

COVER SHEET

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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	.
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(Company's Full Name)

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

CATHERINE R. ATAY									
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Contact Person

(032) 411-1804									
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Company Telephone Number

1	2		3	1
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Month Day

Fiscal Year

1	7	-	C	
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FORM TYPE

0	5		2	1
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Month Day

Annual Meeting

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Secondary License Type, if Applicable

S	E	C
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Dept. Requiring this Doc

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Amended Articles Number/Section

9,631									
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Total No. of Stockholders

X									
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Domestic

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Foreign



To be accomplished by SEC Personnel concerned

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File Number

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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. **March 6, 2013**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **CE02536** 3. BIR TIN **003-828-269-V**
4. **ABOITIZ EQUITY VENTURES, INC.**
Exact name of registrant as specified in its charter
5. **Cebu City, Philippines** 6. 
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City** **6000**
Address of principal office Postal Code
8. **(032) 411-1800**
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 September 30, 2012) |
|-----------------------------------|--|
| Common Stock P1 Par Value | 5,521,871,821 |
| Amount of Debt Outstanding | P83,174,767,000 |
11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Equity Ventures, Inc. (AEV or the Company) ended the fourth quarter of 2012 with a consolidated net income of P5.9 billion (bn), recording an increase of 15% year-on-year (YoY). Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 79% while the income share of the Banking and Food SBUs were at 13% and 7%, respectively. The Property SBU, which was acquired during the quarter, accounted for 1% of earnings.

For the three-month period in review, the Company recorded a one-off gain of P160 million (mn), vis-à-vis last year's non-recurring loss of P157 mn. This was mainly driven by foreign exchange gains resulting from the revaluation of consolidated dollar-denominated loans and placements of the Power SBU. Adjusting for all these non-recurring items, AEV closed the quarter with an 8% YoY growth in core net income, from P5.3 bn to P5.7 bn.

On a full year basis, AEV ended 2012 with a consolidated net income of P23.9 bn, registering an increase of 13% YoY. This translates to P4.33 in earnings per share. Power

remained to account for the lion's share at 78%, which was followed by the Banking and Food SBUs with income contributions of 16% and 5%, respectively. The remaining share was accounted for by several other investee companies, including the newly acquired Property SBU.

For the year 2012, the Company incurred a non-recurring gain of P541 mn (versus last year's P366 mn), particularly due to the net effect of several items booked by the Power SBU. These include a one-time gain due the revaluation of dollar-denominated liabilities and placements, a non-recurring net loss brought about by the higher fuel cost booked by its geothermal plants due to reimbursements made to its steam supplier, the downward revenue adjustment of a wholly-owned subsidiary as a result of an Energy Regulatory Commission ruling regarding its ancillary services contract, and the debt prepayment cost incurred at Parent level. Accounting for these one-off's, AEV's core earnings for 2012 was at P23.4 bn, reflecting a 12% YoY increase.

Strategic Business Units – Full Year 2012 Performance

Power

Aboitiz Power Corporation (AboitizPower) ended the year in review with an income contribution of P18.8 bn, vis-a-vis last year's P16.5 bn. When adjusted for non-recurring items, the Power SBU recorded a 13% YoY increase in its earnings share, from P16.1 bn to P18.2 bn.

In 2012, the power generation business contributed earnings of P17.5 bn, recording a 12% YoY growth. The increase in the group's bottomline performance was due to the higher average selling price and net generation recorded for the period.

The group's average price for its power increased by 3% YoY during the year. This was on the back of a 40% YoY rise in average selling price of electricity sold to the spot market as a result of the combination a tight supply situation brought about by higher outage levels and an increase in demand due to the hotter climate and increased economic activity during the year.

AboitizPower's net generation for 2012 registered a 13% YoY increase from 9,422 GWh to 10,660 GWh. This was mainly accounted for by the 17% YoY expansion in power sales through bilateral contracts. On a capacity basis, the AboitizPower's attributable sales increased by 9% YoY, from 1,413 MW to 1,547 MW, given the rising capacity sales through bilateral contracts. Capacity sold factors in general rose during the year, with the coal, geothermal and oil plants registering at 74%, 85%, and 93% respectively

On the other hand, billed ancillary dropped by 19% due to the lower acceptance rate of the grid operator. While the average price for ancillary services grew by 16% during the period in review, this was not enough to compensate for the huge drop in volume. Thus, ancillary revenues for the whole of 2012 registered a 7% decrease as compared to the same period last year. As a result, the capacity sold factor of the large hydros was lower than expected, registering at 86% by the end of 2012.

The partial completion of the rehabilitation of the Binga (2 of 4 units) hydropower plant coupled with the commercial operation of the 4-MW Irisan Greenfield hydropower plant resulted to a marginal increase in AboitizPower's attributable capacity to 2,353 MW as of end-December 2012.

