Aboitiz Equity Ventures

First Nine Months of 2019

Financial & Operating Results

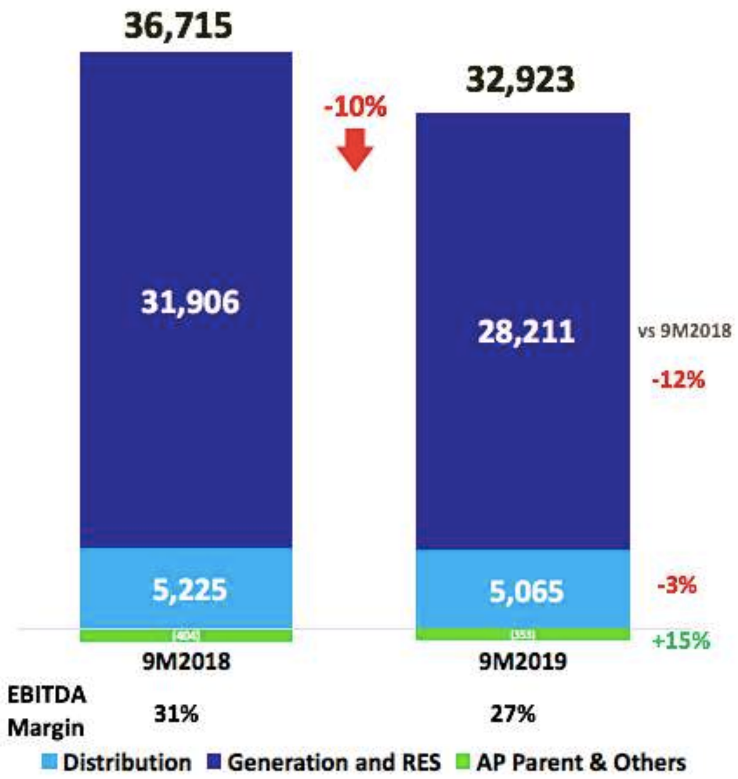
06 November 2019

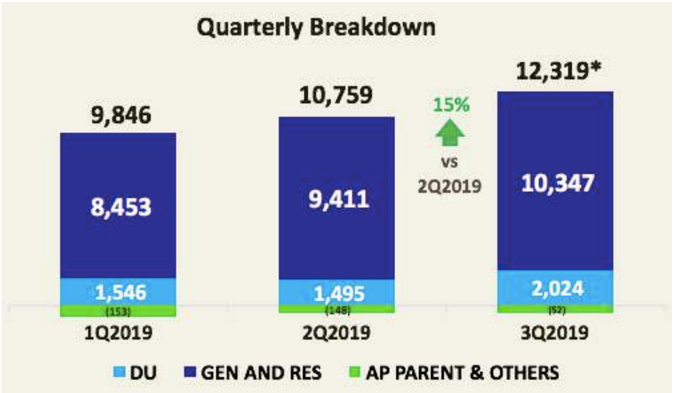
aboitiz

Review of Business Units

- Strategic Business Units
  - Power
  - Banking & Financial Services
  - Food
  - Infrastructure
  - Land
- AEV Financials
- Q & A

9M 2019 BENEFICIAL EBITDA





**-12% vs 3Q2018*

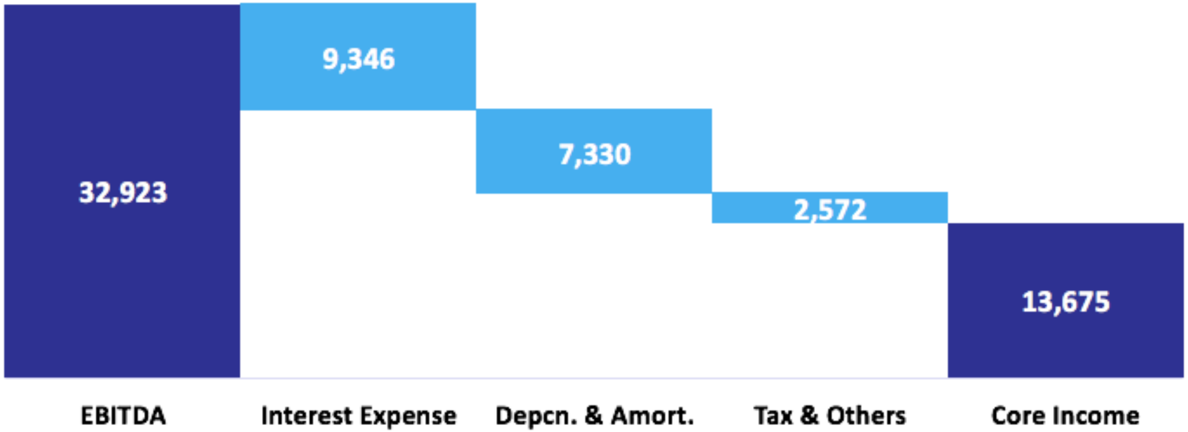
10% decline, mainly of which…

-6% due to higher purchased power cost

-2% due to lower availability from coal facility

-2% due to lower revenues from spot sales

9M 2019 Core Income



Php mn	9M2018	9M2019	Change
EBITDA	36,715	32,923	-10%
Less: Interest Expense	8,253	9,346	13%
Depcn. & Amort.	6,397	7,330	15%
Tax & Others	3,679	2,572	-30%
Core Income	18,386	13,675	-26%
EPS	*2.17*	*2.14*	

9M 2019 Net Income

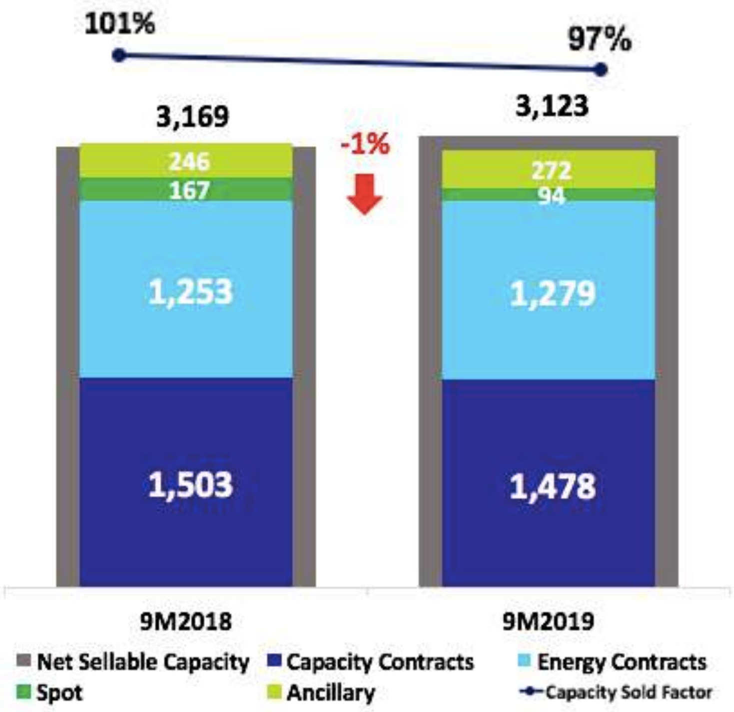
Php mn	9M2018	9M2019	Change
Core Income	18,386	13,675	**-26%**
Forex /gain (losses)	(1,714)	(220)	87%
Net Income	16,672	13,455	**-19%**
EPS	*2.27*	*1.83*	

Balance Sheet Highlights

(Php mn)	CONSOLIDATED	
	YE2018	**9M2019**
Cash and Cash Equivalents	46,343	**31,487**
Investments and advances	34,334	**62,014**
Total Assets	389,662	**404,785**
Total Liabilities	253,086	**275,386**
Total Equity	136,577	**129,399**
Total Interest Bearing Debt	216,499	**232,071**
Net Debt	167,513	**193,067**
Net Debt to Equity	1.2X	**1.5x**
Debt to Equity*	1.6X	**1.8x**

