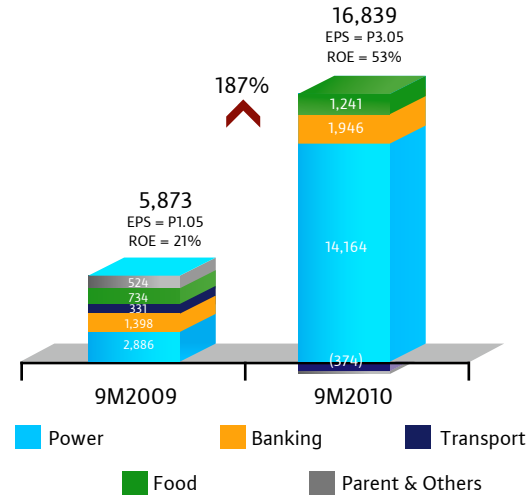


### Net Income

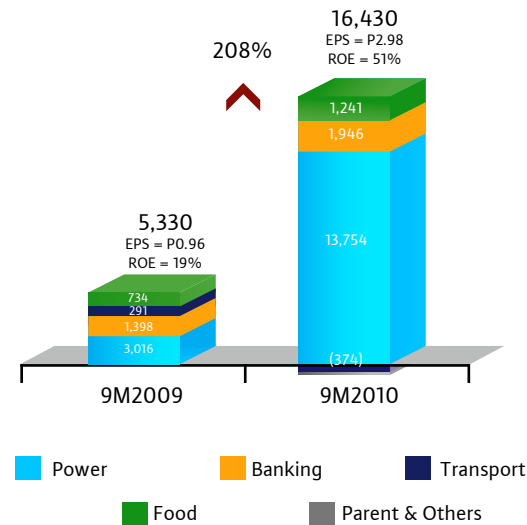
In million(mn) Pesos



- Bottomline growth was driven by the expansion in the business segments' earnings performance, sans transport group
- Leading the pack was the power group, accounting for 83% of total income contributions by business segments in 9M2010, recording a 391% YoY growth
- Followed by the banking (+39% YoY) and food (+69% YoY) groups with contributions of 11% and 7%, respectively, offsetting the negative income share of the transport group

### Core Net Income

In mn Pesos



- Non-recurring items are as follows:

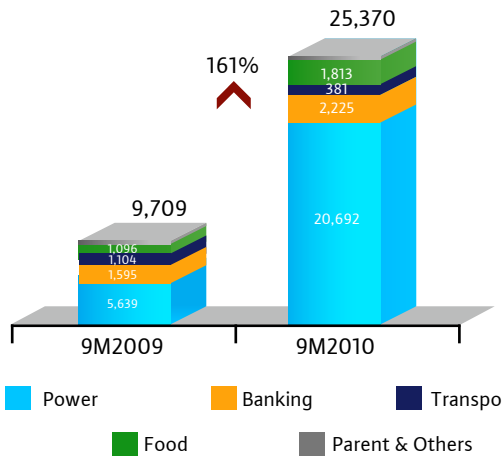
#### Non-Recurring Items (in mn Pesos)

	9M2009	9M2010
AEV Parent - FX gain (loss)	(0.0)	(1)
AEV Parent - Impairment of ATS	575	-
AEV Parent - Forfeited Option Money	58	-
Power - FX gain (loss)	11	713
Power - Acqui related costs	(141)	-
Power - Refinancing cost	-	(304)
Transport - Gain on asset sale	41	-
	<u>543</u>	<u>409</u>

