



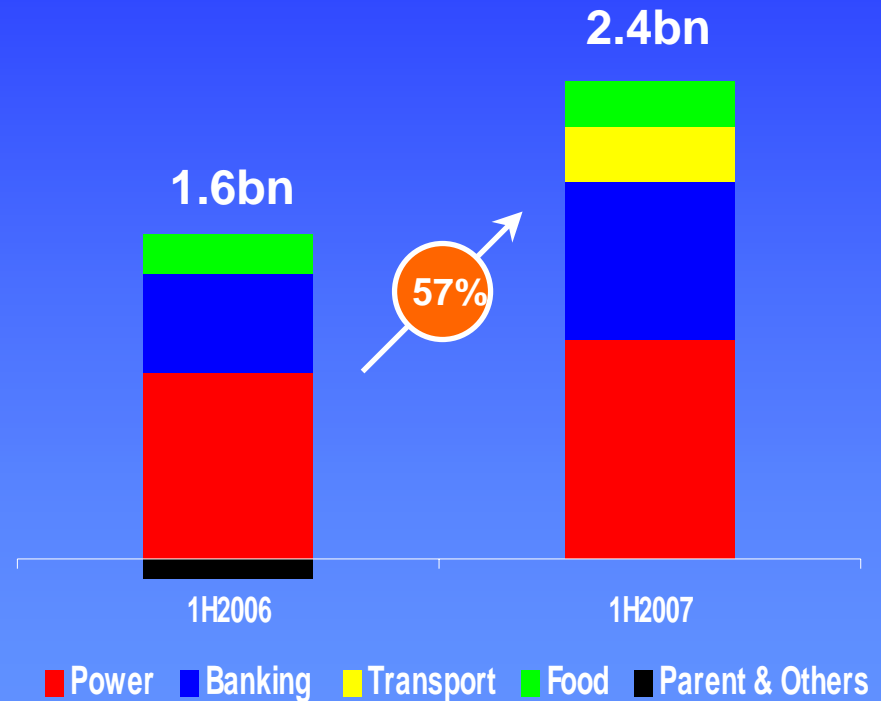
FIRST SEMESTER 2007
FINANCIAL BRIEFING
AUGUST 8, 2007