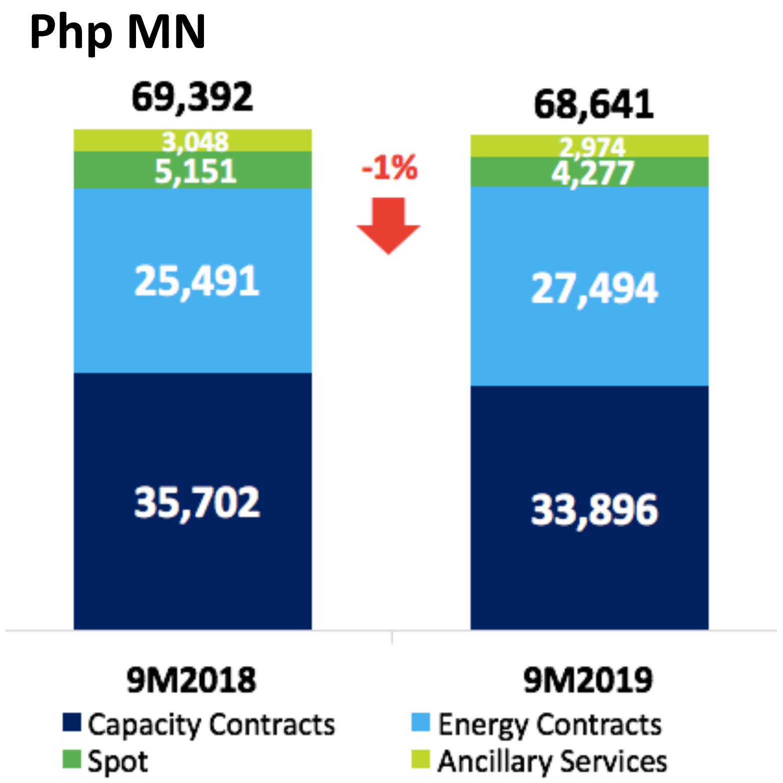
**Total Interest Bearing Debt / Total Equity*

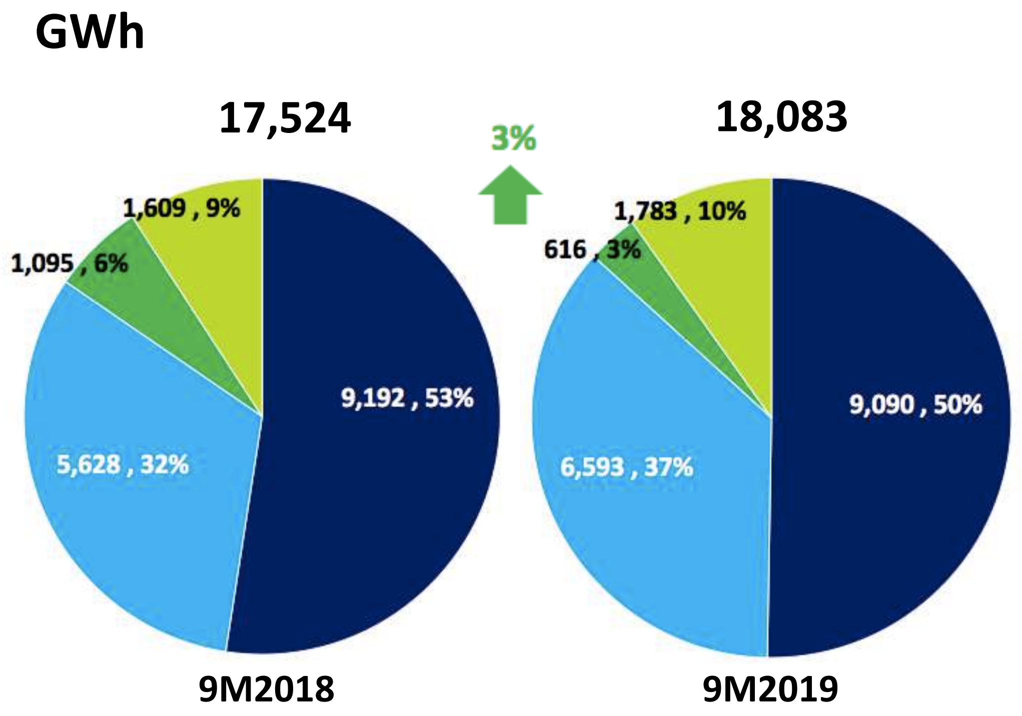
Operating Highlights: Capacity Sales and Capacity Sold Factor by Contract Type



Capacity Sales: Capacity Contracts (MW) + Energy Contracts (MW) + [(Spot (MWh) + Ancillary (MWh)]/Days_Year/Hours Day)
Capacity Sold Factor: Capacity Sales (MW) / Net Sellable Capacity (MW)

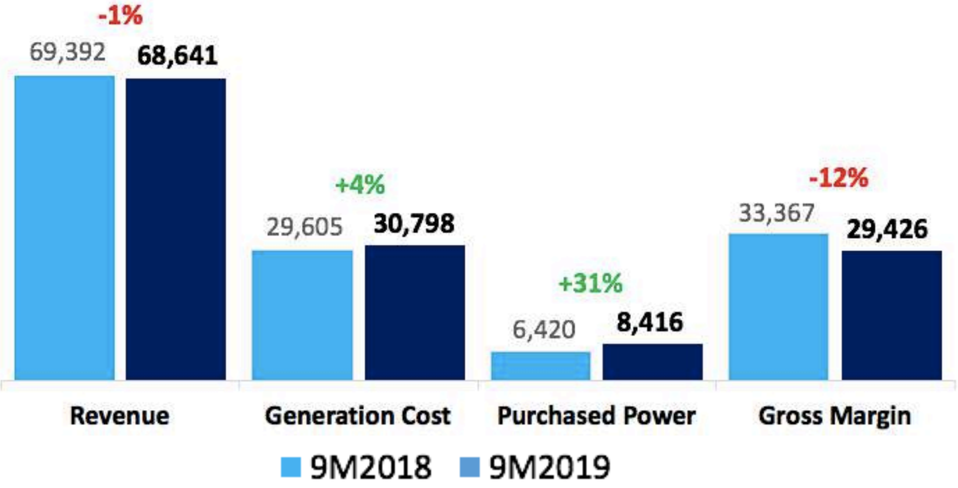
Operating Highlights: Revenue and Energy Sold



