mark "Silver 168"	Original Certificate of Registration was issued on February 22, 2018.  The 3rd year anniversary DAU is due for filing on October 24, 2020.
Yummii word mark (Class No. 30)	Pilmico Foods Corporation	August 25, 2017	4-2017-0503463 December 28, 2017	Application for the word mark "Yummii".	Original Certificate of Registration was issued on December 28, 2017.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					The 3rd year anniversary DAU is due for filing on August 25, 2020.
Silver Star with Chinese Slogan Device (Class No. 30)	Pilmico Foods Corporation	October 24, 2017	4-2017-017184 February 22, 2018	Application for the device mark "Silver Star with Chinese Slogan Device."	Original Certificate of Registration was issued on February 22, 2018.  The 3rd year anniversary DAU is due for filing on October 24, 2020.
SOLA ALL PURPOSE FLOUR word mark (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013-00006660 February 20, 2014	Application for the word mark "SOLA ALL PURPOSE FLOUR".	The Original Certificate of Registration was issued on February 20, 2014.  The 3rd year Anniversary DAU was filed on December 12, 2016.  The 5th year Anniversary DAU is due for filing on February 20, 2020.
PILMICO logo (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	February 21, 2017	4-2017-500751 June 2, 2017	Application for the device mark "PILMICO".	The Original Certificate of Registration was issued on June 2, 2017.  The 3rd year Anniversary DAU is due for filing on February 21, 2020.
"M" handshake mark (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	February 20, 2017	4-2017-500744 August 17, 2017	Application for the "M" handshake mark.	The Original Certificate of Registration was issued on August 17, 2017.  The 3rd year Anniversary DAU is due for filing on February 20, 2020.
Tinapay Natin word mark (Class No. 41)	Pilmico Foods Corporation	January 22, 2018	04-2018-001238	Application for the word mark "Tinapay Natin".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on January 22, 2021.
My Wooden Spoon word mark (Class Nos. 9, 35,38,41)	Pilmico Foods Corporation	June 19, 2018	04-2018-010221	Application for the word mark "My Wooden Spoon".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on June 19, 2021.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
PIGROW Device (Class Nos. 31 and 34)	Filagri, Inc.	February 28, 2012	4-2012-002465  September 28, 2012	Application for the device mark "PIGROW", with color claim.	Original Certificate of Registration was issued on September 28, 2012.  The 3rd year Anniversary DAU was filed on February 28, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on September 28, 2018 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on September 28, 2022.
PIGROW MATERNA word mark (Class Nos. 31 and 44)	Filagri, Inc.	February 28, 2012	4-2012-002463  May 24, 2012	Application for the word mark "PIGROW MATERNA".	Original Certificate of Registration was issued on May 24, 2012.  The 3rd year Anniversary DAU was filed on February 27, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on May 24, 2018 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on May 24, 2022.
PORK SOLUTIONS word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	January 4, 2006	4-2006-000130  August 20, 2007	Application for the word mark "PORK SOLUTIONS".	Original Certificate of Registration was issued on August 20, 2007.  The 3rd year Anniversary DAU was filed on January 5, 2009 with the IP Office.  The 5th year Anniversary DAU was filed on October 19, 2012 with the IP Office.  The request for renewal of registration was filed on August 7, 2017.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					The renewal DAU was filed on August 17, 2018. The 5th year Renewal DAU is due on August 20, 2023.
POULTRY SOLUTIONS word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	January 4, 2006	4-2006-000132 August 20, 2007	Application for the word mark "POULTRY SOLUTIONS".	Original Certificate of Registration was issued on August 20, 2007.  The 3rd year Anniversary DAU was filed on January 5, 2009 with the IP Office.  The 5th year Anniversary DAU was filed on October 19, 2012 with the IP Office.  The request for renewal of registration was filed on August 7, 2017.  The renewal DAU was filed on August 17, 2018.  The 5th year Renewal DAU is due for filing on August 20, 2023.
CIVIC Device (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012- 00009841 June 6, 2013	Application for the device mark "CIVIC".	Original Certificate of Registration was issued on June 6, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU is due for filing on June 6, 2019.
TAMERA word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-00009856 June 6, 2013	Application for the word mark "TAMERA".	Original Certificate of Registration was issued on June 6, 2013.  The 3rd year Anniversary DAU was filed on August

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					5, 2015 with the IP Office.  The 5th year Anniversary DAU is due for filing on June 6, 2019.
PILMICO ANIMAL NUTRITION word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-00009849  June 6, 2013	Application for the word mark "PILMICO ANIMAL NUTRITION".	Original Certificate of Registration was issued on June 6, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU is due for filing on June 6, 2019.
AQUAMAX word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-00009857  June 6, 2013	Application for the word mark "AQUAMAX".	Original Certificate of Registration was issued on June 6, 2013.  The 3rd year Anniversary DAU was filed on February 10, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on June 6, 2019.
CLASSIC word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-00009844  April 14, 2013	Application for the word mark "CLASSIC".	Original Certificate of Registration was issued on April 14, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 14, 2019.
ULTIMAX word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009845  April 14, 2013	Application for the word mark "ULTIMAX"	Original Certificate of Registration was issued on April 14, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.



Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					The 5th year Anniversary DAU is due for filing on April 14, 2019.
POULTRY EXPRESS word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009847 April 14, 2013	Application for the word mark "POULTRY EXPRESS".	Original Certificate of Registration was issued on April 14, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 14, 2019.
ELITE word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009843 April 14, 2013	Application for the word mark "ELITE".	Original Certificate of Registration was issued on April 14, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 14, 2019.
ALAS NG SALTO word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	September 25, 2012	4-2012-011803 February 28, 2013	Application for the word mark "ALAS NG SALTO".	Original Certificate of Registration was issued on February 28, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on February 1, 2019 with the IP Office. The 10 <sup>th</sup> year Anniversary DAU and application for renewal are due for filing on February 28, 2023

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
AVE MAX word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009848 February 8, 2013	Application for the word mark "AVE MAX".	Original Certificate of Registration was issued on February 28, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on February 8, 2019 with the IP Office.  The 10 <sup>th</sup> year Anniversary DAU and application for renewal are due for filing on February 8, 2023
SALTO Device (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009850 February 8, 2013	Application for the device mark "SALTO".	Original Certificate of Registration was issued on February 8, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on February 1, 2019 with the IP Office.  The 10 <sup>th</sup> year Anniversary DAU and application for renewal are due for filing on February 8, 2023
ANGAT SARADO word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009852 February 8, 2013	Application for the word mark "ANGATSARADO"	Original Certificate of Registration was issued on February 8, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on February 1, 2019 with the IP Office.  The 10 <sup>th</sup> year Anniversary DAU and application for renewal are due for filing on February 8, 2023
BASIC word mark	Pilmico Animal	August 10, 2012	4-2012-009853	Application for the word mark	Original Certificate of Registration was issued on

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
(Class No. 31)	Nutrition Corporation		February 8, 2013	"BASIC".	February 8, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on February 1, 2019 with the IP Office.  The 10 <sup>th</sup> year Anniversary DAU and application for renewal are due for filing on February 8, 2023
LAKAS GATAS word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009842 February 8, 2013	Application for the word mark "LAKAS GATAS".	Original Certificate of Registration was issued on February 8, 2013. The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on February 8, 2019 with the IP Office.  The 10 <sup>th</sup> year Anniversary DAU and application for renewal are due for filing on February 8, 2023
GALLIMAX word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009846 February 8, 2013	Application for the word mark "GALLIMAX".	Original Certificate of Registration was issued on February 8, 2013.  The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.  The 5th year Anniversary DAU was filed on February 1, 2019 with the IP Office.  The 10 <sup>th</sup> year Anniversary DAU and application for renewal are due for filing on February 8, 2023
SUPREMECON word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	March 21, 2011	4-2011-003166 July 22, 2011	Application for the word mark "SUPREMECON".	Original Certificate of Registration was issued on July 22, 2011.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					<p>The 3rd year Anniversary DAU was filed on March 21, 2014 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on July 22, 2017 with the IP Office.</p> <p>The 10th year Anniversary DAU is due for filing on July 22, 2021.</p>
POWERMIX word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	June 10, 2011	4-2011-006860  January 13, 2012	Application for the word mark "POWERMIX".	<p>Original Certificate of Registration was issued on January 13, 2012.</p> <p>The 3rd year Anniversary DAU was filed on June 9, 2014 with the IP Office.</p> <p>The 5th year Anniversary DAU is was filed on January 13, 2018.</p> <p>The 10th year Anniversary DAU is due for filing on January 13, 2022.</p>
PILMICO FEEDS word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	September 8, 2011	4-2011-010731  March 8, 2012	Application for the word mark "PILMICO FEEDS".	<p>Original Certificate of Registration was issued on March 8, 2012.</p> <p>The 3rd year Anniversary DAU was filed on September 8, 2014 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on March 6, 2018 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for renewal are due for filing on March 8, 2022.</p>
GROW YOUR PROFIT word mark (Class No. 31 and	Pilmico Animal Nutrition Corporation	July 3, 2013	4-2013-007729  December 26, 2013	Application for the word mark "GROW YOUR PROFIT".	<p>Original Certificate of Registration was issued on December 26, 2013.</p> <p>The 3rd year Anniversary DAU was filed on June</p>

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
44)					22, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on December 26, 2019.
PARTNERS FOR GROWTH word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	January 15, 2010	4-2010-000543  July 16, 2010	Application for the word mark "PARTNERS FOR GROWTH"	Original Certificate of Registration was issued July 16, 2010.  The 3rd year Anniversary DAU was filed on September 25, 2012 with the IP Office.  The 5th year Anniversary DAU was filed on June 22, 2016 with the IP Office.  The 10th year Anniversary DAU and application for renewal are due for filing on July 16, 2020.
PILMICO FARMS LOGO (Class No. 31)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009415  April 17, 2014	Application for the device mark "PILMICO FARMS".	Original Certificate of Registration was issued April 17, 2014.  The 3rd year Anniversary DAU was filed on August 7, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 17, 2020.
PILMICO FEEDS word mark (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009416  April 17, 2014	Application for the word mark "PILMICO FEEDS".	Original Certificate of Registration was issued April 17, 2014.  The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING PIG	Pilmico Animal	August 7, 2013	4-2013-009417	Application for the device mark	Original Certificate of Registration was issued April

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
LOGO (Class Nos. 31 and 44)	Nutrition Corporation		April 17, 2014	"GROWING PIG LOGO".	17, 2014.  The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING CHICKEN LOGO (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009418  April 17, 2014	Application for the device mark "GROWING CHICKEN LOGO".	Original Certificate of Registration was issued April 17, 2014.  The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING QUAIL LOGO (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009419  April 17, 2014	Application for the device mark "GROWING QUAIL LOGO".	Original Certificate of Registration was issued on April 17, 2014.  The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING PIGEON LOGO (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009420  April 17, 2014	Application for the device mark "GROWING PIGEON LOGO".	Original Certificate of Registration was issued on April 17, 2014.  The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING DUCK LOGO (Class Nos. 31	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009421  December 26,	Application for the device mark "GROWING DUCK LOGO".	Original Certificate of Registration was issued on December 26, 2013.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
and 44)			2013		The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on December 26, 2019.
POWERHEAL word mark (Class Nos. 5 and 31)	Pilmico Animal Nutrition Corporation	December 16, 2013	4-2013-014947	Application for the word mark "POWERHEAL".	Original Certificate of Registration was issued on April 17, 2017.  A Declaration of Non-Use was filed on June 16, 2017.
POWERBOOST word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-505003  December 8, 2016	Application for the word mark "POWERBOOST".	Original Certificate of Registration was issued on December 8, 2016.  The 3rd year Anniversary DAU is due on September 29, 2019.
POWERBOOST AND PIG DEVICE (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-505000  December 8, 2016	Application for the device mark "POWERBOOST and PIG".	Original Certificate of Registration was issued on December 8, 2016.  The 3rd year Anniversary DAU is due on September 29, 2019.
POWERBOOST AND ROOSTER DEVICE (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-504998  July 29, 2017	Application for the device mark "POWERBOOST and ROOSTER".	Original Certificate of Registration was issued on July 29, 2017.  The 3rd year Anniversary DAU is due on September 29, 2019.
POWERBOOST DEVICE (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-505001  December 8, 2016	Application for the device mark "POWERBOOST" in black and white.	Original Certificate of Registration was issued on December 8, 2016.  The 3rd year Anniversary DAU is due on September 29, 2019.
IMMUNODIGEST word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-505002  December 8, 2016	Application for the word mark "Immunodigest".	Original Certificate of Registration was issued on December 8, 2016.  The 3rd year Anniversary DAU is due on



Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					September 29, 2019.
AVEMAX word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	March 7, 2017	4-2017-500952	Application for the word mark "AVEMAX".	Application still pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on March 7, 2020.
CIVIC word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	March 7, 2017	4-2017-500955  June 22, 2017	Application for the word mark "CIVIC".	Original Certificate of Registration was issued on June 22, 2017.  The 3rd year Anniversary DAU is due for filing on March 7, 2020.
ELITE word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	March 7, 2017	4-2017-500956  June 22, 2017	Application for the word mark "ELITE".	Original Certificate of Registration was issued on June 22, 2017.  The 3rd year Anniversary DAU is due for filing on March 7, 2020.
SALTO word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	March 8, 2017	4-2017-500969  July 29, 2017	Application for the word mark "SALTO".	Original Certificate of Registration was issued on July 29, 2017.  The 3rd year Anniversary DAU is due for filing on March 8, 2020.
ULTIMAX word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	April 26, 2017	4-2017-006377  September 7, 2017	Application for the word mark "ULTIMAX".	Original Certificate of Registration was issued on September 7, 2017.  The 3rd year Anniversary DAU is due for filing on April 26, 2020.
EGG2GO word mark (Class No. 29)	Pilmico Animal Nutrition Corporation	January 23, 2018	4-2018-001326  September 13, 2018	Application for the word mark, "EGG2GO".	Original Certificate of Registration was issued on September 13, 2018.  The 3rd year Anniversary DAU is due for filing on January 23, 2021.
BAGWIS word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	January 23, 2018	4-2018-001327  September 13, 2018	Application for the word mark, "Bagwis".	Original Certificate of Registration was issued on September 13, 2018.  The 3rd year Anniversary DAU is due for filing on

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					January 23, 2021.
GUT PROTECH word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	January 23, 2018	4-2018-001328	Application for the word mark, "Gut Protech".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on January 23, 2021.
WITH GUT PROTECH Device (Class No. 31)	Pilmico Animal Nutrition Corporation	January 23, 2018	4-2018-001329  July 19, 2018	Application for the device mark, "With Gut ProTech".	Original Certificate of Registration was issued on July 19, 2018.  The 3rd year Anniversary DAU is due for filing on January 23, 2021.
WORM BUSTER word mark (Class No. 31)	Pilmico Animal Nutrition Corporation	February 2, 2018	4-2018-002030	Application for the word mark "Worm Buster".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on February 2, 2021.
WORM BUSTER Device (Class No. 31)	Pilmico Animal Nutrition Corporation	February 2, 2018	4-2018-002029  November 1, 2018	Application for the device mark "Worm Buster".	Original Certificate of Registration was issued on November 1, 2018.  The 3rd year Anniversary DAU is due for filing on February 2, 2021.
YOLO! CHICHA, ATBP. Word mark (Class No. 29)	Pilmico Animal Nutrition Corporation	March 15, 2018	4-2018-004853  September 23, 2018	Application for the word mark, "YOLO! Chicha, atbp."	Original Certificate of Registration was issued on September 23, 2018  The 3rd year Anniversary DAU is due for filing on March 15, 2021.
DOK TILAOK word mark (Class Nos. 5,9,31,38)	Pilmico Animal Nutrition Corporation	June 20, 2018	4-2018-010408	Application for the word mark, "Dok Tilaok".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on June 20, 2021.
BEAT THE DAY word mark (Class No. 29)	Pilmico Animal Nutrition Corporation	June 25, 2018	4-2018-010792	Application for the word mark "Beat the Day".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on June 25, 2021.
TASTE ADVENTURE	Pilmico Animal Nutrition	June 25, 2018	4-2018-010793	Application for the word mark, "Taste Adventure".	Pending with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
word mark (Class No. 29)	Corporation				The 3rd year Anniversary DAU is due for filing on June 25, 2021.
ARYA word mark (Class No. 29)	Pilmico Animal Nutrition Corporation	November 14, 2018	4-2018-020473	Application for the word mark, "Arya".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on November 14, 2021.
THE GOOD MEAT word mark (Class No. 29 and 43)	Pilmico Animal Nutrition Corporation	December 12, 2018	4-2018-022094	Application for the word mark, "The Good Meat".	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on December 12, 2021.
Mata ng Bagyo word mark (Class No. 42)	Weather Philippines Foundation, Inc.	April 15, 2013	4-2013-004262  October 31, 2013	Application for the word mark "Mata ng Bagyo".	Original Certificate of Registration was issued on October 31, 2013.  The 3rd year Anniversary DAU was filed on March 18, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on October 31, 2019.
Weather Philippines and Logo (Class No. 42)	Weather Philippines Foundation, Inc.	March 18, 2013	4-2013-002959  August 13, 2015	Application for the device mark "Weather Philippines and Logo", with color claim.	Original Certificate of Registration was issued on August 13, 2015.  The 3rd year Anniversary DAU was filed on March 18, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on August 13, 2021.
My Philippines. My Weather. Word mark (Class No. 42)	Weather Philippines Foundation, Inc.	March 18, 2013	4-2013-002961  August 13, 2015	Application for the word mark "My Philippines. My Weather."	Original Certificate of Registration was issued on August 13, 2015.  The 3rd year Anniversary DAU was filed on March 18, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on August 13, 2021.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Payong Panahon word mark (Class No. 42)	Weather Philippines Foundation, Inc.	April 15, 2013	4-2013-004261 October 15, 2015	Application for the word mark "Payong Panahon".	Original Certificate of Registration was issued on October 15, 2015.  The 3rd year Anniversary DAU was filed on March 18, 2016 with the IP Office.  The 5th year Anniversary DAU is due for filing on October 15, 2021.
WeatherPhilippines #WeatherWiser Nation word mark (Class No. 42)	Weather Philippines Foundation, Inc.	December 15, 2014	4-2014-015257 July 2, 2015	Application for the word mark "WeatherPhilippines #WeatherWiserNation".	Original Certificate of Registration was issued on July 2, 2015.  The 3rd year Anniversary DAU was filed on August 25, 2017 with the IP Office.  The 5th year Anniversary DAU is due for filing on July 2, 2021.
Weather Solutions and Logo (Class No. 42)	Weather Solutions, Inc.	December 12, 2018		Application for the device mark with words "Weather Solutions", with color claim.	Pending with the IP Office.  The 3rd year Anniversary DAU is due for filing on December 12, 2021.
Aboitiz & Device - Black (Class Nos. 30,36,37,39,40 and 42)	Aboitiz & Co. Inc.	December 19, 2005	4-2005-012408 September 24, 2007	Application for the device mark "Aboitiz (Black)".	Original Certificate of Registration was issued on September 24, 2007.  The 3rd year Anniversary DAU was filed on December 19, 2008 with the IP Office.  The 5th year Anniversary DAU was filed on September 24, 2013 with the IP Office.  The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on September 24, 2017.  Renewal DAU was filed on August 24, 2018 with

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					the IP Office.  The 5th Year Renewal DAU is due for filing on September 24, 2023.
Aboitiz & Device - Red (Class Nos. 30,36,37,39,40 and 42)	Aboitiz & Co. Inc.	December 19, 2005	4-2005-012409  September 24, 2007	Application for the device mark "Aboitiz (Red)".	Original Certificate of Registration was issued on September 24, 2007.  The 3rd year Anniversary DAU was filed on December 19, 2008 with the IP Office.  The 5th year Anniversary DAU was filed on September 24, 2013 with the IP Office.  The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on September 24, 2017.  Renewal DAU was filed on August 24, 2018 with the IP Office.  The 5th year Renewal DAU is due for filing on September 24, 2023.
Passion for better ways word mark (Class Nos. 30,36,37,39,40 and 42)	Aboitiz & Co. Inc.	December 19, 2005	4-2005-012413  September 24, 2007	Application for the word mark "Passion for better ways".	Original Certificate of Registration was issued on September 24, 2007.  The 3rd year Anniversary DAU was filed on December 19, 2008 with the IP Office.  The 5th year Anniversary DAU was filed on September 24, 2013 with the IP Office.  The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on June 23, 2017.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					<p>Renewal DAU was filed on August 24, 2018 with the IP Office.</p> <p>The 5th year Renewal DAU is due for filing on September 24, 2023.</p>
Metaphil Logo (Class Nos. 37, 40 and 42)	Aboitiz Construction Group, Inc.	May 21, 2010	4-2010-005424  November 26, 2010	Application for the device mark "Metaphil Logo", with color claim.	<p>Original Certificate of Registration was issued on November 26, 2010.</p> <p>The 3rd year Anniversary DAU was filed on May 21, 2013 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on October 7, 2016 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for renewal are due for filing on November 26, 2020.</p>
Metaphil word mark (Class Nos. 37, 40 and 42)	Aboitiz Construction Group, Inc.	July 16, 2010	4-2010-007798  March 24, 2011	Application for the word mark "Metaphil".	<p>Original Certificate of Registration was issued on March 24, 2011.</p> <p>The 3rd year Anniversary DAU was filed on May 21, 2013 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on March 9, 2017 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for renewal are due for filing on March 24, 2021.</p>
Aboitiz Construction Logo (Class No. 37)	Aboitiz Construction, Inc.	November 26, 2018	4-2018-021230	Application for the device mark "Aboitiz Construction", with color claim.	<p>Pending with the IP Office.</p> <p>The 3rd year Anniversary DAU is due for filing on November 26, 2021.</p>
Aboitiz Foundation Logo	Aboitiz Foundation, Inc.	December 5, 2018	04-2018-121744	Application for the device mark "Aboitiz Foundation, Inc." with	Pending with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
(Class Nos. 35, 41)				color claim.	The 3rd year Anniversary DAU is due for filing on December 5, 2021.
Gold Coin Feed & Device (Class Nos. 31)	Gold Coin Management Holdings Company, Ltd.	August 11, 2016	04-2015-012383	Application for the logo "Gold Coin Feed".	Registered.

**International Trademarks Application (Madrid Protocol)**

Trademarks	Applicant	Date Filed	Country of Application	Status
Star Beam Soft Wheat Flour (#1171572) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	WIPO	On July 9, 2013, the International Bureau of World Intellectual Property Organization issued a Certificate of Registration.  Date of Renewal is on July 9, 2023.
			Singapore	On October 20, 2014, the Intellectual Property Office of Singapore (IPOS) issued a Statement of Grant of Protection approving the trademark application effective July 9, 2013 and valid for ten years.
			Turkey	On March 10, 2015, the Turkey Patent Institute Trademarks Department issued a statement granting protection to the subject mark.
			Vietnam	The IP Office's International Bureau was notified by the Office of Vietnam of its approval of Pilmico's trademark application effective July 9, 2013 and valid for ten years.
			South Korea	On May 15, 2014, the Korean Intellectual Property Office (KIPO) issued a Statement of Grant of Protection dated approving Pilmico's trademark application effective July 9, 2013 and valid for ten years.
		December 16, 2015	China	Refused registration in a Notification of Ex Officio Refusal on September 29, 2017.
Sun Stream Hard Wheat Flour (#1173340) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	WIPO	On September 12, 2013, the International Bureau of World Intellectual Property Organization issued a Certificate of Registration.  Date of Renewal is on July 9, 2023.
			Singapore	On October 20, 2014, the Intellectual Property Office of Singapore issued a Statement of Grant of Protection approving Pilmico's trademark application effective July 9, 2013 and valid for ten years.
			Turkey	On September 10, 2014, the Turkey Patent Institute Trademarks Department issued a statement granting protection to the subject mark.
			Vietnam	The IP Office's International Bureau was notified by the Office of Vietnam of its approval of Pilmico's trademark application effective July 9, 2013 and valid for ten years.
			South Korea	On May 15, 2014, the Korean Intellectual Property Office (KIPO) issued a Statement



Trademarks	Applicant	Date Filed	Country of Application	Status
				of Grant of Protection approving Pilmico's trademark application effective July 9, 2013 and valid for ten years.
		December 16, 2015	China	Refused registration in a Notification of Ex Officio Refusal issued on September 29, 2017.
Star Blaze Soft Wheat Flour (#1173338) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	WIPO	On September 12, 2013, the International Bureau of World Intellectual Property Organization issued a Certificate of Registration.  Date of Renewal is on July 9, 2023.
			Singapore	On September 16, 2014, the IPOS issued a Statement of Grant of Protection to the subject mark until July 9, 2023.
			Turkey	The Turkish Patent Institute Trademarks Department in its Statement dated September 10, 2014 granted protection to the subject mark.
			Vietnam	The IP Office's International Bureau was notified by the Office of Vietnam of its approval of the trademark application effective July 9, 2013 and valid for ten years.
			South Korea	On May 15, 2014, the KIPO issued a Statement of Grant of Protection approving the trademark application effective July 9, 2013 and valid for ten years.
		December 16, 2015	China	Refused registration through a Notification of <i>Ex Officio</i> Refusal dated September 29, 2017.
Sun Rays Hard Wheat Flour (#1173337) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	Singapore	On October 20, 2014, the IPOS issued a Statement of Grant of Protection to the subject mark until July 9, 2023.
			Turkey	The Turkish Patent Institute Trademarks Department in its Statement dated September 10, 2014 granted protection to the trademark application effective July 9, 2013 and valid for ten years.
			Vietnam	The IP Office's International Bureau was notified by the Office of Vietnam of its approval for Pilmico's trademark application effective July 9, 2013 and valid for ten years.
			South Korea	On May 15, 2014, the KIPO issued a Statement of Grant of Protection approving Pilmico's trademark application effective July 9, 2013 and valid for ten years.
		December 16, 2015	China	Refused registration.

Trademarks	Applicant	Date Filed	Country of Application	Status
Luna Cake Flour (#1173339) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	WIPO	On July 9, 2013, the International Bureau of World Intellectual Property Organization issued a Certificate of Registration.  Date of Renewal is on July 9, 2023.
			South Korea	On May 15, 2014, the KIPO issued a Statement of Grant of Protection approving Pilmico's trademark application effective July 9, 2013 and valid for ten years.
			Turkey	Refused registration.
			Singapore	Refused registration.
			Vietnam	Refused registration.
		December 16, 2015	China	On September 29, 2017, the Trademark Office of China issued a Statement of Grant of Protection.
Sola All Purpose Flour (#1341959) (Class No. 30)	Pilmico Foods Corporation	February 12, 2016	WIPO	On February 12, 2016, the World Intellectual Property Organization issued a Certificate of Registration.  Date of Renewal is on February 12, 2026.
			Singapore	On September 22, 2017, the Intellectual Property Office of Singapore issued a Statement of Grant of Protection.
			Turkey	The Turkish Patent and Trademark Office issued a statement to the effect that it has found no grounds for provisional refusal of the registration of the mark but the protection of the mark is still subject to opposition by third parties from June 27, 2017 to August 27, 2017.
			Vietnam	Refused registration in a Notification of Provisional Refusal on April 11, 2018.
			South Korea	On December 4, 2017, the KIPO issued a Statement of Grant of Protection approving the trademark application effective February 12, 2016.
PILMICO word mark (#1392327) (Class Nos. 5, 29, 30, 31, 35, 43, and 45)	Pilmico Foods Corporation	March 16, 2017	WIPO	On March 16, 2017 the International Bureau of World Intellectual Property Organization issued a Certificate of Registration.  Date of Renewal is on March 16, 2027.
			USA (Guam)	USPTO completed its ex officio examination and found no grounds for refusal, subject to opposition or observations beginning November 27, 2018. Publication date is November 27, 2018.
Aquamax (#1372599) (Class No. 31)	Pilmico Animal Nutrition Corporation	April 24, 2017	USA	On November 27, 2017, a Total Provisional Refusal of Protection was issued. Pilmico Animal Nutrition Corporation advised not


Trademarks	Applicant	Date Filed	Country of Application	Status
				to contest the refusal.
			Singapore	On May 1, 2018, the Intellectual Property Office of Singapore issued a Statement of Grant of Protection.
Civic (#1377276) (Class No. 31)	Pilmico Animal Nutrition Corporation	August 30, 2017	USA	On April 3, 2018, the US Patent and Trademark Office issued a Statement of Grant of Protection.
			Singapore	On June 6, 2018, a Statement of Grant of Protection was issued.
Elite (#1377277) (Class No. 31)	Pilmico Animal Nutrition Corporation	August 30, 2017	USA	On January 8, 2018, a Total Provisional Refusal of Protection was issued. Pilmico Animal Nutrition Corporation advised not to contest the refusal.
			Singapore	On June 21, 2018, the Intellectual Property Office of Singapore issued a Statement of Grant of Protection.
Gallimax (#1372097) (Class No. 31)	Pilmico Animal Nutrition Corporation	June 29, 2017	USA	On March 6, 2018, the US Patent and Trademark Office issued a Statement of Grant of Protection.
			Singapore	On April 17, 2018, the Intellectual Property Office of Singapore issued a Statement of Grant of Protection.
Powermix (#1372598) (Class No. 31)	Pilmico Animal Nutrition Corporation	April 24, 2017	USA	On March 3, 2018, the US Patent and Trademark Office issued a Statement of Grant of Protection
			Singapore	On January 18, 2018, a Total Provisional Refusal of Protection was issued. Pilmico Animal Nutrition Corporation advised not to contest the refusal.
Ultimax (#1404587) (Class No. 31)	Pilmico Animal Nutrition Corporation	November 20, 2017	USA	On September 25, 2018, the US Patent and Trademark Office issued a Statement of Grant of Protection.
			Singapore	On November 22, 2018, the Intellectual Property Office of Singapore issued a Statement of Grant of Protection.