FINANCIAL HIGHLIGHTS

1H2007 Net Income at P2.4 billion

Higher earnings
contributions
from subsidiaries
and associates

Net Income Breakdown

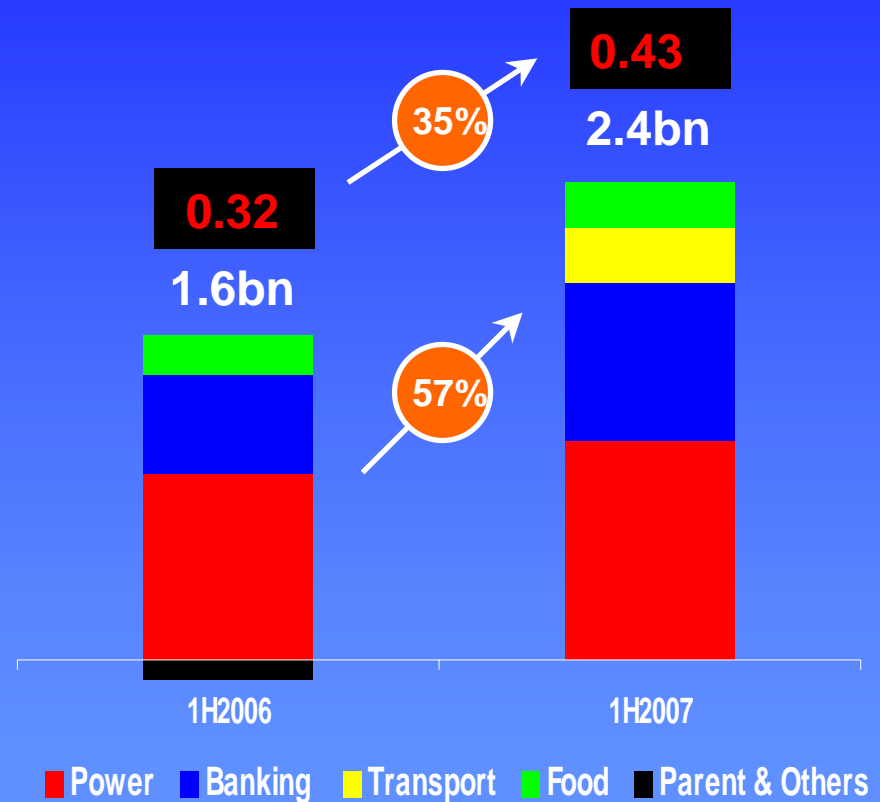


FINANCIAL HIGHLIGHTS

1H2007 Net Income at P2.4 billion

Higher earnings
contributions
from subsidiaries
and associates

Net Income Breakdown



Note: EPS is based on outstanding shares for the period.

FINANCIAL HIGHLIGHTS

Earnings Performance of Subsidiaries and Associates (In million Pesos)

	1 st Half 2006	1 st Half 2007	% Change
Aboitiz Power Corp.	965.2	1,123.6	16%
City Savings Bank	32.0	87.1	172%
Union Bank*	1,084.8	1,842.3	70%
ATSC	(0.9)	369.2	n.a.
Pilmico	198.7	229.8	16%

* At Cost Method

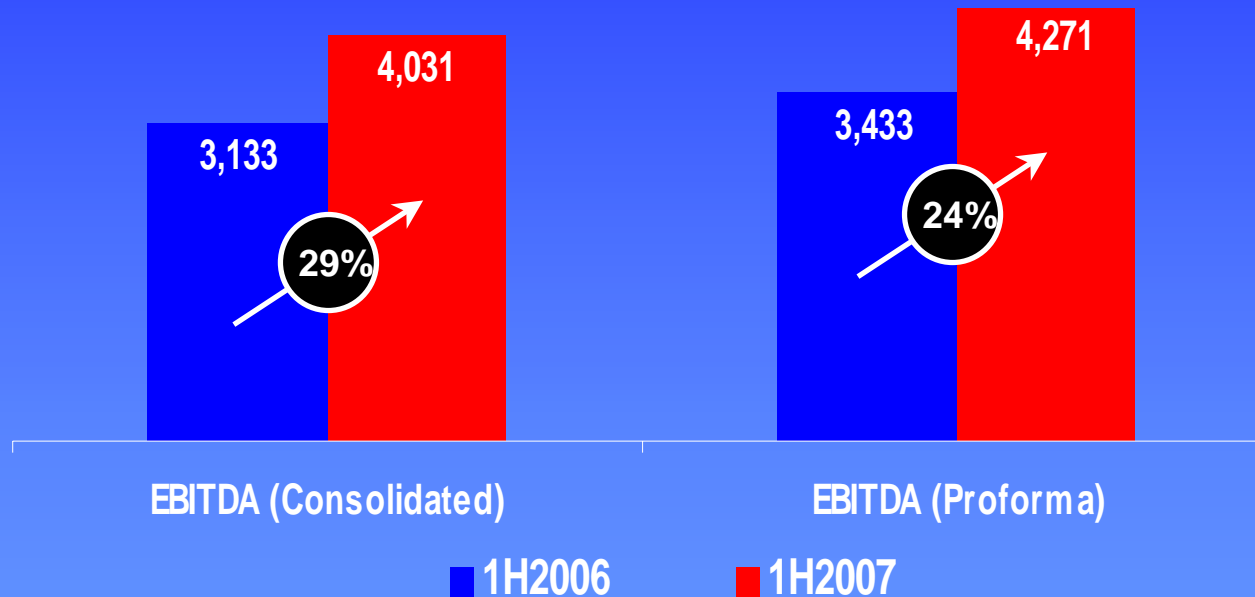
FINANCIAL HIGHLIGHTS

Earnings Contributions from Subsidiaries and Associates (In million Pesos)