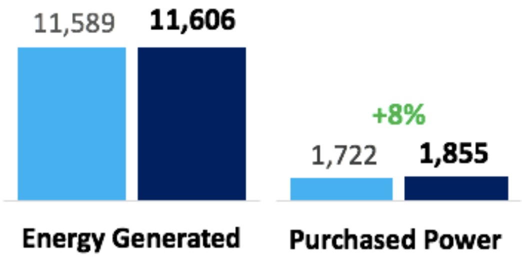


Operating Highlights: Gross Margin

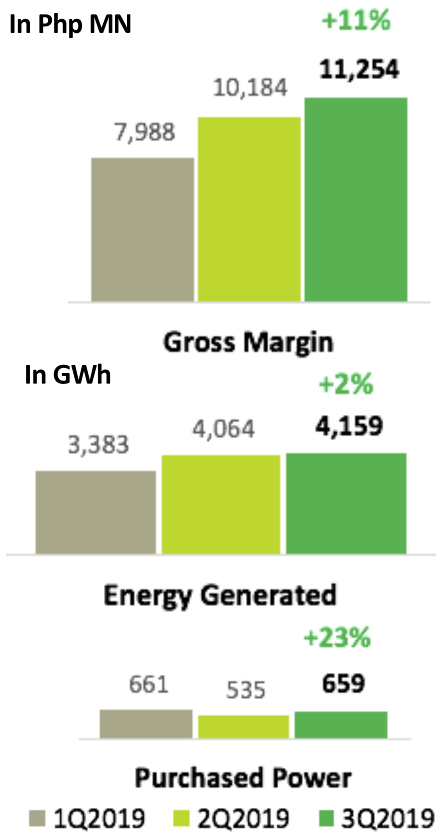
In Php MN



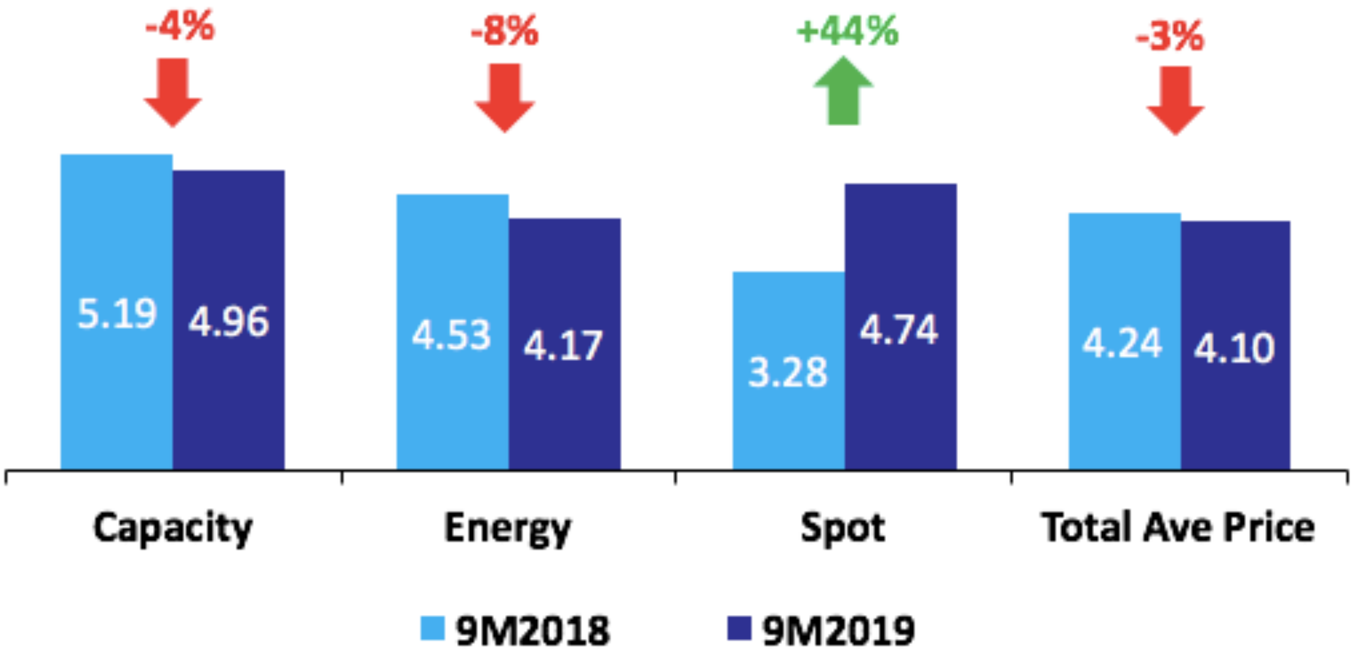
In GWh



Quarterly Breakdown

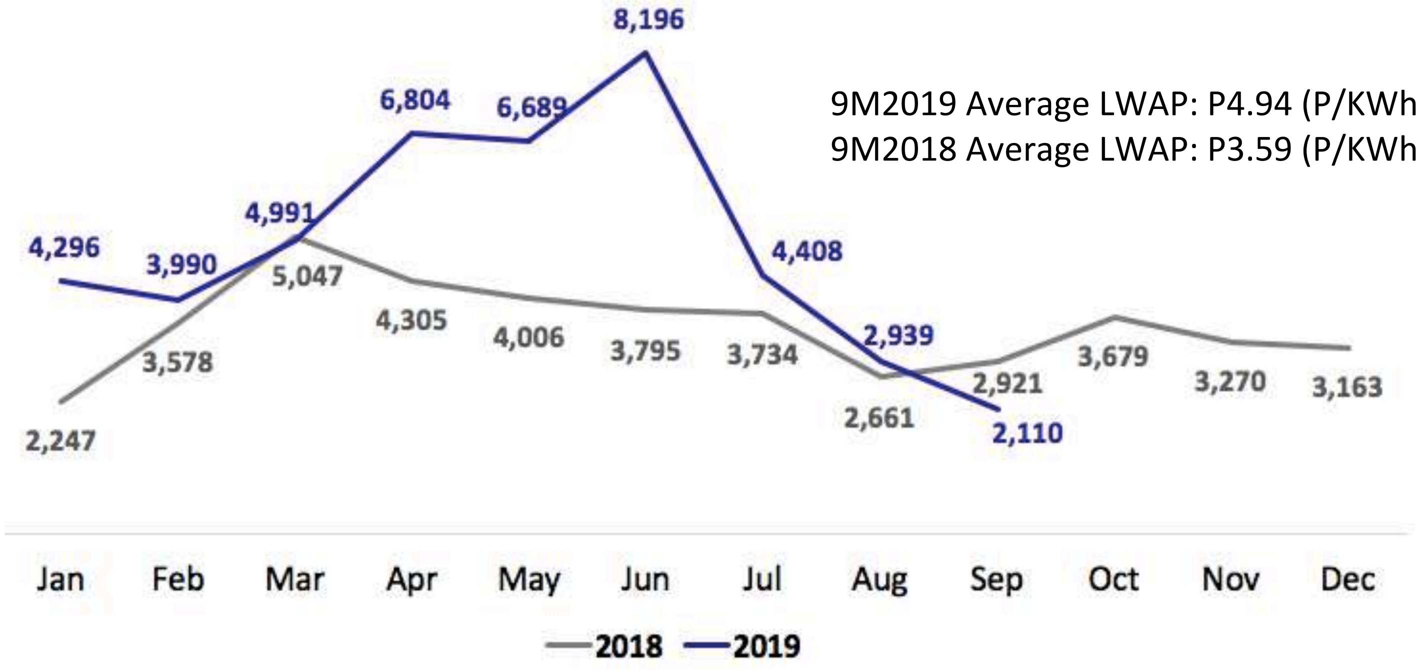


Operating Highlights: Average Selling Price (P/KWh)



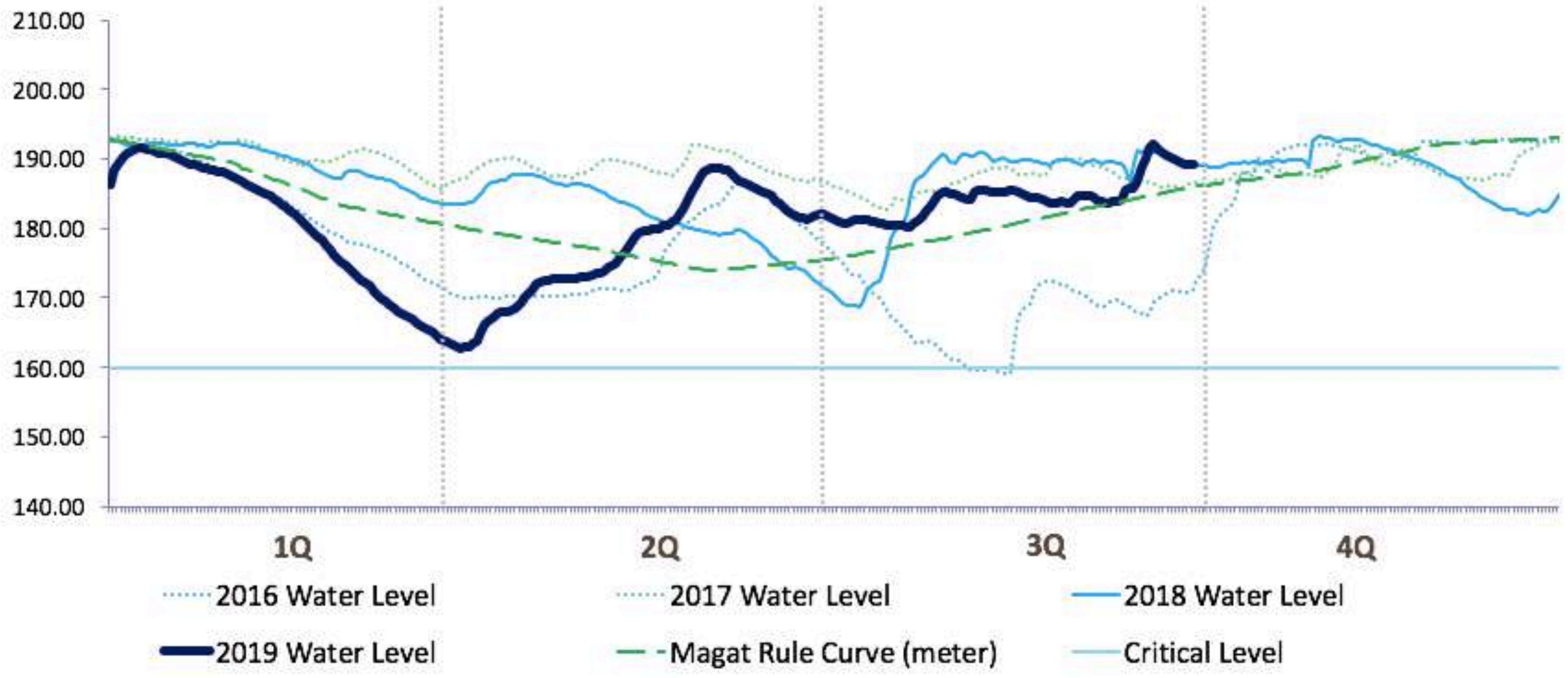
Operating Highlights: WESM

WESM LOAD WEIGHTED AVERAGE PRICES (P/MWh)



9M2019 Average LWAP: P4.94 (P/KWh)
9M2018 Average LWAP: P3.59 (P/KWh)