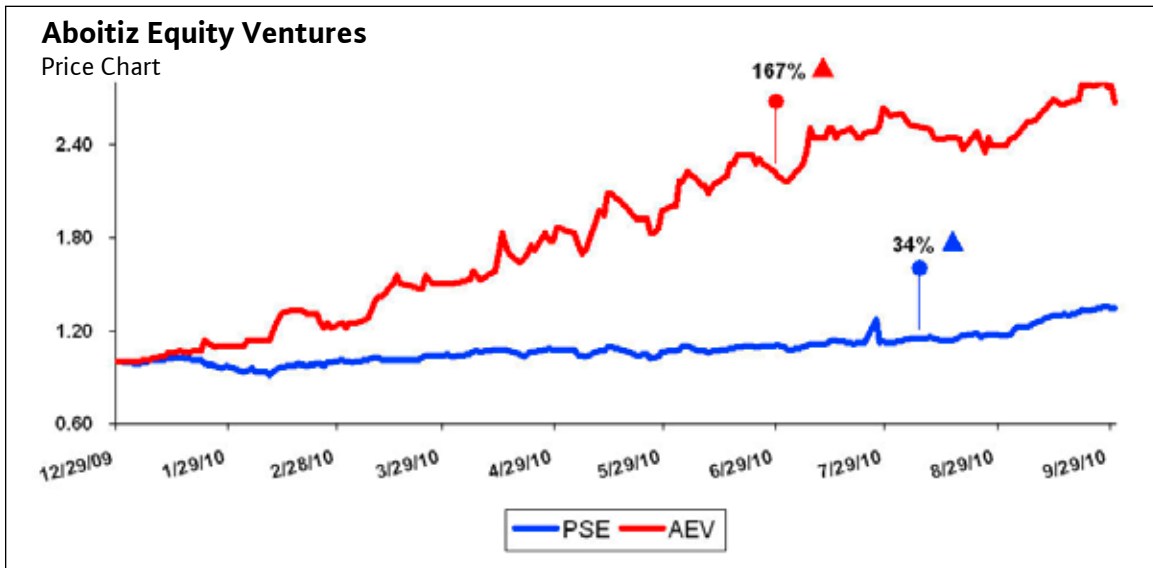
- 9M2010 one-off FX gains were due to the revaluation of consolidated dollar loans and placements, which was offset by a one-time refinancing cost incurred by an associate of Aboitiz Equity Venture's (AEV) power subsidiary
- 9M2009 non-recurring items comprised
  - Net FX gains resulting from revaluation of consolidated debt and placements;
  - Reversal of an impairment provision and booked revenue representing the option money paid to AEV, which resulted from the termination of the sale of the transport business;
  - Acquisition-related expenses at the power group level; and
  - Transport group's gain on asset sale

## Beneficial EBITDA

In mn Pesos



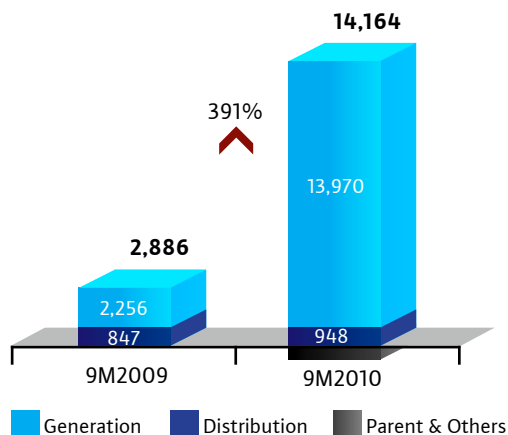
- Expansion was mainly due to the strong showing of the power, banking and food groups recording YoY increases of 267%, 39% and 65%, respectively
- Beneficial EBITDA is the summation of the proportionate share of AEV in the EBITDA of its subsidiaries and associate companies



## Results of Operations – Power Group

### Income Contribution

In mn Pesos



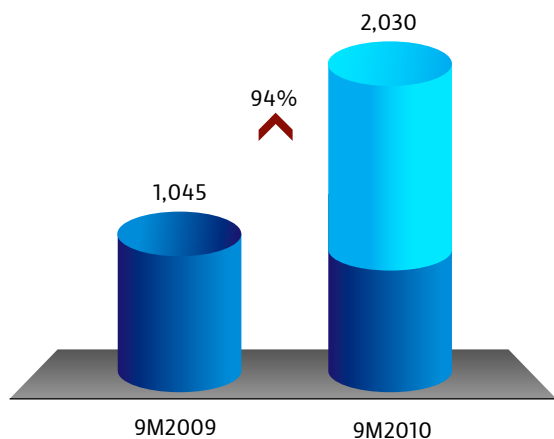
- Increase in attributable energy sales and improved prices resulted to the 519% YoY expansion in income contribution of the generation business
- 12% YoY increase in the distribution group's income share was due to the sustained strong electricity sales and the higher effective tariffs (as two distribution utilities shifted to PBR plus the full 9 months effect of the rate adjustment of one of AboitizPower's utilities under the RORB), which offset the increase in costs incurred in 1H2010



## Generation

### Attributable Capacity

In megawatt(MW)