AEV and its Subsidiaries have other pending trademark under the Madrid Protocol for the following countries: Brunei, China, Indonesia, Cambodia, Laos, Singapore, Thailand, Vietnam, Ghana, and the United States of America.

#### **International Trademarks Application (Non-Madrid Protocol)**

Trademarks	Applicant	Date Filed	Country of Application	Status
PILMICO (#304120550) (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	April 25, 2017	Hong Kong	On November 9, 2017, the Trade Marks Registry Intellectual Property Department issued a Certificate of Registration for the trade mark PILMICO valid until April 24, 2027.
PILMICO (#493122018) (Class Nos. 5, 29, 30, 31, 35, 43,	Pilmico Foods Corporation	August 21, 2018	Myanmar	The mark was registered on August 31, 2018.

Trademarks	Applicant	Date Filed	Country of Application	Status
and 44)				
Elite (4-2016-32520) (Class Nos. 5, 31, 44)	Pilmico Foods Corporation	October 18, 2016	Vietnam	The application was denied by the NOIP of Vietnam. Pilmico decided not to file for opposition.
Gallimax (313090) (Class Nos. 5, 31, 44)	Pilmico Foods Corporation	October 18, 2016	Vietnam	The mark was registered on January 15, 2019.
Avemax (312261) (Class Nos. 5, 31, 44)	Pilmico Foods Corporation	October 18, 2016	Vietnam	The mark was registered on December 27, 2018.
GOLD COIN & Device (8212) (Class No. 21)	Gold Coin Services Pte. Singapore Ltd.	August 19, 1991	Brunei Darussalam	Registered.
GOLD COIN & Device (8210) (Class No. 1)	Gold Coin Services Pte. Singapore Ltd.	August 19, 1991	Brunei Darussalam	Registered.
GOLD COIN & Device (8211) (Class No. 5)	Gold Coin Services Pte. Singapore Ltd.	August 19, 1991	Brunei Darussalam	Registered.
GOLD COIN & Device (8214) (Class No. 31)	Gold Coin Services Pte. Singapore Ltd.	August 19, 1991	Brunei Darussalam	Registered.
GOLD COIN & Device (8213) (Class No. 29)	Gold Coin Services Pte. Singapore Ltd.	August 19, 1991	Brunei Darussalam	Registered.
Gold Coin, Chinese characters & Device (19385/03) (Class No. 31)	Gold Coin Management Holdings Limited	December 19, 2013	Cambodia	Registered.
GOLD COIN (3505731) (Class No. 31)	Gold Coin Management Holdings, Ltd.	April 14, 2004	China	Registered.
GOLD COIN FEED & Chinese characters & device (3021536) (Class No. 31)	Gold Coin Management Holdings, Ltd.	November 28, 2002	China	Registered.
Gold Coin, Chinese Characters and device (300776) (Class No. 31)	Gold Coin Management Holdings, Ltd.	October 10, 1987	China	Registered.
JIN QIAN BAO in Chinese	Gold Coin Management	November 28, 2002	China	Registered.

Trademarks	Applicant	Date Filed	Country of Application	Status
Character (3011619) (Class No.31)	Holdings, Ltd.			
JIN QIAN HUANG in Chinese Characters (8080015) (Class No. 31)	Gold Coin Management Holdings, Ltd.	April 21, 2011	China	Registered.
JIN QIAN in Chinese Character (3505730) (Class No. 31)	Gold Coin Management Holdings, Ltd.	April 14, 2004	China	Registered.
JIN QIAN LE in Chinese Character (8080016) (Class No. 31)	Gold Coin Management Holdings, Ltd.	April 21, 2011	China	Registered.
Yu Li in Chinese Characters (532462) (Class No. 31)	Gold Coin Management Holdings, Ltd.	October 30, 1990	China	Registered.
 (9338648) (Class No. 31)	Gold Coin (Zhangzhou) Company Limited	April 28, 2012	China	Registered
Gold Coin, Chinese characters & Device (199601055) (Class No. 31)	Gold Coin Management Holdings Limited	February 1, 1996	Hong Kong	Registered.
Gold Coin, WANG EMAS & Chinese characters device (644125) (Class No. 31)	Gold Coin Management Holdings, Ltd.	October 26, 1994	India	Registered.
AYAMAS (IDM000212187) (Class No. 29)	Gold Coin Management Holdings, Ltd.	April 6, 1999	Indonesia	Registered.
GOLD COIN & UANG MAS and Device (IDM000248677) (Class No. 31)	Gold Coin Management Holdings, Ltd.	February 1, 1990	Indonesia	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Indonesian Trademark Office.
Gold Coin, Chinese characters &	Gold Coin Management Holdings Limited	January 8, 2004	Macao	Registered.

Trademarks	Applicant	Date Filed	Country of Application	Status
Device (N/012262) (Class No. 31)				
GOLD COIN & Device (M/066884) (Class No. 1)	Gold Coin Management Holdings, Ltd.	October 21, 1974	Malaya	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (M/066886) (Class No. 21)	Gold Coin Management Holdings, Ltd.	October 21, 1974	Malaya	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (M/066885) (Class No. 5)	Gold Coin Management Holdings, Ltd.	October 21, 1974	Malaya	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (M/066887) (Class No. 29)	Gold Coin Management Holdings, Ltd.	October 21, 1974	Malaya	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (M/066888) (Class No. 31)	Gold Coin Management Holdings, Ltd.	October 21, 1974	Malaya	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
ENCAP & Device (91005005) (Class No. 30)	Gold Coin Services Singapore Pte Limited	August 24, 1991	Malaysia	Registered.
ENCAP & Device (91005003) (Class No. 3)	Gold Coin Services Singapore Pte Limited	August 24, 1991	Malaysia	Registered.
ENCAP & Device (91005006) (Class No. 31)	Gold Coin Services Singapore Pte Limited	August 24, 1991	Malaysia	Registered.
ENCAP & Device (91005004) (Class No. 5)	Gold Coin Services Singapore Pte Limited	August 24, 1991	Malaysia	Registered.
Gold Coin, WANG EMAS & Chinese characters Device	Gold Coin Services Singapore Pte Limited	June 12, 1987	Malaysia	Registered.

Trademarks	Applicant	Date Filed	Country of Application	Status
(87002355) (Class No. 29)				
Gold Coin & Device (4/3780/2017) (Class No. 31)	Gold Coin Management Holdings Limited	April 5, 2017	Myanmar	Registered.
Gold Coin, WANG EMAS & Chinese characters Device (A52255) (Class No. 31)	Gold Coin Management Holdings Limited	November 11, 1980	Papua New Guinea	Registered
GOLD COIN & Device (S/018303) (Class No, 31)	Gold Coin Management Holdings Limited	October 21, 1974	Sabah	Registered.
GOLD COIN & Device (S/018302) (Class No. 29)	Gold Coin Services Singapore Pte Limited	October 21, 1974	Sabah	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (S/018300) (Class No. 5)	Gold Coin Services Singapore Pte Limited	October 21, 1974	Sabah	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (S/018301) (Class No. 21)	Gold Coin Services Singapore Pte Limited	October 21, 1974	Sabah	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (S/018299) (Class No. 1)	Gold Coin Services Singapore Pte Limited	October 21, 1974	Sabah	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (R/017137) (Class No. 1)	Gold Coin Services Singapore Pte Limited	August 25, 1983	Sarawak	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (R/017136) (Class No. 21)	Gold Coin Services Singapore Pte Limited	August 25, 1983	Sarawak	Registered. Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN &	Gold Coin	August 25,	Sarawak	Registered.

Trademarks	Applicant	Date Filed	Country of Application	Status
Device (R/017135) (Class No. 31)	Services Singapore Pte Limited	1973		Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN & Device (R/013574) (Class No. 29)	Gold Coin Services Singapore Pte Limited	October 29, 1974	Sarawak	Registered.  Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
GOLD COIN BRAND WANG EMAS with Chinese Characters device (R/013576) (Class No. 5)	Gold Coin Services Singapore Pte Limited	October 29, 1974	Sarawak	Registered.  Assigned to Gold Coin Services Singapore Pte Limited on October 1, 2016. Registration of assignment is pending with the Trademark Office.
ENCAP & Device (T9107668I) (Class No. 5)	Gold Coin Management Holdings Limited	August 15, 1991	Singapore	Registered.
ENCAP & Device (T9107670J) (Class No. 31)	Gold Coin Management Holdings Company, Ltd.	August 15, 1981	Singapore	Registered.
ENCAP & Device (T9107667J) (Class No. 3)	Gold Coin Management Holdings Limited	August 15, 1991	Singapore	Registered.
ENCAP & Device (T9107669G) (Class No. 30)	Gold Coin Management Holdings Limited	August 15, 1991	Singapore	Registered.
GOLD COIN & Device (T7462342A) (Class No. 1)	Gold Coin Management Holdings Limited	October 16, 1974	Singapore	Registered.
GOLD COIN & Device (T7462346D) (Class No. 31)	Gold Coin Management Holdings Limited	October 16, 1974	Singapore	Registered.
GOLD COIN & Device (T7462345F) (Class No. 29)	Gold Coin Management Holdings Company, Ltd.	October 16, 1974	Singapore	Registered.
GOLD COIN & Device (T7462344H) (Class No. 21)	Gold Coin Management Holdings Company, Ltd.	October 16, 1974	Singapore	Registered.
GOLD COIN & Device (T7462343Z) (Class No. 5)	Gold Coin Management Holdings Company, Ltd.	October 16, 1974	Singapore	Registered.
GOLD COIN BRAND ZUELLIG	Gold Coin Management	May 24, 1991	Singapore	Registered.



Trademarks	Applicant	Date Filed	Country of Application	Status
WANG EMAS with Chinese Characters & device (T9105225I) (Class No. 1)	Holdings Company, Ltd.			
GOLD COIN & Device (39635) (Class No. 31)	Gold Coin (Ci) Limited	January 5, 1979	Sri Lanka	Registered. Assigned to Gold Coin Management Holdings Company, Ltd. on June 2, 2006. Registration of the assignment is pending with the Trademark Office.
GOLD COIN SPECIALITIES & Thai Characters and Device (Kor87762) (Class No. 31)	Gold Coin Management Holdings Company, Ltd.	December 27, 1996	Thailand	Registered.
Gold Coin, WANG EMAS & Chinese characters Device (TM135370) (Class No. 42)	Gold Coin Management Holdings Company, Ltd.	January 28, 1991	Thailand	Registered.
Gold Coin Feed & Device (123293) (Class No. 31)	Gold Coin Management Holdings Limited	April 17, 2009	Vietnam	Registered.
Gold Coin Feed & Device (123294) (Class No. 31)	Gold Coin Management Holdings Limited	April 17, 2009	Vietnam	Registered.
Gold Coin, Chinese characters and Device (5263) (Class Nos. 29, 30, 31)	Gold Coin Management Holdings Company, Ltd.	January 18, 1992	Vietnam	Registered.
Gold Coin, Kim Tien & Device (66493) (Class Nos. 29, 31)	Gold Coin Management Holdings Company, Ltd.	June 22, 2004	Vietnam	Registered.
AMERICAN FEEDS COMPANY (25581) (Class Nos. 5, 31)	American Feeds Company	August 29, 2016	Vietnam	Registered.
MAXFEED (55052) (Class No. 31)	American Feeds Company	December 7, 2001	Vietnam	Registered.
ViDan (52296) (Class No. 31)	American Feeds Company	September 4, 2002	Vietnam	Registered.
AF (71663) (Class No. 31)	American Feeds Company	November 21, 2003	Vietnam	Registered.

Trademarks	Applicant	Date Filed	Country of Application	Status
AF-Plus (71664) (Class No. 31)	American Feeds Company	November 21, 2003	Vietnam	Registered.
AF Sự Lựa Chọn Thông Minh Của Nhà Nông INTELLIGENT FARMERS' CHOICE (84729) (Class No. 31)	American Feeds Company	January 25, 2005	Vietnam	Registered.

AEV and its Subsidiaries have other pending trademark applications to individual countries such as Bangladesh, Vietnam, Indonesia, Malaysia, and Thailand.

## **EFFECT OF EXISTING OR PROBABLE GOVERNMENT REGULATIONS ON THE BUSINESS**

### **The Tax Reform for Acceleration and Inclusion (TRAIN Law)**

The TRAIN Law was signed into law by President Rodrigo Roa Duterte on December 19, 2017 and took effect on January 1, 2018. Its declared policies are: (a) enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth, (b) provide, as much as possible, an equitable relief to a greater number of taxpayers and their families in order to improve levels of disposable income and increase economic activity; and (c) ensure that the government is able to provide for the needs of those under its jurisdiction and care through the provision of better infrastructure, health, education, jobs, and social protection for the people.

One of the major provisions of the TRAIN Law is the staggered increase in oil and coal excise taxes. Under the TRAIN Law, rates will be adjusted gradually between 2018 and 2020. For coal, the rates will increase from ₱10 per metric ton to ₱50, ₱100, and ₱150 per metric ton, respectively, in 2018, 2019, and 2020, covering both domestic and imported coal.

Further, the TRAIN Law repeals Section 9 of Republic Act No. (RA) 9511 or the National Grid Corporation of the Philippines Act, which removes the VAT exemptions on transmission charges and on the sale of electricity by cooperatives duly registered under the Cooperative Development Authority (CDA). The estimated impact on the cost of electricity are as follows:

**Additional cost**

All figures in ₱

	kWh consumption	Current cost per kWh	Current	Generation	Transmission		UCME	Total	Estimated new total cost	Percent increase	
				Coal	Diesel/Bunker	Distribution					
Grid (Meralco)	100	7.80	780.00	2.00	4.40	8.18	0.00	0.38	14.96	794.96	1.92
Grid (non-Meralco, NEA)	100	8.80	880.00	2.00	4.40	5.91	0.00	0.38	12.69	892.69	0.44
Grid (non-Meralco, CDA)	00	8.80	880.00	2.00	4.40	5.91	7.18	0.38	19.87	899.87	2.26
SPUG (NEA, coal powered)	00	11.30	1,130.00	4.00	0.00	0.00	0.00	0.38	4.38	1,134.38	0.39
SPUG (CDA, coal powered)	00	11.30	1,130.00	4.00	0.00	0.00	10.17	0.38	14.55	1,144.55	1.29
SPUG (NEA, diesel/bunker powered, full pass-through)	00	11.30	1,130.00	0.00	71.00	0.00	0.00	0.00	71.00	1,201.00	6.28
SPUG (CDA, diesel/bunker powered, full pass-through)	00	11.30	1,130.00	0.00	71.00	0.00	10.17	0.00	8.7	2.70	7.8
SPUG (NEA, diesel/bunker powered, subsidized)	00	11.30	1,130.00	0.00	0.00	0.00	0.00	0.38	0.38	30.38	0.03
SPUG (CDA, diesel/bunker powered, subsidized)	00	11.30	1,130.00	0.00	0.00	0.00	10.17	0.38	0.55	40.55	0.93

Sources: Department of Energy (DOE), Kuryente.org, and DOF staff estimates

Notes: Estimates are based on the following assumptions:

- i. An additional PHP 2.50 per liter increase in the excise tax of diesel and bunker fuel.
- ii. An average increase to PHP 1.00 in excise tax per metric ton of coal.

Another major change introduced by the TRAIN Law is the refund mechanism of zero-rated sales and services under the enhanced VAT refund system. Upon the successful establishment and implementation of an enhanced VAT refund system, refunds of creditable input tax shall be granted by the Bureau of Internal Revenue (BIR) within 90 days from filing of the VAT refund application with the BIR, provided that all pending VAT refund claims of the taxpayer as of December 31, 2017 shall be fully paid in cash by December 31, 2019. The zero-rated transactions covered by this refund mechanism are the following:

- a. Sale of raw materials or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise;
- b. Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed 70% of total annual production;
- c. Those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, and other special laws;
- d. Services performed by subcontractors and/or contractors in processing, converting, or manufacturing goods for an enterprise whose export sales exceed 70% of total annual production; and
- e. Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of Bangko Sentral ng Pilipinas.

Finally, the TRAIN Law doubled the documentary stamp tax (DST) on almost all covered instruments, except debt instruments where the increase is 50%. Only the DST on instruments pertaining to property insurance, fidelity bonds, other insurance, indemnity bonds, deeds of sale, and conveyance remain unchanged.

The Corporate Tax Reform and Fiscal Incentives Modernization is the second package of the Comprehensive Tax Reform Program of the Duterte Administration ("Package 2"). In his State of the Nation Address on July 23, 2018, the President certified Package 2 as a priority legislative measure.

The House of Representatives approved its version of Package 2, House Bill No. (HB) No. 8083 or the Tax Reform for Attracting Better and Higher Quality Opportunities (“Trabaho”) bill, on third and final reading on September 10, 2018. On the other hand, the Senate’s version, Senate Bill No. (SB) No. 1906, has been pending with the Committee of Ways and Means since August 6, 2018.

Package 2, which the Department of Finance (DOF) claims to be revenue-neutral, proposes to gradually lower the corporate income tax (“CIT”) rate while modernizing the fiscal incentives to make them performance-based, targeted, time-bound, and transparent for a more competitive fiscal incentives system for investments. Pursuant to HB No. 8083, from 30%, the CIT shall be 28% beginning January 1, 2021; 26% beginning January 1, 2023; 24% beginning January 1, 2025; 22% beginning January 1, 2027; and 20% beginning January 1, 2029. On the other hand, under SB No. 1906, the CIT rate shall be 25% upon the effectivity of Package 2.

### **Data Privacy Act of 2012**

The Data Privacy Act of 2012 is a comprehensive and strict privacy legislation aimed to protect the fundamental human right of privacy by: (a) protecting the privacy of individuals while ensuring free flow of information; (b) regulating the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of personal data; and (c) ensuring that the Philippines complies with international standards set for data protection through National Privacy Commission (NPC).

Intended to protect the privacy of individuals, it mandates companies to inform the individuals about how their personal information are collected and processed. It also ensures that all personal information must be (a) collected and processed with lawful basis, which includes consent, and only for reasons that are specified, legitimate, and reasonable; (b) handled properly, ensuring its accuracy and retention only for as long as reasonably needed; and (c) discarded properly to avoid access by unauthorized third parties.

Its Implementing Rules and Regulations took effect on September 9, 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) creation of a privacy knowledge management program; (d) implement a privacy and data protection policy; and (e) establish a breach reporting procedure. In addition, companies with at least 250 employees or access to the personal and identifiable information of at least 1,000 individuals are required to register their data processing systems with the National Privacy Commission.

In 2017, AEV launched its data privacy compliance program, which includes the implementation of Information Security Management System (ISMS) for the entire Aboitiz Group. Expected time of completion for this compliance program is by the fourth quarter of 2019.

### **The Philippine Competition Act**

The Philippine Competition Act (R.A. 10667) is aimed to promote and protect fair market competition. It is intended to improve consumer protection and preserve the efficiency of market competition by establishing the Philippine Competition Commission (PCC) to implement the following: (a) prohibition against entities from entering into anti-competitive horizontal and vertical agreements that substantially prevent, restrict, or lessen competition; (b) proscription on abuse of dominant position, which refers to conduct by dominant players that substantially prevents, restricts, or lessens competition (e.g., predatory pricing, tying and bundling, or imposing barriers to

entry by new player, etc); (c) regulation or prevention of anti-competitive mergers and acquisitions; and (d) imposition of fines and criminal penalties.

In 2018, the PCC issued Memorandum Circular No. 18-001, which adjusted the thresholds for the compulsory notification of mergers and acquisitions from ₱1 bn for both the Size of Person and Size of Transaction tests to ₱5 bn for the Size of Person and ₱2 bn for the Size of Transaction as defined in the Implementing Rules and Regulations. The same memorandum circular also provided that unless otherwise modified or repealed by the Commission, the thresholds set out in Rule 4, Section 3 of the Implementing Rules and Regulations, as amended, shall be automatically adjusted commencing on March 1, 2019 and on March 1st of every succeeding year, using as index the Philippine Statistics Authority’s official estimate of the nominal Gross Domestic Product (GDP) growth of the previous calendar year rounded up to the nearest hundred millions. The annual nominal GDP from 2017 to 2018 grew by 10.23%.

Based on the nominal GDP growth, the PCC issued Advisory 2019-001, notifying the public of the adjustment of the thresholds:

<b>Adjusted Thresholds to be Implemented</b>		
<b>Test</b>	<b>Old Threshold (2018)</b>	<b>New Threshold (effective March 1, 2019)</b>
Size of Person Test	₱5 bn	₱5.6 bn
Size of Transaction Test	₱2 bn	₱2.2 bn

This means that the value of the assets or revenues of the Ultimate Parent Entity (UPE) of at least one of the parties must exceed ₱5.6 bn instead of ₱5 bn. The UPE is the entity that, directly or indirectly, controls a party to the transaction, and is not controlled by any other entity. In addition, the value of the assets or revenues of the acquired entity must exceed ₱2.2 bn instead of ₱2 bn. Both thresholds must be breached in order for the compulsory notification requirement to apply. The new thresholds will not apply to (a) transactions already pending review with the PCC, (b) notifiable transactions consummated before March 1, 2019, and (c) transactions already decided by the PCC.

The Aboitiz Group, in its effort to create shareholder value by growing its businesses and in the conduct of its business practices, closely monitors its compliance with the Philippine Competition Act.

**General Banking Law of 2000 and the Issuances of Bangko Sentral ng Pilipinas**

AEV’s banking and financial services group adhere to the provisions of the General Banking Law of 2000 (Republic Act No. 8791) and the Anti-Money Laundering Act of 2001 (Republic Act No. 9160), as amended. Rules and regulations issued by the BSP in the forms of circulars, circular letters, and memoranda relevant to the business of AEV are compiled together in the (a) Manual of Regulations for Banks, and (b) the Manual of Regulations for Foreign Exchange Transactions. These manuals are updated by the BSP through issuances of supervisory and regulatory policies, which AEV’s banking and financial services group regularly monitor.

**Anti-Money Laundering Laws and Know Your Customer Procedures**

UnionBank and its subsidiaries comply with the Anti-Money Laundering Act of 2001 (Republic Act No. 9160), as amended, its Implementing Rules and Regulations, and regulatory issuances of the BSP. The Bank adheres to the Know Your Customer (KYC) rules and customer due diligence

requirements of both the law and regulations from the start of bank-client relationship until its termination.

Since June 2015, UnionBank and its subsidiaries has put in place a new AML System equipped with monitoring tools and reporting capabilities. Beginning September 2016, UnionBank has likewise implemented a real-time sanctions screening system to screen transactions that pass through the SWIFT network. Since 2017, Unionbank has also implemented monitoring processes for transactions within a certain threshold. KYC process remains to be robust through documentation of client information, determination of acceptable IDs for transactions, and senior management approval, where warranted.

Finally, on an annual basis, UnionBank, through its Compliance and Corporate Governance Office, provides annual formal AML trainings to the members of the Board of Directors, Senior Management and its Branches. Senior Management, branches and other units are also required to take the annual electronic AML refresher module in coordination with HR Group and the Compliance and Corporate Governance Office.

### **Electric Power Industry Reform Act of 2001 (EPIRA)**

Since the enactment of the Electric Power Industry Reform Act of 2001 (EPIRA), the Philippine power industry has undergone and continues to undergo significant restructuring. Among the provisions of the EPIRA which have had or will have considerable impact on AboitizPower's businesses relate to the following:

#### **Wholesale Electricity Spot Market (WESM)**

The WESM is a mechanism established by the EPIRA to facilitate competition in the production and consumption of electricity. It aims to provide the mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity by: (a) establishing the merit order dispatch instructions for specific time periods; (b) determining the market clearing price for such time periods; (c) reflecting accepted economic principles; and (d) providing a level playing field to all electric power industry participants.

The WESM provides an avenue whereby generators may sell power and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. Where there are such bilateral contracts, these contracts are nevertheless declared in the market but only to determine the appropriate merit order of generators. Settlement for bilateral contracts between the contracting parties will, however, occur outside the market. Traded electricity not covered by bilateral contracts will be settled through the market on the basis of the market clearing prices for each of the trading periods.

DOE, ERC, and PEMC issued the amended Joint Resolution No. 2 on December 27, 2013 adjusting the WESM Offer Price Ceiling from ₱62,000.00 per MWh to ₱32,000.00 per MWh. In May 2014, the ERC issued an urgent resolution imposing a WESM interim secondary price cap of ₱6,245.00 per MWh in the WESM. In December 2014, the ERC adopted a permanent pre-emptive mitigation measure, where the price cap of ₱6,245.00 per MWh would be imposed in the event the average spot price in WESM would exceed ₱9,000.00 per MWh over a rolling seven (7)- day period.

The Philippine Independent Power Producers Association, Inc. (PIPPA) filed a petition for declaratory relief with the Regional Trial Court (RTC) of Pasig City on the ground that the resolutions establishing

the interim secondary price cap and the permanent pre-emptive mitigation measure are invalid and void.

In 2015, DOE Circular 2015-10-0015 entitled “Providing Policies for Further Enhancement of the Wholesale Electricity Spot Market (WESM) Design and Operations” enhancing WESM Design as follows:

- a. Removal of Pmin constraint in the Market Dispatch Optimization Model;
- b. Five minutes dispatch intervals from one hour;
- c. Ex-ante pricing only;
- d. Maintaining the one-hour settlement interval for settlement purposes;
- e. Automated pricing corrections;
- f. Mandatory integration of distribution utilities’ sub-transmission network (with material effect) into the Market Network Model (MNM);
- g. Changing the values and priorities of some of the Constraint Violation Coefficients (CVCs);
- h. Imposition of WESM offer cap and floor for energy and reserve as determined through joint study by the DOE, ERC and PEMC;
- i. Implementation of hourly Day-Ahead Projection (DAP) with sensitivities and Hour-Ahead Dispatch (HAD);
- j. Implementation of nodal-based short-term demand forecasting;
- k. Enhanced training of WESM participants; and
- l. Any other enhancements as may be deemed necessary and issued by the DOE.

On May 17, 2017, PEMC filed an application docketed as ERC Case No. 2017-042 RC for the approval of the Price Determination Methodology for the WESM, which includes, inter alia, (a) scheduling and pricing of energy and reserves, and (b) revised settlement formula. Hearings are ongoing.

### **WESM in Mindanao**

On May 4, 2017, the DOE issued DC 2017-05-0009 entitled “Declaring the Launch of WESM in Mindanao and Providing Transition Guidelines”. This DOE Circular took effect on June 7, 2017, with the following pertinent provisions:

- a. Establishment of Mindanao WESM Transition Committee, which will be one of the committees under the PEMC Board;
- b. Launch of WESM in Mindanao on June 26, 2017, with the commencement of full commercial operations dependent on various conditions precedent, including installation of metering facilities, approval of the Price Determination Methodology by the ERC, and trial operations of the WESM, among others;
- c. Conduct of the Trial Operation Program for the WESM;
- d. Automatic termination of IMEM; and
- e. Implementation of an Interim Protocol to govern the dispatch and scheduling of power generation plants, while the WESM is still not operational.