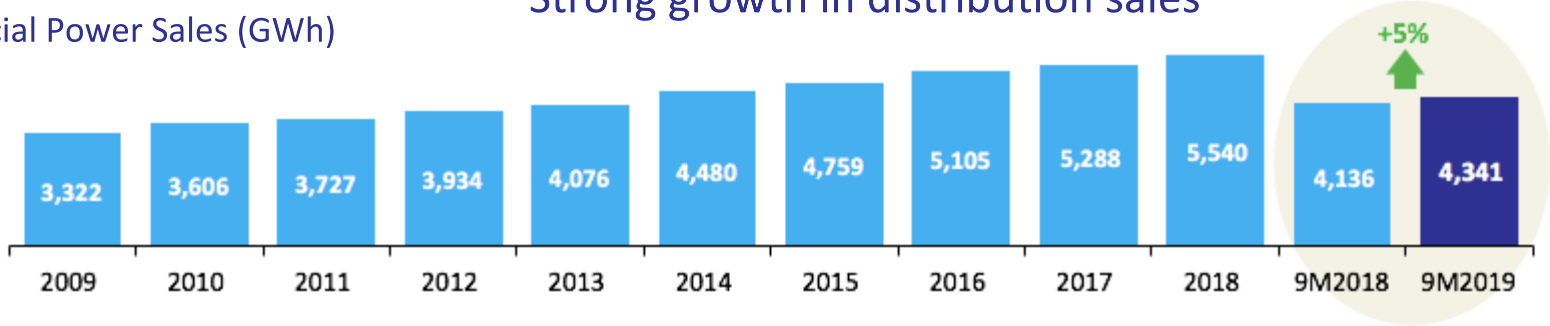
Operating Highlights: Water Level



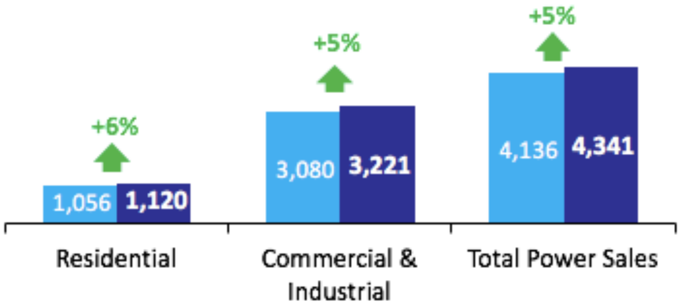
Operating Highlights: Distribution

Strong growth in distribution sales

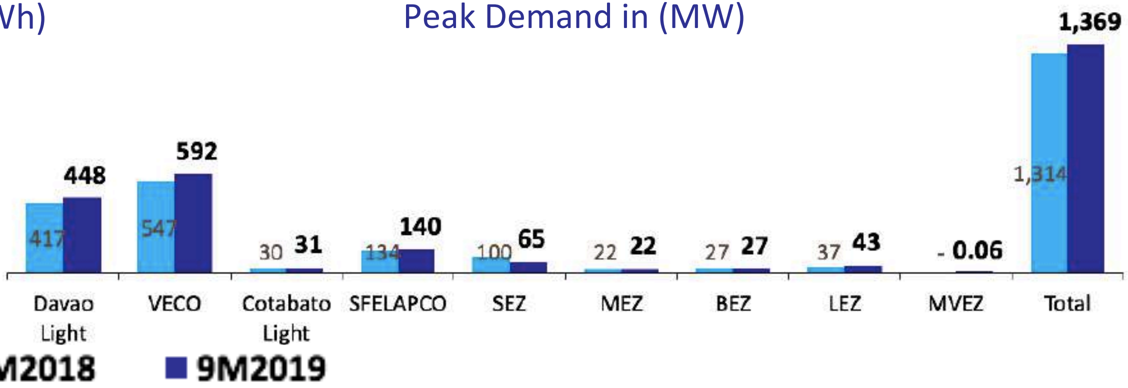
Beneficial Power Sales (GWh)



Beneficial Power Sales By Customer Type (GWh)

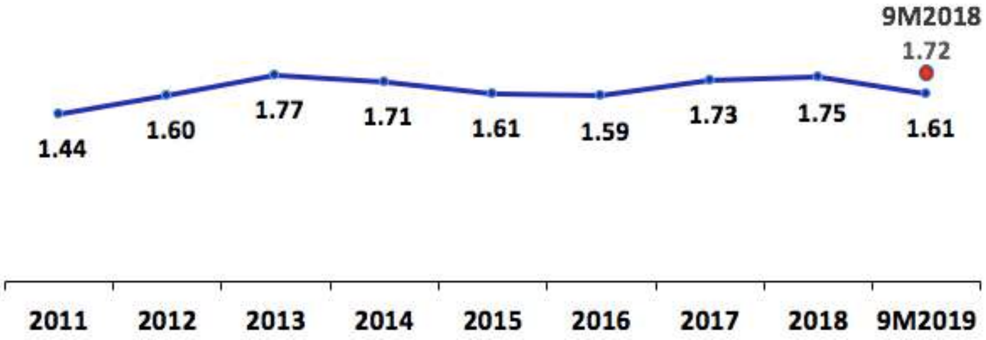


Peak Demand in (MW)

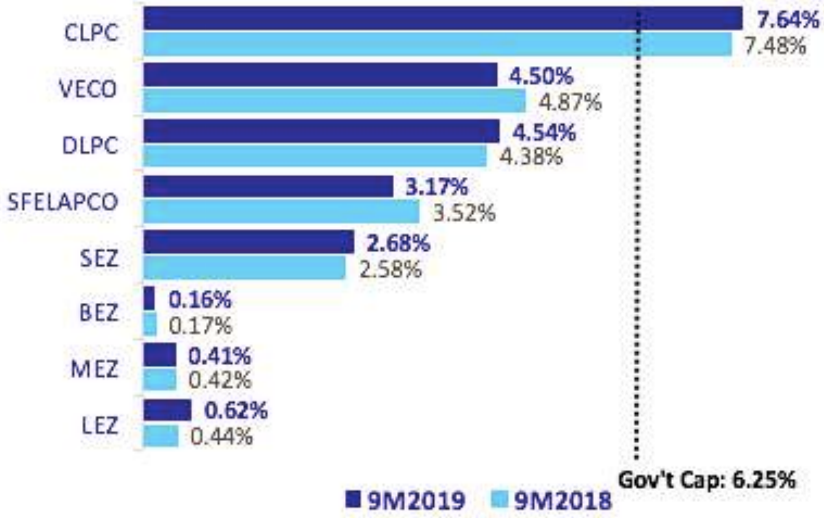


Operating Highlights: Distribution

Gross Margin / kWh



Feeder Loss



Project Update

Pipeline on track to reach our target of 4,000 MW by 2020

GRID	Project	Capacity (Net)	% Ownership	Attributable Net Capacity	Estimated Commercial Operation Date
LUZON	**Dinginin Unit 1** (Coal – GNPD)	668 MW	70%	468 MW	2020
	Dinginin Unit 2 (Coal – GNPD)	668 MW	70%	468 MW	2020
	Subic (Coal – RP Energy)	300 MW	25%	75 MW	
VISAYAS	**Cebu Unit 1** (Coal – Therma Visayas)	150 MW	80%	120 MW	On Commercial Operations
	Cebu Unit 2(Coal – Therma Visayas)	150 MW	80%	120 MW	On Commercial Operations
		1,936 MW		**1,250 MW**	

Project Update

Cebu - 300 MW of Coal Power (Therma Visayas)

Project Update

Dinginin - 2 x 668 MW of Coal Power (GN Power Dinginin)

Project Update

Mekong Wind – 39.4 MW

Review of Business Units

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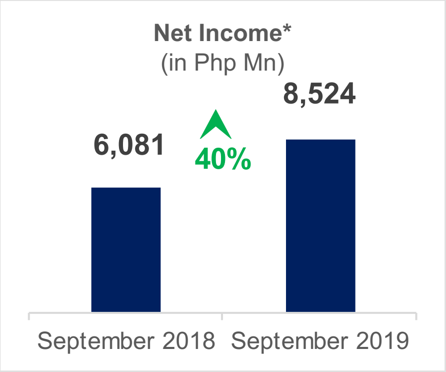
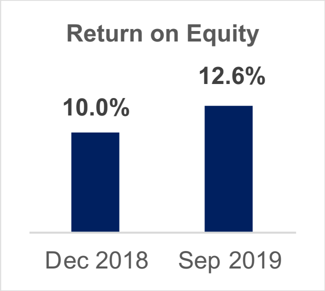
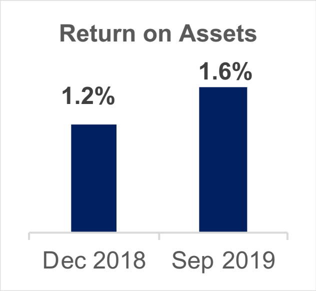
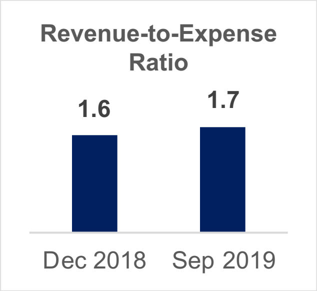
9M 2019 Financial Highlights