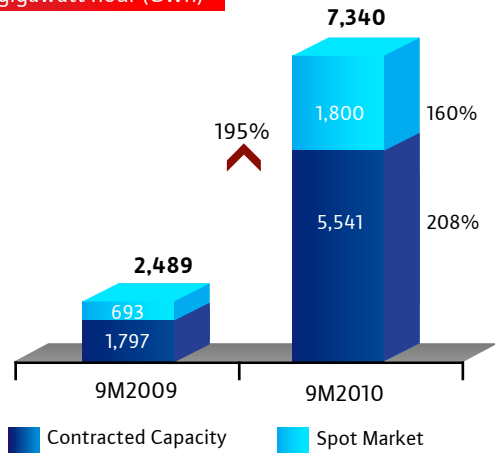
- Took over dispatch control over the 700 MW Pagbilao coal-fired power plant in October 2009
- 200 MW power barges were turned over to AboitizPower in 1Q2010
- Hedcor Sibulan's 26 MW Plant B and 16.5 MW Plant A were completed in March and July 2010, respectively
- Two units of the 26%-owned Cebu coal-fired power plant were fired up in March and May 2010



## Results of Operations – Power Group Generation

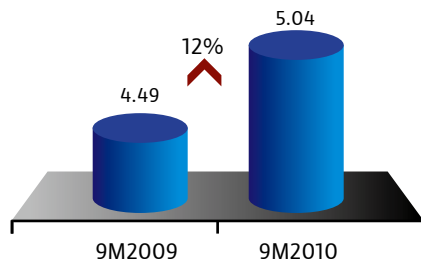
### Attributable Power Sales

In gigawatt hour (GWh)

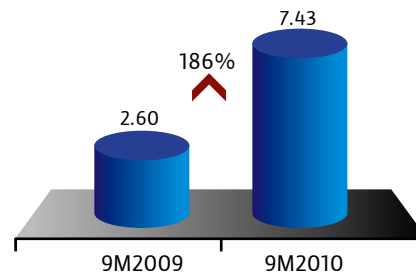


- 75% of AboitizPower's total attributable power sales were sold through bilateral contracts, which expanded by 208% YoY as the geothermal power plants had a full 9-months operation in 2010, coupled with fresh contributions from the Pagbilao coal-fired power plant, the power barges, the Sibulan hydro (greenfield) and two units of the Cebu coal-fired power project (greenfield).
- Spot market sales, which was 25% of total, increased by 160% YoY with power sales augmented by the uncontracted capacities of the geothermal power plants and the Pagbilao coal-fired power plant

### Average selling price for contracted capacity P/kWh



### Average selling price for spot market sales P/kWh



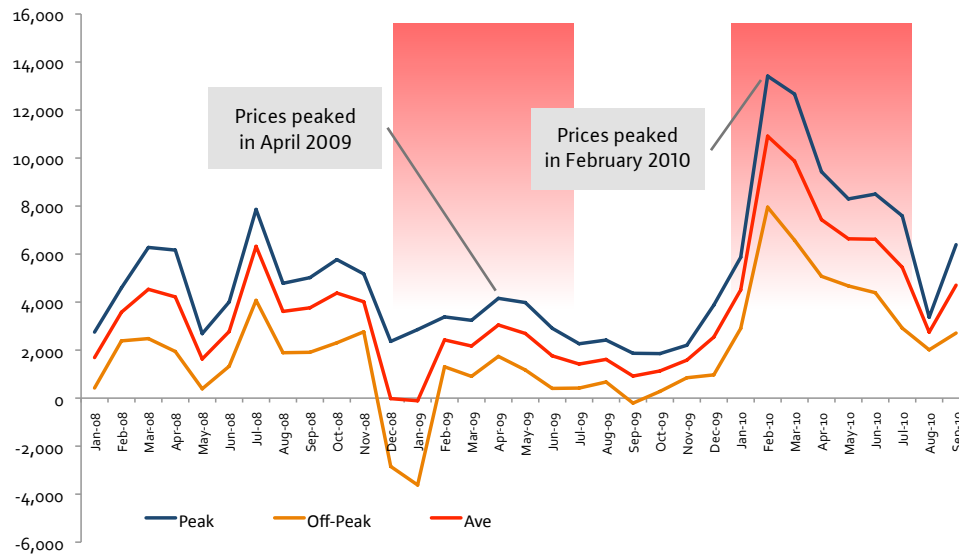
- Majority of the contracts are pegged to the National Power Corporation's (NPC) Time-of-Use rates. NPC effected several rate adjustments during the 9M2010, as a result of the implementation of the automatic cost recovery mechanism of NPC, which covers movements in its fuel, purchased power costs and foreign exchange related costs

- Had less rainfall due to El Nino, resulting to low generation of hydro assets and dispatch of more expensive generation plants (i.e. coal and diesel)
- Curtailment of supply due to higher plant outages, particularly in 1Q2010
- Increase in power demand brought on by the resurgence in economic activity, not to mention the hotter climate in 2010 (El Nino)



## WESM PRICES (P/MWh)

Monthly Average Prices



Sibulan Hydro Power Plant



## Other Developments – Power Group Generation

- Completion of Greenfield developments in 2010**
  - Hedcor Sibulan’s 26 MW Plant B commenced commercial operations in May 2010. The 16.5 MW Plant A was completed in July 2010.
  - Completion of the 1st and 2nd 82 MW units of 26%-owned Cebu coal plant were in 1Q2010 and 2Q2010, respectively. The 3rd and last 82 MW unit is scheduled in 4Q2010.

