

November 7, 2018

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Markets and Securities Regulation Department

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.
Market Regulatory Services Group
37/F, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas, Makati City

ATTENTION : **MS. VINA VANESSA S. SALONGA**
Head - Issuer Compliance and Disclosures Department

Gentlemen:

Please see attached the SEC Form 17-C (Current Report) of Aboitiz Equity Ventures, Inc. filed in compliance with the Securities Regulation Code, its 2015 Implementing Rules and Regulations, the Revised Disclosure Rules of the Philippine Stock Exchange (PSE), and the Issuer Disclosure Operating Guidelines of the Philippine Dealing Exchange Corp. (PDEX).

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES, INC.

By:



MANUEL ALBERTO R. COLAYCO
Corporate Secretary

COVER SHEET

C E O 2 5 3 6

S.E.C. Registration Number

A B O I T I Z E Q U I T Y V E N T U R E S , I N C .

(Company's Full Name)

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L A

P H I L I P P I N E S

(Business Address: No. Street City / Town / Province)

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 886-2338

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

1 7 - C

FORM TYPE

3rd Monday of 0 5 2 1

Month Day Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier


STAMPS

Remarks = Pls. use black ink for scanning purposes

SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17.2(c) THEREUNDER

1. **November 7, 2018**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **CEO2536** 3. BIR TIN **003-828-269-V**
4. **ABOITIZ EQUITY VENTURES, INC.**
Exact name of registrant as specified in its charter
5. **Philippines** 6. 
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines** **1634**
Address of principal office Postal Code
8. **(02) 886-2800**
Registrant's telephone number, including area code
9. **N.A.**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|---|--|
| Common Stock ₱1 Par Value | 5,633,792,557 |
| Amount of Debt Outstanding (June 30, 2018) | ₱266,911,914,631.00 |
11. Indicate the item numbers reported herein: 9

Item 9: Other Matters

Aboitiz Equity Ventures, Inc. (AEV or the "Company") recorded consolidated net income of ₱7.2 billion (bn) for the third quarter of 2018, a 28% increase from the ₱5.6 bn recorded for the same period in 2017. AEV recognized non-recurring FX gains totaling ₱60 million (mn) during the period, against last year's non-recurring losses of ₱720 mn, consisting of net unrealized foreign exchange losses on the restatement of consolidated dollar-denominated debts and money market placements and pre-termination costs on the refinancing of a subsidiary's debt. Without these one-off gains, the Company's core net income for the third quarter of 2018 was 13% higher year-on-year (YoY), increasing to ₱7.2 bn from ₱6.4 bn. For the relevant

period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱17.6 bn, a 14% increase from the ₱15.4 bn recorded during the same period last year.

On a year-to-date (YTD) basis, AEV's net income for the first nine months of 2018 was ₱17.3 bn, 9% higher than the ₱15.9 bn recorded last year. The Company recognized non-recurring FX losses of ₱407 mn for the period, versus last year's losses of ₱1.2 bn, representing net unrealized foreign exchange losses and pre-termination costs on debt refinancing. Without these one-off losses, core net income for the first nine months of the year was ₱17.7 bn, a 4% increase YoY from the ₱17.1 bn for the same period in 2017. AEV recorded a consolidated EBITDA of ₱45.5 bn during the first nine months of 2018, 10% higher than the ₱41.4 bn recorded in the previous year.

Power Strategic Business Units (SBU) accounted for 72% of the total income contributions from AEV's SBUs during the first nine months of 2018. The Financial Services, Food, Real Estate and Infrastructure SBUs were responsible for 17%, 8%, 2% and 1% of total income contributions, respectively.

Strategic Business Units

Power

Aboitiz Power Corporation's (AboitizPower) net income contribution to AEV for the first nine months of 2018 increased by 6% YoY to ₱12.8 bn from ₱12.1 bn.

On a stand-alone basis, AboitizPower's core net income for the first nine months of 2018 was ₱18.4 bn, 5% higher YoY. After taking into account non-recurring losses of ₱1.7 bn during the relevant period, net income totaled ₱16.7 bn, which is 6% higher than the same period last year.

For the first nine months of 2018, income contributions from the generation and retail supply businesses amounted to ₱15.3 bn, 4% higher YoY, and accounted for 82% of total income contributions from AboitizPower's business segments. Consolidated EBITDA was ₱33.0 bn, representing a 11% increase YoY and was primarily due to income contributions from Pagbilao Energy Corporation (PEC) and Hedcor Bukidnon, Inc. (HBI).

Capacity sold during the period under review was flat YoY, from 3,158 megawatts (MW) to 3,162 MW.