	1 st Half 2006	1 st Half 2007	% Change
Aboitiz Power Corp.	965.2	1,123.6	16%
City Savings Bank	11.0	30.0	173%
Union Bank	484.4	771.8	59%
ATSC	(1.1)	284.5	n.a.
Pilmico	198.7	229.8	16%
TOTAL	1,658.2	2,439.6	47%

FINANCIAL HIGHLIGHTS

EBITDA (In million Pesos)



CONSOLIDATED FINANCIAL STATEMENT HIGHLIGHTS



CONSOLIDATED PROFIT & LOSS

(In million Pesos)

	1 st Half 2006	1 st Half 2007	% Change
Revenues	13,847	14,971	8%
Equity Earnings	931	1,459	57%
EBITDA	3,133	4,031	29%
Net Income	1,557	2,445	57%

CONSOLIDATED FINANCIAL STATEMENT HIGHLIGHTS



CONSOLIDATED BALANCE SHEET

(In million Pesos)

	Year End 2006	1st Half 2007	% Change
Cash and Cash Equivalents	8,010	5,491	(31%)
Total Assets	40,844	54,355	33%
Total Interest Bearing Debt	8,043	12,524	56%
Total Debt	16,561	21,774	31%
Net Debt	2,628	895	(66%)
Stockholders' Equity	24,283	32,581	34%
Book Value Per Share	4.66	5.39	
Current Ratio	2.07	1.53	
Debt to Equity	0.68	0.67	
Net Debt to Equity	0.11	0.03	
Net Debt to EBITDA	0.38	0.11	

GAIN ON DILUTION FROM SALE OF UBP SHARES

As of June 30, 2007
(In million Pesos)

AEV Ownership in UBP:

Pre - Follow-on Offering (FOO)	42.14%
Post - Follow-on Offering (FOO)	36.22%

UBP Book Value	Pre-FOO	ost-FOO
Capital stock	5,512	6,414
Additional paid-in capital	1,575	5,827
Net Unrealized Loss on AFS Investments	97	(387)
Retained earnings	12,030	13,948
UBP Book Value	19,214	25,803

AEV's Share in UBP Book Value	9,345
Less: AEV Carrying Value of Investment in UBP (net of goodwill)	8,663
AEV's Gain on Dilution in UBP	682

AEV's Gain on Dilution in UBP Accounted for as follows:

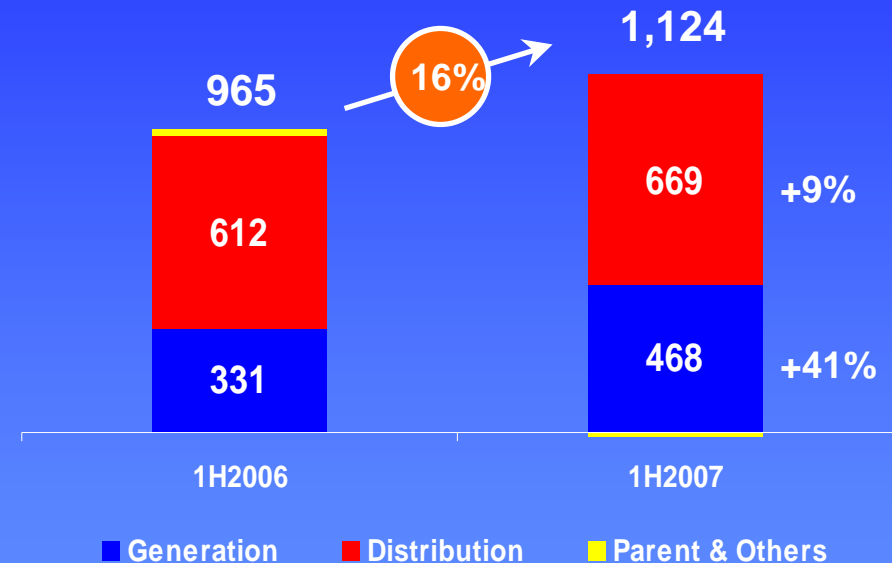
AEV's 36.22% Share of UBP FOO-generated AF	1,540
Less:	
5.9% Dilution in Share of UBP Pre-FOO APIC	93
5.9% Dilution in Share of UBP Accum Earnings	788
5.9% Dilution in Share of UBP Net Unreal Loss	(23)
AEV's Gain on Dilution in UBP	682

