



November 4, 2022

via electronic mail

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 : **MS. ALEXANDRA D. TOM WONG**
Office-in-Charge, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services
Group 29th Floor BDO Equitable
Tower 8751 Paseo de Roxas,
Makati City

ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head - Issuer Compliance and Disclosures Department

Gentlemen:

Please see attached the SEC Form 17-C (Current Report) on the third quarter 2022 financial and operating results 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:


SAMMY DAVE A. SANTOS
Assistant Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8886-2338

Company Telephone Number

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Month Day

Fiscal Year

1	7	-	C	
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FORM TYPE

4th Monday of April

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Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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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. **November 4, 2022**
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**
Province, country or other jurisdiction of incorporation
6. 
Industry Classification Code

7. **32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines** **1634**
Address of principal office Postal Code

8. **(02) 8886-2800**
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>5,630,225,457</u>
<u>Amount of Debt Outstanding (June 30, 2022)</u>	<u>₱343,018,259,000.00</u>

11. Indicate the item numbers reported herein: 9

Item 9: Other Matters

Aboitiz Equity Ventures Inc. ("AEV" or "the Company") recorded consolidated net income of ₱9.6 billion (bn) for the third quarter of 2022, a 57% increase from the ₱6.1 bn reported during the corresponding period in 2021. The Company recognized non-recurring gains of ₱2.6 bn during the period, primarily due to foreign exchange gains from the revaluation of US dollar cash and liquid financial instruments, compared to the ₱252 million (mn) in non-recurring gains for the corresponding period in 2021. Without these one-off gains, the Company's core net income for the third quarter of 2022 was ₱7.0 bn, a 20% increase year-on-year (YoY). For the relevant period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱21.3 bn, which was 27% higher YoY.

On a year to date (YTD) basis, AEV's net income for the first nine months of 2022 was ₱21.4 bn, 9% higher than the ₱19.5 bn recorded during the same period in 2021. The Company recognized non-recurring gains of ₱5.3 bn, primarily due to foreign exchange gains from the revaluation of US dollar cash and liquid financial instruments, compared to the ₱83 mn in non-recurring gains recorded during the same period in 2021. Without these one-off gains, AEV's core net income for the first nine months of 2022 was ₱16.1 bn, a 17% decrease YoY. AEV recorded consolidated EBITDA of ₱54.0 bn during the first nine months of 2022, 9% higher than the ₱49.5 bn recorded in the same period in 2021.

As part of its transformation strategy, AEV entered into a strategic partnership with JERA Asia Private Limited ("JERA"). This resulted in a reduced ownership in Aboitiz Power Corporation ("AboitizPower") from 77% to 52% effective end of 2021, and lower share in earnings reflected in the results for the first nine months of 2022. If AEV retained the same ownership of AboitizPower and removed the extraordinary trading gains realized by Union Bank of the Philippines ("UnionBank", or the "Bank") in 2021, AEV's normalized core net income for the first nine months of 2022 would have been higher by 35% compared to the same period in 2021.

Power accounted for 58% of the total income contributions from AEV's Strategic Business Units (SBU) during the first nine months of 2022, while Financial Services accounted for 29%. Income contributions from Real Estate, Infrastructure, and Food SBUs were at 10%, 1%, and 1%, respectively.

"As we move closer toward wrapping up a transformative year for the Aboitiz Group, our transition into the Philippines' first techglomerate has much to show for, not just in the latest figures of our financial performance, but more importantly in the significant cultural transformation currently taking place among our team members and the ways they work together. We will continue to invest substantially and strategically in innovation, but it has always been our investment in people that have yielded the most returns," said Aboitiz Group President and CEO Sabin M. Aboitiz.

Strategic Business Units

Power

AboitizPower's income contribution to AEV for the first nine months of 2022 amounted to ₱10.1 bn, 16% lower than the ₱12.1 bn recorded in the first nine months of 2021. As discussed above, this was primarily due to AEV's reduced ownership of AboitizPower from its strategic partnership with JERA.