## Brown/Greenfield Developments Moving Forward

- Ambuklao rehabilitation project**
  - The project requires the construction of a new headrace tunnel, which sets back completion to last quarter of 2011 when all three units are operating, instead of end-2010 as earlier reported.
  - After rehab, Ambuklao plant will have a capacity of 105 MW of renewable energy that will significantly augment power supply in the Luzon Grid
- Rehabilitation of Binga hydro**
  - To commence in 2011, performing works on one unit per year. Completion of all four units is expected by 2014, which should enhance generating capacity by 20%, to 120 MW.



STEAG



## Other Developments – Power Group Generation

### Brown/Greenfield Developments Moving Forward

- **150 MW Coal-fired Power Plant in Misamis Oriental**

- On June 28, 2010, AboitizPower and its partners in STEAG State Power, Inc. (Steag), owner of the 232 MW coal plant located at Misamis Oriental, firmed up their collective intention to develop a third unit of approximately 150 MW capacity adjacent to the existing facility.
- Shareholdings in the new corporation to be established for the planned additional capacity will be of the same proportion
- Certain essential facilities, such as the jetty, coal handling facilities and stockyards and the 138-kV interconnection with the Mindanao Grid are to be shared with the existing facilities.

- **300 MW Coal-fired Power Plant in Subic**

- After revisiting the power demand and supply situation in the Luzon Grid, 50%-owned Redondo Peninsula Energy, Inc. (RP Energy) has decided to pursue the 300 MW coal-fired power plant project in Subic Bay Freeport Zone (the Subic Coal Project).

Management believes that the current economic environment makes the Subic Coal Project more feasible. RP Energy is in talks with prospective turnkey contractors for the Engineering, Procurement and Construction contract for the project. The Board of Directors of AboitizPower had previously approved its investment in RP Energy and the Subic Coal Project but deferred its project timetable.

- **15 MW Hedcor Tamugan Hydro Power Plant Project**

- Awaiting the resolution of the Tamugan water rights dispute with the Davao City Water District (DCWD) before it will pursue the construction of the Tamugan hydropower project
- Further discussion with the DCWD led to the revision of the project's design and plant size, from 27.5 MW to 15 MW.
- Given the new project scheme, Hedcor Tamugan will have to conduct studies for engineering design (one year). Once approved and permits are secured, the two-year construction period will commence.



## Other Developments – Power Group Generation

### Brown/Greenfield Developments Moving Forward

- **Other Greenfield and Brownfield developments**

- AboitizPower is undergoing a feasibility study for a 150–200 MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao. Proposal has been presented to the local government and business community. The company is currently looking for a potential site. Once in place, together with all the necessary permits and approvals, construction is expected to be completed in 36 months.
- The SN AboitizPower Group (SNAP Group) is in the process of evaluating several hydropower plant projects. A Brownfield project is being evaluated for its Magat hydropower plant, which involves the construction of a pump storage that could potentially increase its capacity by at least 90 MW. The SNAP Group is likewise evaluating several Greenfield hydropower plant projects that have at least 70 MW of potential capacity each. It expects to come up with a shortlist of projects for presentation to its board by end 2010, but firm prospects for investment may be expected sometime early 2011.

- 100%–owned subsidiary Hedcor, Inc. (Hedcor) is conducting feasibility studies for potential hydropower projects located in both Luzon and Mindanao. Based on current findings, Hedcor sees the potential of building 5 to 50 MW plants in the identified areas. The feasibility studies are expected to be completed in two years. Once permits are secured, another two years will be needed for the actual construction of the hydro facilities.