**First Semester 2007
Operating Highlights**

POWER GROUP

- Aboitiz Power's income up by 16% to P1,124 million
- 151% capacity increase led to a 121% yoy growth in net generated power
 - 50% of 360MW Magat
 - 60% of 70MW CPPC
 - 50% of 50MW EAUC
- Robust demand in serviced areas led to a 7% increase in electricity sales, while improved operating efficiencies enhanced profit performance

Income Contribution of the Power Group



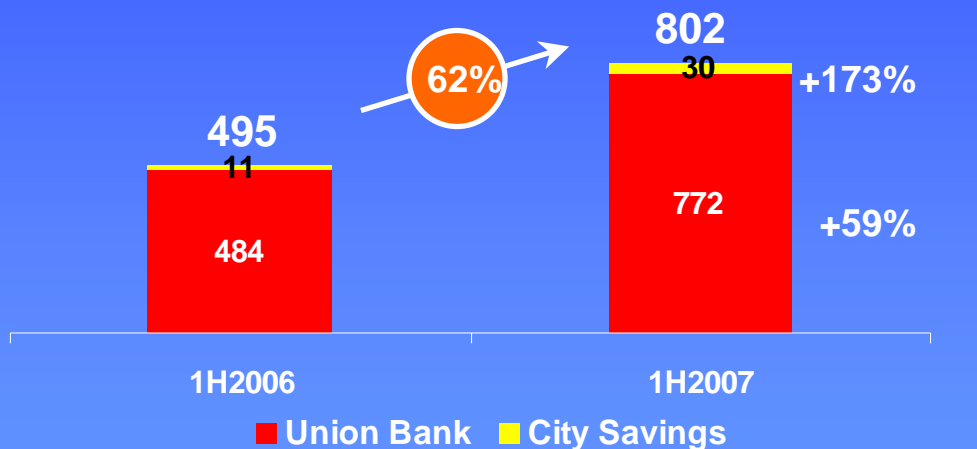
amounts in million pesos

BANKING GROUP

Banking group continued to provide good returns with net income contribution of 802 million, up 62% YoY

- Union Bank accounted for the lion's share at P772 million, recording a 59% growth yoy
- City Savings shored in P30 million, a 173% improvement versus last year's P11 million

Income Contribution of the Banking Group



amounts in million pesos

	UNIONBANK	CITYSAVING
Return on Equity	18.6%	45.6%
Return on Assets	2.3%	5.8%
Rev-to-Exp Ratio	2.0X	2.6X
NPL Ratio	3.6%	3.2%
Reserve Cover	67.2%	92.3%
Capital Adequacy Ratio	23.4%	16.6%

