



July 29, 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, 28<sup>th</sup> Street, cor. 5<sup>th</sup> 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 29<sup>th</sup> 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 second 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
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Contact Person

(02) 8886-2338
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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

4 <sup>th</sup> Monday of April				
0	4		2	5

Month Day

Annual Meeting

N/A
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Secondary License Type, if Applicable

SEC
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Dept. Requiring this Doc

N/A
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Amended Articles Number/Section

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Total No. of Stockholders

x
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Domestic

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Foreign

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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. July 29, 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  
Province, country or other jurisdiction  
of incorporation
6.   
Industry Classification Code
7. 32<sup>nd</sup> 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<br>Outstanding and Amount of Debt Outstanding |
|--|--|
| <u>Common Stock ₱1 Par Value</u>                   | <u>5,630,225,457</u>   |
| <u>Amount of Debt Outstanding (March 31, 2022)</u> | <u>₱335,269,206,000.00</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 ₱7.9 billion (bn) for the second quarter of 2022, a 60% increase from the ₱4.9 bn reported during the corresponding period in 2021. The Company recognized non-recurring gains of ₱2.0 bn during the period, primarily due to foreign exchange gains from the revaluation of dollar-denominated assets, compared to the ₱49 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 second quarter of 2022 was ₱5.9 bn, a 21% increase year-on-year (YoY). For the relevant period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱19.8 bn, which was 38% higher YoY.

On a year to date (YTD) basis, AEV's net income for the first half of 2022 was ₱11.8 bn, 12% lower than the ₱13.5 bn recorded during the same period in 2021. The Company recognized non-recurring gains of ₱2.7 bn, primarily due to foreign exchange gains from the revaluation of dollar-denominated assets, compared to the ₱169 mn in non-recurring losses recorded during the same period in 2021. Without these one-off losses, AEV's core net income for the first half of 2022 was ₱9.1 bn, a 33% decrease YoY. AEV recorded consolidated EBITDA of ₱32.7 bn during the first half of 2022, relatively flat from the ₱32.8 bn recorded in the same period in 2021.

As part of its transformation strategy, AEV's ownership (and therefore share in earnings) in Aboitiz Power Corporation ("AboitizPower") declined from 77% to 52% effective end of 2021, as a result of its strategic partnership with JERA Asia Private Limited ("JERA"), and this was reflected in the results for the first half of 2022. If AEV retained the same ownership of AboitizPower and removed the extraordinary trading gains realized by Union Bank of the Philippines ("UnionBank") in 2021, core net income would have been higher by 19% compared to the same period in 2021.

Power accounted for 52% of the total income contributions from AEV's Strategic Business Units (SBU) during the first half of 2022, while Financial Services accounted for 31%. Income contributions from Real Estate, Infrastructure, and Food SBUs were at 12%, 4%, and 2%, respectively.

"We ended the first half of 2022 with our Great Transformation well underway, with a new Chief Transformation Officer leading a strong governance network of leaders overseeing our cultural, technological, operational, and ultimately financial transformations. From an investor's standpoint, our primary objective is to make sure these transformations produce a 'techglomerate premium' wherein the synergy between all the Group's components is strengthened to the point where the Group as a whole becomes much more valuable than the sum of its parts, such that in the overall outcome we become a top choice in our stakeholders' ecosystem," said Aboitiz Group President and CEO Sabin M. Aboitiz.

## **Strategic Business Units**

### *Power*

AboitizPower's income contribution to AEV for the first half of 2022 amounted to ₱5.2 bn, 34% lower than the ₱7.8 bn recorded in the first half of 2021.

On a stand-alone basis, AboitizPower's net income for the first half of 2022, was ₱10.0 bn, 2% lower than the ₱10.1 bn recorded in the same period of 2021. AboitizPower also recognized non-recurring gains of ₱792 million (mn) during the period, primarily due to gains on Therma Luzon Inc.'s hedge and the appreciation of US dollars versus the ₱5 mn in non-recurring gains recorded during the same period in 2021. Without these one-off gains, AboitizPower's core net income for the first half of 2022 was ₱9.2 bn, 9% lower than the ₱10.1 bn recorded in the same period of 2021. If AboitizPower excluded the impact of liquidated damages, business interruption claims, and Typhoon Odette, the first half of 2022 would have resulted in a 15% gain in core net income and a 23% gain in consolidated net income compared to the same period in 2021. This was primarily due to fresh contributions from GNPowr Dinginin (GNPD) Units 1 and 2, higher availability of the GN Power Mariveles Energy Center Ltd. Co. (GMEC) facility, timing windfall on the account of higher indices and higher water inflows.