As of December 2018, trial operations were ongoing to ensure the readiness of eventual WESM participants in Mindanao. According to the DOE, the target commercial operations of the WESM in Mindanao is set on June 2019, although this would still require the promulgation of the new Price Determination Methodology currently pending in the ERC.

### **Independent Electricity Market Operator (IEMOP)**



On February 04, 2018, DOE issued Circular DC2018-01-0002, setting the policy governing the establishment of an independent market operator (IMO) of the WESM. The policy outlines the mandates of DOE and ERC over the IMO, its guiding principles, composition, including a board composed of at least five members, its functions, and WESM's new governing and governance structure and the conditions for transition.

The IMO transition plan called for the formation of a new company called the IEMOP as an independent market operator, with PEMC remaining as WESM's governing body. Previously, PEMC oversees both the operations and governance functions of WESM. The transition also entails the reconstitution of the PEMC Board, with the DOE Secretary relinquishing his chairmanship, paving the way for a PEMC independent of government.

On September 26, 2018, IEMOP formally took over operations of the WESM from PEMC thereby signifying the government's transfer of WESM operations to the private sector. IEMOP facilitates the registration and participation of generating companies, distribution utilities, directly connected customers or bulk users, suppliers and contestable customers in the WESM. It also determines the hourly schedules of generating units that will supply electricity to the grid, as well as the corresponding spot-market prices of electricity via its Market Management System.

### **Retail Competition and Open Access (Open Access)**

The EPIRA provides for a system of Open Access to transmission and distribution wires, whereby Transco, its concessionaire, the NGCP, and any distribution utility may not refuse the use of their wires by qualified persons, subject to the payment of transmission and distribution retail wheeling charges. Conditions for the commencement of Open Access are as follows:

- a. Establishment of the WESM;
- b. Approval of unbundled transmission and distribution wheeling charges;
- c. Initial implementation of the cross-subsidy removal scheme;
- d. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- e. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPPAs.

As provided in the EPIRA, Open Access shall be implemented in phases. The WESM began operations in Luzon in June 2006 and in Visayas in December 2010.

In 2011, the ERC motu proprio initiated proceedings to determine whether Open Access may already be declared in Luzon and Visayas. Following various public hearings, the ERC declared December 26, 2011 as the Open Access Date when full operations of the Competitive Retail Electricity Market (CREM) in Luzon and Visayas should commence. All electricity end-users with an average monthly peak demand of 1 MW for the 12 months preceding December 26, 2011, as certified by the ERC to be Contestable Customers, were given the right to choose their own electricity suppliers. However, on October 24, 2011, upon the request of MERALCO, the Private Electric Power Operators Association and the Philippine Rural Electric Cooperatives Association, Inc. for re-evaluation of the feasibility of the December 26, 2011 Open Access Date, the ERC declared the deferment of the implementation of Open Access in Luzon and Visayas by reason of the inadequacy of rules, systems, preparations, and infrastructure required therefore.

In 2012, the ERC, together with the DOE and PEMC, worked on the development of the Transitory Rules to govern the initial implementation of Open Access, which rules were finalized and issued by



the ERC in December 2012. Under the said rules, the ERC declared December 26, 2012 as the Open Access Date, while the period from December 26, 2012 to June 25, 2013 was declared as the transition period during which the required systems, processes, and information technology structure relating to Open Access would be developed and finalized, and registration of retail electricity suppliers and Contestable Customers into the WESM database would be instituted. The period from June 26, 2013 to December 25, 2013 would cover the initial commercial operation of Open Access. From December 26, 2013 onwards, full retail competition was implemented, with PEMC assigned to perform the functions of the Central Registration Body tasked to undertake the development and management of the required systems, processes, information technology structure, and the settlement of transactions in the WESM relating to Open Access.

In Mindanao, a truly competitive environment required by Open Access is not expected in the near future because the largest generating asset owned by NPC in Mindanao has yet to be privatized. In December 2013, however, the IMEM commenced operations to address the supply shortfall in the Grid through the utilization of available resources such that all registered generating facilities are mandated to fully account for their capacities in the market.

In December 2013, ERC issued revised licensing regulations for RES operating in the retail supply segment. In the ERC revised rules, no RES licenses would be issued to generating companies, IPPA and affiliates of distribution utilities during a transition period or until the ERC deems appropriate in consideration of market conditions. Additional restrictions were provided such as: (a) including the contracted capacity of the RES in the grid limitations imposed on the total capacity controlled by its affiliate generation companies; (b) limiting the supply by a RES to its affiliate end-users up to 50% of the RES' capacity; and (c) limiting the supply by a generation company to its affiliate RES up to 50% of the generation requirements of such RES. The Retail Electricity Suppliers Association of the Philippines, Inc. has a petition for declaratory relief with an urgent application for an injunction with the RTC of Pasig on the ground that the revised rules are unconstitutional and invalid.

On October 22, 2014, the ERC issued Resolution No. 17, Series of 2014, which holds in abeyance the evaluation of RES license applications and suspends the issuance of RES licenses pending the ERC's promulgation of the amended RES License Rules. Currently, ERC is reviewing the RES Licensing Rules and Rules for Contestability.

On May 12, 2016, the ERC issued Resolution No. 11, Series of 2016, which disallows distribution utilities from engaging in the supply of electricity to end-users in the Contestable Market unless it is a Supplier of Last Resort. Local RES are also mandated to wind down business within three years from the effectivity of ERC Resolution No. 11-16. Retail Supply Contracts (RSC) executed by Local RES shall remain valid until their expiration, but no new RSCs can be signed or executed. ERC Resolution No. 11-16 further provides that no RES are allowed to supply more than 30% of the total average monthly peak demand of all Contestable Customers in the CREM. Further, RES are not allowed to transact more than 50% of the total energy transactions of its supply business with its affiliate Contestable Customers.

In its Resolution No. 10, Series of 2016, the ERC approved the Revised Rules of Contestability, which establishes the conditions and eligibility requirements for end-users to be part of the Contestable Market.

On May 27, 2016, MERALCO filed a Petition for Declaratory Relief, docketed as SCA No. 4149-PSG, with a prayer for the issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction to: (a) enjoin the DOE and the ERC from enforcing and implementing: (i) DOE Circular No. DC2015-06-0010 in connection with the full implementation of RCOA, (ii) Article 1, Sections 2 and 3

of ERC Resolution No. 5, Series of 2016, (iii) ERC Resolution No. 10, Series of 2016 on the revised rules for contestability, and (iv) ERC Resolution No. 11, Series of 2016 regarding restrictions imposed on the operations of DUs and RES in the CREM; and (b) declare the said DOE Circular and ERC Resolutions void. On July 13, 2016, a Writ of Preliminary Injunction enjoining the implementation of the issuances of the ERC was granted by Branch 157, RTC of Pasig City. The ERC and the DOE, assailing the jurisdiction of the RTC, separately filed Petitions for Certiorari and Prohibition before the Supreme Court on July 5, 2016 (G.R. No. 225141) and on September 27, 2016 (G.R. No. 226800), respectively.

On October 10, 2016, the Supreme Court, acting on the Petition filed by DOE, issued a TRO enjoining Branch 157, RTC of Pasig City from continuing with the proceedings in SCA No. 4149-PSG and from enforcing all orders, resolutions, and decisions rendered in SCA No. 4149-PSG.

In December 2016, the Philippine Chamber of Commerce and Industry, San Beda College Alabang, Inc., Ateneo de Manila University, and Riverbanks Development Corporation filed a new petition before the Supreme Court to enjoin the ERC and the DOE from implementing DOE Circular No. 2015-06-0010, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC Resolution No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

On February 21, 2017, the Supreme Court issued a TRO, effective immediately, enjoining the DOE and the ERC from implementing DOE Circular No. DC2015-06-0010, Series of 2015, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

In a letter to MEZ dated November 7, 2017, the ERC through Commissioner Alfredo J. Non, stated that:

*"Distribution Utilities are reminded to facilitate the switch of contestable customers as the said TRO did not operate to suspend the implementation of RCOA, which is still effective. The RCOA scheme is still effective and the rules governing the same, except for those covered by the TRO, are valid and enforceable."*

In this letter, the ERC also reminded MEZ to refrain from any action which would prevent the implementation of the contestability of 1 MW and above in the CREM and the voluntary switch of Contestable Customer to and/or from RES.

On November 29, 2017, the DOE promulgated DC2017-12-0013 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Contestable Customers in the Philippine Electric Power Industry." The circular provides, inter alia, that: (a) upon the effectivity of Circular, all Contestable Customers with a monthly average peak demand of 750 kW and above, for the preceding 12 months, may participate in the Contestable Market; (b) by June 26, 2018 or on an earlier date specified by the ERC, all eligible electricity end-users to become Contestable Customers with a monthly average peak demand of 500 kW to 749 kW for the preceding 12 months may voluntarily participate in the Contestable Market; and (c) by December 26, 2018 or on an earlier date specified by the ERC, electricity end-users within a contiguous area whose aggregate average peak demand is not less than 500 kW for the preceding 12-month period may aggregate their demand to be part of the Contestable Market and may voluntarily enter into RSC with the Aggregators.

On November 29, 2017, the DOE promulgated DC2017-12-0014 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Retail Electricity Suppliers (RES)

Philippine Electric Power Industry." The circular provides the list of entities that may become RES. The circular also stipulates that distribution utilities may provide electricity services to Contestable Customers within its franchise area as a Local RES upon authorization from the ERC. The EPIRA provides for a system of Open Access to transmission and distribution wires, whereby Transco, its concessionaire, the NGCP, and any distribution utility may not refuse the use of their wires by qualified persons, subject to the payment of transmission and distribution retail wheeling charges.

### **Unbundling of Rates and Removal of Subsidies**

The EPIRA mandated the unbundling of distribution and wheeling charges from retail rates, with such unbundled rates reflecting the respective costs of providing each service. It also mandated the removal of cross subsidies other than the lifeline rate for marginalized end-users which shall subsist for a period of 20 years, unless extended by law. The lifeline rate is a socialized pricing mechanism set by ERC for low-income, captive electricity consumers who cannot afford to pay the full cost of electricity.

### **Reduction of Taxes and Royalties on Indigenous Energy Resources**

EPIRA requires the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas, and geothermal steam, to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel, and other imported fuels. Following the promulgation of the implementing rules and regulations, former President Gloria Macapagal- Arroyo enacted Executive Order No. 100 to equalize the taxes among fuels used for power generation.

### **Proposed Amendments to the EPIRA**

Since the enactment of the EPIRA in 2001, members of Congress have proposed various amendments to the law and its implementing rules and regulations. A summary of the significant proposed amendments are as follows:

- a. Classification of power projects as one of national significance and imbued with public interest;
- b. Exemption from Value Added Tax (VAT) of the sale of electricity by generation companies;
- c. Modification of the definition of the term "Aggregator," which is proposed to refer to a person or entity engaged in consolidating electric power demands of end-users of electricity in the contestable market, for the purpose of purchasing, reselling, managing for optimum utilization of the aggregated demand, or simply pooling the tendering process in looking for a supply of electricity on a group basis;
- d. Requirement for distribution utilities to conduct public and competitive selection processes or Swiss challenges for the supply of electricity and to fully or adequately contract their future and current energy and demand requirements;
- e. Grant of access to electric cooperatives over the missionary electrification fund collected through universal charges;
- f. Exclusion of the following items from the rate base charged by Transco and distribution utilities to the public: corporate income tax, value of the franchise, value of real or personal property held for possible future growth, costs of over-adequate assets and facilities, and amount of all deposits as a condition for rendition and continuation of service;
- g. Regulation of generation, transmission, distribution and supply rates to allow RORB up to 12%;
- h. Classification of power generation and supply sectors as public utilities, which would be required to secure legislative franchises;

- i. Prohibition of cross-ownership between generation companies and distribution utilities or any of their subsidiaries, affiliates, stockholders, officials or directors, or the officials, directors, or other stockholders of such subsidiaries or affiliates, including the relatives of such stockholders, officials or directors within the fourth civil degree of consanguinity;
- j. Prohibition against or restriction on distribution utilities from sourcing electric power supply requirements, under bilateral electric power supply contracts, from a single generation company or from a group of generating companies wholly-owned or controlled by the same interests;
- k. Lowering of the allowable extent of ownership, operation and control of a company or related groups as determined from the installed generating capacity of the grid and/or nationally installed generating capacity;
- l. Exemption or deferral of the privatization of some assets of NPC, such as the Unified Leyte (Tongonan) Geothermal Complexes, Agus and Polangui Complexes, and Angat Dam;
- m. Expansion of the definition of host communities to include all barangays, municipalities, cities and provinces or regions where hydro generation facilities are located and where waterways or water systems that supply water to the dam or hydroelectric power generating facility are located;
- n. Prohibition on distribution utilities, except rural electric cooperatives to recover systems losses and placing a 5% cap on recoverable system loss;
- o. Imposition of a uniform franchise tax for distribution utilities equivalent to 3% of gross income in lieu of all taxes;
- p. Grant of authority for NPC to generate and sell electricity from remaining assets;
- q. Removal of the requirement of a joint congressional resolution before the President may establish additional power generating capacity in case of imminent shortage of supply of electricity; and
- r. Creation of a consumer advocacy office under the organizational structure of the ERC.

### **Implementation of the Performance-based Rating-setting Regulation (PBR)**

On December 13, 2006, the ERC issued the Rules for Setting Distribution Wheeling Rates (RDWR) for privately owned distribution utilities entering PBR for the second and later entry points, setting out the manner in which this new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR replaces the Return-on-Rate Base (RORB) mechanism, which has historically determined the distribution charges paid by customers. Under PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period is set by reference to projected revenues which are reviewed and approved by ERC and used by ERC to determine the distribution utility's efficiency factor. For each year during the regulatory period, the distribution utility's distribution-related charges are adjusted upwards or downwards taking into consideration the utility's efficiency factor as against changes in overall consumer prices in the Philippines.

The ERC has also implemented a PIS whereby annual rate adjustments under PBR will take into consideration the ability of a distribution utility to meet or exceed service performance targets set by ERC, such as the: (a) average duration of power outages; (b) average time of restoration to customers; and (c) average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

The second regulatory period of Cotabato Light ended on March 31, 2013, while that of VECO and Davao Light ended on June 30, 2014. In addition, the second regulatory period of SEZ and SFELAPCO ended on September 30, 2015. A reset process should have been initiated 18 months prior to the start of the third regulatory period of April 1, 2013 to March 31, 2017 for Cotabato Light, July 1, 2014

to June 30, 2018 for VECO and Davao Light, and October 1, 2015 to September 30, 2019 for SEZ and SFELAPCO. The reset process, however, has been delayed due to the issuance by the ERC in 2013 of an Issues Paper on the Implementation of PBR for distribution utilities under RSDWR. Said paper aims to revisit various matters relating to the reset process. The ERC has solicited comments from industry participants and has been holding public consultations on the Issues Paper.

On December 22, 2015, Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) filed a petition proposing a modified RORB methodology or a modified PBR methodology, wherein the distribution utilities' capital expenditures and rate recovery thereon are approved in advance but the charges to the customers will only commence after the investments have actually been made and validated by ERC auditors. Public consultations were held in Metro Manila, Cebu, and Davao.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, ERC adopted the Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR). Based on said Resolution, the Fourth Regulatory Period shall be as follows:

- a. Cotabato Light: April 1, 2017 to March 31, 2021
- b. Davao Light and VECO: July 1, 2018 to June 30, 2022
- c. SEZ and SFELAPCO: October 1, 2019 to September 30, 2023

On November 21, 2016, the ERC posted for comments the draft Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities. Public consultations were conducted on January 6 and 9, 2017 in Cebu and Manila, respectively.

The reset process for the fourth regulatory period has not started for all private distribution utilities as the abovementioned ERC rules have not been published yet for its effectivity. Due to the rules change on PBR, AboitizPower Distribution Utilities have not undergone the third regulatory period.

### **Philippine Distribution Code and the Philippine Grid Code**

Each of AboitizPower's Distribution Utilities has submitted to ERC a Compliance Monitoring Report based on a self-assessment of a distribution utility's compliance with the Philippine Distribution Code. These Compliance Monitoring Reports were accompanied by Compliance Plans, which outline the activities and projects to be undertaken by a distribution utility to fully comply with the prescribed technical, performance, and financial standards of the Philippine Distribution Code.

Similarly, APRI, TMI, and Hedcor have submitted to the ERC their respective Grid Compliance Monitoring Reports based on self-assessments of their compliance with all prescribed technical specifications and performance standards of the Philippine Grid Code. Reliable and attainable compliance plans accompanied these reports to outline the activities and projects that will cause compliance by a generation company with the requirements of the Philippine Grid Code.

On October 5, 2016, the ERC approved the 2016 Edition of the Philippine Grid Code in Resolution No. 22, Series of 2016. On February 26, 2017, ERC approved the 2017 Philippine Distribution Code in Resolution No. 02, Series of 2018. Pertinent additions and revisions include:

- a. Establishment of connection and operational requirements for Embedded Generating plants, both conventional and variable renewable energy (VRE) source;



- b. Classification of Embedded Generating plants according to their characteristics and installed capacity;
- c. Specified procedures for new connection and modifications of existing connection to guide prospective project proponents in connecting to the distribution system;
- d. Application of the PDC to entities duly authorized to operate a distribution system within the Economic Zones;
- e. Removal of administrative loss as part of system loss and non-distinction of technical and non-technical loss caps;
- f. Addition of members representing the Market Operator and the largest Distribution Utility to be added to the Distribution Management Committee (DMC); and
- g. Harmonization of PRC with PGC 2016 Edition, the Market Rules of the WESM, and subsequent rules and guidelines issued by the ERC applicable to Distribution Systems.

APRI, TMI, and Hedcor have submitted to the ERC their respective Grid Compliance Monitoring Reports based on self-assessments of their compliance with all prescribed technical specifications and performance standards of the Philippine Grid Code. Reliable and attainable compliance plans accompanied these reports to outline the activities and projects that will cause compliance by a generation company with the requirements of the Philippine Grid Code.

### **The Renewable Energy Act of 2008 (RE Law)**

The RE Law was signed into law by former President Gloria Macapagal-Arroyo on December 16, 2008 and became effective in January 2009. One of the RE Law's declared policies is to accelerate and develop the use of the country's renewable energy resources to: (a) reduce the country's dependence on fossil fuels, thereby minimizing exposure to price fluctuations in the international markets, and (b) reduce or prevent harmful emissions and promote a healthy and sustainable environment.

The RE Law imposes a government share on existing and new renewable energy development projects at a rate of 1% of the gross income from the sale of renewable energy and other incidental income from generation, transmission and sale of electric power, except for indigenous geothermal energy which shall be at a rate of 1.50% of gross income. Proceeds from micro-scale projects for communal purposes and non-commercial operations, not exceeding 100 kW, and proceeds from the development of biomass resources will not be subject to the said government share.

The RE Law offers fiscal and non-fiscal incentives to renewable energy developers, including developers of hybrid systems, subject to certification by the DOE in consultation with the BOI. These incentives include an ITH for the first seven years of commercial operations; duty-free importations of renewable energy machinery, equipment, and materials effective within ten years upon issuance of certification, provided, said machinery, equipment, and materials are directly and actually needed and exclusively used in renewable energy facilities; special realty tax rates on civil works, equipment, machinery, and other improvements of a registered renewable energy developer not exceeding 1.50% of the net book value; net operating loss carry-over; corporate tax rate of 10% after the seventh year; accelerated depreciation; zero-percent VAT on sale of fuel or power generated from renewable energy sources and other emerging sources using technologies such as fuel cells and hydrogen fuels and on purchases of local supply of goods, properties, and services needed for the development, construction and installation of renewable energy facilities; cash incentives for missionary electrification; tax exemption on the sale of carbon emission credits; and tax credit on domestic purchases of capital equipment and services.

All fiscal incentives apply to all renewable energy capacities upon the effectivity of the RE Law. Renewable energy producers from intermittent renewable energy resources are given the option to pay transmission and wheeling charges on a per kilowatt-hour basis at a cost equivalent to the average per kilowatt-hour rate of all other electricity transmitted through the Grid. Qualified and registered renewable energy generators with intermittent renewable energy resources shall be considered “must dispatch” based on available energy and shall enjoy the benefit of priority dispatch. Electricity generated from renewable energy resources for the generator’s own consumption and/or for free distribution to off-grid areas is exempt from the universal charge. The RE Law further provides financial assistance from government financial institutions for the development, utilization and commercialization of renewable energy projects, as may be recommended and endorsed by the DOE.

Pursuant to Department Circular No. DO2009-05-008 dated May 25, 2009 (Rules and Regulations Implementing the Renewable Energy Act of 2008), the DOE, the BIR, and the Department of Finance shall, within six months from its issuance, formulate the necessary mechanism and/or guidelines to implement the entitlement to the general incentives and privileges of qualified renewable energy developers. The six-month decline was not met and to date no specific guidelines or regulations have been issued by the relevant implementing agencies. As a result, the renewable energy companies of AboitizPower, such as APRI, LHC, Hedcor Sibulan, Hedcor Tamugan, SN Aboitiz Power-Magat, and SN Aboitiz Power-Benguet filed, on August 6, 2010, a request before the BIR Law Division for a ruling on the application of zero-rated VAT on all its local purchases of goods and services needed for the development of renewable energy plant facilities, exploration and development of renewable energy sources and their conversion into power. To date, the said request is still pending with the BIR Law Division.

In Resolution No. 10, Series of 2012, the ERC adopted the following FIT and degression rates for electricity generated from biomass, run-of-river hydropower, solar, and wind resources:

	<b>FIT Rate (PhP/kWh)</b>	<b>Degression Rate</b>
<b>Wind</b>	8.53	0.5% after year 2 from effectivity of FIT
<b>Biomass</b>	6.63	0.5% after year 2 from effectivity of FIT
<b>Solar</b>	9.68	6% after year 1 from effectivity of FIT
<b>Hydro</b>	5.90	0.5% after year 2 from effectivity of FIT

In line with the increase in installation target for solar energy from 50 MW to 500 MW and wind energy from 200 MW to 400 MW, the ERC issued Resolution No. 6 Series of 2015 approving the Solar FIT2 rate of ₱8.69/kWh for the second set of installation target. On October 6, 2015, the ERC issued Resolution No. 14, Series of 2015 adopting the Wind FIT2 rate of ₱7.40/kWh. On September 29, 2016, a Petition for Rule Making was filed by Alternergy Wind One Corporation, Petrowind Energy, Inc., and Trans-Asia Renewable Energy Corporation seeking to amend Resolution No. 14, Series of 2015, and praying to increase the Wind FIT2 rate of ₱7.40/kWh to ₱7.93/kWh. A public consultation was held on the Petition for Rule Making on January 6, 2017. Through a letter dated February 23, 2018, DOE informed ERC of its resolution extending the FIT for Biomass and ROR Hydro until December 31, 2019, which prompted ERC to undergo public consultations for the amendments to the ERC Resolution No. 10, Series of 2012.

On November 23, 2018, ERC issued an Order and Notice of Proposed Rule-Making soliciting comments from interested parties on the NREB’s proposed new run-of-river FIT and biomass FIT of ₱5.8705/kWh and ₱6.5969/ kWh, respectively. Public consultations were scheduled in January 2019.

Acting upon the application of Transco as Fund Administrator of the FIT Allowance (FIT-All), the ERC issued its final approval for the FIT-All of ₱0.0406 per kWh, for calendar years 2014 and 2015. Subsequently, Transco filed an application for approval of the FIT-All for calendar year 2016. In an Order dated February 16, 2016, the ERC provisionally approved a FIT-All of ₱0.1240 per kWh. In a Decision dated May 9, 2017, the ERC authorized Transco to collect an additional FIT-All of ₱0.0590 per kWh, thereby bringing the FIT-All to ₱0.1830 per kWh.

On December 22, 2017, the DOE promulgated the "Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas" or the "RPS On-Grid Rules," which: (a) requires mandated electric power industry participants to source or produce portion of their electricity requirements from eligible renewable energy resources, (b) establishes a minimum annual incremental RE percentage, (c) prescribes the eligible renewable energy facilities and the compliance mechanism, (d) monitor the compliance of mandated electric power industry participants, and (e) provide penalties for non-compliance.

On January 15, 2018, the DOE released a draft circular prescribing the guidelines to govern the establishment of the Green Energy Option Program (GEOP). Under the RE Law, the GEOP will provide end-users the option to choose renewable energy resources as their sources of energy. The DOE is still in the process of finalizing the DOE circular establishing the GEOP.

#### **ERC Regulation on Systems Loss Cap Reduction**

Under ERC Resolution No. 17, Series of 2008, the actual recoverable systems losses of distribution utilities was reduced from 9.50% to 8.50%. The new systems loss cap was implemented in January 2010. Under this regulation, actual company use of electricity shall be treated as an expense of the distribution utilities, particularly, as an operations and maintenance (O&M) expense in the PBR applications.

On December 5, 2017, the ERC issued the Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency. These rules adjusted the manner on which system losses shall be set by private distribution utilities and electric cooperatives. Public consultations were held on various dates in different locations in the country. Also, there are proposed Senate and House bills seeking to revisit the level of allowable system losses passed on to end-users. Information gathering is currently being done to study the proposed bills further.

In February 2018, ERC issued Resolution No. 20, Series of 2017 (ERC Resolution No. 20-2017) entitled "A Resolution Adopting the ERC Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency". This set of rules provide for the new Distribution System Loss (DSL) cap that can be recovered and charged by distribution utilities to its customers, beginning in the May 2018 billing period. Private distribution utilities would charge a 6.50% DSL cap for 2018, which shall be reduced gradually on an annual basis until a DSL cap level of 5.50% is achieved by the year 2021. The aforementioned caps are exclusive of sub-transmission and substation losses.

The rules allow distribution utilities to use an alternative method in determining an individualized DSL cap that it shall apply. The individualized cap has two components: one for technical loss (determined using load flow simulations on the DU's reference distribution system) and another for non-technical loss (which represents the level of non-technical loss that minimizes the costs to consumers). In determining the reasonable level of the individualized DSL cap, costs and benefits must be analyzed from the viewpoint of the customer.



On June 4, 2018, Cotabato Light filed with ERC its individualized system loss cap application with technical loss cap at 7.48% and non-technical loss cap at 1.77%. A public hearing on the application was held on August 2, 2018.

### **Proposed Power Supply Agreement (PSA) Rules**

On October 20, 2015, ERC issued Resolution No. 13, Series of 2015, entitled, “A Resolution Directing All Distribution Utilities (DUs) to Conduct a Competitive Selection Process (CSP) in the Procurement of their Supply to the Captive Market.” This resolution provides that a PSA shall be awarded to a winning Generation Company following a competitive selection process or by direct negotiation, after at least two failed Competitive Supply Process (CSP). ERC Resolution 13-2015 was restated in ERC Resolution No. 1, Series of 2016, entitled, “A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015.”

ERC Resolution No. 1, Series of 2016 further clarified that automatic renewal clauses or extension of PSAs will no longer be permitted. However, PSAs approved by the ERC or filed with the ERC before the effectivity of this Resolution may have one automatic renewal or extension for a period of one year from the end of their respective terms.

On February 9, 2018, the DOE issued Department Circular No. DC2018-02-0003, modifying the existing policy on CSP of power supply contracting, followed by all distribution utilities. Distribution utilities are now mandated by the DOE to undertake the creation of an independent, five-man third-party bids and awards committee (TPBAC) that will manage the CSP. The circular also allows the distribution utilities to conduct CSP through an accredited third-party auctioneer.

ERC is currently revising its “Rules Governing the Execution, Review and Evaluation of Power Supply Agreements Entered Into by Distribution Utilities for the Supply of Electricity to their Captive Market”; under ERC Case No. 2018-002 RM. To date, the rules have undergone public consultation and is currently on the second draft. The draft Rules did not recognize the DOE’s TPBAC, and likewise allowed for the Swiss Challenge for unsolicited proposals. The Company has submitted its comments and still awaiting for the final Rules from the ERC.

