

May 8, 2015

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.

3rd 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 submit for your files the SEC Form 17-C (Current Report) of Aboitiz Equity Ventures, Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES, INC.

By



M. JASMINE S. OPORTO

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)

M. JASMINE S. OPORTO

Contact Person

02- 886-2800

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

Current Report

1 7 - C

FORM TYPE

3rd Monday of
May

0 5 1 8

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

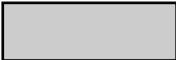
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SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **May 8, 2015**
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 | 5,543,666,807 |
| Amount of Debt Outstanding (As of Dec. 31, 2014) | ₱118,526,705,000.00 |
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 2015 with a consolidated net income of ₱4.1 billion (bn). Core income similarly stood at the same figure for the period, recording a decline of 7% year-on-year (YoY). This translates to earnings per share of ₱0.74 for the period in review.

Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 79% while the income contribution of the Banking, Food and Property SBUs were at 9%, 10%, and 2% respectively.

Strategic Business Units

Power

Aboitiz Power Corporation (AboitizPower) ended the quarter with income contribution of ₱3.3 bn, registering a 4% increase when compared to the previous year's ₱3.2 bn. When adjusted for non-recurring items, the Power SBU recorded a 1% YoY decrease in its earnings share, from ₱3.4 bn to ₱3.3 bn.

For the first quarter of 2015, the power generation business's income contribution was flat at ₱2.7 bn, as compared to the same period last year. When adjusted for non-recurring items, the group registered a 6% YoY decrease in its core net income, from ₱2.9 bn to ₱2.7 bn. The decline in earnings was mainly attributable to the lower sales registered by the Tiwi-Makban plants due to a decline in steam flow during the period as well as the implementation last February 2014 of the Binga plant's new contract for ancillary services, which resulted in lower average prices. The generation group's income contribution for the quarter was also affected by the expiration of the Magat plant's income tax holiday which took effect last July 2014.

For the period in review, AboitizPower's attributable net generation rose by 5% YoY, from 2,688 GWh to 2,828 GWh, as electricity sold through bilateral contracts, which made up 87% of total energy sold during the period, expanded by 12% to 2,448 GWh. This is in line with the company's efforts to reduce its exposure to spot market sales. Consequently, spot sales decreased by 24% YoY from 501 GWh to 380 GWh.

On the other hand, capacity sales for the first quarter of 2015 registered a slight increase to 1,804 MW from 1,798 MW last year as the decline in Tiwi-Makban's sales offset the additional capacity that the company sold from Therma Mobile, Inc.

The group's average price for its energy sales decreased by 22% YoY during the quarter ended March 2014. This was mainly due to the 27% decrease in the average selling price of the group's bilateral sales as fuel costs continued to decline. The average rate for ancillary services is also down by 14% YoY due to the implementation of the Binga plant's new contract for ancillary services towards the end of February 2014.

Technical works performed at the Binga plant has resulted in an incremental increase of 8 MW in the company's net attributable sellable capacity to 2,258 MW as of this writing. The company is targeting the full commissioning of its 14 MW Sabangan hydro plant and one unit with capacity of 130 MW (net) from its Davao coal plant around the first half of 2015. As disclosed earlier, the other 130 MW (net) unit of the Davao plant, which was supposed to be commissioned in April 2015, will be delayed by 10 months.

On the other hand, the power distribution group's income contribution for the first quarter increased by 31% from ₱475.4 mn to ₱624.5 mn. The group's attributable electricity sales for the quarter increased by 11% to 1,111 GWh from 1,000 GWh a year ago. The growth in sales was primarily driven by higher electricity sales across all customer segments, with residential, commercial, and industrial sales registering YoY growth of 7%, 5%, and 14% respectively. The group's year-to-date gross margin on a per kWh basis declined to ₱1.51 from ₱1.53 a year ago.

Banking

Union Bank of the Philippines' (UnionBank) income contribution for the period in review decreased by 48% YoY, from ₱730.6 mn to ₱382.1 mn, mainly due to lower trading gains

and to foreign exchange losses. UnionBank's weaker earnings performance translated to annualized return on average equity of 6.0% and return on average assets of 0.8%.

Net interest income was flat at ₱2.5 bn on higher average costs of interest bearing liabilities, which more than offset the marginal growth in interest income. Total other income, similarly dropped by 37% to ₱1.1 bn, largely in view of trading losses incurred this year as compared to the ₱422.0 mn trading gains in the same period a year ago. Meanwhile, total operating expenses were maintained at ₱2.3 bn despite the Bank's continuous branch expansion particularly in Luzon.

UnionBank's total resources declined to ₱365.7 bn as of end-March 2015, weighed down by the decrease in deposit liabilities and bills payable to ₱264.6 bn and ₱15.3 bn, respectively. Net loans and other receivables, meanwhile, expanded to ₱149.2 bn, anchored on the robust growth of retail loans. Total capital funds grew by 4% to ₱54.7 bn with the reduction in net unrealized fair value losses to ₱2.2 bn.

Food

AEV's non-listed food subsidiary, Pilmico Foods Corporation (Pilmico), posted a 23% YoY increase in its first quarter income contribution in 2015, from ₱338.6 mn to ₱415.7 mn. The growth was propelled by the remarkable performance of Feeds Philippines whose NIAT went up by 70% from ₱86 mn to ₱146 mn and the ₱32 mn contribution of Feeds Vietnam. The NIAT gains in the Feeds business were still able to boost first quarter of Food Group's NIAT by 23% despite the decline in Farms and Flour's contribution to the bottomline. Flour's earnings weakened by ₱7 mn to ₱178 mn. This was attributed to the drop in GP/bag from ₱174 to ₱149 with the increase in imported raw materials, particularly, wheat. On the other hand, Farms NIAT fell by 11% to ₱60 mn on account of lower market prevailing selling price and oversupply of hogs.

Real Estate

AEV's property SBU, Aboitiz Land, Inc. (AboitizLand), registered YoY a decline of 34% in its net income contribution for the quarter from ₱121.1 mn to ₱80.3 mn.

Having sold the power business in the second quarter of 2014, total revenue for the first quarter in 2015 showed a dip of 13%. Excluding Lima Enerzone Corporation's revenue contribution, AboitizLand sees a 34% YoY growth backed by the progress across all business units. Majority of the growth is generated from the sale of industrial lots. Meanwhile, operating expenses were up by 44% YoY on account of higher manpower related costs. This is due to the ongoing organizational expansion of AboitizLand as it gears up for upcoming projects that it plans to launch as part of its growth strategy.

To implement AboitizLand's strategies for growth while pursuing the completion of its projects, capex amounting to ₱4.9 bn was earmarked for the year, of which ₱0.5 bn was already spent in the first quarter for project development and strategic land acquisition. More capital expenditures will be disbursed this year to help sustain the company's growth trajectory over the coming years.

Financial Condition

As of March 31, 2015, the Company's consolidated assets amounted to ₱290.2 bn, 3% higher than the year-end 2014 level. Cash and cash equivalents was at ₱55.8 bn, 11% higher than the year-end 2014 level of ₱50.5 bn. Consolidated liabilities amounted to ₱155.9 bn while Equity Attributable to Equity Holders of the Parent decreased by 1% to

₱106.7 bn. Current ratio as of March 31, 2015 was at 2.2x (versus year-end 2014's 2.8x), while the net debt-to-equity ratio was at 0.5x (versus year-end 2014'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 8, 2015