For the first half of 2022, the income contribution from the generation and retail electricity supply businesses, which accounted for 87% of total income contribution from AboitizPower's business segments, totaled ₱10.7 bn, 6% higher YoY. Consolidated EBITDA for the generation and retail electricity supply business was ₱23.1 bn during the first half of 2022, 13% higher than the ₱20.5 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, timing windfall from higher indices, and higher water inflow. Capacity sold in the first half of 2022 increased by 5% to 3,785 megawatts (MW), compared to 3,600 MW for the same period in 2021. Energy sold increased by 17% to 13,762 gigawatt-hours (GWh) for the first half of 2022, compared to 11,790 GWh for the corresponding period in 2021.

AboitizPower's distribution business recorded an income share of ₱1.5 bn for the first half of 2022, a 34% decrease YoY, which accounted for 13% of income contributions from AboitizPower's business segments. Consolidated EBITDA for the distribution business in the first half of 2022 was ₱3.0 bn, 27% lower YoY. This was driven by delayed pass through of higher generation charges. Energy sales increased by 1% to 2,778 GWh for the first half of 2022, compared to 2,745 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. Commercial and Industrial energy sales were higher by 2% due to recovering demand.

#### *Banking & Financial Services*

UnionBank's (or "the Bank") income contribution to AEV in the first half of 2022 amounted to ₱3.1 bn, 26% lower than the ₱4.2 bn recorded in the first half of 2021.

On a stand-alone basis, UnionBank and its subsidiaries recorded net income of ₱6.0 bn in the first half of 2022, 27% lower YoY. This was due to extraordinary trading gains recorded in the first half of 2021. Meanwhile, net revenues (ex-trading) grew to ₱21.8 bn in the first half of 2022, 26% higher YoY. Net interest income grew to ₱17.0 bn, 15% higher YoY, due to higher earning assets and sustained margins. Fees and other income grew to ₱4.8 bn, on the other hand, on the back higher fees from digital transactions.

Loan loss provisions were recorded at ₱1.6 bn, 49% lower YoY and non-performing loans (NPL) ratio improved to 4.9% as of end June 30 2022.

UnionBank's earnings performance for the first half of 2022 resulted in a return on equity of 10.7%, a return on assets of 1.4%, and a cost-to-income ratio of 55.5%.

As of June 30, 2022, UnionBank's total assets amounted to ₱874.9 bn, 19% higher YoY. Total loans and receivables are up 13% to ₱381 bn, while total deposits are 12% higher at ₱555 bn.

#### *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 ₱194 mn

in the first half of 2022, 84% lower than the ₱1.2 bn recorded in the same period in 2021. Despite the commodity headwinds, the food group recorded an EBITDA of ₱3.1 bn, 23% 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 ₱166 mn in the first half of 2022, 71% 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 Philippine Peso against the US Dollar impacting its USD 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 ₱167 mn in the first half of 2022, 128% 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, the food group would have recorded a net income of ₱1.3 bn, 5% higher YoY.

#### *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 ₱1.2 bn in the first half of 2022, 212% higher than the ₱385 mn recorded in the same period in 2021. AboitizLand contributed ₱3.0 bn in revenues for the first half of 2022, 68% higher than revenue contributions in the same period in 2021. The residential business segment had the largest contribution to overall revenue at 52% while the commercial and industrial segment contributed 48%. The residential business had a significant increase in its revenue contribution year-on-year due to increased construction activity and significant positive site accomplishments in a number of projects.

#### *Infrastructure*

For the Infrastructure group, Republic Cement & Building Materials, Inc.'s income contribution to AEV in the first half of 2022 amounted to ₱177 mn, 87% lower than the ₱1.3 bn income recorded in the first half of 2021. This was primarily due to lower market demand for cement due to increases in the prices of steel and other construction materials, pre-election construction ban and post-election transition. 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 June 30, 2022, the Company's consolidated assets totaled ₱747.3 bn, a 2% increase from end-2021's ₱733.6 bn. Cash and cash equivalents stood at ₱74.0 bn, 50% lower than the ₱147.5 bn as of end-2021. Consolidated liabilities totaled ₱410.5 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 1% to ₱247.9 bn. AEV's current ratio as of June 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: July 29, 2022