### **Pricing and Cost Recovery Mechanism (PCRM)**

Reserves are forms of ancillary services that are essential to the management of power system security. The provision of reserves facilitates orderly trading and ensures the quality of electricity.

As provided in the WESM rules, when reasonably feasible, the WESM Market Operator, in coordination with the WESM System Operator, shall establish and administer a spot market for the purchase of certain reserve categories.

The reserve categories that shall be traded in the WESM are regulating, contingency and dispatchable reserves as well as interruptible loads in lieu of reserves.

The WESM Reserve PCRM is intended to supplement the WESM Price Determination Methodology for purposes of providing the details of formula and procedures by which reserve trading amounts and reserve cost recovery charges for the categories of reserve that will be traded in the WESM are calculated. Once approved by the ERC, this Reserve PCRM will apply to all reserve categories traded in the WESM and will supersede, to this extent, the Ancillary Services Cost Recovery Mechanism of the Transco.

The Reserve PCRM covers the determination of: (a) reserve trading amounts of reserve providers; (b) reserve cost recovery charges; and (c) administered reserve prices and reserve cost recovery charges. To date, the Reserve PCRM is the subject of an application by the WESM Market Operator, which is pending the approval of the ERC.

On December 2, 2014, DOE Circular No. 2014-12-0022, otherwise known as the Central Scheduling and Dispatch of Energy and Contracted Reserves, was issued. The circular aims to prepare the market participants in the integration of ancillary reserves into the WESM. The ancillary service providers will be paid based on their respective ASPAs with NGCP, while the scheduling of capacity and energy will be based on market results.

### **DOE Circular Directing All Power Generation Companies, the Transmission Service Provider, and All Distribution Utilities to Ensure Adequate and Reliable Electric Power Supply in the Country**

Under DOE Department Circular No. 2010-03-0003 dated February 26, 2010, generation companies are enjoined to ensure the availability of their generation facilities at all times subject only to technical constraints duly communicated to the WESM System Operator in accordance with existing rules and procedures. For this purpose, generation companies shall have, among others, the following responsibilities:

- a. All generation companies shall operate in accordance with their maximum available capacity which shall be equal to the registered maximum capacity of the (aggregate) unit less: (1) forced unit outages, (2) scheduled unit outages, and (3) de-rated capacity due to technical constraints which include: (i) plant equipment related failure and ambient temperature, (ii) hydro constraints which pertain to limitation on the water elevation/ turbine discharge and megawatt output of the plant, and (iii) geothermal constraints which pertain to capacity limitation due to steam quality, steam pressure and temperature variation, well blockage and limitation on steam and brine collection and disposal system;
- b. Oil-based generation companies shall maintain an adequate in-country stocks of fuel equivalent to at least 15 days of running inventory which includes shipments in transit;
- c. Coal power plants shall ensure the required 30-day coal running inventory which includes shipments in transit;
- d. During scheduled maintenance of the Malampaya natural gas facilities, all affected generation companies shall maintain at least 15 days of running inventory of alternative fuel and shall operate at full capacity;
- e. All generation companies with natural gas-fired, geothermal and hydroelectric generating plants shall submit to the DOE a monthly report on the current status and forecast of the energy sources of its generating plants;
- f. All generation companies must notify and coordinate with the system operator of any planned activity such as the shutdown of its equipment; and
- g. Generation companies shall seek prior clearance from the DOE regarding any plans for deactivation or mothballing of existing generating units or facilities critical to the reliable operation of the Grid.

### **AMOUNT SPENT ON RESEARCH AND DEVELOPMENT ACTIVITIES**

AEV and its Subsidiaries do not allocate specific amounts or fixed percentages for research and development. All research and developmental activities are done by its Subsidiaries and Affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the

project. The Gold Coin Group’s research and development activities are supported by five research facilities located in Malaysia, Indonesia, and China, covering both livestock and aqua products.

## **COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS**

AEV's Subsidiaries and Affiliates are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These standard laws and regulations that govern the business operations are the Philippine Clean Air Act (RA 8749), Ecological Solid Waste Management Act (RA 9003), Clean Water Act (RA 9275), Toxic Substances and Hazardous and Nuclear Wastes Control Act (RA 6969), and Philippine Environmental Impact Statement System (Presidential Decree No. 1586), address, among other things, air emissions, wastewater discharges, the generation, handling, storage, transportation, treatment and disposal of toxic and hazardous chemicals, materials and waste, workplace conditions, and employee exposure to hazardous substances. Each Business Unit within the Group have appointed and designated Pollution Control Officer to closely monitor compliance with the requirements of these regulations.

The Group has incurred, and is expected to continuously incur, operating costs to comply with these laws and regulations. However, these costs cannot be segregated or itemized as these are embedded in, and are part and parcel of, each Business Units’ overall system in compliance with both industry standards and regulatory requirements.

## **EMPLOYEES**

On the parent company level, AEV has a total of 297 employees, as of January 31, 2019, composed of executives, managers, supervisors, and rank and file employees. There is no existing collective bargaining agreement (CBA) covering AEV employees.

The following table provides a breakdown of total employee headcount per strategic Business Unit, divided by function, as of February 28, 2019:

	<b>Employees</b>						
<b>Number of Employees</b>	<b>AEV</b>	<b>UnionBank and Subsidiarie</b>	<b>Pilmico and Subsidiaries</b>	<b>AboitizLand and Subsidiarie</b>	<b>PETNET</b>	<b>RCBM and Subsidiaries</b>	<b>AboitizPower and Subsidiaries</b>
Executives	62	220	35	18	15	7	161
Managers	69	1,335	83	38	56	144	332
Supervisors	62	1,233	218	188	180	353	802
Rank & File	105	784	463	131	849	399	2,505
<b>TOTAL</b>	<b>298</b>	<b>3,572</b>	<b>824</b>	<b>375</b>	<b>1,100</b>	<b>903</b>	<b>4,489</b>
Unionized Employees	N/A	784	25	N/A	N/A	662	660
Expiry of CBA	N/A	2020	May 31, 2020	N/A	N/A	N/A	N/A

The Company does not anticipate any increase in manpower within the next 12 months unless new development projects and acquisitions materially require an increase.

## **International Animal Nutrition**

The following table provides a breakdown of total employee headcount per country, divided by function, as of January 31, 2019:

Business Group	Number of					Unionized Employees	Expiry of Collective Bargaining Agreement (CBA)
	Total	Executives	Managers	Supervisors	Rank & File		
China	623	5	32	41	410	N/A	N/A
Indonesia	731	11	30	66	463	178	December 31, 2019
Malaysia East	183	3	8	26	123	N/A	N/A
Malaysia West	262	43	31	18	92	41	December 31, 2019
Thailand	104	2	9	7	75	N/A	N/A
Sri Lanka	99	1	2	8	53	N/A	N/A
Brunei	65	1	2	12	36	N/A	N/A
Myanmar	1	0	1	0	0	N/A	N/A
Singapore	32	8	8	0	13	N/A	N/A
Vietnam	850	2	45	70	564	N/A	N/A

## INSURANCE

Insurance is part of AEV's enterprise-wide risk management program. AEV has diversified its insurance programs in order to create an optimized portfolio where it balances risk retention and transfer strategies. Over the years, the total cost of insurable risks has remained at a consistent level despite the expansion of its businesses. This is a direct result of the organization's continuous improvement of its risk profile and exploration of non-traditional risk transfer programs. Insurable risks of AEV and its affiliates are covered by policies, some of which have been tested through claims settlement.

## PROPERTIES

The office space occupied by AEV is leased from a third party.

On a consolidated basis, the property, plant and equipment of the Group were valued at ₱221.4 bn and ₱213.2 bn as of December 31, 2018 and 2017, respectively. Breakdown of these assets is as follows:

PROPERTY, PLANT AND EQUIPMENT AS OF	2018	2017
Power, Plant & Equipment	₱168,392,131	₱141,329,134
Construction in progress	39,242,736	57,029,925
Buildings, Warehouses and Improvements	28,756,480	26,193,431
Transmission & Distribution Equipment	19,495,933	17,438,847
Machinery & Equipment	10,483,739	6,723,759
Office Furniture, Fixtures and Equipment	7,826,031	6,893,434
Leasehold Improvements	3,518,928	3,614,646
Land	2,453,360	2,262,109
Transportation Equipment	2,703,481	2,293,513

Flight Equipment	718,996	713,675
Handling Equipment	255,589	255,589
Others	1,762,302	1,660,612
	285,609,706	266,408,674
Less: Accumulated Depreciation and Amortization	61,044,425	50,527,974
Less: Accumulated Impairment	<b>3,134,440</b>	<b>2,648,160</b>
<b>TOTALS</b>	<b>₱221,430,841</b>	<b>₱213,232,540</b>

Note: Values for the above table are in thousand Philippine Pesos.

Property, plant and equipment with carrying amount of ₱126.9 bn and ₱125.4 bn as of December 31, 2018 and 2017, respectively, are used to secure the Group's long-term debts.

Locations of Principal Properties and Equipment of AEV Subsidiaries are as follows:

Subsidiary	Description	Location/Address	Condition
Cotabato Light	Industrial land, buildings/plants, equipment	Sinsuat Avenue, Cotabato City	In use for operations
Davao Light	Industrial land, buildings/plants, equipment	P. Reyes Street, Davao City: Bajada, Davao City	In use for operations
VECO	Industrial land, buildings/plants, equipment	Jakosalem Street, Cebu City and J. Panis Street, Cebu City	In use for operations
Pilmico	Industrial land, buildings/plants, equipment	Kiwalan Cove, Dalipuga, Iligan City	In use for operations
Hedcor	Hydropower plants	Kivas, Banengneng, Benguet; Beckel, La Trinidad, Benguet; Bineng, La Trinidad, Benguet; Salangan, Ampucao, Itogon,	In use for operations
Hedcor Sibulan	Hydropower plant	Santa Cruz, Sibulan, Davao del Sur	In use for operations
Hedcor Tudaya	Hydropower plant	Santa Cruz, Sibulan, Davao del Sur	In use for operations
Hedcor Sabangan	Hydropower plant	Namatec, Sabangan, Mountain Province	In use for operations
CPPC	Bunker-C thermal power plant	Cebu City, Cebu	In use for operations
EAUC	Buncker-C thermal power plant	Lapu-Lapu City, Cebu	In use for operations
APRI	Geothermal power plants	Tiwi, Albay; Caluan, Laguna; Sto. Tomas, Batangas	In use for operations
TMI	Barge-mounted diesel power plants	Nasipit, Agusan del Norte and Barangay San Roque, Maco, Compostela Valley	In use for operations
PANC	Industrial land, buildings/plants, eqpt. &	Barangay Sto. Domingo II, Capas,	In use for operations
TMO	Barge-mounted diesel power plants	Navotas Fishport, Manila	In use for operations
GMCP	Coal-fired thermal power plant	Mariveles, Bataan	In use for operations

TVI	Land	Bato, Toledo, Cebu	For plant site
LEZ	Industrial land, buildings/plants, equipment	Lipa City and Malvar, Batangas	In use for operations
BEZ	Buildings/plants, equipment and machineries	Balamban, Cebu	In use for operations
TSI	Coal-fired thermal power plants	Davao City and Davao del Sur	In use for operations
AboitizLand	Raw land and improvements	Metro Cebu, Balamban, Cordova, Mactan, Liloan, Samar, Misamis Oriental,	Existing or undergoing development; for
Lima Land	Raw land and improvements	Lipa and Malvar, Batangas	Existing or undergoing development; for
PETNET	Raw land and improvements	Better Living Subdivision,	In use for operations
PETNET	Raw land and improvements	J. Catolico Avenue cor Matco Road Lagao General Santos	In use for operations
RCBM	Cement manufacturing plants	Barangay Minuyan, Norzagaray, Bulacan; Bo. Bigte, Norzagaray, Bulacan; Bo. Mapulo, Taysan, Batangas; Baranagay Dulumbayan, Teresa, Rizal	In use for operations
RCBM	Cement grinding stations	Bo. Dungo-an, Danao, Cebu	In use for operations
RCII	Cement grinding plant	Baranagay Kiwalan, Iligan City, Iligan	In use for operations

### **International Animal Nutrition**

Locations of Principal Properties and Equipment of Gold Coin Group are as follows:

<b>Subsidiary</b>	<b>Description</b>	<b>Location/Address</b>	<b>Condition</b>
GCKM	Livestock mill (broiler, swine and fish feeds)	Kunming, Yunnan Province, China	In use for operations
GCZZ	Livestock mill (swine, broiler, pigeon feeds and SN)	Zhangzhou, Fujian Province, China	In use for operations
GCZH	Livestock mill (poultry, swine, floating fish feeds and	Zhuhai, Guangdong Province, China	In use for operations
GCDG	Livestock mill (poultry, swine, floating fish and	Dongguan, Guangdong Province, China	In use for operations
GCFM-BW	Livestock mill (poultry broiler	West Malaysia	In use for operations
GCFM-PK	Livestock mill (poultry broiler	West Malaysia	In use for operations
GCSB	Aqua mill (shrimp feed)	Selangor, Malaysia	In use for operations
GCS	Production mill (poultry broiler and layer feed; conducts commodities	Sarawak, East Malaysia	In use for operations
BFF	Production mill (fish meal)	Sarawak, East Malaysia	In use for operations
GCFS	Livestock mill (poultry broiler	Sabah, East Malaysia	In use for operations

GCI BKS	Livestock mill (poultry layer and broiler feed)	Bekasi, Indonesia	In use for operations
GCI MDN	Livestock mill (poultry layer and broiler feed)	Medan, Indonesia	In use for operations
GCI SBY	Livestock mill (poultry layer and broiler feed)	Surabaya, Indonesia	In use for operations
GCSILPG	Aqua mill (shrimp feeds)	Lampung, Indonesia	In use for operations
GCSIBKS	Aqua mill (shrimp feeds)	Bekasi, Indonesia	In use for operations
Ayam Unggul	Breeder farm (hatchery)	Bekasi, Indonesia	In use for operations
AFC	Livestock mill (swine feed and some poultry feed; has fish)	Hai Duong, North Vietnam	In use for operations
GCFHN	Livestock mill (swine feed and some poultry feed; has fish)	Ha Nam, North Vietnam	In use for operations
GCFD	Livestock mill (swine feed)	Dong Nai, South Vietnam	In use for operations
GCFL	Livestock mill (poultry feed)	Colombo, Sri Lanka	In use for operations
GCST	Aqua mill (shrimp feed)	Songkhla, Thailand	In use for operations

## MATERIAL CONTRACTS

The following summary should not be considered to be a full statement of the terms and provisions of such contract. Accordingly, the following summary is subject to the full text of the contract.

### **AEV PHP 8 Billion Fixed Rate Bonds Due 2020 and 2023**

On November 21, 2013, AEV issued fixed-rate bonds (the “2013 Bonds”) in two series: (a) Series A 2013 Bonds, with a term of seven (7) years from issue date, and (b) Series B Bonds, with a term of ten (10) years from issue date. The Series A 2013 Bonds has a fixed interest rate of 4.4125% per annum and an optional redemption on the fifth (5<sup>th</sup>) year and one (1) quarter from issue date, and on the sixth (6<sup>th</sup>) year from issue date. On the other hand, the Series B 2013 Bonds has a fixed interest rate of 4.6188% per annum and an optional redemption on the seventh (7<sup>th</sup>) year from issue date, the eighth (8<sup>th</sup>) year from issue date, and ninth (9<sup>th</sup>) year from issue date. First Metro Investment Corporation (“First Metro”) acted as the Issue Manager and Lead Underwriter while Metropolitan Bank and Trust Company – Trust Banking Group was appointed as Trustee.

The 2013 Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Company and shall rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Company pursuant to Section 5.02 (a) of the Trust Agreement for the 2013 Bonds or as may be allowed therein, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the relevant issue date.

Transfers of the Bonds shall be coursed through the Philippine Depository & Trust Corporation (“PDTC”) as Registrar. Transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and Registrar.

The Company is subject to the following negative covenants, among others:



- a. Encumbrances - The Company shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; Provided, however that this shall not prohibit the following:
- i. any mortgage, charge, pledge, Lien, or other encumbrance or security interests over any asset to secure: (i) payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;
  - ii. Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;
  - iii. deposits or pledges to secure statutory obligations, surety, or appeal bonds, bonds for release of attachments, stays of execution of injunction, or performance bonds for bids, tenders, contracts (other than for the repayment of borrowed money) or leases in the normal course of business;
  - iv. Liens, pledges, charges, and other encumbrances on the properties and assets of the Issuer: (i) imposed by Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation Laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (iii) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
  - v. a mortgage, pledge, or other security interests in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty Five percent (35%) of the Issuer's total assets;
  - vi. any mortgage, charge, pledge, Lien, or other encumbrance or security interests over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Ten Million (US\$10,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;
  - vii. other Liens: (i) created solely by operation of law; and (ii) on such other assets as may be disclosed in writing by the Issuer to the Trustee on or before the Issue Date; and
  - viii. any mortgage, charge, pledge, Lien, or other encumbrance or security interests constituted over the investment of the Issuer in any of its affiliate or any Person, whether or not majority owned or Controlled, and whether such investment is in the form of shares, deposits or advances, to guarantee or secure the obligations of the said affiliates;

- b. Declaration and Payment of Cash Dividends/Issuance of Share. The Company shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the 2013 Bonds are current and updated;
- c. Maintenance of Financial Ratios. The Company shall not permit its Net Debt to Consolidated Equity Ratio to exceed 3:1 calculated based on the Company's year-end audited financial statements.

#### **AEV PHP 24 Billion Fixed Rate Bonds Due 2021, 2022, and 2027**

On August 5, 2015, AEV issued fixed-rate bonds (the "2015 Bonds") in three series: (a) Series A 2015 Bonds, with a term of five (5) years and three (3) months; (b) Series B 2015 Bonds, with a term of seven (7) years; and (c) Series C 2015 Bonds, with a term of twelve (12) years from issue date. The Series A 2015 Bonds has a fixed interest rate of 4.4722% per annum. The Series B 2015 Bonds has a fixed interest rate of 5.0056% and an optional redemption on the fifth (5<sup>th</sup>) year and one (1) quarter from issue date, and on the sixth (6<sup>th</sup>) year from issue date. The Series C 2015 Bonds has a fixed interest rate of 6.0169% and an optional redemption on the seventh (7<sup>th</sup>), eighth (8<sup>th</sup>), ninth (9<sup>th</sup>), and tenth (10<sup>th</sup>) year from issue date. BPI Capital Corporation ("BPI Capital") acted as the Issue Manager. BPI Capital and First Metro Investment Corporation acted as Joint Lead Underwriters while BPI Asset Management and Trust Corporation was appointed as Trustee.

The 2015 Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Company and shall rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Company pursuant to Section 5.02 (a) of the Trust Agreement for the 2015 Bonds or as may be allowed therein, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the relevant issue date.

Transfers of the Bonds shall be coursed through the Philippine Depository & Trust Corporation ("PDTC") as Registrar. Transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and Registrar.

The Company is subject to the following negative covenants, among others:

- a. Encumbrances - The Company shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; Provided, however that this shall not prohibit the following:
  - i. any Lien over any asset to secure: (i) payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;

- ii. Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;
  - iii. any Lien to secure, in the normal course of the business of the Issuer or its affiliates: (x) statutory or regulatory obligations; or (y) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;
  - iv. any Lien to secure, in relation to a pending judicial, administrative, or arbitral proceeding, the Issuer or its affiliates' (x) surety or appeal bonds; or (y) bonds for release of attachment, stay of execution or injunction;
  - v. any Lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer;
  - vi. any Lien constituted for the purpose of guaranteeing an obligation in connection with any contract or agreement of sale of any asset by the Issuer, provided that the Lien is removed or discharged within twelve (12) months of the date of the sale of the asset;
  - vii. any Lien created over (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purposes of raising an equivalent amount of Peso denominated indebtedness
  - viii. any Lien on the properties and assets of the Issuer: (i) imposed by Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation Laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (iii) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
  - ix. any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty Five percent (35%) of the Issuer's total assets;
  - x. any Lien over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Ten Million (US\$10,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;
  - xi. other Liens: (i) created solely by operation of law; and (ii) on such other assets, whether constituted before or after the Issue Date, as may be disclosed in writing by the Issuer to the Trustee on or before the execution of the Trust Agreement; and
  - xii. any Lien constituted over the investment of the Issuer in any of its affiliate, and whether such investment is in the form of shares, deposits or advances to guarantee or secure the obligations of the said affiliates;
- b. Declaration and Payment of Cash Dividends/Issuance of Share. The Company shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares)

or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the 2015 Bonds are current and updated;

- c. Maintenance of Financial Ratios. The Company shall not permit its Net Debt to Consolidated Equity Ratio to exceed 3:1 calculated based on the Company's year-end audited financial statements.

## **CERTAIN LEGAL PROCEEDINGS**

AEV and its Subsidiaries are currently involved in various legal proceedings in the ordinary conduct of their businesses. The Company believes that the results of these actions will not have a material effect on the Company's financial position and results of operations.

The material pending legal proceedings involving the Company and its Subsidiaries are as follows:

**G.R. No. 210245 entitled "Bayan Muna Representative Neri Javier Colmenares, et al. vs. Energy Regulatory Commission, et al.", Supreme Court; December 19, 2013**

**G.R. No. 210255 entitled "National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al.", Supreme Court; December 20, 2013**

**G.R. No. 210502 entitled "Manila Electric Company, et al. v Philippine Electricity Market Corporation, et al.", Supreme Court; January 8, 2014**

On December 19, 2013, Bayan Muna representatives filed a Petition for Certiorari against ERC and the MERALCO with the Supreme Court, questioning the alleged substantial increase in MERALCO's power rates for the billing period of November 2013.

These cases raised, among others: (a) the legality of Section 6, 29 and 45 of the EPIRA; (b) the failure of ERC to protect consumers from high prices of electricity; and (c) the alleged market collusion by the generation companies.

These cases were consolidated by the Supreme Court, which issued a TRO preventing MERALCO from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended by the Supreme Court for another sixty (60) days, or until April 22, 2014. On April 22, 2014, the Supreme Court extended the TRO indefinitely.

MERALCO filed a counter-petition impleading all generation companies supplying power to the WESM to prevent the generation companies from collecting payments on power purchased by MERALCO from the WESM. The Supreme Court also ordered all power industry participants (the DOE, ERC, PEMC, PSALM and the generation companies) to respond to MERALCO's counter-petition.

The Supreme Court set the consolidated cases for oral arguments last January 21, 2014, February 4 and 11, 2014. After oral arguments, all parties were ordered to file their comments and/or memoranda. MERALCO has been prevented from collecting the differential increase of the price hike. Because of MERALCO's counter-petition against the generation companies, the PEMC withheld settlement of the power purchases during the covered period.

On February 7, 2019, petitioners in case no. G.R. No. 210245 filed their Motion for Directions, Status Updates and Immediate Resolution. As of February 28, 2019, these cases before the Supreme Court are still pending resolution and the Supreme Court has not lifted the TRO.

**SC GR No. 224341 entitled Philippine Electricity Market Corporation vs Therma Mobile, Inc., Supreme Court [CA G.R. SP No. 140177 entitled "PEMC v. Therma Mobile Inc.", Court of Appeals, Manila]**

**[SP Proc. No. 12790 entitled "Therma Mobile Inc. v. PEMC", Regional Trial Court Branch 157-Pasig City]**

**[PEMC ECO-2014-0009 entitled "Therma Mobile, Inc. (TMO Power Plants Units 1-4) Possible Non-Compliance with Must-Offer-Rule, Investigation Summary Report, dated August 4, 2014"]**

The Enforcement and Compliance Office of the Philippines Electricity Market Corporation (“PEMC-ECO”) conducted an investigation on TMO for possible non-compliance with the Must-Offer-Rule for the period October 26, 2013 to December 25, 2013.

PEMC-ECO concluded that TMO was non-compliant with the Must-Offer-Rule for 3,578 intervals and recommended a penalty of ₱234.9 mn.

TMO filed its letter request for reconsideration on September 5, 2014, contending that it did not violate the Must-Offer-Rule because its maximum available capacity was limited to 100 MW due to: (a) the thermal limitations of the old TMO 115-kV transmission line, and (b) the technical and mechanical constraints of the old generating units and the component engines of the TMO power plants which were under various stages of rehabilitation.

In its letter dated January 30, 2015, the PEMC Board of Directors (PEMC Board) denied TMO’s request for reconsideration and confirmed its earlier findings of 3,578 counts of breach of the Must-Offer-Rule and sustained the imposition of financial penalties amounting to ₱234.9 mn on TMO. According to the PEMC Board, the penalties will be collected from TMO through the WESM settlement process.

TMO maintains that there is no basis for the PEMC decision. TMO did not withhold any capacity for the period covered, as it was physically impossible for TMO to transmit more than 100 MW to MERALCO. Although TMO’s rated capacity is 234 MW (net), it could only safely and reliably deliver 100 MW during the November and December 2013 supply period because of limitations of its engines and the 115-kV transmission line. This temporary limitation of TMO’s plant was confirmed during a dependable capacity testing conducted on November 21, 2013. At this period, TMO’s engines and transmission lines were still undergoing rehabilitation after having been non-operational for the five years.

On February 13, 2015, TMO filed a Notice of Dispute with the PEMC to refer the matter to dispute resolution under the WESM Rules, WESM Dispute Resolution Market Manual and the ERC-PEMC Protocol.

On February 16, 2015, TMO filed an Urgent Petition for the Issuance of Interim Measures of Protection for the Issuance of a Writ of Preliminary Injunction with prayer for Temporary Order of Protection before the Pasig City RTC. In its Order dated February 24, 2015, the RTC granted TMO a 20-day temporary order of protection and directed PEMC to (a) refrain from demanding or collecting the amount of ₱234.9 mn as financial penalty; (b) refrain from charging interest on the financial penalty and having the same accrue; and (c) refrain from transmitting PEMCECO’s investigation report to the ERC. TMO posted a bond in the amount of ₱234.9 mn to answer for any damage that PEMC may suffer as a result of the Order. On April 1, 2015, the RTC rendered a Decision in favor of TMO. PEMC filed a Petition for Review with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction before the Court of Appeals (CA) which sought to reverse and set aside the Decision of the RTC.

On December 14, 2015, the CA rendered a Decision denying PEMC’s Petition for Review and affirming the April 1, 2015 Decision of RTC in favor of TMO.

On June 6, 2016, PEMC filed a Petition for Review on Certiorari with the Supreme Court to assail the December 14, 2015 CA Decision. On November 14, 2016, TMO filed its Comment to PEMC’s Petition for Review. In its Motion for Leave to File Reply to Comment dated December 9, 2016, PEMC prayed with the Supreme Court that it be granted leave to file its Reply. On June 1, 2017, TMO received the



Supreme Court Notice dated March 29, 2017 with an attached Resolution. In the Resolution, the Supreme Court noted TMO's Comment and PEMC's Reply.

As of February 28, 2019, PEMC's Petition is still pending before the Supreme Court.

**Consolidated Regulated Price Case against the Energy Regulatory Commission, Petition for Review on Certiorari, Court of Appeals, Manila;**

**ERC Case No. 2014-021 MC entitled "In the Matter of the Prices in the WESM for the Supply Months of November and December 2013 and the Exercise by the Commission of its Regulatory Powers to Intervene and Direct the Imposition of Regulated Prices therein without Prejudice to the On-going Investigation on the Allegation of Anti-Competitive Behavior and Possible Abuse of Market Power Committed by Some WESM Participants"**

**March 28, 2014**

The ERC conducted an investigation on the alleged collusion by the generation companies to raise the WESM prices. Subsequently, the ERC issued an Order in ERC Case No. 2014-021 MC dated March 3, 2014 (the "ERC Order"), declaring as void the Luzon WESM prices during the November and December 2013 supply months. The ERC also declared the imposition of regulated prices for such billing periods and directed the PEMC to calculate the regulated prices and implement the same in the revised November and December 2013 WESM bills of the concerned distribution utilities in Luzon, except for MERALCO whose November 2013 WESM bill was maintained in compliance with the TRO issued by the Supreme Court.

The ERC also ordered the PEMC, through its Enforcement and Compliance Office (ECO) to conduct an investigation, within a period of no less than ninety (90) days, on the alleged violation of the Must-Offer-Rule.

