



April 27, 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 first 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

x

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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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. **April 27, 2022**
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. **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) 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 (December 31, 2021)</u> | <u>₱341,350,295,000.00</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 ₱3.9 billion (bn) for the first quarter of 2022, a 54% decrease from the ₱8.6 bn reported during the corresponding period in 2021. The Company recognized non-recurring gains of ₱766 million (mn) during the period, primarily due to foreign exchange gains from the revaluation of dollar-denominated assets, compared to the ₱211 mn in non-recurring losses for the corresponding period in 2021. Without these one-off gains, the Company's core net income for the first quarter of 2022 was ₱3.2 bn, a 64% decrease year-on-year (YoY). For the relevant period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱13.0 bn, which was 28% lower YoY.

Excluding extraordinary items such as liquidated damages, business interruption claims, Typhoon Odette, advanced outage, as well as extraordinary trading gains, net income for the first quarter of 2022 would have been lower by 4% compared to the same period in 2021. In addition, as part of its transformation strategy, AEV's ownership (and therefore share in earnings) in AboitizPower declined from 77% to 52% effective end of 2021, as a result of its strategic partnership with JERA, and this was reflected in the results for the first three months of 2022.

Power accounted for 41% of the total income contributions from AEV's Strategic Business Units (SBU) in the first quarter of 2022, while Financial Services accounted for 36%. Income contributions from Food, Real Estate, and Infrastructure SBUs were at 14%, 4%, and 4%, respectively.

"2022 started with a strong sense of optimism coming out of the pandemic with the reopening of borders, resumption of travel, and reduction of cases through vaccination—all resulting in economic recovery in the first quarter. As new global disruptions emerge with the continuing conflict in Ukraine, we are prepared to deal with uncertainties through our agile and resilient mechanisms and mindsets that were deeply embedded in our organization long before the pandemic. As always, these highly effective defense mechanisms are driven for and by our people first, and will be further enhanced at an unprecedented scale and speed by our Great Transformation into a conglomerate that operates with the sensibility of a startup, using innovation, technology, and fast-forward thinking to turn disruption into opportunity," said Sabin M. Aboitiz, Aboitiz Group President and CEO.

Strategic Business Units

Power

Aboitiz Power Corporation's ("AboitizPower") income contribution to AEV for the first quarter of 2022 amounted to ₱1.5 bn, 69% lower than the ₱4.9 bn recorded in the first quarter of 2021.

On a stand-alone basis, AboitizPower's net income for the first quarter of 2022 was ₱2.9 bn, 53% lower than the ₱6.2 bn recorded in the corresponding period in 2021. AboitizPower recognized non-recurring losses of ₱22 mn during the period, primarily due to the revaluation of dollar-denominated liabilities, compared to the non-recurring losses of ₱29 mn in the same period in 2021. Without these one-off gains, AboitizPower's core net income for the first quarter of 2022 was ₱2.9 bn, 53% lower than the ₱6.2 bn recorded in the same period in 2021. This was primarily because AboitizPower's core net income for the same period in 2021 included liquidated damages (LD) for the delay in the construction of GNPD and business interruption (BI) claims for the GNPower Mariveles Energy Center Ltd. Co. (GMEC) plant outages. AboitizPower was also hit during the first quarter of 2022 with outages related to Typhoon Odette and had to advance planned outages in anticipation of the country's 2022 national elections. If AboitizPower excludes the impact of LD and BI claims, Typhoon Odette and the advanced planned outages, the first quarter of 2022 would have resulted in only a 4% decline in consolidated net income compared to the same period in 2021.

For the first quarter of 2022, the income contribution from the generation and retail electricity supply businesses, which accounted for 81% of total income contribution from AboitizPower's business segments, totaled ₱3.2 bn, 47% lower YoY.

Consolidated EBITDA for the generation and retail electricity supply business recorded in the first quarter of 2022 was ₱8.8 bn, a 26% decrease YoY. As discussed above, this was primarily due to recognition during the same period last year of the LDs for the delay in the construction of GNPD and BI claims for GMEC's outages.

Capacity sold for the first quarter of 2022 increased by 1% to 3,534 megawatts (MW), compared to 3,558 MW in the same period last year. Energy sold decreased by 1% to 6,055 gigawatt-hours (GWh) for the first quarter of 2022, compared to 6,130 GWh in the same period last year.