- 9M2019 net income up 40% YoY to P8.5 Bn, surpassing FY2018 income
- Earning performance driven by:
  - Continued upward trend on margins
  - Sustained robust growth in retail and SME loans
  - Strong trading gains
  - Manageable opex growth
- Profitability ratios better than industry and FY2018







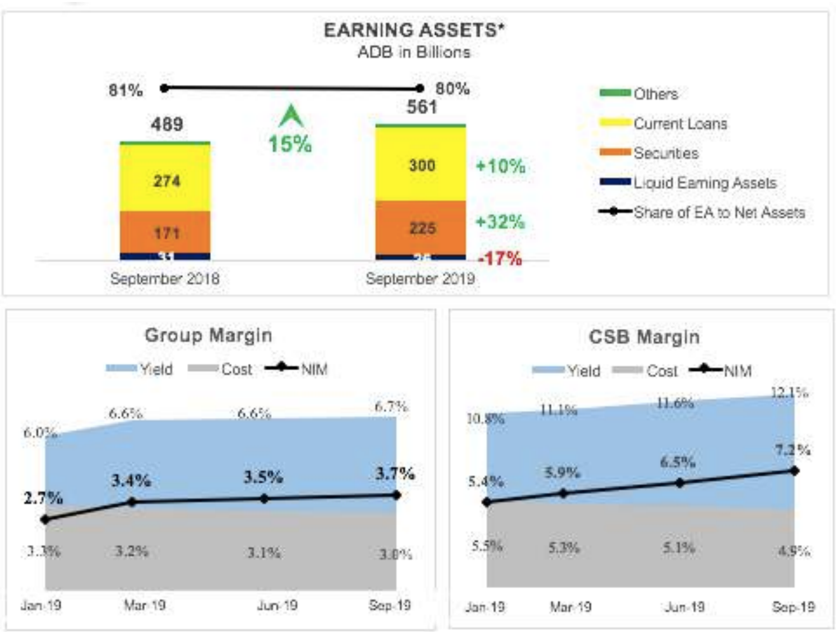


Attributable to Parent Bank's Stockholders

9M 2019 Net Interest Income

(in Php Bn)

- Net interest income up 8% YoY to P15.7 Bn
- Sustained double-digit growth in earning assets
- Margins continue upward trend, up ~100bps from low level in Jan 2019.



9M 2019 Credit Portfolio

(in Php Bn)

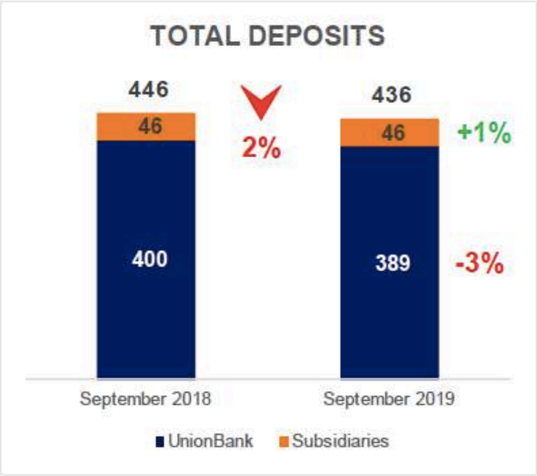
- SME Banking, credit cards, and consumer loans continue to lead loan portfolio growth

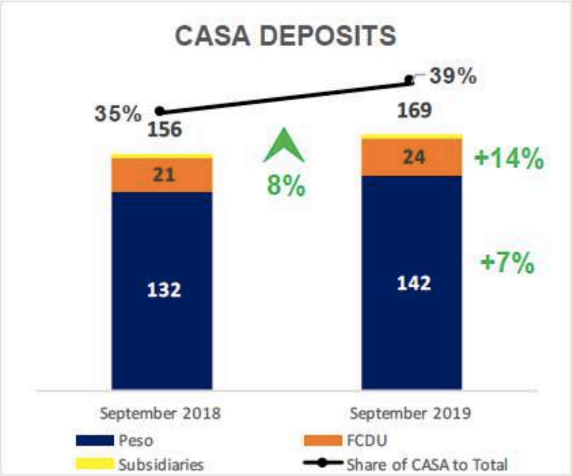
Credit Portfolio, Net (in Php Bn)	Sep2018	Sep2019	% Change
Corporate	134.4	143.0	6%
Commercial	46.5	52.7	13%
Businessline	**5.4**	**7.8**	**42%**
Retail	102.3	107.0	5%
Credit Cards	**5.9**	**8.1**	**37%**
Consumer Loans	**33.7**	**44.2**	**31%**
Mass Market Loans	62.7	54.7	-13%
Total	**288.6**	**310.4**	**8%**

9M 2019 Total Deposits & CASA Deposits

(in Php Bn)

- Deposits down due to shift in funding in favor of more cost-efficient liabilities
- CASA up by 8% YoY

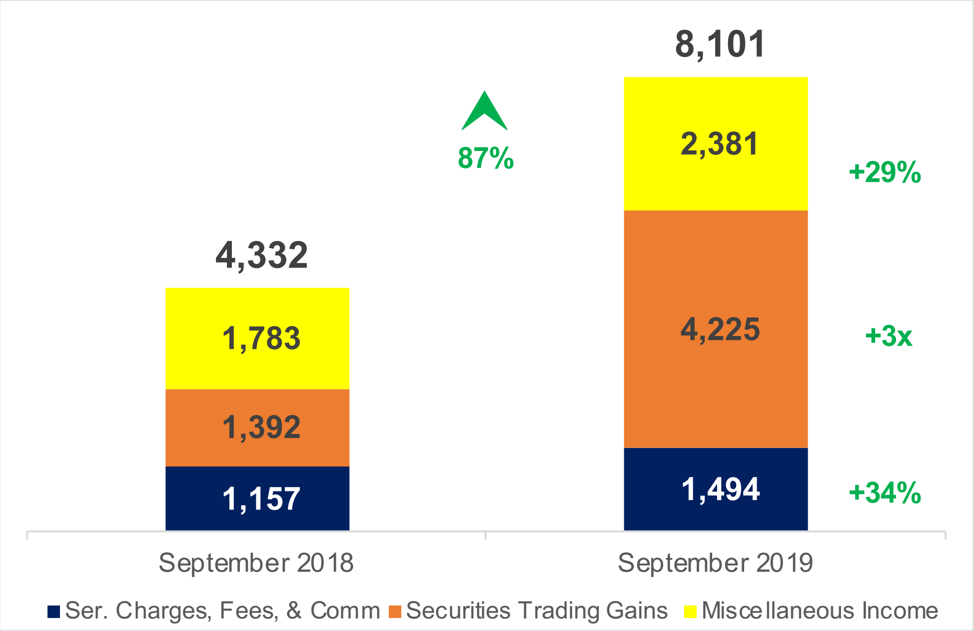




9M 2019 Non-Interest Income

(in Php mn)

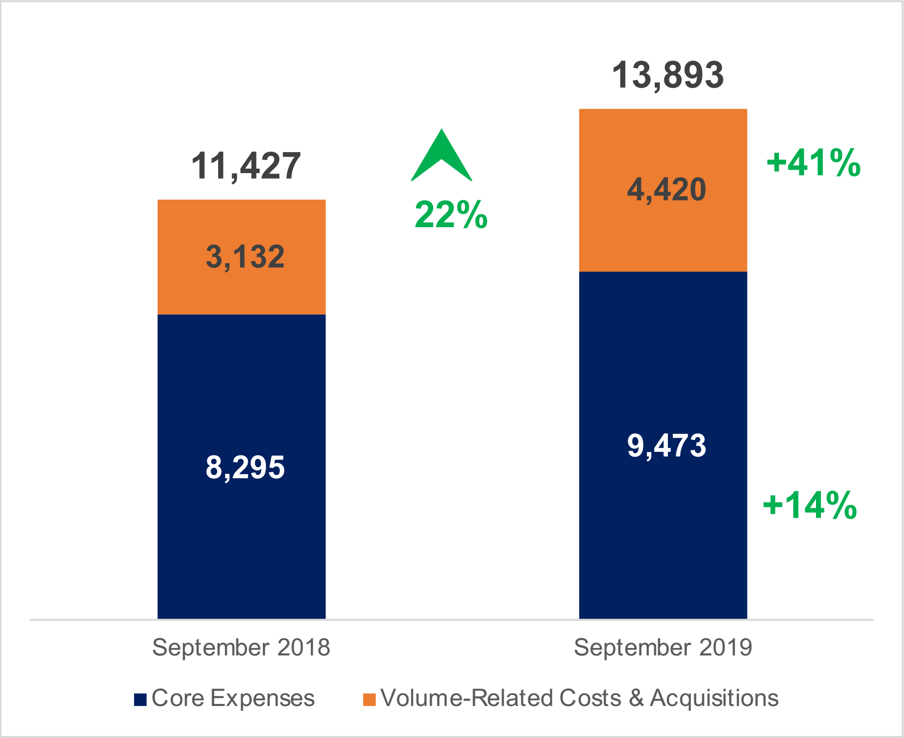
- Non-interest income driven by strong trading gains for the year.
- Fee income up on higher business volume across the Parent Bank and subsidiaries