Pursuant to the ERC Order, on March 18, 2014, the PEMC issued adjusted billing statements for all generators trading in the WESM, including Cebu-based EAUC and CPPC, recalculating the WESM prices.

The Company's Affiliates and Subsidiaries, APRI, TLI, TMO, AESI, AdventEnergy, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, CPPC and EAUC filed their respective Motions for Reconsideration, questioning the validity of the ERC Order on the ground of lack of due process, among others. In its March 27, 2014 Order, the ERC ordered deferral of PEMC's implementation of the adjusted billing statements for 45 days. This was subsequently extended with no clear timeline by the ERC in its order dated June 6, 2014.

The ERC, in its Order dated October 15, 2014, denied said Motions for Reconsideration. SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat, APRI, TLI, and TMO filed their Petitions for Review (the "Petitions") before the Court of Appeals on November 19, 24, December 1, and 4, 2014, respectively. The Court of Appeals ordered the consolidation of the Petitions on October 9, 2015.

On November 7, 2017, the Court of Appeals granted the Petitions. The ERC's March 3, 2014 Order, among other orders, were declared null and void, and the Luzon WESM market prices in November and December 2013 were declared valid and therefore reinstated.

Thereafter, ERC and Meralco filed their respective motions for reconsideration. Several entities also filed motions to intervene in the case. APRI, TLI and TMO filed their oppositions to the motions for reconsideration and motions to intervene. The Court of Appeals denied the motions to intervene filed by several entities, which thereafter filed their motions for reconsideration.



As of February 28, 2019, the motions for reconsideration relating to the Court of Appeals November 7, 2017 Decision and relating to the Court of Appeals' denial of the motions to intervene are still pending resolution with the Court of Appeals.

## MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### MARKET INFORMATION

AEV's common shares are traded in the Philippine Stock Exchange, Inc.

The high and low stock prices of AEV's common shares for each quarter for the past two years and first quarter of 2019 were as follows:

	2019		2018		2017	
	High	Low	High	Low	High	Low
First Quarter	N/A	N/A	79.00	67.50	75.30	70.55
Second Quarter	N/A	N/A	69.85	53.95	77.65	72.75
Third Quarter	N/A	N/A	61.55	44.10	75.95	72.50
Fourth Quarter	N/A	N/A	56.90	44.85	75.75	67.50

The closing price of AEV common shares, as of March 26, 2019 is ₱58.75 per share.

### HOLDERS

As of January 31, 2019, AEV has 8,909 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). Common shares outstanding as of same date were 5,632,792,557 shares.

The top 20 stockholders of AEV as of January 31, 2019 are as follows:

	STOCKHOLDER	NATIONALITY	COMMON SHARES	% OF TOTAL COMMON SHARES ISSUED
1	Aboitiz & Company, Inc.	Filipino	2,735,600,915	48.57%
2	PCD Nominee Corporation (Filipino)	Filipino	801,851,868	14.24%
3	PCD Nominee Corporation (Non-	Non-Filipino	514,689,488	9.14%
4	Ramon Aboitiz Foundation, Inc.	Filipino	424,538,863	7.54%
5	Sanfil Management Corporation	Filipino	120,790,211	2.14%
6	Chanton Management & Development Corporation	Filipino	62,118,484	1.10%
7	Windemere Management & Development Corporation	Filipino	49,666,352	0.88%
8	Donya 1 Management & Development Corporation	Filipino	41,054,511	0.73%
9	Morefund Management & Development Corporation	Filipino	37,918,115	0.67%
10	Bauhinia Management Inc.	Filipino	34,683,799	0.62%
11	Anso Management Corporation	Filipino	30,369,707	0.54%
12	MYA Management & Development Corporation	Filipino	22,494,414	0.40%
13	Luis Miguel O. Aboitiz	Filipino	20,092,133	0.36%

14	Guada Valley Holdings Corporation	Filipino	17,688,445	0.31%
15	Parraz Development Corporation	Filipino	14,483,067	0.26%
16	Annabelle O. Aboitiz	Filipino	13,975,834	0.25%
17	Ma. Cristina Aboitiz; Jaime Jose	Filipino	13,605,767	0.24%
18	Mary Anne Aboitiz Arculli	Filipino	10,767,556	0.19%
19	Arrayanes Corporation	Filipino	10,650,070	0.19%
20	UnionBank TISG For IMA#PH3Q201	Filipino	8,709,900	0.15%
	<b>SUB-TOTAL</b>		<b>4,985,749,499</b>	<b>88.51%</b>
	<b>Other Stockholders</b>		<b>647,043,058</b>	<b>11.49%</b>
	<b>TOTAL SHARES</b>		<b>5,632,792,557</b>	<b>100.00%</b>
	<b>NET ISSUED AND OUTSTANDING SHARES</b>		<b>5,632,792,557</b>	<b>100.00%</b>

## DIVIDENDS

The cash dividends declared by AEV to common stockholders from fiscal year 2015 to the first quarter of 2019 are shown in the table below:

Year	Cash Dividend Per Share	Declaration Date	Total Declared	Record Date	Payment Date
2019 (regular)	₱1.32	03/07/2019	₱7.44 bn	03/21/2019	04/05/2019
2018 (regular)	₱1.28	03/08/2018	₱7.21 bn	03/22/2018	04/12/2018
2017 (regular)	₱1.33	03/07/2017	₱7.49 bn	03/21/2017	04/10/2017
2016 (regular)	₱1.06	03/08/2016	₱5.89 bn	03/22/2016	04/19/2016
2015 (regular)	₱1.11	03/10/2015	₱6.15 bn	03/24/2015	04/20/2015

In a special meeting held on January 11, 2007, the AEV Board of Directors approved the policy of distributing at least 1/3 of its previous year's earnings as cash dividends to its stockholders for subsequent years.

## RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

AEV does not have any recent sales of unregistered or exempt securities including recent issuances of securities constituting an exempt transaction.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF ACTION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of Aboitiz Equity Ventures Inc.'s (AEV, Parent Company, or the Company) consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report. The discussion and analysis of the Company's results of operations is presented in two comparative sections: for the year ended 31 December 2018 compared with the year ended 31 December 2017, and the year ended 31 December 2017 compared with the year ended 31 December 2016.

Prospective investors should read this discussion and analysis of the Company's consolidated financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto set forth elsewhere in this report. Prospective investors should read this discussion and analysis of the Company's consolidated financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto set forth elsewhere in this report.

### **YEAR ENDED 31 DECEMBER 2018 VERSUS YEAR ENDED 31 DECEMBER 2017**

#### **TOP FIVE KEY PERFORMANCE INDICATORS**

Management uses the following indicators to evaluate the performance of the registrant and its subsidiaries:

##### **1. EQUITY IN NET EARNINGS OF INVESTEES**

Equity in net earnings (losses) of investees represents the Group's share in the undistributed earnings or losses of its associates and joint ventures for each reporting period subsequent to acquisition of said investment. This account reflects the result of the operating performance of an associate or a joint venture and indicates its contribution to the Group's consolidated net income.

Manner of Computation: Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

##### **2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)**

The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts and to finance its capital expenditure and working capital requirements.

##### **3. CASH FLOW GENERATED**

Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

#### 4. CURRENT RATIO

Current ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group.

#### 5. DEBT-TO-EQUITY RATIO

Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

#### KEY PERFORMANCE INDICATORS (KPI)

(Amounts in thousands except financial ratio data)

	JAN-DEC 2018	JAN-DEC 2017
EQUITY IN NET EARNINGS OF INVESTEES	7,727,663	9,053,733
EBITDA	60,653,429	56,977,228
CASH FLOW GENERATED:		
Net cash flows from operating activities	30,417,349	32,237,312
Net cash flows used in investing activities	(30,762,255)	(11,304,774)
Net cash flows used in financing activities	(13,223,356)	(19,458,941)
Net Increase (Decrease) in Cash & Cash Equivalents	(5,568,262)	1,473,597
Cash & Cash Equivalents, Beginning	64,870,214	63,857,528
Cash & Cash Equivalents, End	59,033,029	64,870,214
	DEC 31, 2018	DEC 31, 2017
CURRENT RATIO	1.76	1.61
DEBT-TO-EQUITY RATIO	1.55	1.56

As can be gleaned from the resulting KPI values, 2018 is another solid year for the Group in terms of operating performance and financial stability. Profitability had been sustained and financial position remained strong and liquid.

With the fresh contributions from the newly operating plants of Pagbilao Energy Corporation (PEC) and Hedcor Bukidnon, Inc. (Hedcor Bukidnon) and the newly acquired feeds business of Gold Coin Management Holdings Limited (GCMH), consolidated EBITDA increased by 6.5%. Meanwhile, associates and joint ventures (JV) continued to generate substantial earnings and enhance the consolidated bottomline despite the 15% decline in their income contribution to the Group.

Consolidated EBITDA translated into substantial cash inflows coming from subsidiaries' operations and from dividend payments of associates and JVs. The internally-generated funds were then used to partially finance capital expenditures, settle maturing financial obligations and pay cash dividends.

With equity growing more than debt during the year, debt-to-equity ratio moved down to 1.55x (versus end-2017's 1.56x). Simultaneously, current ratio improved to 1.76x (versus end-2017's 1.61x) as the growth in current assets outpaced the growth of current liabilities.

## **REVIEW OF JAN-DEC 2018 OPERATIONS VERSUS JAN-DEC 2017**

### **RESULTS OF OPERATIONS**

For the year ended December 31, 2018, AEV and its subsidiaries posted a consolidated net income of ₱22.23 billion, a 3% year-on-year (YoY) increase. This translated to an earnings per share of ₱3.95 for the year in review. In terms of income contribution, Power Group still accounted for the bulk at 73%, followed by the Banking and Financial Services, Food, Real Estate and Infrastructure Groups at 16%, 7%, 3% and 1%, respectively.

In 2018, the Group generated non-recurring losses of ₱891 million (versus ₱2.30 billion losses in 2017), comprising net unrealized forex losses and asset impairment costs. Stripping out these one-off items, the Group's core net income for the year amounted to ₱23.12 billion, 3% lower than last year. AEV recorded a 6.5% increase in consolidated EBITDA for 2018, from ₱56.98 billion to ₱60.66 billion.

### **BUSINESS SEGMENTS**

The individual performance of the major business segments for the year in review is discussed as follows:

#### **Power**

Aboitiz Power Corporation (AP) ended the year with an income contribution of ₱16.69 billion, a 6% increase from last year's ₱15.70 billion. Netting out unrealized forex losses and impairment costs recognized during the year, AP's contribution to the Group's core net income increased by 2% from ₱17.95 billion to ₱18.31 billion.

With the fresh income contributions of PEC and Hedcor Bukidnon, Power Generation and Retail Supply Group's bottomline contribution to AEV increased by 12% from ₱13.71 billion to ₱15.35 billion for the year. Adjusted for non-recurring items, Generation and Retail Supply Group's core net income contribution remained flat at ₱16.1 billion.

Capacity sold for the year was flat YoY, from 3,167 megawatts (MW) in 2017 to 3,152 MW in 2018.

Power Distribution Group's earnings contribution to AEV decreased by 5% YoY from ₱3.29 billion to ₱3.12 billion in 2018. Stripping out impairment costs, its recurring earnings contribution grew 6% YoY from ₱3.18 billion to ₱3.36 billion in 2018. This increase was mainly attributable to electricity sales which increased by 5% to 5,540 gigawatthours (GWh), as compared to last year. This was a result of increased consumption across all customer segments.

#### **Banking & Financial Services**

Income contribution from this industry group decreased by 13%, from ₱4.12 billion to ₱3.58 billion for the year.

On a stand-alone basis, Union Bank of the Philippines (UBP) and its subsidiaries recorded a net income of ₱7.32 billion for 2018, down 13% compared to the ₱8.40 billion earned in 2017. The decrease was primarily due to lower income contribution from CitySavings Bank resulting from lower loan releases to teachers.

## Food

Income contribution from Food subsidiaries (Philippine-based Pilmico Foods Corporation and its subsidiaries, and foreign-based Pilmico International Pte. Ltd. and its subsidiaries which include the GCMH Group) decreased by 8% to ₱1.56 billion from ₱1.70 billion in 2017. On a recurring basis, Feeds Philippines and Farms showed a decrease in income contributions while Pilmico International reported an increase. Feeds Philippines' 38% YoY decline in net income was due to increased raw materials costs which negatively affected profit margins. Farms' net income decreased 15% YoY due to lower biological asset revaluation gains. These decreases were partly offset by the growth in Pilmico International's net earnings, primarily due to the fresh income contribution of GCMH - an expansion in one of Pilmico's core feed milling businesses - which mitigated the effects of higher input costs to Pilmico International's animal and aqua feeds businesses.

## Real Estate

Income contribution of Aboitiz Land, Inc. (AboitizLand) amounted to ₱645 million, down 13% from ₱744 million last year. This decrease was due to the absence of fair valuation gains on investment properties during 2018.

## Infrastructure

Republic Cement and Building Materials, Inc.'s (Republic) income contribution to AEV in 2018 decreased by 68% from ₱671 million in 2017 to ₱213 million in 2018. This was mainly due to significantly higher fuel and power costs, which offset the improvement in sales volume and prices attributable to government infrastructure spending and stable private sector demand.

## **MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME**

For the year ended December 31, 2018, consolidated net income allocable to the equity holders of AEV registered a 3% YoY increase, reaching ₱22.23 billion from ₱21.61 billion posted in the previous year.

Operating profit for 2018 amounted to ₱39.16 billion, a 7% increase YoY, as the ₱36.52 billion increase in revenues surpassed the ₱33.94 billion rise in costs and expenses. This increase was mainly attributed to the performance of the Power Group.

Power subsidiaries reported a 7% YoY increase in operating profit from ₱34.17 billion to ₱36.50 billion mainly due to the fresh earnings before interest and taxes (EBIT) contribution from PEC and Hedcor Bukidnon.

Share in net earnings of associates and JVs declined by 15% YoY (₱7.73 billion vs ₱9.05 billion in 2017) due to the decrease in income contributions from the following: i.) SN Aboitiz Power-Magat (SNAP-Magat) and SN Aboitiz Power-Benguet (SNAP-Benguet) resulting from lower hydrology in 2018 as compared to the higher-than-usual hydrology levels in 2017; ii.) UBP largely attributable to the lower 2018 net earnings of one of its subsidiaries, CitySaving Bank; and iii.) Republic owing to significantly higher fuel and power costs in 2018.



The growth in operating profit and other income more than offset the decrease in equity earnings and higher interest expense, and as a result, pulled up the Group's overall profitability. Net interest expense increased by ₱1.42 billion or 12% YoY resulting from higher average debt level in 2018.

Other income increased to ₱1.41 billion from ₱26 million other expense in 2017. This improvement was mainly due to Power Group's collection of settlements with suppliers in 2018 (vs nil in 2017) and higher impairment costs in 2017, partly offset by higher foreign exchange losses in 2018.

Net income attributable to non-controlling interests (NCI) increased to ₱9.01 billion from ₱7.67 billion in 2017, substantially due to the increase in consolidated net income of AP, and recognition of the NIAT share of GCMH's minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders increased by 3% from ₱22.56 billion in 2017 to ₱23.24 billion in 2018. The 3% increase in consolidated net income accounted for majority of this increase.

### **CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY**

#### **Assets**

Compared to year-end 2017 level, consolidated assets increased 13% to ₱554.59 billion as of December 31, 2018, due to the following:

- a. Trade and other receivables, inclusive of noncurrent portion, increased by 50% (₱37.24 billion vs ₱24.77 billion as of December 31, 2017) mainly due to the first-time consolidation of GCMH's ₱3.93 billion accounts receivable, and higher level of Power Group's receivables substantially owing to the take-up of PSALM deferred adjustments in the books of Davao Light & Power Co., Inc. (DLP) and Visayan Electric Co., Inc. (VECO). The recorded receivables represent PSALM deferred adjustments (Generation Rate Adjustment Mechanism and Incremental Currency Exchange Rate Adjustment) that are to be recovered from customers or to be collected from PSALM.
- b. Inventories and Land and Improvements increased by 51% (₱24.44 billion vs ₱16.14 billion as of December 31, 2017). The ₱9.32 billion rise in Inventories was mainly due to the following: i.) first-time consolidation of GCMH's ₱5.74 billion inventory; ii.) higher raw materials and real property inventories of the Food Group and Real Estate Group, respectively; and iii.) higher coal inventory of the Power Group. This increase was partly offset by the ₱1.35 billion decline in Land and Improvement resulting from the reclassification of lots to be developed from Land and Improvements to Real Estate Inventory.
- c. Gross of depreciation expense, the resulting ₱19.66 billion combined growth in Property Plant and Equipment (PPE), Property Held for Sale and Investment Properties (IP) was mainly due to the following: 1.) ₱4.86 billion on-going construction of AP's power plants; 2.) ₱8.94 billion various capex of Power, Food and Real Estate groups; 3.) ₱4.78 billion first-time consolidation of GCMH PPE; and 4.) ₱1.0 billion upward translation adjustment by power subsidiaries using US dollar as functional currency and fair valuation gains on investment properties. Property Held for Sale (₱676 million vs nil in 2017) refers to transmission assets that will be transferred and sold to the NGCP in the next 12 months, and have been reclassified from PPE.
- d. Investments in and Advances to Associates and JVs increased by 17% (₱106.96 billion vs ₱91.61 billion as of December 31, 2017) mainly due to the ₱5.38 billion additional acquisition of UBP shares, AP's ₱2.50 billion capital infusion into GN Power Dinginin Ltd. Co. (GNPD),

₱3.33 billion reversal of share of mark-to-market (MTM) losses on AFS investments of an associate, ₱924 million share of retained earnings adjustment of an associate resulting from the adoption of PFRS 9, ₱464 million share of associates' cumulative translation adjustments, and recording of ₱7.73 billion share in net earnings of associates and JVs. This increase was partially reduced by the ₱5.14 billion cash dividends received from associates and JVs during the period.

- e. Intangible Asset - service concession right increased by 24% (₱3.79 billion vs ₱3.06 billion as of December 31, 2017) mainly due to capitalized repairs done during the year.
- f. Other Current Assets (OCA) rose by 44% (₱17.99 billion vs ₱12.44 billion as of December 31, 2017) mainly due to Therma South, Inc.'s ₱2.65 billion increase in restricted cash representing the cash reserve to be maintained in compliance with the covenants of its project debt. Therma Visayas, Inc.'s ₱1.72 billion advances receivable from NGCP related to the construction of a transmission line also contributed to the increase of this account in 2018.
- g. Debt Investments at Amortized Cost, formerly classified as Held-to-Maturity Investments, increased to ₱454 million from ₱189 million as of December 31, 2017. This was mainly due to additional acquisitions made of this type of financial product during the year.
- h. Deferred Income Tax Assets increased by 52% (₱2.32 billion vs ₱1.53 billion as of December 31, 2017) mainly due to the corresponding deferred tax benefits recognized on the unrealized forex losses and asset impairment provision recorded by the Power Group during the year.
- i. Goodwill increased by 36% (₱56.26 billion vs ₱41.31 billion as of December 31, 2017) due to the new ₱15.52 billion goodwill generated on the acquisition of GCMH during the year, partly offset by the de-consolidation of the ₱524 million goodwill resulting from the disposal of PETNET.

The above increases were tempered by the following decreases:

- a. Cash & Cash Equivalents decreased by 9% (₱59.03 billion vs ₱64.87 billion as of December 31, 2017) as the funds used in investment acquisitions and repayment of maturing obligations exceeded the funds generated from operations and long-term loan availment.
- b. Derivative Assets, net of Derivative Liabilities (current and non-current) decreased by 55% (₱131 million vs ₱294 million as of December 31, 2017) mainly due to MTM losses recognized on existing swap and forward contracts of the Power Group.
- c. Investments in Financial Assets at Fair Value to Profit or Loss (FVTPL) and at FV to Other Comprehensive Income (FVOCI), formerly classified as Available-for-sale (AFS) Investments, decreased by 25% (₱579 million vs ₱773 million as of December 31, 2017) mainly due to disposals made during the period.

## Liabilities

Consolidated short-term bank loans increased by 14% (₱26.98 billion vs ₱23.70 billion as of December 31, 2017) mainly due to the first-time consolidation of GCMH's ₱2.35 billion bank loans, ₱7.31 billion availment of the Power and Real Estate Groups, partly offset by ₱6.26 billion repayment made by Food Group. Long-term debt likewise increased by 8% (₱258.54 billion vs ₱238.54 billion as of December 31, 2017) substantially due to the following: a.) AEV International's

availability of ₱11.79 billion loan, b.) AP's retail bond issuance of ₱10.2 billion, c.) GMCP's availability of ₱9.04 billion loan, d.) ₱6.20 billion loan availability by other power companies, e.) first-time consolidation of GCMH's ₱2.37 billion loan, and f.) ₱4.54 billion non-cash upward movement due to amortization of deferred financing costs and forex differential. This was partly offset by the prepayment of ₱15.10 billion Therma Power, Inc. (TPI) loan, ₱6.70 billion settlement of maturing loans and ₱2.33 billion decrease in finance lease obligation due to amortizations paid.

Trade and other payables, inclusive of noncurrent portion, increased by 51%, from ₱25.42 billion to ₱38.42 billion, mainly due to the first-time consolidation of GCMH's ₱9.13 billion trade payables and the take-up of the PSALM deferred adjustments at DLP and VECO. The recorded payables represent PSALM deferred adjustments (Generation Rate Adjustment Mechanism and Incremental Currency Exchange Rate Adjustment) that are to be remitted to PSALM or refunded to customers.

Income tax payable decreased by 24%, from ₱703 million to ₱535 million, mainly due to lower income tax liability of the Power Group for the year.

Asset retirement obligation (ARO) increased by 24% from ₱2.96 billion to ₱3.68 billion due to the upward revaluation adjustment recognized during the year on this future obligation.

Pension liability, net of pension asset, increased by 47%, from ₱223 million to ₱328 million, mainly due to the decline in the fair value of the investment in traded equity securities owned by the retirement fund of the Company. This was attributable to the drop in market prices of these securities at the end of 2018.

Deferred Income Tax Liabilities (DTL) increased by 48% (₱2.39 billion vs ₱1.62 billion as of December 31, 2017) mainly due to the first-time consolidation of GMCH's ₱600 million DTL.

## **Equity**

Equity attributable to equity holders of the parent increased by 13% from year-end 2017 level of ₱154.70 billion to ₱174.71 billion mainly due to the ₱22.23 billion net income recorded during the year, ₱3.33 billion reversal of share of MTM losses on AFS investments of UBP, ₱903 million increase in cumulative translation adjustment, and ₱497 million retained earnings adjustment related to first-time adoption of PFRS 9 & 15. These increases were partly offset by the ₱7.21 billion cash dividends paid.

## **MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT**

For the year ended December 31, 2018, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from associates.

Compared to the cash inflow in 2017, consolidated cash generated from operating activities in 2018 increased by ₱6.18 billion to ₱38.42 billion mainly due to the growth in earnings before interest, depreciation and amortization (EBIDA), partly offset by higher working capital requirements.

The year ended with ₱30.76 billion net cash used in investing activities versus ₱11.30 billion last year. This was mainly due to the acquisition of GCMH and higher cash disbursed on additional investments in associates.

Net cash used in financing activities was ₱13.22 billion versus ₱19.46 billion in 2017. The decrease was largely attributed to the higher net bank borrowings in 2018 (₱18.82 billion versus ₱7.85 billion

in 2017), partly offset by higher interest payments and dividends paid to minority shareholders during the year.

For the year in review, net cash outflows surpassed cash inflows, resulting in a 9% decrease in cash and cash equivalents from ₱64.87 billion as of year-end 2017 to ₱59.03 billion as of December 31, 2018.

## **FINANCIAL RATIOS**

Financial ratios remained healthy. Current ratio improved from year-end 2017's 1.61x to 1.76x at the end of 2018 as the growth in current assets outpaced the increase in current liabilities. Debt-to-equity ratio likewise improved from year-end 2017's 1.56:1 to 1.55:1 at the end of 2018.

## **YEAR ENDED 31 DECEMBER 2017 VERSUS YEAR ENDED 31 DECEMBER 2016**

### **TOP FIVE KEY PERFORMANCE INDICATORS**

Management uses the following indicators to evaluate the performance of the registrant and its subsidiaries:

#### **1. EQUITY IN NET EARNINGS OF INVESTEEES**

Equity in net earnings (losses) of investees represents the Group's share in the undistributed earnings or losses of its associates and joint ventures for each reporting period subsequent to acquisition of said investment. This account reflects the result of the operating performance of an associate or a joint venture and indicates its contribution to the Group's consolidated net income.

Manner of Computation: Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

#### **2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)**

The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts and to finance its capital expenditure and working capital requirements.

#### **3. CASH FLOW GENERATED**

Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

#### **4. CURRENT RATIO**

Current ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group.

## 5. DEBT-TO-EQUITY RATIO

Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

### KEY PERFORMANCE INDICATORS (KPI)

**(Amounts in thousands except financial ratio data)**

	<b>JAN-DEC 2017</b>	<b>JAN-DEC 2016</b>
EQUITY IN NET EARNINGS OF INVESTEES	<b>9,053,733</b>	9,651,787
EBITDA	<b>56,977,228</b>	48,127,754
CASH FLOW GENERATED:		
Net cash flows from operating activities	<b>32,237,312</b>	32,013,422
Net cash flows used in investing activities	<b>(11,304,774)</b>	(84,668,374)
Net cash flows used in financing activities	<b>(19,458,941)</b>	52,848,445
Net Increase (Decrease) in Cash & Cash Equivalents	<b>1,473,597</b>	193,493
Cash & Cash Equivalents, Beginning	<b>63,857,528</b>	63,581,884
Cash & Cash Equivalents, End	<b>64,870,214</b>	63,857,528
	<b>DEC 31, 2018</b>	<b>DEC 31, 2017</b>
CURRENT RATIO	<b>1.61</b>	2.51
DEBT-TO-EQUITY RATIO	<b>1.56</b>	1.68

All the KPI values were within management's expectation during the year in review.

Management teams of the different business units continued to effectively handle their respective operations and financial requirements. As a result, profitability was sustained and the Group's financial position remained strong and liquid.

Associates continued to generate substantial earnings and enhance the Group's consolidated bottomline despite the 6% decline in their income contribution to the Group during the period in review. Consolidated EBITDA, which increased by 18% during 2017, translated into additional cash inflows coming from subsidiaries' operations and from dividend payments of associates. These internally-generated funds were then used to partially finance capital expenditures, settle maturing financial obligations, and pay cash dividends.

With substantial long-term debt prepayments and growth in equity during 2017, debt-to-equity ratio moved down to 1.56x (versus end-2016's 1.68x). Meanwhile, the end-2017 current ratio stood at 1.61x (versus end-2016's 2.51x) as current liabilities grew more than current assets.

## **REVIEW OF JAN-DEC 2017 OPERATIONS VERSUS JAN-DEC 2016**

### **RESULTS OF OPERATIONS**

For the year ended December 31, 2017, AEV and its subsidiaries posted a consolidated net income of ₱21.61 billion, a 4% year-on-year (YoY) decrease. This translates to an earnings per share of ₱3.84 for the year in review. In terms of income contribution, Power Group still accounted for the bulk at 69%, followed by the Banking and Financial Services, Food, Real Estate and Infrastructure Groups at 18%, 7%, 3% and 3%, respectively.

The Group generated a non-recurring net loss of ₱2.30 billion during 2017 (versus a ₱347 million loss in 2016) mainly from the Power Group's asset impairment and debt prepayment costs, partially reduced by a one-off recognition of lower interest expense from an acquired loan. Stripping out these one-off items, the Group's core net income for the year amounted to ₱23.91 billion, 5% higher than last year. AEV recorded an 18% increase during 2017 in consolidated earnings before interest, tax, depreciation and amortization (EBITDA), from ₱48.13 billion to ₱56.98 billion.

## **BUSINESS SEGMENTS**

The following discussion describes the performance of the major business segments for 2017.

### **Power**

Aboitiz Power Corporation's (AP) income contribution for 2017 was ₱15.70 billion, a 2% increase from 2016's ₱15.38 billion. Netting out impairment costs on its Aseagas Corporation (Aseagas) investment, pretermination costs on the refinancing made by its subsidiary, GNPowder Mariveles Coal Plant Ltd. Co. (GMCP), and a one-off recognition of lower interest expense from an acquired loan, AP's contribution to core net income grew by 13% from ₱15.85 billion in 2016 to ₱17.95 billion in 2017.