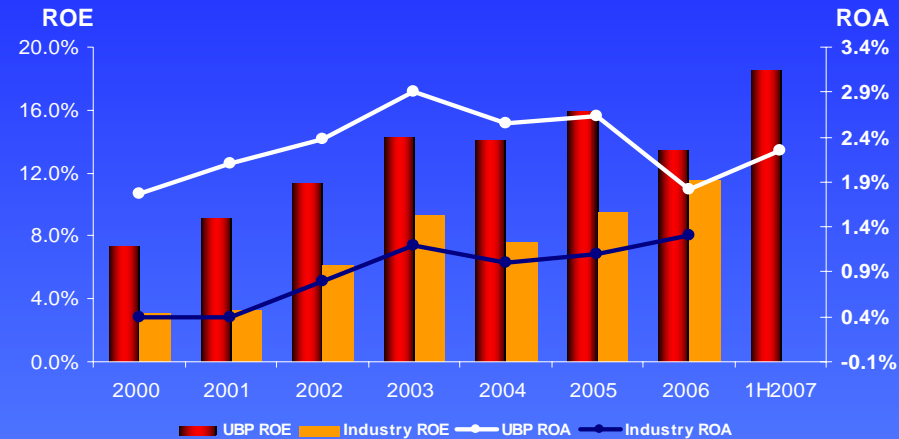
(as of end-June 2007)

BANKING GROUP – UNIONBANK

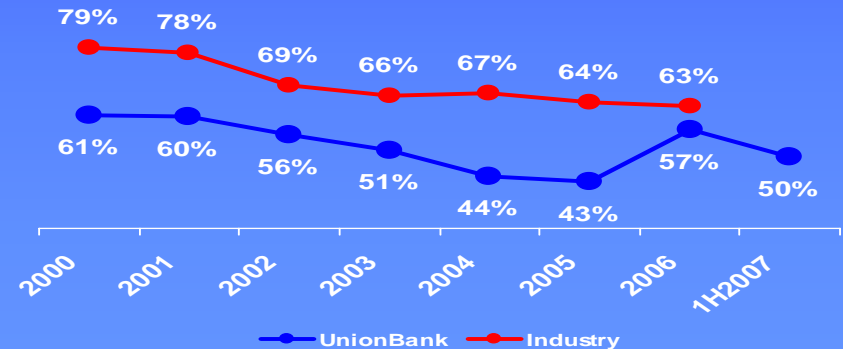


- Union Bank continued to surpass industry profitability standards
- Consolidated net income up by 70% YoY to P1.8 billion (at cost method)
- Revenues increased by 88% YoY to P5 billion
 - Net interest income grew by 87%
 - Non-interest income rose by 90% YoY derived from fees, commissions and trading gains

Above average profitability (ROE / ROA)



Low cost producer (Cost to Income Ratio)



iBank Acquisition

Synergies to be created through >50% upsize in asset and operational scale

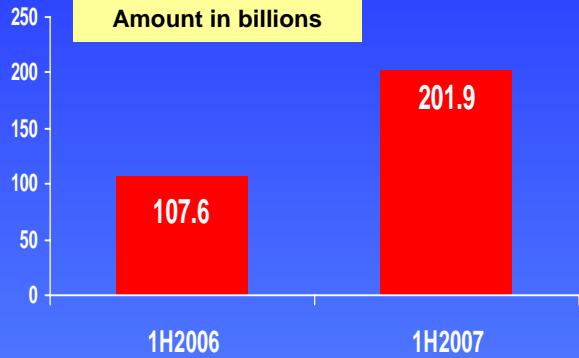
- ✓ UBP acquired iBank in May 2006
- ✓ Complete integration on July 23, 2007