AboitizPower's distribution business recorded an income share of ₱742 mn for the first quarter of 2022, a 32% decrease YoY, which accounted for 19% of income contributions from AboitizPower's business segments. Consolidated EBITDA for the distribution business in the first quarter of 2022 was ₱1.3 bn, 39% lower YoY. Energy sales slightly decreased by 1% to 1,298 GWh for the first quarter of 2022, compared to 1,308 GWh for the same period in 2021. Energy sales from the Residential customer segment decreased due to lower consumption caused by a combination of Typhoon Odette and cooler weather.

Banking & Financial Services

Union Bank of the Philippines' ("UnionBank" or "the Bank") income contribution to AEV in the first quarter of 2022 amounted to ₱1.3 bn, 44% lower than the ₱2.4 bn recorded in the first quarter of 2021.

On a stand-alone basis, UnionBank and its subsidiaries recorded net income of ₱2.6 bn in the first quarter of 2022, 45% lower YoY. This was due to extraordinary trading gains recorded in the first quarter of 2021. Meanwhile, recurring income grew to 9.4 bn in the first quarter of 2022, 21% higher YoY due to higher net interest income and fee income. Net interest income grew to ₱8.1 bn, 12% higher YoY, due to higher yields in earning assets, coupled by lower cost of funds from the expansion of our Current Account and Savings Account (CASA) deposits. Fee income, on the other hand, grew on the back of higher InstaPay and interchange fees.

Loan loss provisions were recorded at ₱504.5 mn, 78% lower YoY and non-performing loans (NPL) ratio remained stable at 5.2% as of end March 31 2022.

UnionBank's earnings performance for the first quarter of 2022 resulted in a return on equity of 9%, a return on assets of 1.2%, and a revenue-to-expense ratio of 1.7x.

As of March 31, 2022, UnionBank's total assets amounted to ₱844.4 bn, 13% higher YoY. Total loans and receivables were up 2% YoY to ₱351.8 bn. Total CASA deposits, on other hand, sustained its record YoY growth of 28% to ₱356.5bn.

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 ₱502 mn in the first quarter of 2022, 31% lower than the ₱724 mn recorded in the same period in 2021.

The Agribusiness segment, which consists of the regional animal nutrition businesses

(feed, petfood, and specialty nutrition), reported net income of ₱211 mn in the first quarter of 2022, 37% lower than the ₱334 mn recorded in the same period in 2021. The decrease was due to the recognition of unrealized foreign exchange losses from the devaluation of the Sri Lankan Rupee.

The Food and Nutrition segment, which consists of the flour, farms, meats, and trading divisions, recorded net income of ₱250 mn in the first quarter of 2022, 35% lower YoY. The decrease was due to (i) lower taxes recognized for its farm division in the same period last year from tax adjustments pertaining to its 2020 Income Tax Holiday incentives, and (ii) weaker margins from its flour division driven by the sharp increase in wheat costs. These offset the farm division's strong gross profit performance from a surge in its sales volume during the first quarter of 2022.

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 ₱390 mn in the first quarter of 2022, 48% higher than the ₱264 mn recorded in the same period in 2021.

AboitizLand contributed ₱1.3 bn in revenues for the first quarter of 2022, 86% higher than revenue contributions in the same period in 2021.

Infrastructure

For the Infrastructure group, Republic Cement & Building Materials, Inc.'s income contribution to AEV in the first quarter of 2022 amounted to a loss of ₱18 mn compared to ₱874 mn income recorded in the first quarter of 2021. This was primarily due to lower market demand for cement due to the increase in prices of steel and other construction materials. 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 March 31, 2022, the Company's consolidated assets totaled ₱730.6 bn, a 0.4% decrease from end-2021's ₱733.6 bn. Cash and cash equivalents stood at ₱107.5 bn, 27% lower than the ₱147.5 bn as of end-2021. Consolidated liabilities totaled ₱404.9 bn, a 0.2% decrease from the year-end 2021 level of ₱405.8 bn, while equity attributable to equity holders of the parent decreased by 1% to ₱243.1 bn. AEV's current ratio as of March 31, 2022 stood at 2.2x while its net debt-to-equity ratio was 0.6x.

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: April 27, 2022