9M 2019 Operating Expenses

(in Php mn)

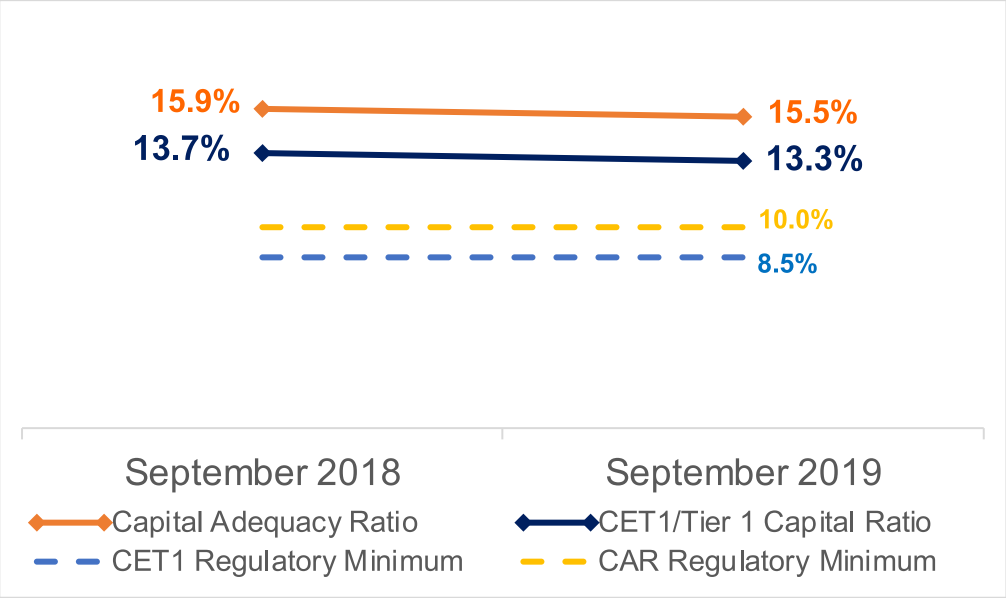
- Operating expenses up 22% YoY to P13.9 Bn driven by volume-related costs (taxes & licenses, PDIC insurance, etc.) and acquisitions
- Core expenses (manpower, occupancy, depreciation, etc.) remained manageable at 14% despite business growth



Capital Adequacy Ratios

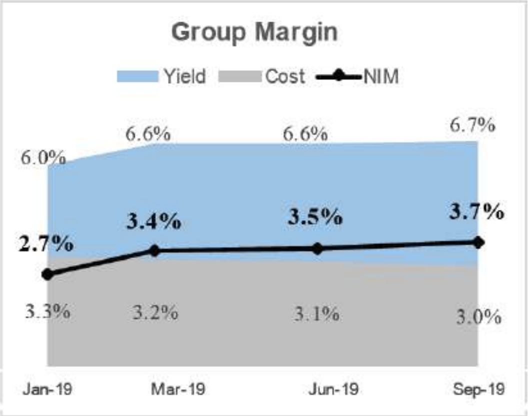
Consolidated Basis

- Capital adequacy ratios remain above industry minimum



Summary

- Margins up 100bps from low level at start of the year
- Strong growth in consumer and SME segments
- CSB business has stabilized – delivering P15Bn in loan releases and 9K motorcycle units for sales in 3Q2019



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Outlook

- Potential upside in margins from further rate cuts and decline in RRR

- 25-bp cut in Fed's benchmark rate (target range now at 1.5% to 1.75%) to lower dollar funding cost

Review of Business Units

- Strategic Business Units
  - Power
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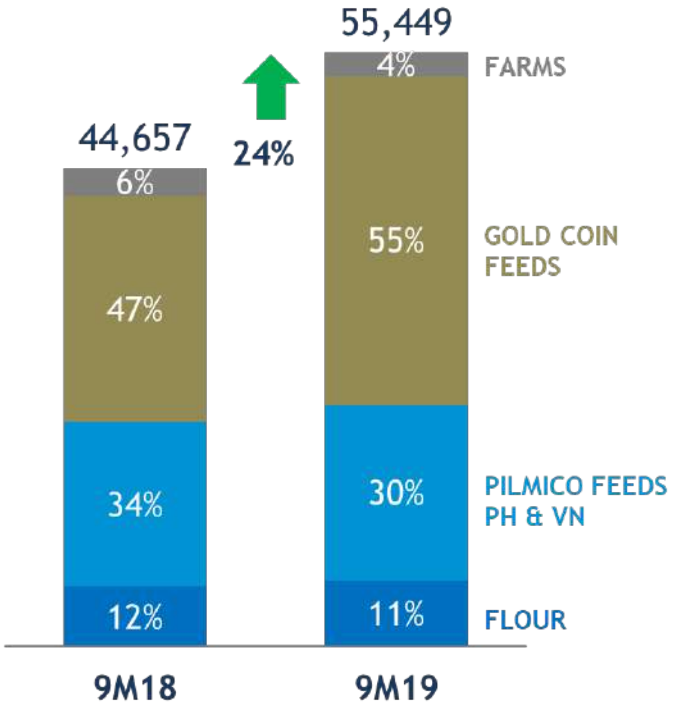
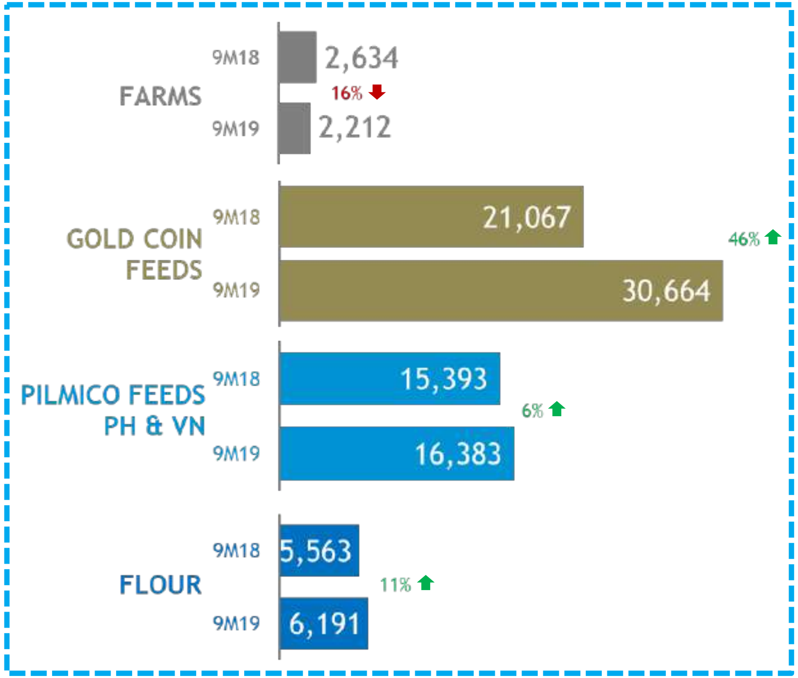
9M 2019 Financial Highlights

		vs. 9M18
Revenue	55,449	+24%
EBITDA	3,813	+9%
EBITDA Margin	7%	-100bps
NIAT	1,417	-12%