Power Generation Group's bottomline contribution to AEV grew 9% during 2017 from ₱12.05 billion to ₱13.12 billion. Adjusted for non-recurring items, Generation Group's core net income contribution increased by 19% YoY to ₱15.51 billion. This improvement was substantially attributed to the strong performance of the Power Generation Group's hydro units and the full-period income contributed by GMCP, which was acquired in December 2016.

The Power Generation Group's capacity sold during 2017 increased by 41% year-on-year (YoY), from 2,223 megawatts (MW) to 3,124 MW, mainly driven by the additional capacity of GMCP, higher generation of its hydro units, and an increase in capacities contracted.

Power Distribution Group's earnings contribution to AEV increased by 16% during 2017 from ₱2.82 billion to ₱3.29 billion. Attributable electricity sales of 5,288 GWh increased by 4% during 2017. Gross margin per kilowatthour (kWh) for 2017 increased to ₱1.73 from ₱1.59 in 2016. The improved margins resulted from adequate power supply, better supply mix, and recoveries on purchased power costs.

### **Banking & Financial Services**

Income contribution from this industry group declined by 16%, from ₱4.91 billion in 2016 to ₱4.12 billion in 2017.

On a stand-alone basis, Union Bank of the Philippines (UBP) and its subsidiaries recorded a net income of ₱8.4 billion for 2017, 17% lower compared to the ₱10.1 billion earned in 2016. The decline was primarily due to a ₱3.8 billion one-off trading gain booked in the third quarter of 2016.

UBP's net income excluding securities trading gains, however, grew by 31% to ₱8.2 billion in 2017 from ₱6.2 billion in 2016.

PETNET Inc. contributed ₱20 million during 2017 from a loss of ₱2 million in 2016.

## **Food**

Income contribution from Pilmico Foods Corporation (PILMICO) and its subsidiaries decreased by 2% during 2017 to ₱1.7 billion from ₱1.73 billion the previous year. For 2017, Feeds Philippines and Flour both reported decreases in income contribution while Farms and Feeds Vietnam both showed increases. The decline in net earnings of Feeds Philippines and Flour was largely due to higher raw material and operating costs. On the other hand, Feeds Vietnam reported an increase in bottomline during 2017 due to growth of commercial and export product lines and some foreign exchange gains. For Farms, the recovery during 2017 in live hog selling prices resulted in improved profits.

## **Real Estate**

Income contribution of Aboitiz Land, Inc. (AboitizLand) during 2017 amounted to ₱744 million, up 295% from ₱188 million in 2016. This growth was mainly attributed to higher industrial lot sales, improved construction progress by the residential business unit, and healthy occupancy levels from the commercial business unit. AboitizLand also recognized fair valuation gains on investment properties in 2017.

## **Infrastructure**

Republic Cement and Building Materials, Inc. (Republic) posted an income contribution of ₱671 million in 2017, down 57% from 2016's ₱1.55 billion. Cement demand grew modestly in 2017, offset by lower prices and increased fuel and power costs.

## **MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME**

For the year ended December 31, 2017, AEV and its subsidiaries posted a consolidated net income of ₱21.61 billion, a 4% YoY decrease.

Operating profit for 2017 totalled ₱36.58 billion, a 26% increase YoY, as the ₱34.01 billion increase in revenues surpassed the ₱26.35 billion rise in costs and expenses. The increase in revenue was mainly attributed to the performance of the Power Group.

Power subsidiaries reported a 30% YoY increase in operating profit during 2017, from ₱26.31 billion to ₱34.17 billion, mainly due to the full-year earnings before interest and taxes (EBIT) contribution from GMCP.

Share in net earnings of associates for 2017 declined by 6% YoY (₱9.05 billion vs ₱9.65 billion in 2016) largely due to the decrease in UBPs' income from the sale of securities and to RCBM's income decline for 2017 resulting from lower selling prices and higher production costs. This is partly offset by growth in the net income of SN AboitizPower-Magat (SNAP-Magat) and SN AboitizPower-Benguet (SNAP-Benguet) for 2017 due to higher volume sold and ancillary revenue resulting from better hydrology.



The growth in net interest expense and other charges during 2017, coupled with the decrease in equity earnings, more than offset the increase in operating profit, and as a result, pulled down the Group's overall profitability. Net interest expense in 2017 increased by ₱3.61 billion YoY as debt level increased following the consolidation of GMCP debt in December 2016, and the full year impact of interest expense incurred on additional debts availed of after December 2016.

Other charges of ₱26 million were incurred in 2017 versus ₱2.05 billion other income in 2016. This was mainly due to Power Group's impairment of its investment in Aseagas and refinancing costs during 2017, versus 2016's unrealized forex gains and Therma South, Inc.'s (TSI) collection of settlements with suppliers.

Net income attributable to non-controlling interests increased to ₱7.67 billion in 2017 from ₱6.18 billion in 2016, substantially due to the full-period recognition of the net income after tax (NIAT) share of GMCP's minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders increased by 2% from ₱22.07 billion in 2016 to ₱22.56 billion in 2017. The 4% decrease in consolidated net income was offset by the combined surge in AEV's share of an associate's unrealized mark-to-market (MTM) gains on its available-for-sale (AFS) investments and cumulative translation adjustments.

## **CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY**

### **Assets**

Compared to year-end 2016 level, consolidated assets increased 5% to ₱491.93 billion as of December 31, 2017, due to the following:

- a. Trade and other receivables, inclusive of noncurrent portion, increased by 13% (₱24.77 billion end-2017 vs ₱22.01 billion as of December 31, 2016) mainly due to higher level of receivables of the Power and Food Groups.
- b. Inventories increased by 22% (₱12.45 billion as of end-2017 vs ₱10.22 billion as of December 31, 2016) mainly due to increase in raw materials inventory of the Food Group and coal inventory of the Power Group.
- c. Gross of depreciation expense, the combined growth in Property Plant and Equipment (PPE), Investment Properties (IP), and Land and Improvements (LI) as of December 31, 2017 was mainly due to the following: (i) ₱12.70 billion for on-going construction of AP's power plants; (ii) ₱6.07 billion in various capital expenditures of Power, Food and Real Estate Groups, (iii) ₱2.99 billion first-time consolidation of San Carlos Sun Power, Inc. (Sacasan) assets; and (iv) ₱862 million gain recognized on the re-appraisal of certain investment properties. This was partly reduced by the ₱2.66 billion impairment of Aseagas' biomass plant during 2017.
- d. Investments in and Advances to Associates as of December 31, 2017 increased by 5% (₱91.61 billion vs ₱86.95 billion as of December 31, 2016) mainly due to AP's ₱1.25 billion capital infusion into GN Power Dinginin Ltd. Co. (GNPD) and ₱244 million capital infusion into RP Energy, the ₱275 million acquisition of Balibago Waterworks System, Inc. (BWSI) shares by Aboitiz Infracapital, Inc. (AIC), the recording of ₱9.05 billion share in net earnings of associates, and the ₱703 million share of a banking associate's MTM gains on its AFS investments during the year. This increase was partially offset by the ₱6.16 billion cash dividends received from associates during 2017.

- e. Other current assets increased by 30% as of December 31, 2017 (₱12.44 billion vs ₱9.58 billion as of December 31, 2016) mainly due to the rise in prepaid insurance and prepaid taxes of the Power Group.
- f. Available-for-sale (AFS) Investments increased by 37% (₱773 million as of December 31, 2017 vs ₱564 million as of December 31, 2016) mainly due to additional acquisitions made during the year.
- g. Held-to-maturity (HTM) Investments increased to ₱189 million as of December 31, 2017 from nil as of December 31, 2016. This was mainly due to new acquisitions made of this type of financial product during the year.
- h. Derivative Assets (current and non-current) increased by 17% (₱342 million as of December 31, 2017 vs ₱292 million as of December 31, 2016) mainly due to MTM gains recognized on existing forward contracts of the Power Group.

The above increases during 2017 were offset by the 19% decrease in Deferred Income Tax Assets (DTA) (₱1.52 billion as of December 31, 2017 vs ₱1.89 billion as of December 31, 2016), mainly due to the reversal of DTA set up in previous periods on the unrealized forex losses on loan restatement related to the prepayment of GMCP's loan.

## Liabilities

Consolidated short-term bank loans increased by 187% as of end-2017 (₱23.70 billion vs ₱8.26 billion as of December 31, 2016) mainly due to availments made by Food Group, Power Group, PETNET, and AboitizLand to fund working capital requirements. On the other hand, long-term debt decreased by 4% (₱238.84 billion as of December 31, 2017 vs ₱249.46 billion as of December 31, 2016) substantially due to the prepayment of ₱15.93 billion in Therma Power, Inc. and ₱2.43 billion in Aseagas loans, and the ₱6.72 billion settlement of maturing loans and finance lease amortization. This was partly offset by the following: (a) AP's ₱3.0 billion bond issuance; (b) GMCP's ₱3.17 billion loan; (c) the combined ₱8.29 billion additional loan availment of Therma Visayas, Inc., Hedcor Bukidnon, and Pagbilao Electric Corporation (PEC) to finance on-going plant constructions; and (d) the ₱1.38 billion non-cash movement from foreign exchange differential and deferred financing costs.

Trade and other payables, inclusive of noncurrent portion, increased by 12%, from ₱22.67 billion as of end-2016 to ₱25.42 billion as of end-2017, mainly due to higher level of payables to suppliers and contractors resulting from the on-going plant construction by the Power Group.

Customers deposits decreased by 11%, from ₱7.04 billion as of end-2016 to ₱6.27 billion as of end-2017 as special deposits were refunded by distribution utilities to its customers during 2017.

Asset retirement obligation (ARO) increased by 62% from ₱1.82 billion as of end-2016 to ₱2.96 billion as of end-2017 due to incremental provisions recorded during 2017.

Derivative liabilities (current and non-current) decreased by 87% as of end-2017 (₱48 million vs ₱361 million as of December 31, 2016) mainly due to the derecognition of the derivative liability related to GMCP's loan, which was prepaid during 2017.

## Equity

Equity attributable to equity holders of the parent increased by 10% from the year-end 2016 level of ₱140.28 billion to ₱154.70 billion as of end-2017 mainly due to the ₱21.61 billion net income recorded during 2017 and AEV's ₱709 million share in UBP's unrealized MTM gains recognized on its AFS investments, reduced by ₱7.49 billion cash dividends paid.

#### **MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT**

For the year ended December 31, 2017, the Group continued to support its liquidity mainly from cash generated from operations, additional short-term loan availments, and dividends received from associates.

Compared to 2016, consolidated cash generated from operating activities in 2017 increased by ₱224 million to ₱32.24 billion, mainly due to the growth in earnings before interest, depreciation and amortization (EBIDA) recorded by subsidiaries during the year.

AEV ended 2017 with ₱11.30 billion net cash used in investing activities versus ₱84.67 billion in 2016. This was mainly due to lower amounts spent for ongoing plant construction and investments in associates.

Net cash used in financing activities in 2017 was ₱19.46 billion versus ₱52.85 billion generated in 2016. This was largely attributed to long-term loan repayments made during 2017 versus higher loan availments and the sale of treasury shares during 2016.

For 2017, net cash inflows surpassed cash outflows, resulting in a 2% increase in cash and cash equivalents from ₱63.86 billion as of year-end 2016 to ₱64.87 billion as of December 30, 2017.

#### **FINANCIAL RATIOS**

Backed by strong operating cash inflows, liquidity was adequately preserved. Current ratio stood at 1.61x as of end-2017 from 2.51x at the start of the year, since current liabilities grew more than current assets. Debt-to-Equity ratio stood at 1.56:1 as of end-2017 (versus year-end 2016's 1.68:1). This was mainly due to the growth in total equity coupled with substantial prepayment of long-term debt during 2017.

## MANAGEMENT

### BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. The Company currently has nine directors, three of whom are Independent Directors.

The table below sets forth the members of the Company's Board and its executive officers, with their corresponding positions and offices held for the past five (5) years, from 2014 to 2019, as of the date of this Preliminary Prospectus.

<p><b>ENRIQUE M. ABOITIZ</b>  Chairman – Board of Directors  Chairman – Board Risk and Reputation Management Committee  Member – Board Corporate Governance Committee  - Board Audit Committee  - Executive Committee</p>	<p>Mr. Enrique M. Aboitiz, 65 years old, Filipino, was appointed Chairman of the Board of Directors on December 11, 2018. He has served as a director of AEV since May 9, 1994, and has been Chairman of the Board Risk and Reputation Management Committee since February 11, 2009, member of the Board Audit and Board Corporate Governance Committees since December 11, 2018, and of the Executive Committee since May 21, 2018. He is also the Vice Chairman of the Board of Directors of Aboitiz Power Corporation (AboitizPower), a publicly listed company, since December 11, 2018, and Vice-Chairman of Aboitiz &amp; Company, Inc. (ACO).</p> <p>Mr. Aboitiz graduated with a Bachelor of Science degree in Business Administration, Major in Economics, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.</p>
<p><b>MIKEL A. ABOITIZ</b>  Vice Chairman – Board of Directors  Member – Board Corporate Governance Committee  - Board Audit Committee  - Board Risk and Reputation Management Committee  - Executive Committee</p>	<p>Mr. Mikel A. Aboitiz, 64 years old, Filipino, was appointed Vice Chairman of the Board of Directors on December 11, 2018. He has served as a director of AEV since May 15, 2017 and was formerly Senior Vice President of AEV from 2004 to 2015. He is currently a member of AEV's Board Audit Committee and Board Corporate Governance Committee, positions which he held since May 2017. He is also a member of the Executive Committee since May 21, 2018 and of the Board Risk and Reputation Management Committee since December 11, 2018.</p> <p>He has been director of AboitizPower since February 13, 1998, and was appointed as its Chairman of the Board of Directors on September 1, 2018. He was formerly Vice Chairman of the Board of City Savings Bank, Inc. (CitySavings) from 2015 to 2016 and President and CEO from 2001 to 2014. He is currently a Chairman of ACO and a trustee and Vice Chairman of Ramon Aboitiz Foundation, Inc. (RAFI).</p> <p>He holds a degree in Bachelor of Science, Major in Business Administration, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.</p>

<p><b>ERRAMON I. ABOITIZ</b>  Director  President &amp; Chief Executive Officer  Chairman – Executive Committee  Member – Board Risk and Reputation Management Committee</p>	<p>Mr. Erramon I. Aboitiz, 62 years old, Filipino, has served as President &amp; Chief Executive Officer of AEV since January 5, 2009. He has been a director of AEV since May 9, 1994 and a member of the Board Risk and Reputation Management Committee since May 18, 2015, and Chairman of the Executive Committee since May 21, 2018. Mr. Aboitiz was the Executive Vice President and Chief Operating Officer of AEV from 1994 to December 2008.</p> <p>Mr. Aboitiz is the President and Chief Executive Officer of AboitizPower, a publicly-listed company. Mr. Aboitiz is also President and Chief Executive Officer of ACO; Chairman of the Board of Directors of the following companies: Aboitiz Infracapital, Inc. (Aboitiz InfraCapital), Aboitiz Land, Inc. (AboitizLand), San Fernando Electric Light &amp; Power Co., Inc., the SN Aboitiz Power Group, Pilmico Foods Corporation, Therma Power, Inc., CRH Aboitiz Holdings, Inc. (CRH Aboitiz), and Aboitiz Renewables, Inc. He is Vice Chairman of Republic Cement &amp; Building Materials, Inc. (RCBM), and of Union Bank of the Philippines (UnionBank), a publicly-listed company. He is also Chairman of UnionBank’s Executive Committee and Nomination Committee. Lastly, he is Chairman of the Board of Trustees of Aboitiz Foundation, Inc. (AFI), and is a director of the Philippine Disaster Recovery Foundation.</p> <p>Mr. Aboitiz was awarded the Management Association of the Philippines Management Man of the Year and Ernst &amp; Young’s Entrepreneur of the Year both in 2011.</p> <p>Mr. Aboitiz earned a Bachelor of Science degree in Business Administration, Major in Accounting and Finance, from Gonzaga University, Spokane, Washington, U.S.A. He was also conferred an Honorary Doctorate Degree in Management by the Asian Institute of Management. He is not connected with any government agency or instrumentality.</p>
<p><b>SABIN M. ABOITIZ</b>  Director  Executive Vice President and Chief Operating Officer  Member – Board Risk and Reputation Management Committee</p>	<p>Mr. Sabin M. Aboitiz, 54 years old, Filipino, was elected Director of AEV in May 21, 2018 and has been the Company’s Executive Vice President and Chief Operating Officer since December 18, 2015. He was First Vice President of AEV from May 2014 to May 2015 and Senior Vice President from May to December 2015.</p> <p>Mr. Aboitiz is the Chairman of Weather Philippines Foundation, Inc. (WeatherPhilippines) and Filagri, Inc., and Vice Chairman of AboitizLand. He concurrently serves as Chairman and President of AEV Aviation, Inc.; Director and President &amp; CEO of Pilmico Animal Nutrition Corporation, Pilmico Foods Corporation, and AIC; Director and President of AEV CRH Holdings, Inc.; Director of UnionBank, a publicly listed company, ACO, RCBM, CRH Aboitiz, Apo Agua Infraestructura, Inc., PETNET, Inc., Aboitiz Construction International, Inc., Aboitiz Construction, Inc., Metaphil, Inc., Neptune Hydro, Inc., Republic Cement Services, Inc., and Gold Coin Management Holdings, Ltd.; Alternate Director of AboitizPower International Pte. Ltd. and AEV International Pte. Ltd.; and Trustee of AFI.</p> <p>He holds a degree in Business Administration - Finance from</p>

	Gonzaga University, Spokane, U.S.A. He is not connected with any government agency or instrumentality.
<b>ANA MARIA A. DELGADO</b> Director	<p>Ana Maria A. Delgado, 38, Filipino, was elected Director of AEV on December 11, 2018. She also holds the position of Senior Vice President, Center Head of Consumer Finance and Chief Customer Experience Officer of UnionBank, and is Treasurer of WeatherPhilippines from 2016 to present.</p> <p>Ms. Delgado started her career with UnionBank as a Product Manager under the Retail Banking Center, and has previously held the positions of SME Banking Business Head and Cards Business Head. Prior to joining UnionBank, she was an Assistant Vice President for Product Management at Citibank, N.A. from 2006 to 2008.</p> <p>Ms. Delgado graduated with a Bachelor of Arts degree in Art History/Painting from Boston College and obtained her Master's Degree in Business Administration from New York University Stern School of Business in 2010. She is not a director of any other publicly-listed company. She is not connected with any government agency or instrumentality.</p>
<b>EDWIN R. BAUTISTA</b> Director Member – Executive Committee	<p>Edwin R. Bautista, 58 years old, Filipino, was elected Director of AEV on September 1, 2018 and appointed as member of the Executive Committee on the same date. He is also currently a Director and the President and CEO of UnionBank, a publicly-listed company, the Chairman of the Board of Directors of CitySavings, and a Director in Union Properties, Inc., First Union Plans, Inc., and First Union Direct Corp.</p> <p>Prior to joining AEV as director, Mr. Bautista also served UnionBank in various capacities: as Chief Operating Officer from January 1, 2016 to December 31, 2017, Senior Executive Vice President from 2011 to 2015, Executive Vice President from 2001 to 2011, and Senior Vice President from 1997 to 2001.</p> <p>Mr. Bautista earned his Bachelor of Science in Mechanical Engineering degree from the De La Salle University. He also completed the Advance Management Program at the Harvard Business School. He is not connected with any government agency or instrumentality.</p>
<b>RAPHAEL P. M. LOTILLA</b> Lead Independent Director Chairman – Board Corporate Governance Committee Member – Board Audit Committee – Board Risk and Reputation Management Committee – Board Related Party Transactions Committee	<p>Mr. Raphael P.M. Lotilla, 60 years old, Filipino, has served as an Independent Director of AEV since May 21, 2012 and was elected as Lead Independent Director of AEV on May 15, 2017. He has been a member of the Board Audit Committee, and the Board Corporate Governance Committee since May 21, 2012, the Board Risk and Reputation Management Committee since May 18, 2015, and the Board Related Party Transactions Committee since May 15, 2017.</p> <p>Mr. Lotilla is also an Independent Director of Trans Asia Petroleum Corporation, a publicly listed company, Petron Foundation, Inc., and First Metro Investment, Inc. He is also the Chairman of the Board of Trustees of the Center for the</p>

	<p>Advancement of Trade Integration and Facilitation, and The Asia-Pacific Pathways to Progress Foundation, Inc. Mr. Lotilla previously served the Philippine government in various capacities - Secretary of Energy; President and Chief Executive Officer (CEO) of Power Sector Assets and Liabilities Management Corporation; Deputy Director- General of the National Economic and Development Authority; Ex-Officio Chairman of the Philippines National Oil Company; Vice Chairman of the Boards of the National Power Corporation and the National Transmission Corporation, among others.</p> <p>Mr. Lotilla earned his degrees in Bachelor of Science in Psychology and Bachelor of Arts in History from the University of the Philippines. He obtained his Bachelor of Laws degree from the same university where he became a Professor of Law. He holds a Master of Laws degree from the University of Michigan Law School, U.S.A. He currently serves as a member of the Board of Trustees of the Philippine Institute for Development Studies.</p>
<p><b>JOSE C. VITUG (ret.)</b>  Independent Director  Chairman – Board Audit Committee  Member – Board Corporate Governance Committee  – Board Risk and Reputation Management Committee  – Board Related Party Transactions Committee</p>	<p>Justice Jose C. Vitug (ret.), 84 years old, Filipino, has served as an Independent Director of AEV since May 16, 2005. He is Chairman of the Board Audit Committee of AEV since May 18, 2009, member of the Board Corporate Governance Committee since February 11, 2009, the Board Risk and Reputation Management Committee since May 18, 2015, and the Board Related Party Transactions Committee since May 15, 2017.</p> <p>Ret. Justice Vitug is also an Independent Director of ABS-CBN Holdings Corporation, a publicly listed company. He is currently a Board Trustee and Law Dean of the Angeles University Foundation, the Chairman of the Board of Trustees of Angeles University Foundation Medical Center, a Graduate Professor of the College of Law of San Beda College, a Professorial Lecturer of the Philippine Judicial Academy, and a member of the Philippine National Group of Judges of the Permanent Court of Arbitration at the Hague, Netherlands since August 18 2017 for a term of seven (7) years.</p> <p>Ret. Justice Vitug was formerly an Associate Justice of the Supreme Court, Chairman of the House of Representatives Electoral Tribunal, and Senior Member of the Senate Electoral Tribunal. He was also the Chairman of the Philippines Stock Exchange, Inc.</p> <p>He graduated cum laude from the Manuel L. Quezon University with a Bachelor’s Degree in Law. He holds a Master of Laws degree from the same university and a Master’s Degree in National Security Administration from the National Defense College of the Philippines. He was a Fellow of the Commonwealth Judicial Institute of Canada. He also holds an Honorary Doctorate Degree of Law from the Angeles University Foundation. He is not connected, either as an officer or as an employee, to a government agency or instrumentality.</p>
<p><b>MANUEL R. SALAK III</b>  Independent Director</p>	<p>Mr. Manuel R. Salak III, 59 years old, Filipino, was elected as an Independent Director of AEV on May 21, 2018. On the same</p>



<p>Chairman – Board Related Party Transactions Committee</p> <p>Member – Board Corporate Governance Committee</p> <ul style="list-style-type: none"> <li>- Board Audit Committee</li> <li>- Board Risk and Reputation Management Committee</li> </ul>	<p>date, he was appointed as Chairman of the Board Related Party Transactions Committee, and member of the Board Corporate Governance Committee, Board Audit Committee and Board Risk and Reputation Management Committee. Mr. Salak is currently the Senior Strategic Advisor of ING Bank N.V. Philippines, the Founder and Managing Principal of Alpha Primus Advisors, an independent director at Maxicare Philippines, and a member of the Board of Trustees of the Asian Institute of Management.</p> <p>Mr. Salak previously served as the Managing Director, Head of Clients Coverage and Corporate Finance – Asia of ING Bank N.V. from 2008 to 2017, Managing Director and Country Head Philippines of ING Bank N.V. from 1999 to July 2008, and Managing Director and Head of Corporate &amp; Investment Banking of ING Barings Philippines from 1999 to 2000.</p> <p>Mr. Salak earned his Bachelor of Science Degree in Economics (Honorable Mention) from the Ateneo de Manila University and completed his Master’s degree in Business Management from the Asian Institute of Management (AAA Awardee). He also completed several executive and management courses, including the Senior Executive Management Course and ING Business Manager Program from the ING Business School, Hamskerk, Netherlands, the Institut Européen d’Administration des Affaires (INSEAD) Leadership Development Workshop in Singapore, and the Advanced Management Program from Harvard Business School in Boston U.S.A. He is not connected with any government agency or instrumentality.</p>
<p><b>MANUEL R. LOZANO</b></p> <p>Senior Vice President/ Chief Financial Officer/ Corporate Information Officer</p> <p>Ex-Officio Member – Board Risk and Reputation Management Committee Executive Committee</p>	<p>Mr. Manuel R. Lozano, 48 years old, Filipino, has been Senior Vice President/Chief Financial Officer/Chief Information Officer of AEV since May 18, 2015. He is also an Ex-Officio Member of the Board Risk and Reputation Management Committee since May 18, 2015, and of the Executive Committee since May 21, 2018.</p> <p>Mr. Lozano is currently Senior Vice President - Finance of ACO, and Treasurer of Aboitiz Construction, Inc. (ACI); Trustee and Treasurer of Aboitiz Foundation; Chief Financial Officer and Treasurer of Apo Agua; Chairman of the Board and Chief Executive Officer of Lima Water Corporation; Director, Treasurer/Chief Financial Officer of Aboitiz InfraCapital; Director and Vice President of AEV Aviation; Director and Treasurer of AEV CRH, CFO/Treasurer of Archipelago Insurance; Director of PANC, Pilmico, RCBM, UnionBank; and Alternate Director of AEV International, Pilmico International Pte. Ltd. (Pilmico International) and AboitizPower International.</p> <p>Mr. Lozano was First Vice President and Chief Financial Officer/Corporate Information Officer of AboitizPower from 2014 to 2015; and was First Vice President - Chief Financial Officer of AboitizPower Generation from 2008 to 2013.</p> <p>Before joining the Aboitiz Group, he was the Chief Financial Officer and a director of Paxys, Inc., a publicly listed company focused on the business process outsourcing industry and other IT-related sectors within the Asia Pacific region. He was also a</p>

	<p>director of Corporate Finance &amp; Investment at NGL Pacific Ltd., a Regional Operating Headquarter related to the Usaha Tegas group of Malaysia. He also held various positions in financial institutions including Jardine Fleming &amp; CLSA.</p> <p>He earned his Bachelor of Science in Business Administration degree from the University of the Philippines - Diliman and his Master's Degree in Business Administration from The Wharton School of the University of Pennsylvania, U.S.A. He is not connected with any government agency or instrumentality.</p>
<p><b>GABRIEL T. MAÑALAC</b> Senior Vice President and Group Treasurer</p>	<p>Mr. Gabriel T. Mañalac, 62 years old, Filipino, currently serves as Senior Vice President and Group Treasurer of AEV since January 5, 2009. He joined AEV as Vice President for Treasury Services in 1998 and was promoted to First Vice President for Treasury Services in 2004.</p> <p>He is also Senior Vice President and Group Treasurer of AboitizPower, a publicly listed company, since May 17, 2010. He is also Vice President and Treasurer of Davao Light, and Treasurer of Cotabato Light.</p> <p>Mr. Mañalac graduated cum laude with a Bachelor of Science in Finance degree and a Bachelor of Arts in Economics degree from De La Salle University. He obtained his Master's Degree in Business Administration in Banking and Finance from the Asian Institute of Management and was awarded the Institute's Scholarship for Merit. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.</p>
<p><b>SUSAN V. VALDEZ<sup>3</sup></b> Senior Vice President and Chief Human Resources Officer Ex-Officio Member – Board Corporate Governance Committee</p>	<p>Ms. Susan Valdez, 58 years old, Filipino, is the Chief Human Resources Officer of AEV effective January 1, 2019. She held various executive positions at AEV for the past 7 years; namely, Senior Vice President and Chief Corporate Services Officer, Chief Reputation and Risk Management Officer and Chief Reputation Officer. She is currently an Ex-Officio member of AEV Board Corporate Governance Committee and AP Board Risk &amp; Reputation Committee.</p> <p>She is currently President and Board of Trustee of Aboitiz Foundation and WeatherPhilippines Foundation.</p> <p>Before joining AEV in September, 2011, she held various executive positions for 15 years in Aboitiz Transport Systems Corporation (ATSC) (now 2GO Group, Inc., a publicly listed company), as Chief Finance Officer, Chief Information Officer and Chief Operating Officer of its freight and supply chain business units.</p> <p>Ms. Valdez is a Certified Public Accountant, and graduated cum laude from St. Theresa's College with a degree of Bachelor of Science in Commerce, Major in Accounting. She earned her</p>

<sup>3</sup> Effective January 1, 2019, Ms. Susan V. Valdez replaced Mr. Xavier Jose Aboitiz as the Company's Chief Human Resources Officer.