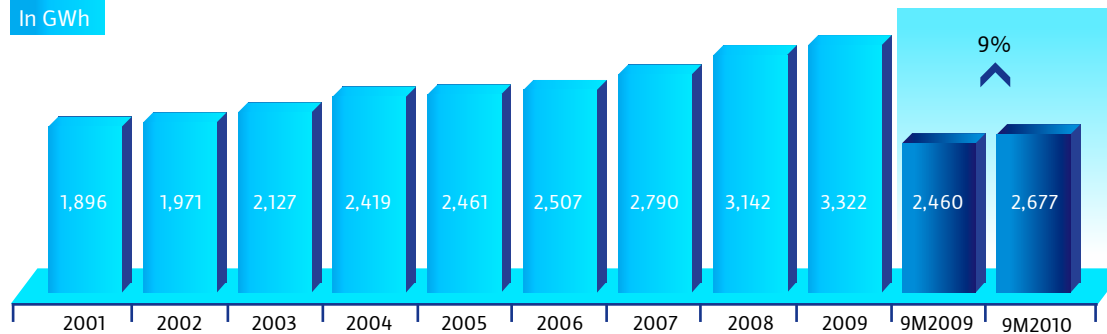
- **Participation in the Government’s Privatization Program for its Power Assets**

- The company continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off. To date, more than 70% of the identified generation assets of NPC in the islands of Luzon and Visayas have been privatized.
- AboitizPower is also keen on participating in PSALM’s public auction for the Independent Power Producer (IPP) Administrator contracts, which involves the transfer of the management and control of total energy output of power plants under contract with NPC to the IPP administrators.

## Results of Operations – Power Group Distribution

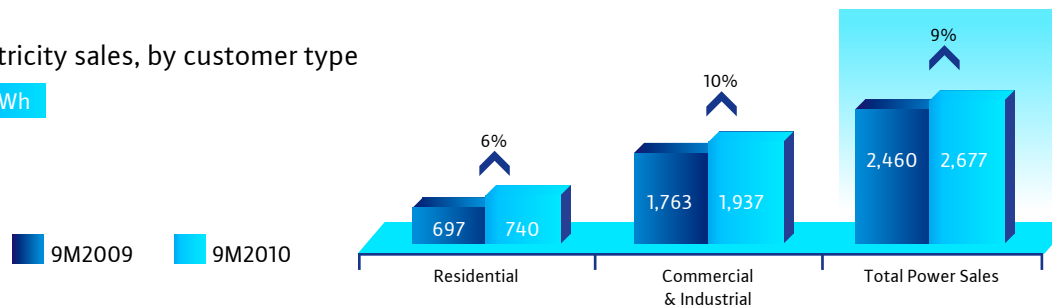
Attributable electricity

In GWh



Electricity sales, by customer type

In GWh

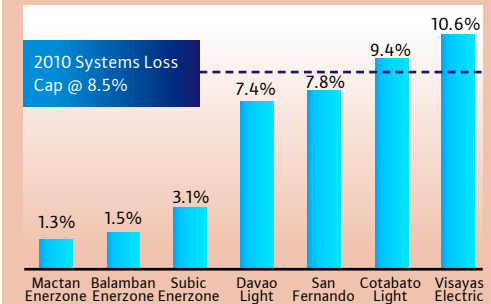


## Other Development – Power Group Distribution

Performance-Based Regulation		
<p><b>Cotabato Light</b> entered its second regulatory year on April 1, 2010</p>	<p><b>Davao Light and Visayan Electric</b> Obtained ERC approvals on their respective annual revenue requirement and performance incentive scheme in March 2010. Implemented their approved rate structures starting August 2011.</p>	<p><b>SFELAPCO and Subic Enerzone</b> Expected to enter their 4-year regulatory period by October 1, 2011.</p>

- Implementation of the reduced allowable systems loss cap in January 2010 resulted to higher costs absorbed by Visayan Electric and Cotabato Light in 9M2010
  - Pilferage is the main cause of the utilities' high systems loss

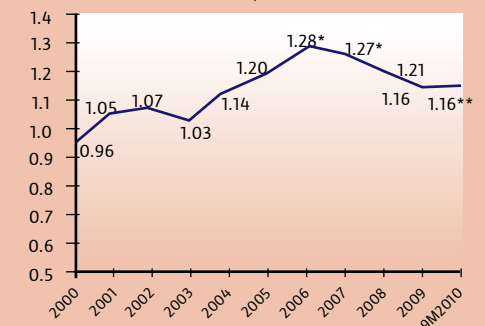
SYSTEMS LOSS



The shift to Performance Based Regulation scheme of AboitizPower's two distribution utilities in August 2010 and the full 9 months effect of a rate increase (under the Return on Rate Base scheme) implemented by one of its utilities in 2009 enabled the business to offset the increase in costs incurred during 1H2010.