Meanwhile, improved sales volumes and margin expansions resulted to a 19% increase in the power distribution group's income contribution for the year 2012, to P2.2 bn from P1.8 bn during the same period last year. AboitizPower's attributable electricity sales grew by 6% YoY, from 3,727 GWh to 3,934 GWh. With economic activity in the country increasing, the industrial segment posted a 6% YoY growth in sales, followed by the residential segment at 5%. Meanwhile the commercial segment also posted modest growth at 3% YoY. The group's average gross margin for 2012 improved by 11% YoY to P1.60/kWh, mainly due to the implementation of the distribution utilities' approved rates under the Performance Based Regulation. Another driver for the group's enhanced gross margin was the reduced systems loss, with Visayan Electric Company, Inc. (VECO) and Cotabato Light

& Power Company (Cotabato Light) in particular reducing their level of system loss by 0.8 and 0.9 percentage points, respectively, as a result of initiatives implemented during the period in review. The improvement in gross margins helped offset the 16% rise in operating costs during the year.

Financial Services

The Banking SBU's income contribution for the year 2012 registered a 12% YoY improvement, from ₱3.4 bn to ₱3.9 bn.

Union Bank of the Philippines (UnionBank) ended the period with an earnings contribution of ₱3.3 bn, up by 14% YoY. This was on the back of higher net interest income and hefty trading gains booked during the period.

Net interest income grew by 5% to ₱7.3 bn, as the 25% improvement in funding costs from interest bearing liabilities more than offset the 8% drop in income from earning assets.

Total other income rose by 13% to ₱10.8 bn from ₱9.6 bn a year ago mainly on hefty trading gains, which surged by 20% to ₱6.5 bn. Premium revenues, on the other hand, fell by 10% to ₱1.2 bn as a result of lower sales of First Union Plan's Inc. pre-need plans.

Total operating expenses amounted to ₱8.6 bn, 5% higher than the ₱8.2 bn last year, mainly attributable to increases in salaries and other employee benefits.

UnionBank's asset base expanded to ₱275.9 billion as of year-end-2012, with a deposit base of ₱186.0 bn and a loan book of ₱119.7 bn. The Bank's Tier 1 and total capital adequacy ratio (CAR) further strengthened to 18.0% and 20.7%, respectively, comfortably above existing regulatory minimum and forthcoming Basel III requirements.

AEV's non-listed thrift bank, City Savings Bank, Inc. (CitySavings), contributed earnings of ₱520 mn in 2012, which was lower by 2% YoY. The decrease is mainly attributed to the bank's ongoing expansion program which led to a 28% increase YoY in operating expenses. Meanwhile, net interest income grew by 6% YoY to ₱1.4 bn on the back of a 42% growth in the bank's interest income on loans, registering at ₱1.4 bn by the end of 2012. CitySavings ended the year with a loan book of ₱13.1 bn and total resources of ₱15.8 bn, higher by 33% and 22% versus year-end 2011 levels, respectively. NPL ratio as of end-December 2012 was at 1.62%. The bank's total capital funds stood at ₱2.3 bn, with a capital adequacy ratio of 16.5%.

Food

The Company's food unit, Pilmico Foods Corporation, recorded a 5% growth in its income contribution for 2012 to ₱1.3 bn, from ₱1.2 bn the previous year. This was driven by a 6% increase in overall sales, with the flour, feeds, and farm divisions all posting an increase in sales volumes. Fourth quarter sales were particularly stronger, growing by 11% to ₱4.2 bn as compared to the same period last year. In spite of the strong performance of the flour and farms divisions, the feeds division registered a YoY decrease in its income contribution as a result of lower average selling prices, which led to a corresponding decline in margins.

Financial Condition

For the year ending December 31, 2012, the Company's consolidated assets amounted to ₱223.8 bn, up by 11% from year-end 2011 level. Cash and cash equivalents was at ₱33.7 bn, 14% higher than the year-end 2011 level of ₱29.5 bn. Consolidated liabilities amounted to ₱110.3 bn, while Equity Attributable to Equity Holders of the Parent increased by 19% to ₱91.8 bn. Current ratio as of year-end 2012 was at 2.5x (versus year-end 2011's 3.0x), while net debt-to-equity ratio was at 0.5x (versus year-end 2011's 0.6x).

Other Developments

Acquisition of AboitizLand

On Sept. 28, 2012, the Board of Directors of AEV approved the proposal to acquire 100% of affiliate Aboitiz Land, Inc. (AboitizLand) at the transaction cost of ₱3.2 bn. The transaction was completed in November.

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:



M. JASMINE S. OPORTO
Corporate Secretary

Date: March 6, 2013