	<p>Master’s degree in Business Management from the University of the Philippines, and completed a program on Management Development at Harvard Business School. She is not connected with any government agency or instrumentality. She is not a director of any publicly listed company.</p>
<p><b>ROBERT MCGREGOR</b> Executive Director - Chief Investments Officer</p>	<p>Mr. Robert McGregor, 59 years old, British, is Executive Director – Chief Investments Officer of AEV since October 3, 2018. He is concurrently Executive Director – Chief Investments Officer of AboitizPower, a publicly listed company, since June 1, 2018. He joined AEV as Senior Vice President - Chief Strategy Officer in May 2014 before his appointment as Executive Director – Chief Investments Officer in 2018.</p> <p>Mr. McGregor brings with him a wealth of experience in management, investment banking and private equity investing with almost 39 years of experience in energy markets. He has extensive experience in corporate strategy, marketing and business planning in oil, gas and electricity industries in the United Kingdom. He moved to Hong Kong in 1997 and enjoyed an 11-year career in regional investment banking, before moving to Singapore to take up partnership in Actis, an emerging-market private equity company. In 2012, he returned to Hong Kong with Hongkong and Shanghai Banking Corporation Limited as an investment banker.</p> <p>Mr. McGregor completed his Honours Degree in Applied Chemistry from The University of Strathclyde, United Kingdom and obtained his Master’s Degree in Business Administration from the same university. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.</p>
<p><b>LUIS MIGUEL O. ABOITIZ</b> Senior Vice President</p>	<p>Mr. Luis Miguel O. Aboitiz, 54 years old, Filipino, is appointed Senior Vice President of AEV, a position which he held since May 18, 2015. He joined AEV in 1995 as Vice President and was appointed First Vice President from 2004 to May 2015. Since January 2016, he has served as Executive Vice President and Chief Operating Officer - Corporate Business Group of AboitizPower, a publicly listed company.</p> <p>He also served as AboitizPower's Senior Vice President - Power Marketing and Trading from 2009 to 2015. Mr. Aboitiz is concurrently a director of AboitizPower. He is also a Director and First Vice President of ACO, and Trustee of Aboitiz Foundation. He also serves as Director and President of MORE; and Director of Abovant Holdings, Inc. (Abovant), ARI, TPI, Pilmico, Pilmico Animal Nutrition Corporation (PANC), Therma South, Inc. (TSI), Therma Luzon, Inc. (TLI), Aboitiz InfraCapital, San Carlos Sun Power Inc. (Sacasun), Cebu Energy Development Corporation (Cebu Energy), Southern Philippines Power Corporation (SPPC), Western Mindanao Power Corporation (WMPC), and Unionbank, a publicly-listed company. He is also Chairman of UnionBank’s Technology Steering Committee, member of the Audit Committee and Operations Risk Management Committee, and alternate member of the Executive Committee. He holds directorship and management positions in GNPowr Mariveles</p>

	<p>Coal Plant Ltd. Co. (GMCP) and its holding companies. Mr. Aboitiz is also a member of the Board of Trustees of the Philippine Independent Power Producers Association, Inc. (PIPPA).</p> <p>Mr. Aboitiz graduated from Santa Clara University, California, U.S.A. with a degree of Bachelor of Science in Computer Science and Engineering, and earned his Master’s degree in Business Administration from the University of California in Berkeley, U.S.A. He is not connected with any government agency or instrumentality.</p>
<p><b>JOJO S. GUINGAO</b> Senior Vice President and Chief Digital Officer</p>	<p>Mr. Jojo S. Guingao, 53 years old, Filipino, was appointed Senior Vice President and Chief Digital Officer of AEV on October 1, 2018. He joined AEV as First Vice President for Digital Management on July 18, 2016. Mr. Guingao has experience in software development, IT consulting and strategy, enterprise implementation, project management and professional services. He has over 20 years of experience working for software companies in the Silicon Valley building global technology services organization.</p> <p>Before joining AEV, Mr. Guingao was Vice President of Customer Success at Navagis Inc., a Google Cloud Partner in San Francisco CA. He also held senior management positions in various global software companies including Critigen LLC, Environmental Systems Research Institute and Autodesk Inc.</p> <p>Mr. Guingao graduated from Mapua Institute of Technology with a Bachelor’s Degree in Electronics and Communications Engineering. He completed his Master’s Degree in Business Administration from the California State University-East Bay. He is not connected with any government agency or instrumentality. He is also not a director of any publicly listed company.</p>
<p><b>DAVID JUDE L. STA. ANA</b> Senior Vice President and Chief External Affairs Officer</p>	<p>Mr. David Jude L. Sta. Ana, 51 years old, Filipino, was appointed Senior Vice President and Chief External Affairs Officer last October 1, 2018. Prior to his appointment, he was the First Vice President for Government Relations since September 1, 2016.</p> <p>Mr. Sta. Ana brings to the Group his experience in broadcast, digital and print media, with focus on major news coverage, crisis management, planning and operations. Prior to joining AEV, he was the Head for News Operations of TV5 Network, Inc. where he handled the day to day operations of the Philippines’ third largest television network, including news gathering and content generation for its television, radio and digital platforms. Mr. Sta. Ana also served as news director handling the control, operational and administrative responsibilities for news gathering for two of the country’s major broadcast organizations, namely ABS-CBN Broadcasting Corporation and GMA Network, Inc., a publicly listed company.</p> <p>Mr. Sta Ana earned his Bachelor’s Degree in Journalism from the University of the Philippines - Diliman. He also completed the Newsroom Operation and Newsroom Management Training</p>

	<p>conducted by the U.S. Radio and Television News Directors Association in Los Angeles, California, U.S.A. He is not connected with any government agency or instrumentality. He is also not a director of any publicly listed company.</p>
<p><b>CHRISTOPHER P. BESHOURI</b> Executive Director – Chief Strategy Officer</p>	<p>Mr. Christopher P. Beshouri, 55, American, was appointed Executive Director – Chief Strategy Officer last October 3, 2018. He brings to the Group his experience in corporate strategy, business planning, strategic partnership and investments, and performance management. He has almost three decades of experience in banking, energy, telecommunications, retail, and business process outsourcing across multiple jurisdictions in Asia.</p> <p>Before joining AEV, Mr. Beshouri headed the VICSAL Development Corporation from 2013 to 2018. He was Independent Director of GT Capital Holdings, Inc. from 2013 to 2017. He also held various top management positions at McKinsey and Company as President and Chief Executive Officer for Philippines from 2005 to 2013, Chief of Staff for Asia from 2004 to 2005, and Associate Principal from 1997 to 2004. He also served in the United States Treasury as a Senior Financial Economist and Director from 1989 to 1997, focusing on financial markets and banking regulations, and he also taught financial markets and banking at Georgetown University.</p> <p>Mr. Beshouri earned his Bachelor of Arts degree (Dual Major in Economics and Public Policy) from the Michigan State University and his Master's degree in Public Affairs from Princeton University.</p> <p>He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.</p>
<p><b>RICARDO F. LACSON<sup>4</sup></b> Data Privacy Officer</p>	<p>Mr. Ricardo F. Lacson, Jr., 56 years old, Filipino, was appointed as the Data Privacy Officer of AEV effective February 1, 2019. Prior to his appointment, he was Vice President for Strategy of AEV since June 2014. Prior to joining AEV, he was the Vice President for Administration and Customer Services at the Visayan Electric Company, Inc., from August 2009 to May 2014.</p> <p>Before joining the Aboitiz Group, Mr. Lacson held several senior management positions including Director at ZMG Ward Howell, Country Manager of SAP SuccessFactors, President of Motorola Communications Philippines, Inc., Vice President of Software Ventures International, Corp. and General Manager of Systematics Technology Services, Inc. (now Metrobank Technology, Inc.). He began his career in the field of IT, handling large corporate accounts as well as being the airlines specialist for IBM Philippines, Inc. He taught at the Ateneo de Manila University from 1984-1994.</p>

<sup>4</sup> Effective February 1, 2019, Mr. Ricardo F. Lacson replaced Mr. Horacio C. Elicano as the Company's Data Privacy Officer.

	<p>Mr. Lacson earned his Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University, graduating Magna Cum Laude and receiving the Departmental Award. He also completed the Advance Bank Management Program of the Asian Institute of Management and the Leading Innovative Change Program of the University of California, Berkeley. She is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.</p>
<p><b>ANNACEL A. NATIVIDAD</b> Chief Risk Officer</p>	<p>Ms. Annacel A. Natividad, 49 years old, has been First Vice President and Chief Risk Officer of AEV since July 1, 2016. She was Vice President – Risk Management of AEV since July 2013. She is currently handling the following functions: Risk Management, Insurance Management, Information Security, Enterprise Compliance and Physical Assets Security.</p> <p>Ms. Natividad first joined the Aboitiz Group as Vice President – Chief Finance Officer and Risk Management Head of ATS Consolidated (ATSC), Inc. (now 2GO Group, Inc., a publicly listed company). She was also the Chief Finance Officer of various companies such as Scanasia Overseas, Inc., Kerry-ATS Logistics, Inc., Hapag-Lloyd Philippines, Inc., Aboitiz Project TS Corporation and Sea Merchants, Inc.</p> <p>Ms. Natividad holds a Bachelor of Science in Commerce degree from the University of Santo Tomas and earned her Master's degree in Business Administration from De La Salle University. Ms. Natividad also completed the Management Acceleration Program from INSEAD. Ms. Natividad is a Certified Public Accountant and Certified Governance, Risk and Compliance Professional. She is not connected with any government agency or instrumentality. She is not a director of any publicly listed company.</p>
<p><b>MARIA LOURDES Y. TANATE</b> Group Internal Audit Head</p>	<p>Ms. Maria Lourdes Y. Tanate, 53 years old, Filipino, has been Vice President and Group Internal Audit Head since January 2016. She joined AEV in November 2011.</p> <p>Prior to joining AEV, Ms. Tanate was Chief Audit Executive of ATS Consolidated (ATSC), Inc. (formerly Aboitiz Transport System (ATSC) Corporation) (now 2GO Group, Inc., a publicly listed company). She also served as Assistant Vice President for Finance and Senior Manager of ATS. She has extensive experience in internal audit, financial and investment analysis and corporate finance, with focus on budgeting, financial planning and control.</p> <p>She graduated cum laude with a degree of Bachelor of Arts in Economics from the University of the Philippines (Diliman) and subsequently obtained her Masters in Business Administration from the same school. She earned her Masters in Engineering and Technology Management from the University of Queensland, Australia. She is not connected with any government agency or instrumentality. She is also not a director of any publicly listed company.</p>

<p><b>MANUEL ALBERTO R. COLAYCO</b>  Chief Legal Officer/Corporate Secretary/Chief Compliance Officer  Ex-Officio Member - Board Corporate Governance Committee</p>	<p>Mr. Manuel Alberto R. Colayco, 49 years old, Filipino, was appointed as AEV’s Corporate Secretary and Chief Compliance Officer on March 1, 2018. He is concurrently the First Vice President and Chief Legal Officer of AEV since July 11, 2016. He is concurrently Corporate Secretary of AboitizPower since March 1, 2018.</p> <p>Mr. Colayco has practiced in the areas of corporate law, mergers and acquisitions, joint ventures, securities regulation, corporate and financial restructuring, and litigation. Prior to joining the Aboitiz Group, Mr. Colayco acted as an independent legal consultant providing professional advice, representation, and transactional assistance to private companies and individuals. His previous work experience includes: General Counsel for AGP International Holdings Ltd. and Atlantic, Gulf &amp; Pacific Company of Manila, Inc. from August 2013 to December 2014; Executive Director and Assistant General Counsel of J.P. Morgan Chase Bank N.A. from July 2010 to August 2013; and Vice President and Legal Counsel of DKR Oasis (Hong Kong) LLC, a private investment management firm, from August 2007 until March 2010. He was an Associate at Skadden, Arps, Slate, Meagher &amp; Flom, LLP from 2000 to 2007, and at Romulo Mabanta Buenaventura Sayoc &amp; De Los Angeles from 1996 to 2000.</p> <p>Mr. Colayco earned his undergraduate and Juris Doctor degrees from the Ateneo de Manila University. He also has a Master of Laws degree from the New York University School of Law, U.S.A. He is not connected with any government agency or instrumentality. He is also not a director of any publicly listed company.</p>
<p><b>MAILENE M. DE LA TORRE</b>  Assistant Corporate Secretary</p>	<p>Ms. Mailene M. de la Torre, 36 years old, Filipino, was appointed Assistant Corporate Secretary last November 24, 2016 and Assistant Vice President - Governance and Compliance of AEV effective January 1, 2018. She was previously Senior Associate General Counsel for Governance and Compliance of AEV since November 2016, and was Associate General Counsel for Legal and Corporate Services from May 2010 to October 2014. Ms. de la Torre is also the Corporate Secretary of various Subsidiaries of the Aboitiz Group. She is concurrently Assistant Corporate Secretary of AboitizPower since her appointment last November 24, 2016.</p> <p>Ms. de la Torre has practice in the areas of corporate structuring, acquisitions, joint ventures, compliance and corporate governance, corporate law, securities law, and litigation. Prior to joining the Aboitiz Group, she was an Associate at Esguerra &amp; Blanco Law Office from 2007 to 2010. She graduated cum laude with a Bachelor of Arts Degree in Political Science from the University of the Philippines Diliman and earned her Bachelor of Laws degree from the same university. She is a graduate member of the Institute of Corporate Directors, after completing the Professional Director’s Program. She is a member of good standing in the Integrated Bar of the Philippines. She is not connected with any government agency or instrumentality. She is not a director of a publicly-listed company.</p>



<p><b>JOANNE L. RANADA</b> Assistant Corporate Secretary</p>	<p>Ms. Joanne L. Ranada, 40 years old, Filipino, was appointed as Assistant Corporate Secretary of AEV on October 3, 2018. She is concurrently Senior Associate General Counsel for the Governance and Compliance Team and Assistant Corporate Secretary of AboitizPower, a publicly-listed company. Ms. Ranada also serves as Corporate Secretary of the SN Aboitiz Power Group and Assistant Corporate Secretary of ARI, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor, MORE, TSI, and TVI.</p> <p>Ms. Ranada has over a decade of practice in the areas of regulatory compliance, corporate law, foreign investments, capital markets, securities, and corporate governance. Prior to joining the Aboitiz Group, she was the Legal Manager - Corporate Secretarial and Corporate Maintenance Services at Quisumbing Torres law firm from November 2015 to August 2018, and as Senior Corporate Lawyer at GWI Business Solutions, Inc. from November 2014 to October 2015. She also worked for the Securities and Exchange Commission (SEC) from January 2006 to October 2014. While with the SEC, Ms. Ranada was a representative to the International Finance Corporation Accreditation Workshop conducted by the International Finance Corporation, the Asia Regional Funds Passport conducted by the Australian Department of Foreign Affairs, and the Credit Information Systems Training conducted by the Credit Information Corp. and the US Federal Trade Commission.</p> <p>Ms. Ranada earned her Bachelor's Degree in International Studies from the College of the Holy Spirit and her Bachelor of Laws degree from Philippine Law School. She has also completed the Trust Operations and Investment Management course conducted by the Trust Institute Foundation of the Philippines, and the Corporate Governance Training conducted by the New York Institute of Finance. She is not connected with any government agency or instrumentality. She is also not a director of any publicly listed company.</p>
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**PERIOD IN WHICH THE DIRECTORS SHOULD SERVE**

The directors shall serve for a period of one year.

**TERM OF OFFICE OF A DIRECTOR**

Pursuant to the Company's Amended By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election for a term of one year and until his successor is duly qualified and elected, unless he resigns, dies or is removed prior to such election.

Any vacancy in the Board other than by removal or expiration of term may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose, if they still constitute a quorum. The director so chosen shall serve for the unexpired term of his/her predecessor in office.

**SIGNIFICANT EMPLOYEES**

AEV considers the contribution of every employee important to the fulfillment of its goals.

### **FAMILY RELATIONSHIPS**

Messrs. Erramon, Enrique, and Sabin Aboitiz are brothers. Mr. Mikel A. Aboitiz is the uncle of Ms. Ana Maria A. Delgado. Other than these, no other officers or directors are related within the fourth degree of consanguinity.

### **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS AS OF FEBRUARY 28, 2019**

To the knowledge and/or information of AEV, none of its nominees for election as directors, its current members of the Board or its executive officers is presently involved in any legal proceeding or bankruptcy petition or has been convicted by final judgment, or being subject to any order, judgment or decree, or has violated the securities or commodities law in any court or government agency in the Philippines or elsewhere for the past five years until February 28, 2019, which would put to question his/her ability and integrity to serve AEV and its stockholders.

## **CORPORATE GOVERNANCE**

Guided by the Organization for Economic Co-operation and Development's (OECD) Five Principles of Corporate Governance during 2018, the Company continued its efforts to strengthen the roles and responsibilities of its Board. It adopted new protocols and improved existing systems and policies to protect the rights of its shareholders, safeguarded shareholders' equitable treatment, continuously recognized the value and participatory role of all stakeholders, and practiced the appropriate level of transparency and improved corporate disclosures. It continues its efforts to create long-term value for all stakeholders, and to drive change for a better world by advancing business and communities.

### **SHAREHOLDER RIGHTS AND EQUITABLE TREATMENT**

All shareholders, regardless of the amount of their shareholdings, are given the right to participate in the decision-making, pursuant to the Company's one share, one vote policy.

Moreover, to ensure that directors, officers, and even majority shareholders do not take advantage of their positions, all shareholders within the Aboitiz Group are apprised of all related party transactions, with amounts disclosed. All related party transactions in the Aboitiz Group are reported in AEV's Consolidated AFS every year.

All shareholders receive notices of all shareholders' meetings, and all agenda items to be discussed and decided upon during the said meetings are set out in the notices and no new agenda items are taken up during the conduct of the meeting. The rationale of agenda items which are submitted to the shareholders for their approval are included in the notices to shareholders' meetings.

### **STAKEHOLDER ENGAGEMENT**

The Aboitiz Group is committed to the principles of sustainability to balance the interests of People, Planet, and Profit. By following this rule, AEV has obtained and maintained a good health, safety, and environmental track record. The Group launched its Sustainability Policy in 2013, in the belief that all stakeholders must be treated with fairness and that corporate social responsibility is an integral part of doing business. In support of this policy, the Group launched its BetterWorld campaign in 2014 to encourage all stakeholders to adopt this policy for sustainability.

AEV has a Revised Manual of Corporate Governance (Revised Manual) and a Code of Ethics and Business Conduct (Code) to guide the attainment of its corporate goals and the implementation of its strategies. In 2016, the Board of Directors, upon the endorsement of the Board Corporate Governance Committee, approved the revised Code which now includes a more defined anti-corruption and bribery policy, sustainability policy, and digital media policy, among others. In 2017, the Board of Directors, approved the Revised Manual which specifies the composition and duties of the newly-created and restructured board committees, the qualifications of the Corporate Secretary, an information security management policy, a sustainability policy, a risk management policy, a communication process and training process, a reportorial or disclosure system of the Company's corporate policies, a shareholders' benefit statement, and a monitoring and assessment system. The Revised Manual is generally aligned to the principles and recommendations laid down by the SEC under the Corporate Governance Code for Publicly-Listed Companies (CG Code) to further strengthen the Company's corporate governance practices. The Compliance Officer, together with the Human Resources Department, regularly monitors and evaluates compliance by the Board of Directors, management and employees to the Revised Manual, the Code, other company policies, and existing laws and regulations. The Compliance Officer also ensures the implementation of AEV's

policy against conflicts of interests and the misuse of confidential and proprietary information throughout the organization.

The Compliance Officer regularly reports to the Board Corporate Governance Committee the Company's compliance status with existing laws and regulations, as well as the Board's, management's and employees' compliance with internal governance policies.

There are no major deviations from the Revised Manual as of the date of this report. The Board of Directors regularly reviews the Revised Manual to ensure that the same remains relevant and responsive to the needs of the organization.

Any amendments to the Revised Manual are promptly submitted to the SEC for confirmation and approval.

## **DISCLOSURE AND TRANSPARENCY**

Pursuant to its commitment to transparency and accountability, AEV's website, [www.aboitiz.com](http://www.aboitiz.com) has its own dedicated corporate governance webpage which serves as a resource center and library for its stakeholders. The Company also submitted an Integrated Annual Corporate Governance Report (IACGR) to the SEC and to the PSE EDGE website. Copy of the IACGR is also available for download at the Company's website.

## **BOARD RESPONSIBILITY**

The Board's primary objectives are to improve shareholder returns, to develop responsible long-term investments, and to achieve disciplined and sustainable growth. To this end, board attendance and active participation during board and committee meetings are encouraged from the directors. Attendance during board meetings are closely monitored and reported by the Compliance Officer to the SEC and PSE, as well as in the Company's IACGR.

In 2018, the Board of Directors held 12 meetings. Below is a summary of the attendance of the Directors.

BOARD MEETINGS ABOITIZ EQUITY VENTURES, INC.		Regular and Special Meetings in 2017												Total No. of Meetings Attended by Each Member	Percentage of Attendance
		REG	SP	REG	REG	ASM	ORG	SP	REG	SP	REG	REG	SP		
		30-Jan	8- Mar	22- Mar	21- May	21- May	21- May	5- July	26- Jul	1- Sept	3 - Oct	23 - Nov	11- Dec		
1	Jon Ramon Aboitiz	P	P	A	P	P	P	P	P	P	P	P	-	10	91%
2	Erramon I. Aboitiz	P	P	P	P	P	P	P	P	P	P	P	P	12	100%
3	Enrique M. Aboitiz	P	A	P	A	A	A	A	P	P	P	P	P	7	58%
4	Mikel A. Aboitiz	P	A	A	P	P	P	A	P	P	P	P	A	8	67%
5	Justo A. Ortiz	P	P	P	-	-	-	-	-	-	-	-	-	3	100%
6	Antonio R. Moraza	P	P	P	P	P	P	P	P	-	-	-	-	8	100%
7	Jose C. Vitug	P	P	P	P	P	P	P	P	P	P	P	P	12	100%
8	Raphael Perpetuo M. Lotilla	P	P	P	P	P	P	P	P	P	P	P	P	12	100%
9	Stephen T. CuUnjieng	P	P	P	-	-	-	-	-	-	-	-	-	3	100%
10.	Manuel R. Salak III	-	-	-	P	P	P	P	P	P	P	A	P	8	89%
11	Sabin M. Aboitiz	-	-	-	P	P	P	P	P	P	P	P	P	9	100%
12.	Edwin R. Bautista	-	-	-	-	-	-	-	-	P	P	P	P	4	100%
13.	Ana Maria A. Delgado*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total No. of Members Present in Each Meeting</b>	9	6	7	8	8	8	7	9	9	9	8	8		
	<b>Percentage of No. of Members Present in Each Meeting</b>	100%	67%	78%	89%	89%	89%	78%	100%	100%	100%	89%	89%		

Legend: P - Present, A - Absent

\* Ms. Ana Maria A. Delgado was appointed as member of the Board of Directors on December 11, 2018.

Corporate governance is further fostered by the Board's active role in reviewing and approving corporate goals and strategies set by management, as well as in monitoring and evaluating management performance in meeting such goals. The different Board Committees - Audit, Corporate Governance, Risk and Reputation Management, Related Party Transactions, and Executive Committee - report regularly to the Board and are crucial in maintaining Board oversight in key management areas.

The mandate and the composition of each Board committee are described below:

- a. The Board Corporate Governance Committee represents the Board in discharging its responsibility relating to issues around the Group's governance principles and guidelines, nomination of persons into Board and Group senior leadership roles, and the various compensation matters. Independent Directors comprise majority of the voting members of the Board Corporate Governance Committee.

Chairman: Raphael P.M. Lotilla

Members: Mikel A. Aboitiz, Jose C. Vitug, Enrique M. Aboitiz, Manuel R. Salak, III; Ex-officio

Members: Manuel Alberto R. Colayco and Susan V. Valdez

- b. The Board Audit Committee represents the Board in discharging its responsibility related to audit matters for the Group. Independent Directors comprise majority of the members of the Board Audit Committee, including its Chairman.

Chairman: Jose C. Vitug

Members: Enrique M. Aboitiz, Mikel A. Aboitiz, Raphael P.M. Lotilla, and Manuel R. Salak III

- c. The Board Risk and Reputation Management Committee represents the Board in discharging its responsibility relating to risk management related matters for the Group.

Chairman: Enrique M. Aboitiz

Members: Mikel A. Aboitiz, Erramon I. Aboitiz, Sabin M. Aboitiz, Manuel R. Salak III, Jose C. Vitug and Raphael P.M. Lotilla

Ex- Officio Members: David Jude L. Sta. Ana, Manuel R. Lozano and Annacel A. Natividad

- d. The Board Related Party Transaction Committee represents the Board in discharging its responsibility relating to transactions entered into between or among the Company or any of its subsidiaries, affiliated, directors and officers.

Chairman: Manuel R. Salak III

Members: Justice Jose C. Vitug (ret.) and Raphael Perpetuo M. Lotilla

- e. The Board Executive Committee assists the Board in overseeing the Company's day-to-day operations of the Company. The Committee ensures agility in the management of the Company and in strategic decision-making, as well as compliance with the Company's governance policies, during the intervening period between Board meetings.

Chairman: Erramon I Aboitiz

Members: Mikel A. Aboitiz, Enrique M. Aboitiz, Sabin M. Aboitiz, and Edwin R. Bautista

## **2018 CORPORATE GOVERNANCE INITIATIVES**

Going beyond mere compliance and box-ticking, the Company regularly updates its corporate governance policies to ensure that they are relevant to the needs of the organization and, at the same time, at par with global best practices. Below are the highlights of the Company's Corporate Governance initiatives in 2018:

- a. Amendment of AEV's By-Laws
- b. Amendment of AEV Manual on Corporate Governance
- c. Establishment of a Board Executive Committee
- d. 2018 Group-wide Corporate Governance Seminar
- e. Cascade of the Company's Related Party Transactions (RPT) Policy
- f. Cascade of the Code of Ethics and Business Conduct e-learning modules
- g. Implementation of the Group-wide Whistleblowing Policy

For 2018, there were no recorded deviations from, or violations of the Revised Manual on Corporate Governance (the "Revised Manual"), the Code of Ethics and Business Conduct (the "Code of Ethics"), or any other company governance and compliance policies and protocols.

For a full discussion on the Company's initiatives, a copy of the Integrated Annual Report will be available at [www.aboitiz.com](http://www.aboitiz.com).

## CORPORATE GOVERNANCE AWARDS

As a testament to its commitment to adopt best practices, AEV has been consistently recognized in local and international surveys, assessments, and scorecards as among the Philippines' best-managed companies and cited for its commitment to good corporate governance practices.

In 2018, AEV was recognized as one of the top 10, in a list of 247 Philippine publicly-listed companies, as ranked by the Institute of Corporate Directors back in July 2018 using a set of comparable standards, which articulates recommendations on policies and practices based on good governance principles of the OECD. In November 2018, the Company was recognized as one of the Top 50 Publicly Listed Companies in the ASEAN Corporate Governance Awards. The event was organized by the ASEAN Capital Markets Forum and the Institute of Corporate Directors as the appointed domestic ranking body held at the Kuala Lumpur Convention Centre, Kuala Lumpur, Malaysia.