Synergies from enhanced economies of scale

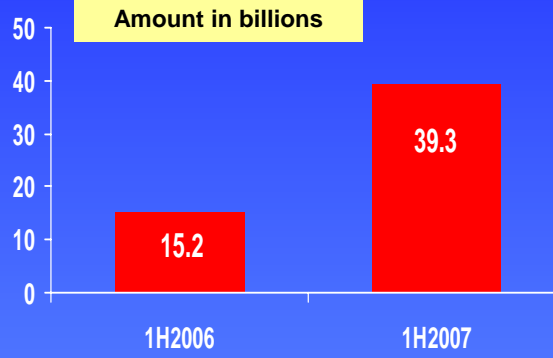


iBank Acquisition

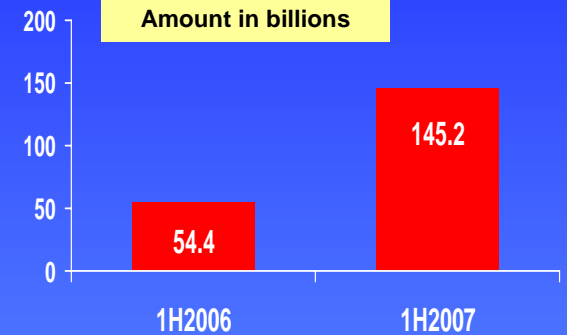
Assets



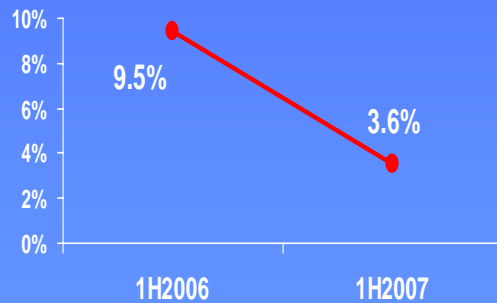
Loans



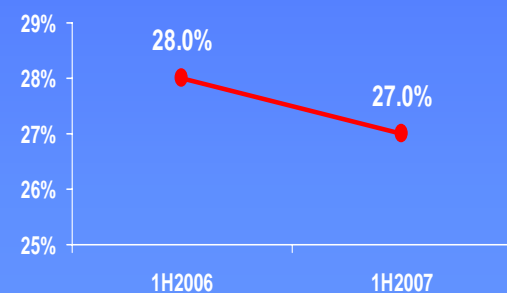
Deposits



NPL ratio



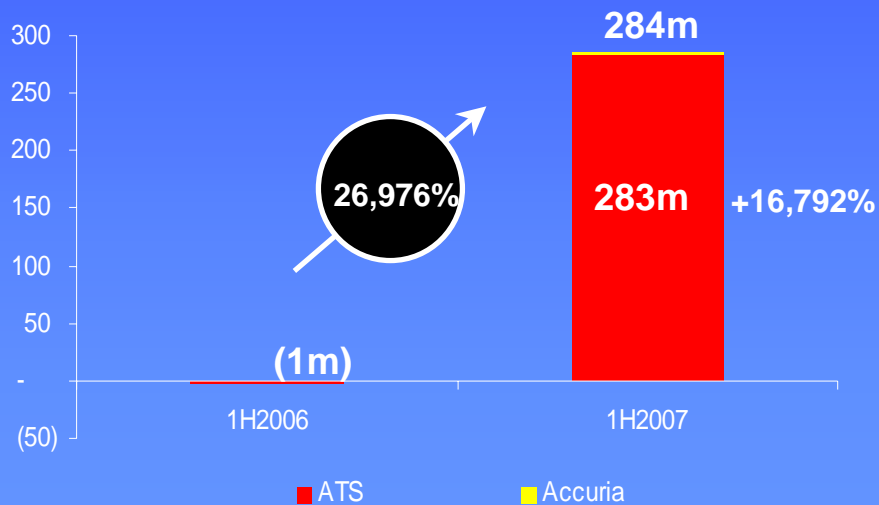
Net loans-to-deposit ratio



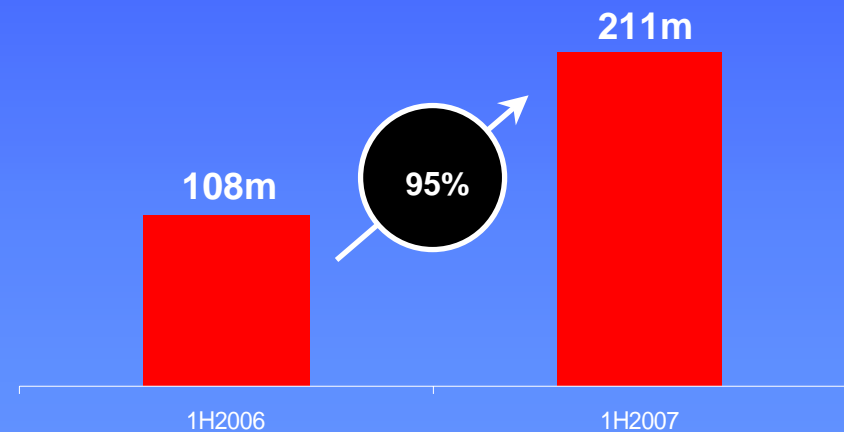
TRANSPORT GROUP

- Transport Group's earnings contribution was at P284 million, a reversal from last year's net loss of P1.1 million
- Return to profitability is attributable to 77%-owned ATS, with 1H2007 net income contribution of P283 million
 - Improved operating efficiencies and cost containment efforts led to 95% yoy growth in operating profit
 - Conversion of unused passenger capacity to freight, which served increased demand for RORO
 - Increased load factors in 1H2007