On a stand-alone basis, AboitizPower's net income for the first nine months of 2022, was ₱19.5 bn, 24% higher than the ₱15.7 bn recorded in the same period in 2021. Largely due to the appreciation of the US Dollars, AboitizPower recognized non-recurring gains of ₱1.2 bn during the period compared to the ₱36 mn in non-recurring losses recorded during the same period in 2021. Without these one-off gains, AboitizPower's core net income for the first nine months of 2022 was ₱18.3 bn, 17% higher than the ₱15.7 bn recorded in the same period in 2021. If AboitizPower excluded the impact of Typhoon Odette, liquidated damages and business interruption claims recognized last year, the first nine months of 2022 would have resulted in a 33% gain in core net income and a 42% gain in consolidated net income compared to the same period in 2021. This was primarily due to fresh contributions from GNPower Dinginin (GNPD) Units 1 and 2, higher availability of the

GN Power Mariveles Energy Center Ltd. Co. (GMEC) facility, higher water inflows and gains from commodity hedges. In the midst of rising commodity prices and Peso devaluation, AboitizPower, as a result of good planning and forecasting, was able to manage its fuel costs, honor its fixed priced contracts and protect its customers. AboitizPower was completely hedged on its fixed priced contracts which protected it in the midst of the coal price increase. AboitizPower had a comprehensive hedging program for commodity and currency as early as 2018.

For the first nine months of 2022, the income contribution from the generation and retail electricity supply businesses, which accounted for 89% of total income contribution from AboitizPower's business segments, totaled ₱20.3 bn, 25% higher YoY. Consolidated EBITDA for the generation and retail electricity supply business was ₱39.0 bn during the first nine months of 2022, 21% higher than the ₱32.3 bn recorded during the corresponding period in 2021. As discussed above, this was primarily due to fresh contributions from GNPD Units 1 and 2, higher availability of the GMEC facility, higher water inflow and gains from commodity hedges. Capacity sold in the first nine months of 2022 increased by 8% to 3,940 megawatts (MW), compared to 3,663 MW for the same period in 2021. Energy sold increased by 19% to 21,892 gigawatt-hours (GWh) for the first nine months of 2022, compared to 18,442 GWh for the corresponding period in 2021.

AboitizPower's distribution business recorded an income share of ₱2.4 bn for the first nine months of 2022, a 26% decrease YoY, which accounted for 11% of income contributions from AboitizPower's business segments. Consolidated EBITDA for the distribution business in the first nine months of 2022 was ₱4.8 bn, 22% lower YoY. This was driven by delayed pass through of higher generation charges. Energy sales increased by 2% to 4,294 GWh for the first nine months of 2022, compared to 4,197 GWh for the same period in 2021. Energy sales from the Residential customer segment decreased by 1% due to lower consumption because of Typhoon Odette and the cooler weather during the relevant period compared to the same period in 2021. Commercial and Industrial energy sales were higher by 4% due to recovering demand.

Banking & Financial Services

UnionBank's income contribution to AEV in the first nine months of 2022 amounted to ₱5.1 bn, 5% lower than the ₱5.4 bn recorded in the same period in 2021.

On a stand-alone basis, UnionBank and its subsidiaries recorded net income of ₱10.1 bn in the first nine months of 2022, 6% lower YoY. This was due to extraordinary trading gains recorded in the first half of 2021. Meanwhile, net revenues (excluding revenues from trading) grew to ₱36.0 bn in the first nine months of 2022, 37% higher YoY. Net interest income grew to ₱27.8 bn, 26% higher YoY, due to higher earning assets and sustained margins. Fees-based income grew to ₱5.1 bn, driven by customer fund transfers and card transactions, bancassurance fees, and forex income.

Loan loss provisions were recorded at ₱2.3 bn, 43% lower YoY and non-performing loans (NPL) ratio improved to 4.4% as of end-September 2022.