- Higher operating expenses due to the forced operation of the back-up power plant of Davao Light & Power
- Increased costs absorbed by two distribution utilities as allowable cap on systems loss was reduced from 9.5% to 8.5% in January 2010

GROSS MARGIN  
P/kWh



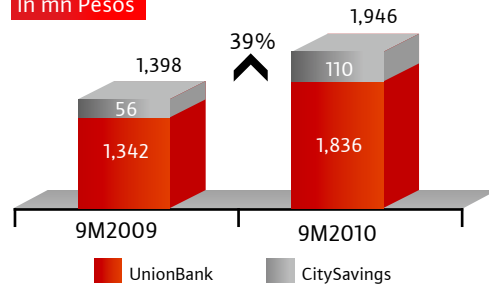
\* Adjusted for timing of transmission charge recovery  
\*\* 12 month average



## Results of Operations – Banking

### Income Contribution

In mn Pesos



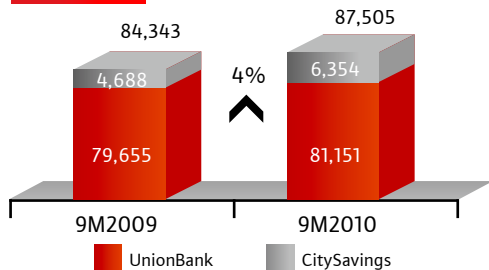
- Strong bottomline performances of both Union Bank of the Philippines (UnionBank) and City Savings Bank (CitySavings), coupled with increased ownership of AEV in both, resulted to a net earnings contribution of P1.9 billion in the first nine months of 2010

### AEV's Ownership

	UnionBank	CSB
as of 9M2009	38.7%	34.4%
as of 9M2010	40.9%	40.6%

### Total Loans

In mn Pesos



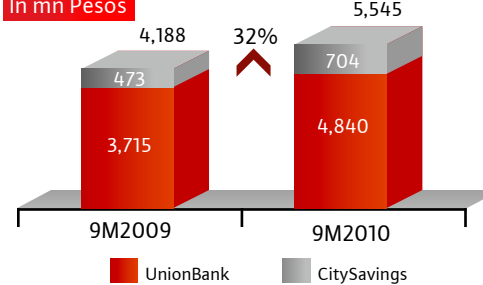
- Fueled by the 36% YoY expansion in CitySavings' loan portfolio
  - Market reach has improved as it added two new branches in its network in 2010. CitySavings' borrower base increased by 11% YoY
  - Average loan per borrower still improved by 22%
- UnionBank's loan portfolio recorded a marginal increase of 2% YoY

### NPL Ratio

	CSB	UnionBank
1H2009	1.0%	3.2%
1H2010	0.7%	2.6%

### Total Net Interest Income

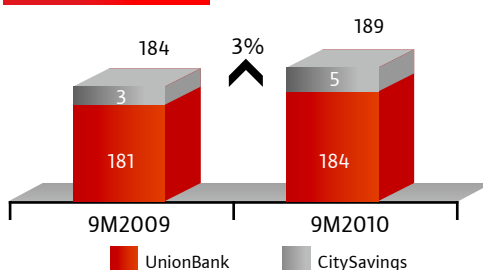
In mn Pesos



- UnionBank's 15% YoY reduction in interest expense, coupled with lower impairment losses for the period, resulted to a 30% YoY increase in its net interest income for the period. Total interest income declined by 3% YoY on lower asset yields despite increased average levels of earning assets.
- The 49% YoY expansion in CitySavings' total net interest income was propelled by the 47% YoY growth in interest income on loans and service fees

### Deposit Base

In billion (bn) Pesos



- CitySavings' deposit base grew by 65% YoY. Its expanded branch network led to a 10% YoY expansion in depositors base.
- UnionBank's deposits grew by 2%



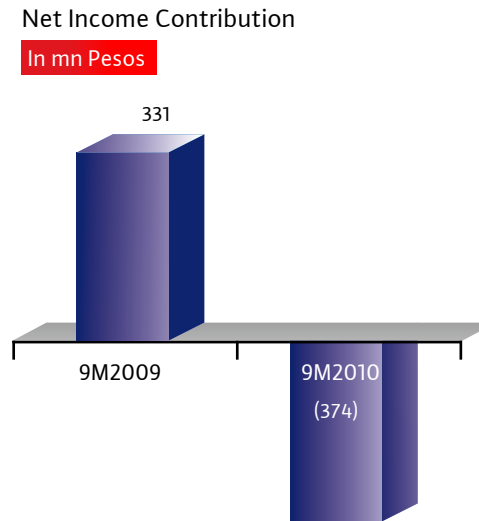
## Other Developments – Banking

- On March 10, 2010, the Board of Directors of AEV approved the proposal to acquire up to 60% of affiliate CitySavings. Pilmico, a wholly owned subsidiary of AEV, will also acquire the remaining 40% of the CitySavings equity. The combined purchase by AEV and Pilmico is valued at approximately P1.36 billion. The planned acquisition is conditional upon AEV's obtaining the necessary Monetary Board approval for the transaction. As of September 30, 2010, AEV owns approximately 41% of CitySavings.