In 2018, AEV has been recognized with the following awards:

Awards	Awards Received
Institute of Corporate Directors ASEAN Corporate Governance Scorecard 2017	Top 10 Performing Philippine Publicly-listed companies in the 2017 ASEAN Corporate Governance Scorecard (ACGS)
In-House Community – Counsels of the Year Awards 2018	In-House Legal Team of the Year – Energy & Natural Resources (Asia Winner)
FinanceAsia Asia's Best Companies 2018	Top-performing Publicly Listed Company in the Philippines
IABC 16th Philippine Quill Awards	A Better Future with Cleanergy – Professional Merit Award



## EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued to AEV's Chief Executive Officer and four most highly compensated executive officers, as well as other directors and officers during the last two completed fiscal years and the ensuing fiscal year are as follows:

Name of Officer and Principal Position	Year	Salary	Bonus	Other Compensation
<b>CHIEF EXECUTIVE OFFICER AND FOUR MOST HIGHLY COMPENSATED OFFICERS</b>  1. <b>ERRAMON I. ABOITIZ</b> President and Chief Executive Officer  2. <b>XAVIER JOSE ABOITIZ</b> Senior Vice President and Chief Human Resources Officer**  3. <b>ROBERT MCGREGOR</b> Executive Director - Chief Investments Officer  4. <b>LUIS MIGUEL O. ABOITIZ</b> Senior Vice President  5. <b>SUSAN V. VALDEZ</b> Senior Vice President and Human Resources Officer				
	<b>Actual 2018</b>	<b>₱151,310,578.00</b>	<b>₱15,910,000.00</b>	<b>₱14,200,726.00</b>
	Actual 2017	₱136,623,646.00	₱13,336,441.00	₱12,340,509.00
	<b>Projected 2019</b>	<b>₱166,441,636.00</b>	<b>₱17,501,000.00</b>	<b>₱15,620,799.00</b>
<b>All other directors and officers as a group unnamed</b>	<b>Actual 2018</b>	<b>₱132,493,978.00</b>	<b>₱16,090,252.00</b>	<b>₱46,311,988.00</b>
	Actual 2017	₱127,927,219.00	₱16,520,604.00	₱51,474,185.00
	<b>Projected 2019</b>	<b>₱145,743,376.00</b>	<b>₱17,699,277.00</b>	<b>₱50,943,187.00</b>

*\*\* Effective January 1, 2019, Mr. Xavier Jose Aboitiz retired as the Company's Chief Human Resources Officer. He was replaced by Ms. Susan V. Valdez who was previously the Chief Corporate Services Officer of the Company*

The Amended By-Laws of the Company as approved by the Securities and Exchange Commission on May 23, 2018 defined corporate officers as follows: the Chairman of the Board; the Vice Chairman; the Chief Executive Officer; Chief Operating Officer; the Treasurer, the Corporate Secretary; the Assistant Corporate Secretary; and such other officers as may be appointed by the Board of Directors. For the year 2018, the Company's Summary of Executive Compensation covers the compensation of officers as reported under Item 5 (a)(1) of this Information Statement.

Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from the Company, the above-mentioned officers do not receive any other compensation in the form of warrants, options, and/or profit-sharing.

There is no compensatory plan or arrangement between the Company and any executive in case of resignation or any other termination of employment or from a change-in-control of the Company.

## **COMPENSATION OF DIRECTORS**

### **Standard Arrangements**

Following the May 18, 2015 stockholders' meeting, the directors receive a monthly allowance of ₱120,000.00 while the Chairman of the Board receives a monthly allowance of ₱180,000.00.

In addition, each director/member and the Chairmen of the Board and the Board Committees receive a per diem for every Board or Board Committee meeting attended as follows:

<b>Type of Meeting</b>	<b>Directors</b>	<b>Chairman of the Board</b>
Board Meeting	₱100,000.00	₱150,000.00

<b>Type of Meeting</b>	<b>Committee Members</b>	<b>Chairman of the Committee</b>
Board Committee Meeting	₱80,000.00	₱100,000.00

During its February 18, 2019 meeting, the Board Corporate Governance Committee, which performs the function of the Nomination and Compensation Committee, proposed to increase the directors' monthly allowance from ₱180,000.00 to ₱200,000.00 for the Chairman of the Board, and from ₱120,000.00 to ₱150,000.00 for other directors. The committee also proposed to increase the per diem for every meeting attended as follows:

<b>Type of Meeting</b>	<b>Directors</b>	<b>Chairman of the Board</b>
Board Meeting	₱150,000.00	₱200,000.00

<b>Type of Meeting</b>	<b>Committee Members</b>	<b>Chairman of the Committee</b>
Board Committee Meeting	₱100,000.00	₱130,000.00

During its March 7, 2019 meeting, the Board of Directors approved the proposed increase in the monthly allowance and per diem, and resolved to endorse the same for the stockholders' approval.

A resolution approving the proposed increase in monthly allowance and per diem will be presented to the stockholders for approval at the 2019 Annual Stockholders Meeting.

**Other Arrangements**

Other than payment of the directors' per diem and monthly allowance as stated, there are no standard arrangements pursuant to which directors of the Company are compensated or are to be compensated, directly or indirectly, for any services provided as a director.

**Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

There is no compensatory plan or arrangement between AEV and any executive officer that results or will result from the resignation or any other termination of employment or from a change in the management control of AEV.

**Warrants and Options Outstanding**

To date, AEV has not granted any stock option to its directors or officers.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS (MORE THAN 5% OF THE VOTING SHARES) AS OF JANUARY 31, 2019

Title of Class of Shares	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held and Nature of Ownership (Record and/or Beneficial)	Percentage of Ownership
Common	1. <b>Aboitiz &amp; Company, Inc. (ACO)</b> <sup>5</sup> Aboitiz Corporate Center, Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City	ACO <sup>6</sup>	Filipino	2,735,600,915 (Record and Beneficial)	48.57%
Common	2. <b>PCD Nominee Corporation</b> <sup>7</sup> (Filipino) 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City, 1226 Metro Manila	PCD participants acting for themselves or for their customers. <sup>8</sup>	Filipino	801,851,868 (Record)	14.24%
Common	3. <b>PCD Nominee Corporation</b> <sup>9</sup> (Foreign) 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City, 1226 Metro Manila	PCD participants acting for themselves or for their customers. <sup>10</sup>	Non-Filipino	514,689,488 (Record)	9.14%

<sup>5</sup> ACO, the major shareholder of Aboitiz Equity Ventures Inc., is a corporation wholly-owned by the Aboitiz family. No single stockholder, natural or juridical, owns 5% or more of the shareholdings of ACO.

<sup>6</sup> Mr. Erramon I. Aboitiz, ACO President and Chief Executive Officer, will vote for the shares of ACO in AEV in accordance with the directive of the Board of Directors of ACO.

<sup>7</sup> PCD Nominee Corporation (Filipino and Foreign) is not related to AEV. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant.

<sup>8</sup> Each beneficial owner of shares through a PCD participant is the beneficial owner of such number of shares he owns in his account with the PCD participant. AEV has no record relating to the power to decide how the shares held by PCD Nominee Corporation (Foreign and Filipino) are to be voted. Of the 801,851,868 shares held by PCD Nominee Corporation (Filipino), at least 390,191,708 shares or 6.93% of the voting stock of AEV are for the account of Papa Securities Corporation (PapaSec). AEV is not related to PapaSec.

<sup>9</sup> PCD Nominee Corporation (Filipino and Foreign) is not related to AEV. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant.

<sup>10</sup> Each beneficial owner of shares through a PCD participant is the beneficial owner of such number of shares he owns in his account with the PCD participant. AEV has no record relating to the power to decide how the shares held by PCD Nominee Corporation (Foreign and Filipino) are to be voted. Of the 801,851,868 shares held by PCD Nominee Corporation (Filipino), at least 390,191,708 shares or 6.93% of the voting stock of AEV are for the account of Papa Securities Corporation (PapaSec). AEV is not related to PapaSec.

Common	<b>4. Ramon Aboitiz Foundation, Inc. (RAFI)</b> <sup>711</sup> 35 Lopez Jaena St., Cebu City (Stockholder)	RAFI	Filipino	424,538,863 (Record and Beneficial)	7.54%
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**SECURITY OWNERSHIP OF MANAGEMENT AS OF FEBRUARY 28, 2019 (RECORD AND BENEFICIAL)**

Name of Owner and Position	Title of Class of Shares	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	% of Ownership
<b>Enrique M. Aboitiz</b> Chairman of the Board	Common	6,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Mikel A. Aboitiz</b> Vice Chairman of the Board	Common	10	Direct	Filipino	0.00%
		94,384,012	Indirect		1.68%
<b>Erramon I. Aboitiz</b> Director/President and Chief Executive Officer	Common	1,001,000	Direct	Filipino	0.02%
		74,614,132	Indirect		1.32%
<b>Sabin M. Aboitiz</b> Director/Executive Vice President and Chief Operating Officer	Common	14,415,650	Direct	Filipino	0.26%
		7,676,397	Indirect		0.14%
<b>Ana Maria A. Delgado</b> Director	Common	500	Direct	Filipino	0.00%
		26,112,880	Indirect		0.46%
<b>Edwin R. Bautista</b> Director	Common	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Raphael P. M. Lotilla</b> Lead Independent Director	Common	100	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Jose C. Vitug</b> Independent Director	Common	100	Direct	Filipino	0.00%
		72,020	Indirect		0.00%
<b>Manuel R. Salak III</b> Independent Director	Common	100	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Manuel R. Lozano</b> Senior Vice President/Chief Financial Officer/ Corporate Information Officer	Common	171,028	Direct	Filipino	0.00%
		82,691	Indirect		0.00%
<b>Gabriel T. Mañalac</b> Senior Vice President and Group	Common	142,665	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Susan V. Valdez</b> <sup>8</sup> Senior Vice President and Chief Human Resources Officer	Common	769,926	Direct	Filipino	0.01%
		0	Indirect		0.00%
<b>Robert McGregor</b> Executive Director – Chief Investments Officer	Common	211,141	Direct	British	0.00%
		0	Indirect		0.00%
<b>Luis Miguel O. Aboitiz</b> Senior Vice President	Common	26,377,390	Direct	Filipino	0.46%
		9,627,336	Indirect		0.17%

<sup>11</sup> Ms. Ana Maria A. Delgado and/or Mr. Mikel A. Aboitiz, will vote for the shares of RAFI in AEV in accordance with the directive of the RAFI Board of Trustees.

<b>Jojo S. Guingao</b> Senior Vice President and Chief Digital Officer	Common	23,103	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>David Jude L. Sta. Ana</b> Senior Vice President and Chief External Affairs Officer	Common	10,637	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Christopher P. Beshouri</b> Executive Director – Chief Strategy Officer	Common	27,000	Direct	American	0.00%
		0	Indirect		0.00%
<b>Annacel A. Natividad</b> Chief Risk Officer	Common	20,022	Direct	Filipino	0.00%
		67,635	Indirect		0.00%
<b>Ricardo F. Lacson, Jr.</b> Data Privacy Officer	Common	0	Direct	Filipino	0.00%
		116,319	Indirect		0.00%
<b>Maria Lourdes Y. Tanate</b> Group Internal Audit Head	Common	0	Direct	Filipino	0.00%
		12,312	Indirect		0.00%
<b>Manuel Alberto R. Colayco</b> Chief Legal Officer/Corporate	Common	45,087	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Mailene M. de la Torre</b> Assistant Corporate Secretary	Common	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Joanne L. Ranada</b> Assistant Corporate Secretary	Common	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>TOTAL</b>		<b>256,256,678</b>			<b>4.55%</b>

#### **VOTING TRUST HOLDERS OF 5% OR MORE OF COMMON EQUITY**

No person holds, under a voting trust or similar agreement, more than five percent (5%) of AEV's common equity.

#### **CHANGES IN CONTROL**

There are no arrangements that may result in a change in control of AEV during the period covered by this report.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

AEV and its Subsidiaries, in their regular conduct of business, have entered into related party transactions consisting of professional and technical services, rental, money market placements, and power sales and purchases. These are made on an arm's-length basis.

ACO, the parent company of AEV, and certain associates have service contracts with either AEV or AboitizPower (parent companies) for corporate center services rendered, such as human resources, internal audit, legal, treasury, government relations, and corporate finance, among others. These services are obtained from AEV and AboitizPower to enable the Group to realize cost synergies. The parent companies maintain a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transactions are priced on an arm's length basis, and covered with service level agreements to ensure quality of service.

ACO and certain associates are leasing office spaces from Cebu Praedia Development Corporation (CPDC), a Subsidiary of AEV. Rental rates are comparable with prevailing market prices. These transactions are covered with lease contracts for a period of one year.

Power generation Subsidiaries sell to certain power associates based on their respective power supply agreements. Meanwhile, power distribution subsidiaries purchase from certain generation associates based on existing power purchase agreements.

A wholly-owned construction and steel fabrication Subsidiary of ACO renders its services to the Group for the construction of new power plants and residential units.

The Group has cash deposits and money market placements with UnionBank and CitySavings, AEV's banking associates. These are earning interest at prevailing market rates.

AEV extends temporary cash advances to certain subsidiaries for working capital requirements. These advances bear interest at prevailing market rates.

The Company's retirement benefit fund (the "Fund") is in the form of a trust being maintained and managed by ACO. The Fund has investments in the equities of the Company and one of its Subsidiaries.

The above related party transactions are discussed extensively in Note 34 of Company's 2018 consolidated financial statements.

No other transaction, without proper disclosure, was undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

AEV employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are determined and brought to the attention of management.



## DESCRIPTION OF DEBT

As of the date of this Preliminary Prospectus, AEV has outstanding long term indebtedness:

### **AEV PHP 8 Billion Fixed Rate Bonds Due 2020 and 2023**

On November 21, 2013, AEV issued fixed-rate bonds (the “2013 Bonds”) in two series: (a) Series A 2013 Bonds, with a term of seven (7) years from issue date, and (b) Series B Bonds, with a term of ten (10) years from issue date. The Series A 2013 Bonds has a fixed interest rate of 4.4125% per annum and an optional redemption on the fifth (5<sup>th</sup>) year and one (1) quarter from issue date, and on the sixth (6<sup>th</sup>) year from issue date. On the other hand, the Series B 2013 Bonds has a fixed interest rate of 4.6188% per annum and an optional redemption on the seventh (7<sup>th</sup>) year from issue date, the eighth (8<sup>th</sup>) year from issue date, and ninth (9<sup>th</sup>) year from issue date. First Metro Investment Corporation (“First Metro”) acted as the Issue Manager and Lead Underwriter while Metropolitan Bank and Trust Company – Trust Banking Group was appointed as Trustee.

The 2013 Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Company and shall rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Company pursuant to Section 5.02 (a) of the Trust Agreement for the 2013 Bonds or as may be allowed therein, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the relevant issue date.

Transfers of the Bonds shall be coursed through the Philippine Depository & Trust Corporation (“PDTC”) as Registrar. Transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and Registrar.

The Company is subject to the following negative covenants, among others:

- a. Encumbrances - The Company shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; Provided, however that this shall not prohibit the following:
  - i. any mortgage, charge, pledge, Lien, or other encumbrance or security interests over any asset to secure: (i) payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;
  - ii. Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;
  - iii. deposits or pledges to secure statutory obligations, surety, or appeal bonds, bonds for release of attachments, stays of execution of injunction, or performance bonds for bids, tenders, contracts (other than for the repayment of borrowed money) or leases in the normal course of business;

- iv. Liens, pledges, charges, and other encumbrances on the properties and assets of the Issuer: (i) imposed by Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation Laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (iii) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
  - v. a mortgage, pledge, or other security interests in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty Five percent (35%) of the Issuer's total assets;
  - vi. any mortgage, charge, pledge, Lien, or other encumbrance or security interests over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Ten Million (US\$10,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;
  - vii. other Liens: (i) created solely by operation of law; and (ii) on such other assets as may be disclosed in writing by the Issuer to the Trustee on or before the Issue Date; and
  - viii. any mortgage, charge, pledge, Lien, or other encumbrance or security interests constituted over the investment of the Issuer in any of its affiliate or any Person, whether or not majority owned or Controlled, and whether such investment is in the form of shares, deposits or advances, to guarantee or secure the obligations of the said affiliates;
- b. Declaration and Payment of Cash Dividends/Issuance of Share. The Company shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the 2013 Bonds are current and updated;
- c. Maintenance of Financial Ratios. The Company shall not permit its Net Debt to Consolidated Equity Ratio to exceed 3:1 calculated based on the Company's year-end audited financial statements.

**AEV PHP 24 Billion Fixed Rate Bonds Due 2020, 2022, and 2027**

On August 5, 2015, AEV issued fixed-rate bonds (the "2015 Bonds") in three series: (a) Series A 2015 Bonds, with a term of five (5) years and three (3) months; (b) Series B 2015 Bonds, with a term of seven (7) years; and (c) Series C 2015 Bonds, with a term of twelve (12) years from issue date. The Series A 2015 Bonds has a fixed interest rate of 4.4722% per annum. The Series B 2015 Bonds has a fixed interest rate of 5.0056% and an optional redemption on the fifth (5<sup>th</sup>) year and one (1) quarter from issue date, and on the sixth (6<sup>th</sup>) year from issue date. The Series C 2015 Bonds has a fixed interest rate of 6.0169% and an optional redemption on the seventh (7<sup>th</sup>), eighth (8<sup>th</sup>), ninth (9<sup>th</sup>), and tenth (10<sup>th</sup>) year from issue date. BPI Capital Corporation ("BPI Capital") acted as the Issue

Manager. BPI Capital and First Metro Investment Corporation acted as Joint Lead Underwriters while BPI Asset Management and Trust Corporation was appointed as Trustee.

The 2015 Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Company and shall rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Company pursuant to Section 5.02 (a) of the Trust Agreement for the 2015 Bonds or as may be allowed therein, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the relevant issue date.

Transfers of the Bonds shall be coursed through the Philippine Depository & Trust Corporation ("PDTC") as Registrar. Transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and Registrar.

The Company is subject to the following negative covenants, among others:

- a. Encumbrances - The Company shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; Provided, however that this shall not prohibit the following:
  - i. any Lien over any asset to secure: (i) payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;
  - ii. Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;
  - iii. any Lien to secure, in the normal course of the business of the Issuer or its affiliates: (x) statutory or regulatory obligations; or (y) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;
  - iv. any Lien to secure, in relation to a pending judicial, administrative, or arbitral proceeding, the Issuer or its affiliates' (x) surety or appeal bonds; or (y) bonds for release of attachment, stay of execution or injunction;
  - v. any Lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer;
  - vi. any Lien constituted for the purpose of guaranteeing an obligation in connection with any contract or agreement of sale of any asset by the Issuer, provided that the Lien is removed or discharged within twelve (12) months of the date of the sale of the asset;
  - vii. any Lien created over (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purposes of raising an equivalent amount of Peso denominated indebtedness

- viii. any Lien on the properties and assets of the Issuer: (i) imposed by Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation Laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (iii) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
  - ix. any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty Five percent (35%) of the Issuer's total assets;
  - x. any Lien over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Ten Million (US\$10,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;
  - xi. other Liens: (i) created solely by operation of law; and (ii) on such other assets, whether constituted before or after the Issue Date, as may be disclosed in writing by the Issuer to the Trustee on or before the execution of the Trust Agreement; and
  - xii. any Lien constituted over the investment of the Issuer in any of its affiliate, and whether such investment is in the form of shares, deposits or advances to guarantee or secure the obligations of the said affiliates;
- b. Declaration and Payment of Cash Dividends/Issuance of Share. The Company shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the 2015 Bonds are current and updated;
- c. Maintenance of Financial Ratios. The Company shall not permit its Net Debt to Consolidated Equity Ratio to exceed 3:1 calculated based on the Company's year-end audited financial statements.

## INDEPENDENT AUDITORS AND COUNSEL

### LEGAL MATTERS

All legal opinions/matters in connection with the issuance of the First Tranche Bonds will be passed upon by the Legal Management Services of the Company, and Sycip Salazar Hernandez & Gatmaitan (“SycipLaw”), for the Joint Underwriters. SycipLaw has no direct interest in the Company.

SycipLaw may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that SycipLaw provides such services to its other clients.

### INDEPENDENT AUDITORS

The consolidated financial statements of the Company as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 have been audited by SyCip Gorres Velayo & Co., a member firm of Ernst & Young, independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus.

The partner-in-charge is Maria Veronica Andresa R. Pore.

### EXTERNAL AUDIT FEES AND SERVICES

The following table sets out the aggregate fees paid by the Registrant for professional fees rendered by SGV:

Fee Type	Year ended December 31, 2018	Year ended December 31, 2017
<b>Audit Fees</b>		
Audit Fees	₱511,952.00	₱495,040.00
Audit-Related Fees	P9,000.00	143,667.00
Total	<b>₱520,952.00</b>	<b>₱638,707.00</b>
<b>Non-Audit Fees</b>		
Tax Fees	-	-
Consultancy Fees	<b>0</b>	<b>₱1,537,418.69</b>
Total		
<b>Total Audit and Non-Audit Fees</b>	<b>₱520,952.00</b>	<b>₱2,176,125.69</b>

Aside from audit services, the Company also engaged SGV in 2018 to provide financial advisory services for ongoing business development projects.

As a policy, the Board Audit Committee makes recommendations to the Board of Directors concerning the choice of external auditor and pre-approves audit plans, scope and frequency before the audit is conducted.

Audit services of external auditors for the years 2018 and 2017 were pre-approved by the Board Audit Committee. The Committee had also reviewed the extent and nature of these services to ensure that the independence of the external auditors is preserved.

## **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

The Company has engaged the services of SGV during the two most recent fiscal years. There are no disagreements with SGV on accounting and financial disclosure.

### **BOARD AUDIT COMMITTEE**

In giving effect to its duly approved charter, the Audit Committee assisted the Board of Directors in fulfilling its oversight responsibility to the Company and its stakeholders by providing advice relating to: (a) the adequacy and efficiency of the Company's system of internal controls, governance and risk management processes; (b) the quality and integrity of the Company's accounting, auditing, legal, ethical and regulatory compliances; (c) the annual independent audit of the Company's financial statements and the external auditors' qualification and independence; (d) due observance of applicable laws and regulations that may have financial and other material exposure to the Company; and (e) providing an avenue of communication among the independent auditors, the management, the internal audit and the Company.

The Committee has established a constructive and collaborative relationship with the Company's senior leadership to assist, but not to pre-empt any responsibility in making final audit-related decisions.

The Audit Committee is composed of five (5) members, three (3) of whom are independent directors including its Chairman.

Jose C. Vitug, a retired Justice of the Supreme Court (an Independent Director) is the Chairman of the Committee. Other members of the committee are Atty. Raphael P. M. Lotilla (Independent Director), Manuel R. Salak III (Independent Director), Endika M. Aboitiz, Jr. (Non-Executive Director) and Mikel A. Aboitiz (Non-Executive Director).

Informatively, there were interim changes in the Committee composition. Manuel R. Salak III (Independent Director) replaced Stephen T. CuUnjieng (Independent Director); Jon Ramon Aboitiz (Non-Executive Director) replaced Justo A. Ortiz (Non-Executive Director).

Endika M. Aboitiz, Jr. was elected to replace Jon Ramon Aboitiz as Non-Executive Director and member of the Board Audit Committee upon the demise of the later in November 30, 2018.

## TAXATION

*The statements herein regarding taxation are based on the laws in force as of the date of this Preliminary Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the First Tranche Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the First Tranche Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the First Tranche Bonds.*

*As used in this section, the term “non-resident alien” means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien doing business in the Philippines”; however, a non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year may be considered a “non-resident alien not engaged in trade or business within the Philippines”. A “non-resident foreign corporation” is a foreign corporation not engaged in trade or business within the Philippines.*

### TAXATION OF INTEREST

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and alien resident individuals from the First Tranche Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the First Tranche Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the First Tranche Bonds is subject to a final withholding tax rate of 20%. Interest income received by non-resident foreign corporations from the First Tranche Bonds is subject to a 30% final withholding tax.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

#### **Tax-Exempt Status or Entitlement to Preferential Tax Rate**

Bondholders who are exempt from or are not subject to final withholding tax on interest income or entitled to be taxed at a preferential rate may claim such exemption or avail of such preferential rate by submitting the necessary documents. Said Bondholder shall submit the following requirements:

1. Proof of Tax Exemption or Entitlement to Preferential Tax Rates



- i. For (a) tax-exempt corporations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof;
- ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator;
- iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax. For qualified non-stock, non-profit educational institutions, however, Tax Exemption Rulings or Certificates of Exemption issued prior to June 30, 2012 are required to apply for new Tax Exemption Rulings; and
- iv. For entities claiming tax treaty relief – (i) certificate of tax residence issued for the current year (whether using the form prescribed in their country of residence, or using Part I (D) of the Certificate of Tax Residence for Tax Treaty Relief (“CORTT”) Form prescribed under Revenue Memorandum Order No. 8-2017), and (ii) duly accomplished CORTT Form (particularly Part I (A), (B) and (C), and Part II (A), (B), (C) and (D)).

In addition, for subsequent interests due, the Bondholder shall submit an updated Part II (A), (B), (C) and (D) of the CORTT Form to the Issuer through the Registrar no later than the first day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

Only the originals should be submitted to the Underwriter.

2. A duly notarized declaration (in the prescribed form) warranting that the Bondholder’s tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or the warranting the Bondholder’s entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding or reduced withholding of the required tax; and
3. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (1), (2) and (3) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

The foregoing notwithstanding, the Issuer, the Registrar and the Paying Agent shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

The foregoing requirements shall be submitted, (i) in respect of an initial issuance of First Tranche Bonds, to the underwriters or selling agents who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar within three days from settlement date.

### **VALUE-ADDED TAX**

Gross receipts arising from the sale of the First Tranche Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the First Tranche Bonds sold.

### **GROSS RECEIPTS TAX**

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less: 5%

Maturity period is more than five years: 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax at the rate of 5%. However, gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

Maturity period is five years or less: 5%

Maturity period is more than five years: 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pretermination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the First Tranche Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

## **DOCUMENTARY STAMP TAX**

A documentary stamp tax is imposed upon the issuance of debt instruments issued by Philippine companies, such as the First Tranche Bonds, at the rate of P1.50 for each P200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

## **TAXATION ON SALE OR OTHER DISPOSITION OF THE FIRST TRANCHE BONDS**

### **Income Tax**

Any gain realized from the sale, exchange or retirement of First Tranche Bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 35%, 25%, or 30%, as the case may be. If the First Tranche Bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the First Tranche Bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross taxable income.

However, under the Tax Code, any gain realized from the sale, exchange or retirement of bonds with an original maturity date of more than five years (as measured from the date of issuance of such bonds) shall not be subject to income tax. As the First Tranche Bonds have maturities of [5.25] and [10] years, any gains realized by a holder on the trading of the First Tranche Bonds shall be exempt from income tax. However, any gains realized by a holder through redemption of the First Tranche Bonds prior to the lapse of 5 years may be subject to income tax. This is in view of the BIR's ruling that one of the conditions for the exemption is that the maturity period must be more than 5 years.

Moreover, any gain arising from such sale, regardless of the original maturity date of the bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

### **Estate and Donor's Tax**

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the First Tranche Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at 6%. For transfers through donation, the Bondholder shall be subject to donor's tax of 6% computed on the basis of the total gifts in excess of ₱250,000.00 exempt gift made during the calendar year.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and the donor's tax, in respect of the First Tranche Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the First Tranche Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the First Tranche Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes unless it can be proven that the transfer is made in the ordinary course of business as defined in the Tax Code.

#### **Documentary Stamp Tax**

No documentary stamp tax is imposed on the subsequent sale or disposition of the First Tranche Bonds, trading the First Tranche Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the First Tranche Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal or extension of the maturity of the First Tranche Bonds, documentary stamp tax is payable anew.

## **FINANCIAL AND OTHER INFORMATION**

1. Audited Financial Statements for the fiscal year ended 31 December 2018, Annex A
2. Audited Financial Statements for the fiscal year ended 31 December 2017, Annex B
3. Audited Financial Statements for the fiscal year ended 31 December 2016, Annex C