UnionBank's earnings performance for the first nine months of 2022 resulted in a return on average equity of 10.2%, a return on assets of 1.4%, and a cost-to-income ratio of 57.5%.

As of September 30, 2022, UnionBank's total assets amounted to ₱1.05 trillion, 27% higher than year-end 2021 level. Total loans and receivables are up 37% YoY to ₱449 bn, while total deposits are 32% higher at ₱681 bn.

Real Estate

AEV's non-listed real estate businesses, consisting of Aboitiz Land, Inc. ("AboitizLand") and its subsidiaries and Lima Land, Inc., reported a consolidated net income of ₱1.7 bn in the first nine months of 2022, 167% higher than the ₱646 mn recorded in the same period in 2021. AboitizLand contributed ₱3.8 bn in revenues for the first nine months of 2022, 30% higher than revenue contributions in the same period in 2021. The residential business segment had the largest contribution to overall revenue at 57% while the commercial and industrial segment contributed 43%. The residential business had a significant increase in its revenue contribution year-on-year due to increased house construction activity, significant site development completion and strong sales with spot cash payments.

Food

AEV's non-listed food subsidiaries' (Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, and Pilmico International Pte. Ltd. - which includes Gold Coin Management Holdings Pte. Ltd.) income contribution to AEV amounted to ₱260 mn in the first nine months of 2022, 83% lower than the ₱1.5 bn recorded in the same period in 2021. Despite rising input costs due to sharp increase in commodity prices (Soybean Meal, Wheat, etc.), the food group recorded an EBITDA of ₱4.2 bn, 14% higher YoY due to margin recoveries from its Agribusiness, Farms and Commodity Trading segments.

The Food and Nutrition segment, which consists of the flour, farms, meats, and trading divisions, recorded a net income of ₱103 mn in the first nine months of 2022, 85% lower YoY. The decrease was primarily due to lower taxes recognized for its farm division in the same period last year from tax adjustments pertaining to its 2020 Income Tax Holiday incentives, the Flour division's weaker margins and higher foreign exchange losses due to the depreciation of the Peso impacting its US Dollar denominated payables from raw material purchases.

The Agribusiness segment, which consists of the regional animal nutrition businesses (feed, petfood, and specialty nutrition), reported a net loss of ₱78 mn in the first nine months of 2022, 108% lower YoY. The decrease was due to the recognition of unrealized foreign exchange losses from the devaluation of the Sri Lankan Rupee and goodwill impairment of its Sri Lanka and Thailand operations. Excluding the one-off events from the Thailand and Sri Lankan operations and the foreign exchange losses from the deprecation of the Peso, the food group would have recorded a net income of ₱1.7 bn, which would have been flat YoY.

Infrastructure

For the Infrastructure group, Republic Cement & Building Materials, Inc.'s ("Republic Cement") income contribution to AEV in the first nine months of 2022 amounted to ₱48 mn, 97% lower than the ₱1.4 bn income recorded in the first nine months of 2021. This was due to lower market demand for cement due to pre-election construction ban and post-election transition, global commodity price increase of

steel, other construction materials and higher input costs of fuel and electricity. Republic Cement also benefited in 2021 from a one-time gain brought about by the CREATE bill which reduced its deferred tax liabilities.

Financial Condition

As of September 30, 2022, the Company's consolidated assets totaled ₱762.5 bn, a 4% increase from end-2021's ₱733.6 bn. Cash and cash equivalents stood at ₱62.9 bn, 57% lower than the ₱147.5 bn as of end-2021. Consolidated liabilities totaled ₱411.6 bn, a 1% increase from the year-end 2021 level of ₱405.8 bn, while equity attributable to equity holders of the parent increased by 5% to ₱255.8 bn. AEV's current ratio as of September 30, 2022 stood at 2.0x while its net debt-to-equity ratio was 0.7x.

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:


Sammy Dave A. Santos
Assistant Corporate Secretary

Date: November 4, 2022