## Results of Operations – Transport

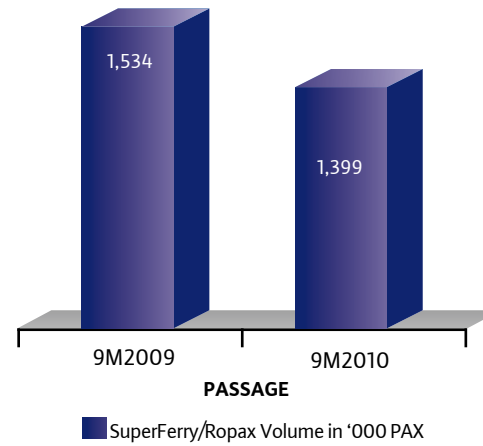
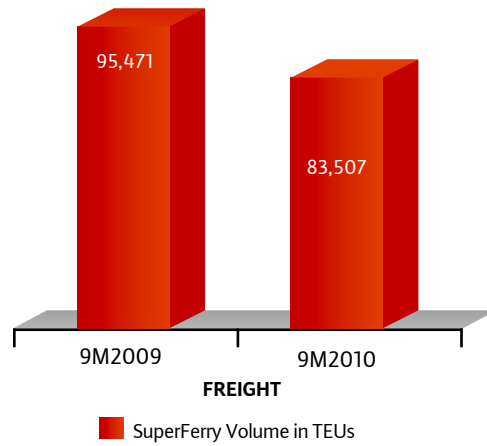
**Transport Group had a net loss contribution of P374 million, a reversal from previous year's P331 million income contribution**

- Since the beginning of 2010, Aboitiz Transport System (ATS) operated with very limited capacity due to the regular maintenance and drydocking of most of its vessels, adversely affecting local freight and passage businesses. Full operations of its entire fleet started at the end of 3Q2010.
- Bottomline performance was further burdened by increased international charter rates and average fuel costs, as a result of rising average fuel prices.



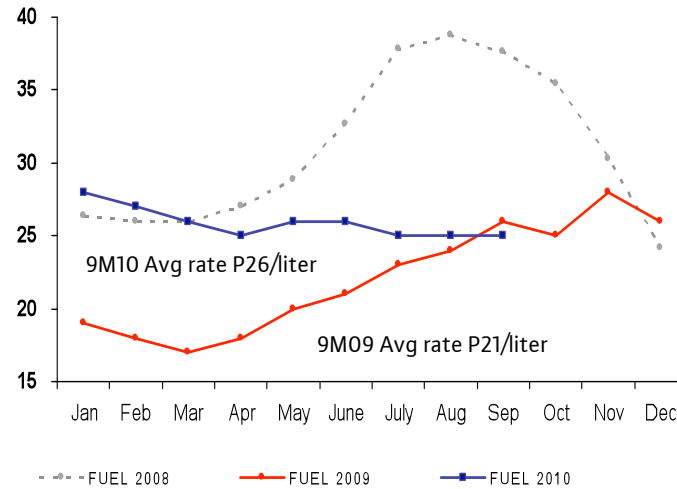
### SuperFerry Operating Capacity

- Lower freight and passenger volumes given lesser number of vessels in operation during the period



## Results of Operations – Transport

- Total vessel fuel cost is P2.0B, 35% higher vs 9M09
- 26% higher average fuel price per litre



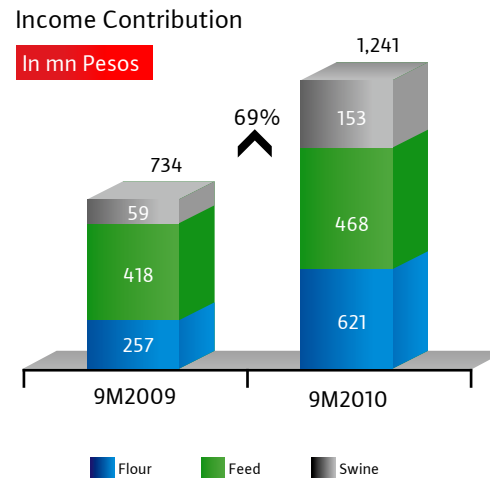
## Other Developments – Transport

- Full fleet operational by end-3Q2010. For the next 30 months from thereon until its next scheduled maintenance, ATS expects to maximize the earnings potential of its fleet
- Acquired two roro-passenger vessels to be added to its SuperFerry fleet (maiden voyage in July 2010) and one to add to its Cebu Ferries fleet.

