

May 7, 2014

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA Greenhills,  
Mandaluyong City, Metro Manila

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

**PHILIPPINE STOCK EXCHANGE, INC.**

3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

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

**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:

We file herewith two (2) original copies of the SEC Form 17-C (Current Report) of Aboitiz Equity Ventures, Inc. in compliance with the Commission's directive.

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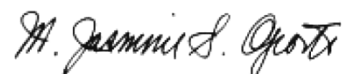
Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

**ABOITIZ EQUITY VENTURES, INC.**

By



**M. JASMINE S. OPORTO**  
Corporate Secretary

COVER SHEET

C E 0 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 )

M. JASMINE S. OPORTO

Contact Person

(02) 793-2729

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

0 5 1 9

Month Day

Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

9,587

Total No. of Stockholders

X

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_

LCU

Document I.D.

\_\_\_\_\_

Cashier


STAMPS

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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. **May 7, 2014**  
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. **32<sup>nd</sup> 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 (as of December 31, 2013) |
|-----------------------------------|---|
| <b>Common Stock P1 Par Value</b>  | <b>5,521,871,821</b>  |
| <b>Amount of Debt Outstanding</b> | <b>P95,363,260,000.00</b>   |
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Equity Ventures, Inc. (AEV or the "Company") ended the first quarter of 2014 with a consolidated net income of P4.9 billion (bn), recording a decline of 29% year-on-year (YoY). This translates to an earnings per share of P0.88 for the period in review.

For the first quarter of 2014, AEV booked a non-recurring income of P470.6 million (mn). The bulk of this was due to the recognition of a gain amounting to P634.0 mn resulting from the sale of some assets as part of the Company's business rationalization strategy. However, this was partially offset by the foreign exchange loss on the revaluation of consolidated dollar-denominated loans and placements amounting to P163.4 mn. Adjusting for these one-off's, AEV's core net income amounted to P4.4 bn, which is 20% lower than last year.

Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 73.0% while the income contribution of the Banking, Food and Property SBUs were at 16.6%, 7.7%, and 2.8% respectively.

## Strategic Business Units

### Power

Aboitiz Power Corporation (AboitizPower) ended the quarter with income contribution of ₱3.2 bn, registering a 9% decrease when compared to the previous year's ₱3.5 bn. When adjusted for non-recurring items, the Power SBU recorded a 3% YoY decrease in its earnings share, from ₱3.5 bn to ₱3.4 bn.

For the first quarter of 2014, the power generation business recorded an income contribution of ₱2.7 bn, 10% lower as compared to the same period last year. The adverse impact on earnings was mainly attributable to the higher fuel cost brought about by the implementation of the Geothermal Resource Sales Contract (GRSC) for the Tiwi-Makban. The generation group's income contribution for the quarter could have been higher if not for the expiration of the Pagbilao plant's income tax holiday.

The group's average price for its power increased by 8% YoY during the quarter ended March 2014. This was on the back of a 16% YoY growth in the average selling price of electricity sold to the spot market due to the increase in demand brought about by the entry of the summer season as well as outages of several baseload plants towards the latter part of March. Average selling prices under bilateral contracts also increased, registering growth of 6% YoY largely due to the Company's dollar-linked contracts and the entry of the Company's oil-fired barges in Navotas, which began operations last November 2013.

AboitizPower's net generation grew by 10% from 2,450 GWh to 2,688 GWh for the period in review. This was driven by the 12% YoY growth in power sales through bilateral contracts to 2,188 GWh resulting from the Pagbilao plant's higher contracted levels with contestable customers through Open Access. Meanwhile, spot market sales remained flat at a little above 500 GWh for the quarter.

On a capacity basis, the Company's attributable sales increased by 25% YoY from 1,419 MW to 1,780 MW. This was due to an increase in ancillary volumes as well as higher contracted levels by the generation group. The equivalent in capacity sales for ancillary services for the quarter in particular surged by 166% from just 59 MW a year ago to 156 MW.

During the period, AboitizPower added 14 MW to the Mindanao grid with the start of commercial operations towards the end of February 2014 of its Tudaya 1 and 2 run-of-river hydro plants. Meanwhile, works are ongoing for two other projects, namely the 14 MW Sabangan run-of-river hydro plant and the 300 MW Davao coal plant, both of which are expected to be completed in 2015.

