

May 3, 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 : **MR. JOSE VALERIANO B. ZUÑO III**
OIC - 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. ERIKA GRACE C. ALULOD**
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. May 3, 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 (December 31, 2017)</u> | <u>₱262,013,440,585.00</u> |
11. Indicate the item numbers reported herein: 9

Item 9: Other Matters

Aboitiz Equity Ventures, Inc. (AEV or the "Company") recorded a consolidated net income for the first quarter of 2017 of ₱4.8 billion (bn), 3% higher than the ₱4.7 bn recorded for the same period last year. The Company recognized non-recurring losses of ₱424 million mn, versus last year's losses of ₱442 mn, representing net unrealized foreign exchange losses recognized on the restatement of consolidated dollar-denominated debts and money market placements. Without these one-off losses, the Company's core net income for the quarter was 3% higher year-on-year (YoY), increasing from ₱5.1 bn to ₱5.2 bn. AEV also recorded an increase of 9% YoY in its consolidated earnings before interest, tax, depreciation and amortization (EBITDA), from ₱12.7 bn to ₱13.9 bn.

Power accounted for 64% of the total income contributions from the Company's Strategic Business Units (SBUs) for the first quarter of the year, while the income contribution of the Financial Services, Food, Real Estate, and Infrastructure SBUs were at 30%, 6%, 1%, and -2%, respectively.

Strategic Business Units

Power

Aboitiz Power Corporation's (AboitizPower) net income contribution to AEV during the first quarter of 2018 decreased by 9% YoY, from ₱3.4 bn to ₱3.1 bn.

On a stand-alone basis, AboitizPower recorded a 4% YoY increase in its core net income for the first quarter of 2018, from ₱5.0 bn to ₱5.2 bn. It recognized unrealized foreign exchange losses of ₱1.2 bn during the period (versus last year's losses of ₱577 mn) on its dollar-denominated debts, triggered by the substantial weakening of the peso. Taking into account these one-off losses, AboitizPower's first quarter net income for 2018 was ₱4.0 bn, 9% lower YoY.

The generation and retail electricity supply business accounted for 79% of the income contribution from AboitizPower's business segments, recording a first quarter income share of ₱3.8 bn for 2018, 7% lower compared to the same period last year. When adjusted for non-recurring items, the generation business registered a 2% YoY increase in its first quarter core net income to ₱4.0 bn. Its first quarter consolidated EBITDA was also higher by 12% at ₱10.1 bn, attributable to higher EBITDA from the addition of Pagbilao Energy Corporation (PEC), higher availability of GN Power-Mariveles Coal Plant Ltd. Co., and higher contracting levels at our retail electricity suppliers despite the lower hydrology experienced by the Company's hydro units.

For the first quarter, AboitizPower's capacity sold increased by 22% YoY, from 2,630 megawatts (MW) to 3,215 MW. This was primarily driven by the new capacity of PEC and an increase in the number of contracts in place compared to the same period last year.

The distribution business' income share for the first quarter of 2018 increased by 9% YoY, to ₱992 mn, and accounted for 21% of AboitizPower's income contribution. The power distribution group's attributable sales for this period totaled 1,298 gigawatt-hours, a 7% increase from the same period in 2017.

Banking & Financial Services

Union Bank of the Philippines' (UnionBank or the "Bank") first quarter income contribution to AEV increased by 32% YoY, from ₱1.1 bn to ₱1.4 bn.

On a stand-alone basis, UnionBank and its subsidiaries recorded a net income of ₱2.9 bn for the first quarter of 2018, an increase of 33% compared to the ₱2.2 bn earned during the same period in the previous year. This resulted from the robust YoY net revenue growth of 22% to ₱6.9 bn.

Overall, the earnings performance of the Bank translated to a Return on Equity and Return on Assets of 15.9% and 2.0%, respectively. UnionBank also maintained its focus on effectively managing costs and, as a result, posted an above-industry cost-to-income ratio of 50.6%.

As of end-March 2018, UnionBank's total resources rose by 17% to ₱608.4 bn from ₱518.7 bn as of the end of the previous year. Total loans and other receivables expanded by 16% to ₱293.1 bn by the end of the first quarter of 2018. The Bank's loan portfolio remained well-diversified, with consumer loans accounting for more than one-third of total loans. Deposit liabilities likewise recorded a 9% growth from end of last year to ₱439.6 bn.

As of end-March 2018, UnionBank's capitalization remained healthy, with a total capital adequacy ratio of 14.2% and Common Equity Tier 1 ratio of 12.0%.

Food

AEV's non-listed food subsidiaries (Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation and Pilmico International Pte. Ltd.) reported a net income of ₱264 mn for the first quarter of 2018, 10% lower than 2017's ₱292 mn.

Feeds Philippines and Flour reported a drop in net income contributions during the first quarter of 2018, largely driven by the higher cost of raw materials and operating expenses. Feeds Philippines' bottomline weakened by 40% in the first quarter of 2018 to ₱67 mn due to the rise in raw materials cost, as well as the change in sales mix dragged by low-margin lines. Flour's net income plunged 73% YoY to ₱24 mn for the first quarter of 2018 due to the higher market price of wheat which was further aggravated by the weaker peso. Farms' first quarter net income increased 58% YoY to ₱127 mn on the back of sustained high selling prices, largely driven by low market supply due to diseases prevalent in the backyard segment, and was boosted by higher sales volumes on the back of Pilmico's continued farm expansion. Meanwhile, Pilmico International's income declined by 45% during the first quarter of 2018 to ₱4 mn due higher start-up costs relating to the acquisition in late 2017 of an animal feedmill in Vietnam.

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 a net income of ₱59 mn for the first quarter of 2018 - a decrease of 18% from the same period in 2017. The significant decrease was due to increased borrowing expenses to fund project development.

Net Operating Profit for the first quarter of 2018 was up 5% from the same period in 2017. This was primarily attributable to higher profit and revenue contributions from the industrial business unit, which recognized twice as many hectares sold compared to the previous year. Additionally, construction progress in existing residential developments and healthy occupancy levels from the commercial assets also contributed to AboitizLand's performance for the period.

Of AboitizLand's ₱740 mn revenue in the first quarter of 2018, the residential business unit contributed 40% (₱296 mn), the industrial business unit 55% (₱406 mn), the commercial business unit and others 5% (₱38 mn). For the first quarter of 2018, residential sales totaled ₱620 mn – an increase of 5% from the previous year – driven primarily by House and Lot products such as *Seafront Residences (Luzon)* and *Amoa (Cebu)*.

Infrastructure

From the infrastructure group, Republic Cement and Building Materials, Inc.'s income contribution to AEV decreased 140% YoY from ₱202 mn in net income in the first quarter of 2017 to a net loss of ₱82 mn for the same period in 2018. This was mainly due to energy input costs, which were higher compared to the costs during the same period last year.

Financial Condition

As of March 31, 2018, the Company's consolidated assets amounted to ₱505.3 bn, reflecting a 3% increase as compared to the year-end 2017 level of ₱492.2 bn. Cash and cash equivalents stood at ₱71.6 bn, 10% higher than the year-end 2017 level of ₱64.9 bn. Consolidated liabilities amounted to ₱316.2 bn, a 6% increase compared to the year-end 2017 level of ₱299.7 bn, while Equity Attributable to Equity Holders of

the Parent decreased by 2% to ₱153.5 bn. The Company's current ratio as of March 31, 2018 stood at 1.6x, while net debt-to-equity ratio was at 1.0x (compared to year-end 2017's 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: May 3, 2018