Income Contribution of Transport Group

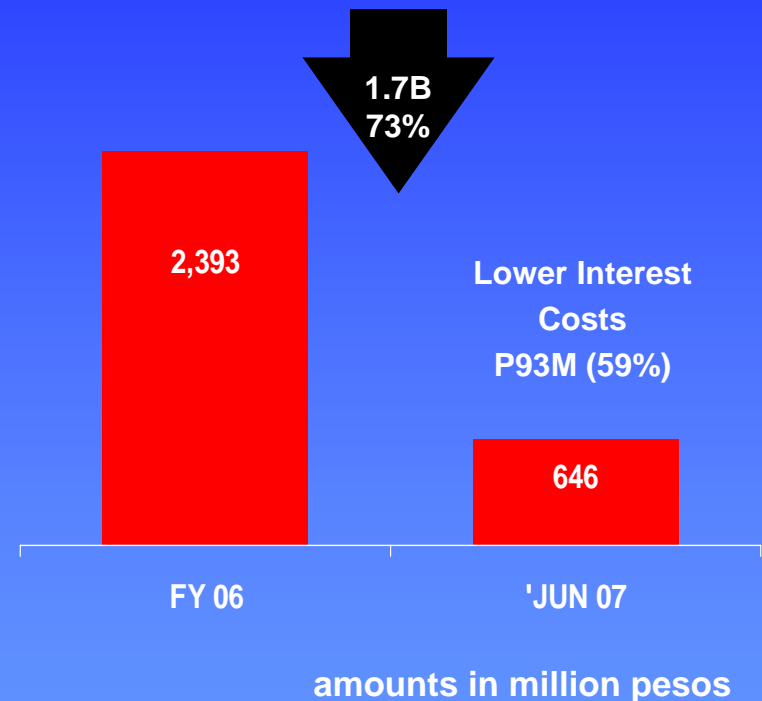


ATS' EBIT Performance



TRANSPORT GROUP

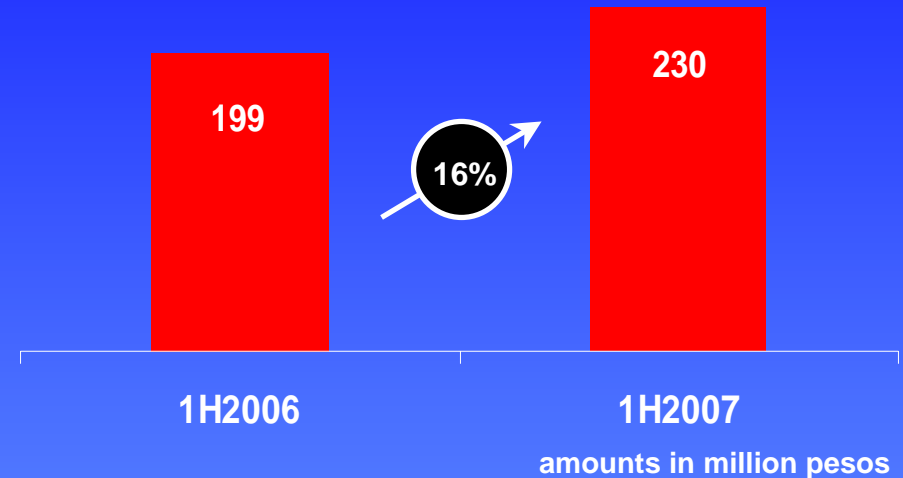
- 59% decline in interest cost as debt levels were pared down by 73%
- Asset sale – sold two ship vessels resulting to a gain of P367 million
- Net of one-off's, 1H2007 EBT was at P159m, vs. loss of P44m last year
- 1H2007 net income at P367 million
- JV with Maersk-subsiidiary, MCC Transport, currently operating its first 400 TEU container ship, plying the Manila, Cebu and CDO ports on a regular weekly schedule.
- Launched Supply Chain Management Services on in January 2007.



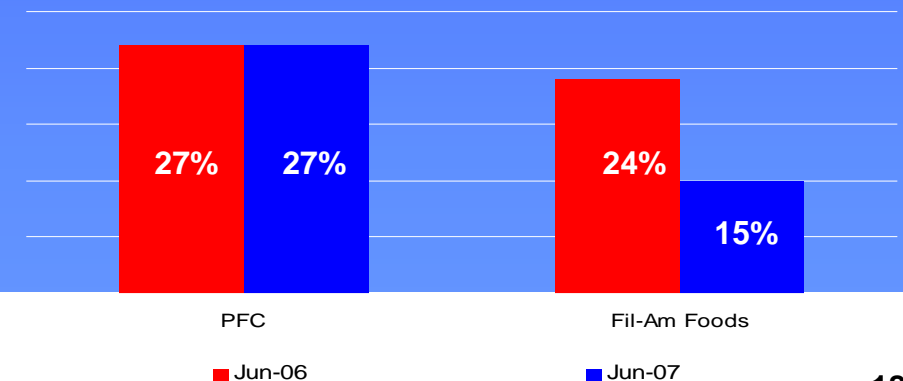
FOOD GROUP

- Consistent profit contribution with 1H2007 income of P230 million, up by 16% yoy
- Revenues grew by 15% yoy, from P3.5 billion to P4.1 billion
- Price increases coupled with improved milling operations countered impact of higher input costs for both flour and feeds businesses
- Ongoing expansion in feed and swine businesses

Income Contribution of the Food Group



Income Over Ingredient Costs



1ST HALF 2007 – IN SUMMARY

- **Continued strong showing of key subsidiaries and associates**
- **Stronger financial position across the business organization**
 - **AEV placed its treasury shares in January 2007**
 - **APC's additional equity infusion in April 2007**
 - **Union Bank's follow-on offering in May 2007**
 - **ATS pared down debt level by 73%**
- **Improved business models**
 - **Union Bank's corporate banking gets a boost from iBank's existing clientele base**
 - **ATS' reconfiguration of capacity to achieve higher load factors**

MOVING FORWARD

Power

- IPO in July 2007
- Participation in the upcoming bids for NPC power assets, focus on renewables
- Refinancing of SNAP's \$ loan
- Shift to Performance Rate Base

Banking

- Earnings impact of full integrated activities of UBP and iBank
- Diversification of asset portfolio
- Leverage on its leading position in technology-driven products and services

Transport

- Asset rationalization / sale of vessels
- Cold Chain solutions
- Earnings impact of deleveraging and lower depreciation

Food

- Completion of the construction of a new feedmill at the Iligan Milling Complex
- Construction of additional grain silos increasing Pilmico's storage capacity
- Increase in swine capacity with the increase in breeder and grower number



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