On the other hand, the power distribution group's income contribution for the first quarter decreased by 17% from ₱575.6 mn to ₱475.4 mn. The group's attributable electricity sales for the quarter increased by 5% to 1,000 GWh from 956 GWh a year ago. The growth in sales was primarily driven by higher electricity sales to the industrial segment, registering a 9% increase in YoY electricity sales. Nevertheless, the increase in sales were not enough to offset the higher costs registered by Visayan Electric Company, Inc.(VECO), Davao Light & Power Company, Inc. (Davao Light), and Cotabato Light & Power Company (Cotabato Light) during the period.

The group's year-to-date gross margin on a per kWh basis declined to ₱1.53 from ₱1.63 a year ago. The decrease was due to the higher direct costs registered by the distribution group during the quarter brought about by the lag in the recovery of VECO's cost of purchased power as well as the additional costs incurred by Davao Light and Cotabato Light due to the running of their embedded plants to cover for the energy shortfall in the Mindanao grid during the period.

## **Banking**

Union Bank of the Philippines' (UnionBank) income contribution for the period in review decreased by 59% YoY, from ₱1.8 bn to ₱730.6 mn.

Net interest income rose by 25% to ₱2.6 bn, anchored on the robust expansion in earning assets coupled with the continuous reduction in average costs of interest bearing liabilities. On the other hand, total other income fell by 66% to ₱1.8 bn largely in view of the exceptionally higher trading gains posted during the first quarter of 2013, which accounted for 55% of the total gains. Service charges, fees and commissions went up by 73% to ₱0.9 bn, driven by the strong growth in consumer loans. Total operating expenses decreased by 24% to ₱2.3 bn, mainly on lower salaries and employee benefits, and trust fund contribution on the reduced level of pre-need sales.

UnionBank's resources breached the ₱400-bn mark to settle at ₱411.4 bn as of end-March 2014 from ₱396.1 bn as of end-December 2013. Total deposits grew by ₱30.7 bn to ₱328.9 bn, more than offsetting the decline in borrowings. On January 14, 2014, the Bank exercised its right to redeem the ₱3.75 bn unsecured subordinated notes upon its non-qualification as Lower Tier 2 capital with the effectivity of Basel 3 beginning 2014. Common Equity Tier 1 and total capital adequacy ratio were at 10.9% and 11.5%, respectively, remaining above the minimum requirements set forth under the revised capital standard.

## **Food**

AEV's non-listed food subsidiary, Pilmico Foods Corporation (Pilmico), posted a 4% YoY increase in its first quarter income contribution in 2014, from ₱325.2 mn to ₱338.6 mn. The movement was primarily due to the strong performance of the Flour division, which registered a net income of ₱185.6 mn year-on-year as a result of the improvement in margins. Meanwhile, the Farms business logged in a 19% growth in income contribution as a result of increase in volume sales and average selling price. On the other hand, the Feeds division posted a weaker performance during the first quarter as higher input costs continued to be a challenge.

## **Real Estate**

AEV's property SBU, Aboitiz Land, Inc. (AboitizLand), registered YoY growth of 181% in its net income contribution for the quarter from ₱43.1 mn to ₱121.1 mn. Total revenues for the period amounted to ₱664.4 mn.

The growth was mainly due to the 100% consolidation of the recently acquired Lima Land, Inc. This resulted to a shift to the industrial segment as the main contributor to revenues, now with a 54% share. Meanwhile, the residential segment grew as well, by 80% to ₱293.4 mn, contributing 44% of revenues. The rest of the revenues, amounting ₱13.2 mn, came from the commercial and property management segments.

AboitizLand looks to grow further as it takes on more exciting projects. To support its growth initiatives, it has allotted ₱5.4 bn for capital expenditures for the year for land acquisition and project development, of which it has already spent ₱1.4 bn for the first quarter of 2014.

## **Financial Condition**

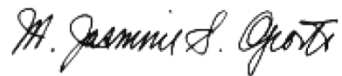
As of March 31, 2014, the Company's consolidated assets amounted to ₱253.4 bn, 3% higher than the year-end 2013 level. Cash and cash equivalents was at ₱39.4 bn, 9% higher than the year-end 2013 level of ₱36.1 bn. Consolidated liabilities amounted to ₱125.5 bn while Equity Attributable to Equity Holders of the Parent increased by 5% to ₱101.9 bn. Current ratio as of March 31, 2014 was at 2.9x (versus year-end 2013's 2.6x), while the net debt-to-equity ratio was at 0.5x (versus year-end 2013's 0.5x).

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

A handwritten signature in black ink, appearing to read "M. Jasmine S. Oporto". The signature is written in a cursive, flowing style.

**M. JASMINE S. OPORTO**

Corporate Secretary

Date: May 7, 2014