In PHP Million

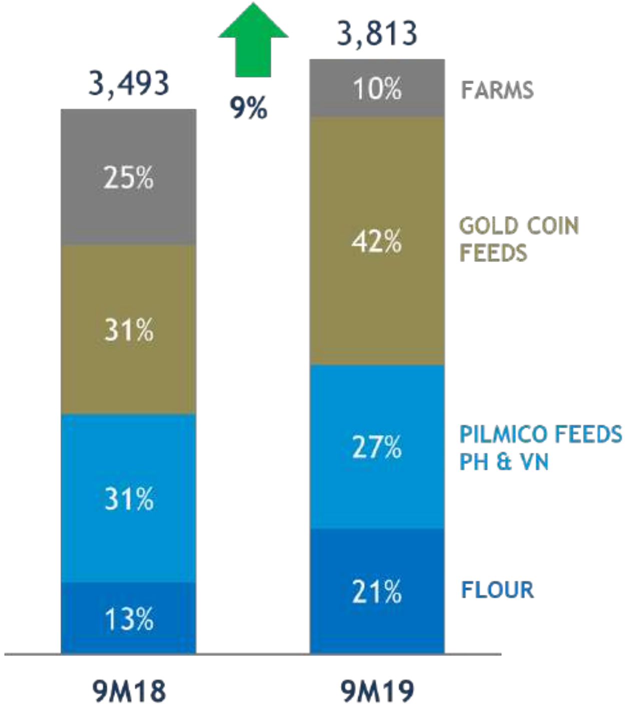
9M 2019 Financial Highlights: Revenue

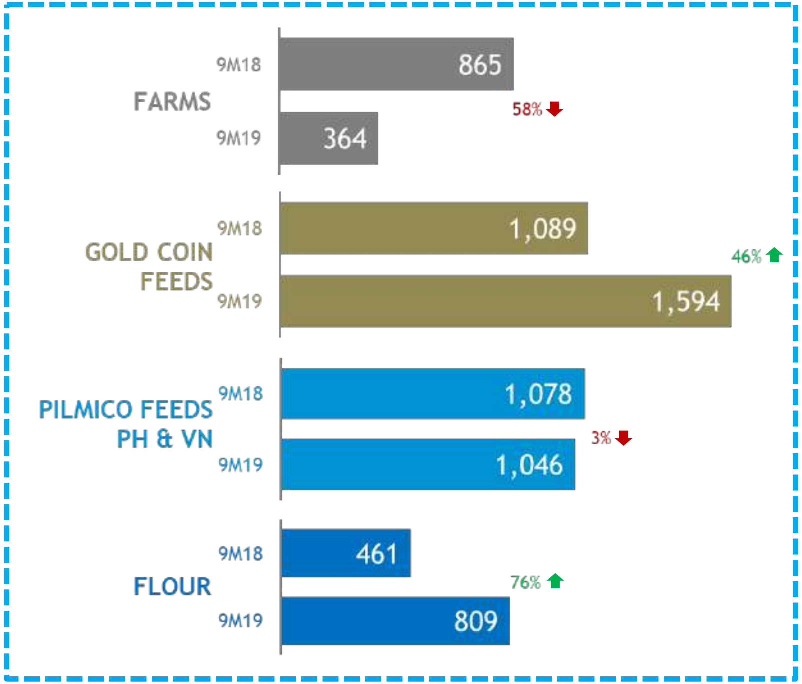




In PHP Million

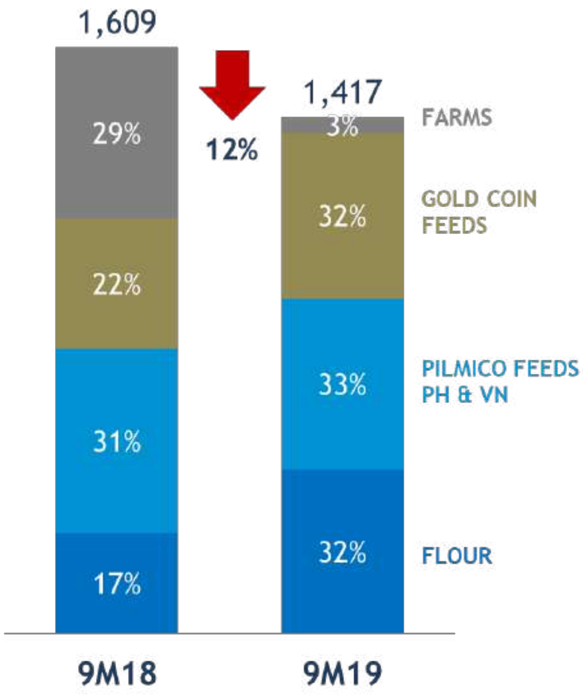
9M 2019 Financial Highlights: EBITDA

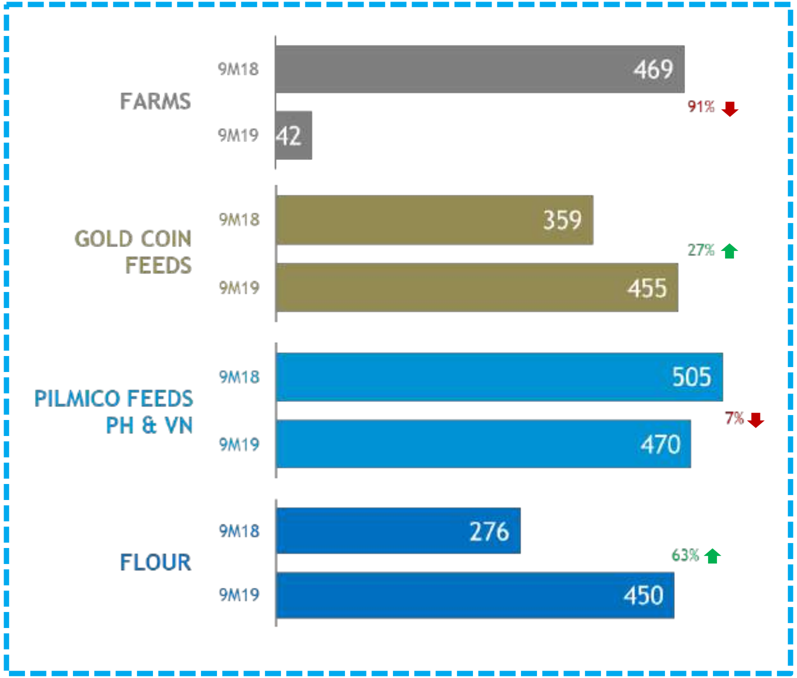




In PHP Million

9M 2019 Financial Highlights: Net Income





In PHP Million

October 2019

1 – Automated Disinfection Facility

Biosecurity facilities for sanitation of Farm's Vehicle
Completion rate: 10%

November 2019

25 – Meats Fabrication Plant

Forward integration of the Farms Business
Completion rate: 70%

March 2020
Ha Nam Fish Feed Line
Fish Feedline in North Vietnam
Completion rate: 35%

March 2020

Dongguan Floating Fish line

Addt'l Floating Fish line in Southern China
Completion rate: 10%


March 2020
Iligan Feedmill Expansion
Additional Capacity to support VisMin
Completion rate: 50%

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Highlights of Operations: Water

Aboitiz Water Portfolio

- 330 MLD bulk water supply project in Davao
- 70% ownership
- Status: Under construction

- Water and wastewater services provider for the 700-ha Lima Technology Park, Batangas
- 100% Ownership
- Water sales volume – 8 MLD

- Minority stake of 16% in one of the country’s largest provincial water distribution players
- Attributable water sales volume – 32 MLD

AIC is also working on several projects covering the entire water value chain

Lima Water

Water and Wastewater Services provider in Batangas with sales of 8 MLD

Captures end to end process of the water value chain

EBITDA up by 8% vs. the same period last year due to billed volume growth and efficiency in production

5% growth in billed volume vs prior year; reflective growth in water demand within Lima Technology Park

Expanded capex plan **amounting to PhP541.5 million.** Increasing **capacity by 5 MLD**

Apo Agua

330 MLD bulk water supply project in Davao
Status: Under construction

Diversion of Tamugan River to make way for the weir construction

Commencement of pipelaying works along the penstock line

Excavation works on major structures in the water treatment plant

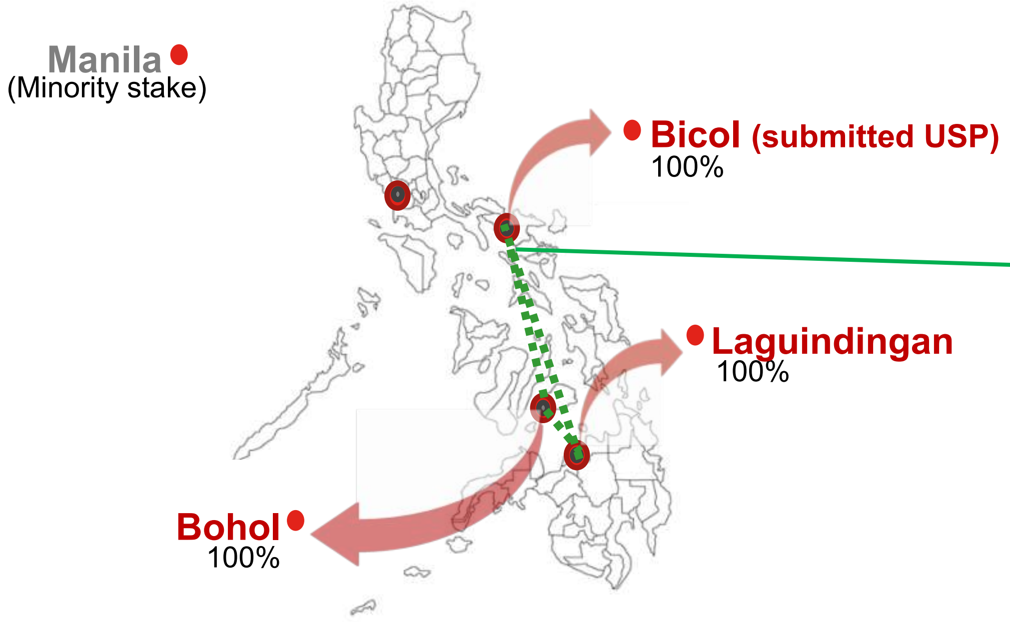
ApoAgua INFRA

Construction works are in full swing; target operations date is expected in 2021

Project Updates: Non-Water/Infra

AIC Airport Projects

Build a platform for airport operations and services, and become a major player in the airports industry