The distribution business accounted for 18% of income contributions from AboitizPower's business segments and recorded an income share of ₱3.3 bn for the first nine months of 2018, an 8% YoY increase. Consolidated EBITDA for the distribution business stood at ₱6.2 bn, 11% higher YoY while energy sales increased to 4,136 gigawatt-hours (GWh), up 5% YoY from 3,924 GWh. The increase was the result of increased consumption across all customer segments.

Banking & Financial Services

Union Bank of the Philippines' (UnionBank or the "Bank") income contribution to AEV for the first nine months of 2018 decreased by 5% YoY, from ₱3.1 bn to ₱3.0 bn.

On a stand-alone basis, UnionBank and its subsidiaries recorded net income of ₱6.1 bn for the relevant period, down 5% from the ₱6.4 bn earned in the corresponding period last year. The decrease was the result of lower contributions from CitySavings Bank.

Overall, the Bank's earnings performance for the period translated to a Return on Equity (ROE) and Return on Assets (ROA) of 11.0% and 1.3%, respectively.

As of end-September 2018, UnionBank's total resources grew by 17% YoY to ₱643.1 bn, primarily driven by the robust expansion of total loans and other receivables by 19% to ₱315.3 bn. The Bank continues to

consider its loan portfolio as well-diversified, with consumer loans accounting for approximately one-third of total loans.

UnionBank's capitalization as of September 2018 was boosted by the successful ₱10.0 bn rights offering it completed in September 2018, which resulted in a total capital adequacy ratio of 15.9% and Common Equity Tier 1 ratio of 13.7%.

Food

AEV's non-listed food subsidiaries (Pilmico Foods Corporation, Pilmico International Pte. Ltd., and Gold Coin Management Holdings Limited) reported net income of ₱1.5 bn for the first nine months of 2018, 26% higher than the ₱1.2 bn recorded last year.

Feeds Philippines recorded net income of ₱475 mn for the first nine months of 2018, which was 8% lower YoY due to the increased costs of feeds ingredients and the change in the feeds sales mix to low-margin lines. The Flour business segment reported net income of ₱276 mn for the relevant period, 30% higher than the same period last year on the back of foreign exchange gains from short-term dollar investments and higher interest income. The Farms business segment recorded a 20% increase in its net income to ₱469 mn for the first nine months of 2018 due to improved margins and increased volume compared to the previous year.

Pilmico International Pte. Ltd., reported net income of ₱252 mn, a 415% jump from last year. This was primarily due to the fresh contribution of Gold Coin Management Holdings Limited - an expansion in one of Pilmico's core feed milling businesses - which mitigated the effects of higher input costs to Pilmico's international animal feeds and aqua feeds businesses.

Real Estate

AEV's non-listed real estate subsidiary, Aboitiz Land, Inc., reported net income of ₱403 mn during the first nine months of 2018, which is 19% higher than the ₱340 mn recorded for the same period last year.

The increase in net income for the period was attributed to the growth in top-line contributions from the industrial, residential and commercial business units, while maintaining operating expenses at levels similar to those in 2017.

AboitizLand's revenues for the first nine months of 2018 totaled ₱3.0 bn, 25% higher than the same period last year. This was primarily due to the industrial business segment having recognized significantly more hectares sold compared to the same period in 2017. Revenue contributions of the residential business unit totaled ₱964 mn, the industrial business unit contributed ₱1.9 bn, while the commercial business unit and others contributed the remaining ₱127 mn, equivalent to 32%, 64% and 4%, respectively of AboitizLand's revenues for the relevant period.

Infrastructure

For the infrastructure group, Republic Cement and Building Materials, Inc.'s income contribution to AEV for the first three quarters of 2018 amounted to ₱221 mn, a decrease of 12% YoY from the ₱249 mn reported last year. Despite slight improvement in prices due to government infrastructure spending and stable private sector demand, this was offset by significant increases in fuel and power costs.

Financial Condition

As of September 30, 2018, the Company's consolidated assets totaled ₱542.3 bn, a 10% increase compared to the year-end 2017 level of ₱492.2 bn. Cash and cash equivalents stood at ₱47.8 bn, 26% lower than the year-end 2017 level of ₱64.9 bn. Consolidated liabilities totaled ₱330.4 bn, a 10% increase from the year-

end 2017 level of ₱299.7 bn, while Equity Attributable to Equity Holders of the Parent increased by 11% to ₱171.8 bn. The Company's current ratio as of September 30, 2018 stood at 1.7x while the net debt-to-equity ratio was 1.1x.

SIGNATURE (S)

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ABOITIZ EQUITY VENTURES, INC.

By:



Manuel Alberto R. Colayco
Corporate Secretary

Date: November 7, 2018