

August 1, 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. August 1, 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 |
|--|--|
| <u>Common Stock ₱1 Par Value</u> | <u>5,633,792,557</u> |
| <u>Amount of Debt Outstanding (March 31, 2018)</u> | <u>₱271,095,650,108.00</u> |
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 P5.3 billion (bn) for the second quarter of 2018, which was 6% lower than the P5.6 bn recorded for the same period last year. The Company recognized non-recurring losses of P42 million (mn) during this period, versus last year's losses of P53 mn, representing net foreign exchange losses recognized on the restatement of dollar-denominated net debt. Without these one-off losses, the Company's core net income for the second quarter of 2018 was 6% lower year-on-year (YoY), decreasing from P5.6 bn to P5.3 bn. For the relevant period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of P14.1 bn, a 6% increase from the P13.3 bn recorded last year.

On a year-to-date (YTD) basis, AEV's net income for the first half of 2018 was P10.1 bn, 2% lower than the P10.3 bn recorded last year. The Company recognized non-recurring losses during the period of P467 mn, versus last year's losses of P495 mn, representing net foreign exchange losses. Without these one-off losses, AEV's core net income was 2% lower YoY, decreasing from P10.8 bn to P10.6 bn. AEV recorded a consolidated EBITDA of P28.0 bn during the first half of 2018, which was an 8% increase from the P26.0 bn recorded last year.

The Power Strategic Business Units (SBU) accounted for 68% of the total income contributions from the Company's SBUs during the first half of 2018, while income contributions from the Financial Services, Food, Real Estate, and Infrastructure SBUs during the period amounted to 22%, 6%, 3%, and 1%, respectively.

Strategic Business Units

Power

Aboitiz Power Corporation's (AboitizPower) net income contribution to AEV during the first half of 2018 decreased by 6% YoY, from P7.5 bn to P7.0 bn.

On a stand-alone basis, AboitizPower's core net income for the first half of 2018 remained flat YoY at P10.5 bn. It recognized non-recurring exchange losses of P1.4 bn during the period, versus last year's losses of P744 mn, arising from the restatement of dollar-denominated debts, which was worsened by the continued weakening of the peso. Taking into account these one-off losses, AboitizPower's net income for the first half of 2018 amounted to P9.1 bn, 6% lower YoY.

The generation and retail supply businesses accounted for 80% of the income contribution from AboitizPower's business segments, recording a 2018 first half income share of P8.5 bn, which was 8% lower compared to last year. When adjusted for non-recurring items, the generation business recorded a core net income of P9.4 bn for the first half of 2018, 2% lower YoY. Its first half consolidated EBITDA was also higher at P20.2 bn, a 9% increase YoY, resulting from fresh EBITDA contribution from Pagbilao Energy Corporation (PEC). Higher contracting levels versus last year also contributed to the higher EBITDA. These upsides were partially offset by the lower contributions coming from AboitizPower's hydro plants due to lower hydrology during the period.

AboitizPower's capacity sold for the period increased 8% YoY, from 3,086 megawatts (MW) to 3,319 MW, driven by new capacities sold from PEC and higher contracting levels.

The distribution business accounted for 20% of the income contribution from AboitizPower's business segments and recorded a first half income share of P2.1 bn for 2018, 14% higher compared to the previous year. Attributable sales for this period amounted to 2,719 gigawatt-hours (GWh), up 7% from last year's 2,546 GWh. This was a result of increased consumption across all customer segments and supported by an increase in residential customers.

Banking & Financial Services

Union Bank of the Philippines' (UnionBank or the "Bank") income contribution to AEV for the first half of 2018 increased by 9% YoY, from P2.1 bn to P2.3 bn.

On a stand-alone basis, UnionBank and its subsidiaries posted a net income of P4.7 bn for the first half of 2018, up 9% from the P4.3 bn earned in the same period last year.

Overall, the Bank's earning performance during the period resulted in a Return on Equity (ROE) and Return on Assets (ROA) of 12.7% and 1.6%, respectively. UnionBank also posted an above-industry cost-to-income ratio of 57.2% for the first half of 2018.

As of end-June 2018, UnionBank's total resources grew by 13% to P624.9 bn, primarily driven by the robust expansion of total loans and other receivables by 19% to P314.6 bn. The Bank's loan portfolio continues to be well-diversified, with customer loans accounting for more than one-third of total loans.

As of June 2018, the Bank's capitalization remained well-above regulatory minimum with a total capital adequacy ratio of 13% and Common Equity Tier 1 ratio of 11%.

Food

AEV's non-listed food subsidiaries (Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation and Pilmico International Pte. Ltd.) reported net income of P662 mn for the first half of 2018, 8% lower than the P717 mn recorded last year.

Feeds Philippines reported first half net income of P209 mn, a 26% drop compared to same period last year. This was due to the higher costs of feeds ingredients coupled with the change in the feeds sales mix to low-margin lines. Flour's first half net income decreased 56% YoY to P60 mn due to higher wheat prices, which was worsened by the continued depreciation of the peso. Farms, however, reported a 30% YoY increase in its first half net income to P294 mn on the back of increased margins and volume.

Pilmico International recorded a net income of P5 mn, a 92% slide from last year. This was a result of higher start-up costs in light of the recent acquisition of an animal feedmill in Vietnam, and was worsened by decreasing margins that offset growth in volume.

Real Estate

AEV's real estate segment (AboitizLand) (which is comprised of 100%-owned AboitizLand, other 100% and majority-owned subsidiaries, and a joint venture) reported net income of P283 mn during the first half of 2018, 40% higher than the P202 mn recorded last year.

Revenues for the first half of 2018 totaled P2.0 bn, a 30% increase from the same period last year. This was primarily due to the industrial business having recognized substantially more hectares sold during the first six months of 2018 compared to the same period last year. In addition, maintaining the level of operating expenses similar to that of the previous year allowed the top-line contributions from the industrial, residential, and commercial business units to achieve net income of P283 mn for the period, 40% higher than last year.

Of AboitizLand's total revenue during the period, the residential business unit contributed 28% and the industrial business unit accounted for 68%. The commercial business unit and others contributed the remaining 4%. These revenue contributions amounted to P550 mn, P1.3 bn, and P80 mn, respectively.

Infrastructure

For the infrastructure group, Republic Cement and Building Materials, Inc.'s income contribution to AEV for the first half of 2018 decreased 91% YoY, from P494 mn to P44 mn. Although prices grew modestly with demand remaining from the previous quarter, this was offset by increased fuel and power costs during the period.

Financial Condition

As of June 30, 2018, the Company's consolidated assets totaled P504.8 bn, a 3% increase compared to the year-end 2017 level of P492.2 bn. Cash and cash equivalents stood at P61.1 bn, 6% lower than the year-end 2017 level of P64.9 bn. Consolidated liabilities totaled P309.7 bn, a 3% increase compared to the year-end 2017 level of P299.7 bn, while Equity Attributable to Equity Holders of the Parent increased by 3% to P159.4 bn. The Company's current ratio as of June 30, 2018 stood at 1.7x, while the net debt-to-equity ratio was at 1.0x.

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: August 1, 2018