## Results of Operations – Food

### Strong showing across the group resulted to a 69% YoY income growth

- Despite lower average selling prices, both the flour and feeds divisions' income contribution recorded YoY increases of 141% and 12%, respectively, as volume expansion drove bottomline performance
- Improvements in both sales volume and selling prices, coupled with lower input costs and enhanced operating efficiencies of company-owned farms, led to a 160% YoY expansion in the swine business' income performance



## Other Developments – Food

### Iligan: Feedmill 2

- Commercial operation started in October 2010
- This additional production line has an estimated annual capacity of 115,000 metric tons
- ITH-registered as expansion producer of feeds

### Tarlac & Iligan Feedmill:

- Ongoing works for ISO certification of the two feedmill plants

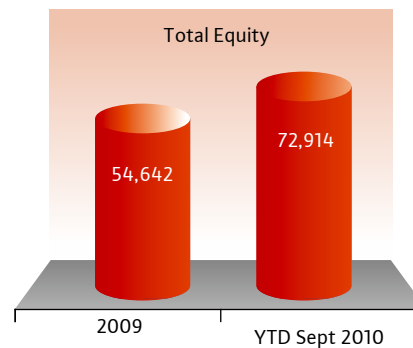
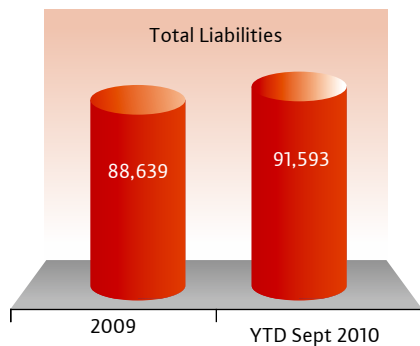
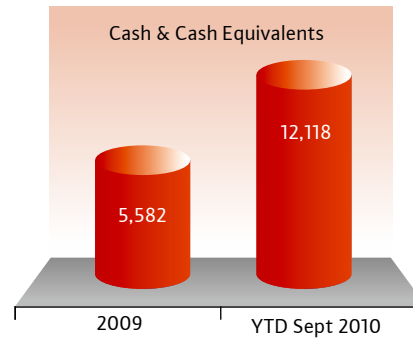
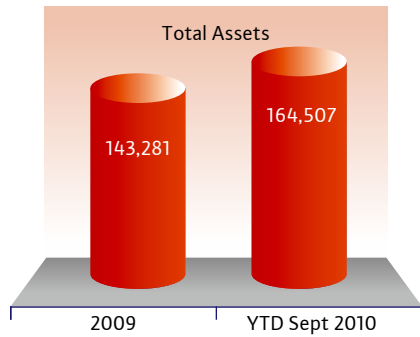
### Swine

- Undergoing site preparation for 4th grower-finisher farm. General construction work is slated for the first week of November 2010
- Target completion by May 2011

## Financial Condition

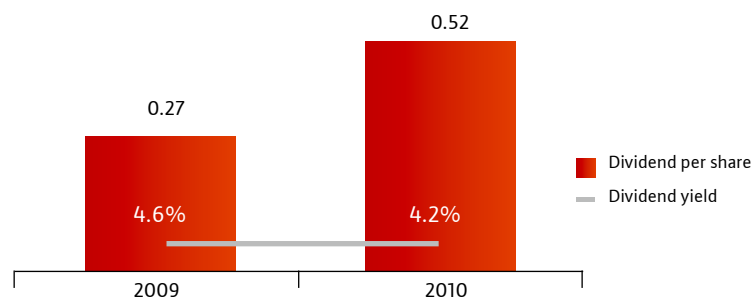
Consolidated Figures

In mn Pesos



## Dividends

- Internal dividend policy is to payout 1/3 of previous year's net earnings
- On March 10, 2010, AEV declared a dividend of P0.52 per share
  - 2009 net earnings adjusted for Pagbilao accounting effects
  - Up 93% YOY



Note: Dividend yields are based on closing prices as of date of dividend declaration.