- Build competencies and track record
- Economies of scale
- Provide service to own airports and third-party airports

Transport Infrastructure: NAIA

- Original Proponent Status (OPS) to rehabilitate, develop, operate and maintain for 15 years
- Consortium of 7 Equal Partners with a solid track record of managing large scale projects and operational excellence
- Proposal is to increase passenger capacity to 65M by Year 5

Regional Airport

Bohol and Laguindingan

Creating a platform of reference starting 2020

(in PhP billion)	Bohol	Laguindingan	TOTAL
Initial Upgrade/ Reconfiguration expenditure	0.6	4.8	5.5

3.9M pax to 18.2M pax (cumulative) in 35 years

Bicol International Airport

Unsolicited Proposal for upgrade, expansion, operations, and maintenance of the new Bicol International Airport

Telecom Towers

Digital Infrastructure

A natural transition to becoming a common tower operator

Our wealth of experience in utility management and the expertise to find efficient solutions for cellular tower power requirements makes the common tower business a natural transition for the group.

Towers

Globe

- MOU signed
- Commercial discussions ongoing

PLDT

- MOU signed
- Commercial discussions ongoing

DITO TELECOMMUNITY

- NDA signed
- MOU to be signed
- Commercial discussions ongoing

- Expected to roll out towers by 2020
- Continuing engagement with the 3 telcos
- TowerCo set up is ongoing
- Project documents being drafted

Republic Cement Services, Inc.

REPUBLIC
A CRH-ABOITIZ COMPANY

Stable performance in a challenging environment

- Modest demand growth as infrastructure segment contracted while residential and non-residential segments remained stable
- Market prices stable
- Production costs under control
- 3 of 4 debottlenecking projects completed safely, within budget, and now delivering results
- Contribution to AEV at PhP 631M in 9M2019, an improvement of +PhP 412M versus 9M2018

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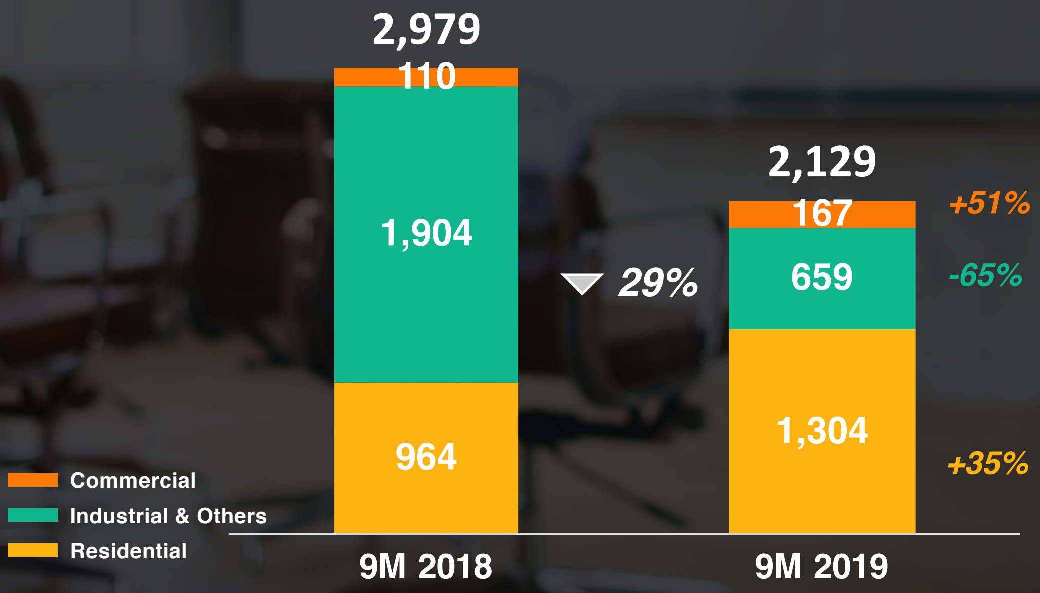
9M 2019 Financial Performance

	9M 2019	vs 9M 2018
Revenues	2,129M	▼ 29%
Gross Profit	820M	▼ 32%
Net Operating Profit	183M	▼ 68%
NIAT	829M	▲ 106%
Residential Sales	*1,221M*	▼ *25%*

9M 2019 Revenues

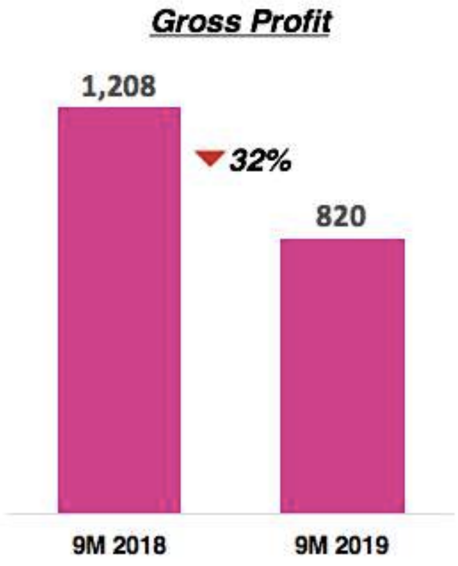
(in Php Million)

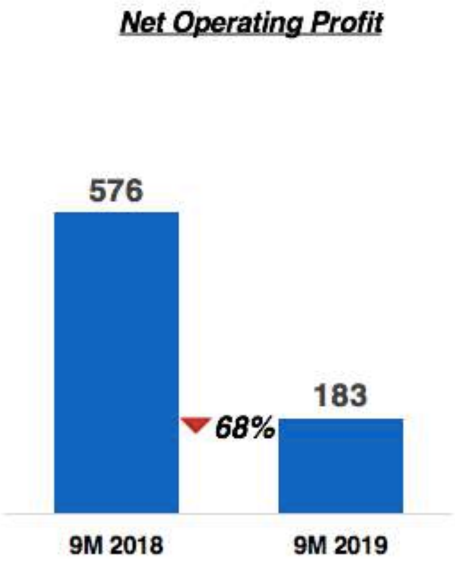
Deferred recognition of industrial lot sales has weighed down revenues



9M 2019 Gross Profit & Net Operating Profit

Reduced revenues carrying through to curtailed profits





9M 2019 Business Highlights

We launched our fourth and fifth residential developments in Luzon: The Villages at Lipa in Batangas, and Ajoya in Mexico, Pampanga

9M 2019 Business Highlights

Amoa, our 60-hectare residential community in Compostela, Cebu, had its first batch of house turnovers to very excited vecinos

Meanwhile, Seafront Residences, our second home development in San Juan, Batangas, is on track follow suit later this year

9M 2019 Business Highlights

On the heels of the launch of The Outlets at Lipa (December 2018) and The Villages at Lipa (July 2019) comes Lima Exchange, opening this December

9M 2019 Business Highlights

Two closed deals mark our entry into the Metro Manila space, and re-entry into the Cebu condo market

POINTBLUE

- 50/50 partnership
- 302 integrated microstudio units in 3 locations; 3 more buildings to open within 2019, with 20 to be built over the next 2 years

9M 2019 Business Highlights

Two closed deals mark our entry into the Metro Manila space, and re-entry into the Cebu condo market

CEBU LANDMASTERS

- 50/50 partnership
- First project: a mid-market multi-tower condo in Mandaue City, Cebu; target launch and groundbreaking in 2020

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9M 2019 Financial Performance

Revenues
₱50.8 bn | ₱153.3 bn

-2%	+13%
vs 3Q2018	vs 9M2018

Conso EBITDA
₱18.3 bn | ₱44.8 bn

+4%	-2%
vs 3Q2018	vs 9M2018

Core Net Income
₱7.0 bn | ₱15.9 bn

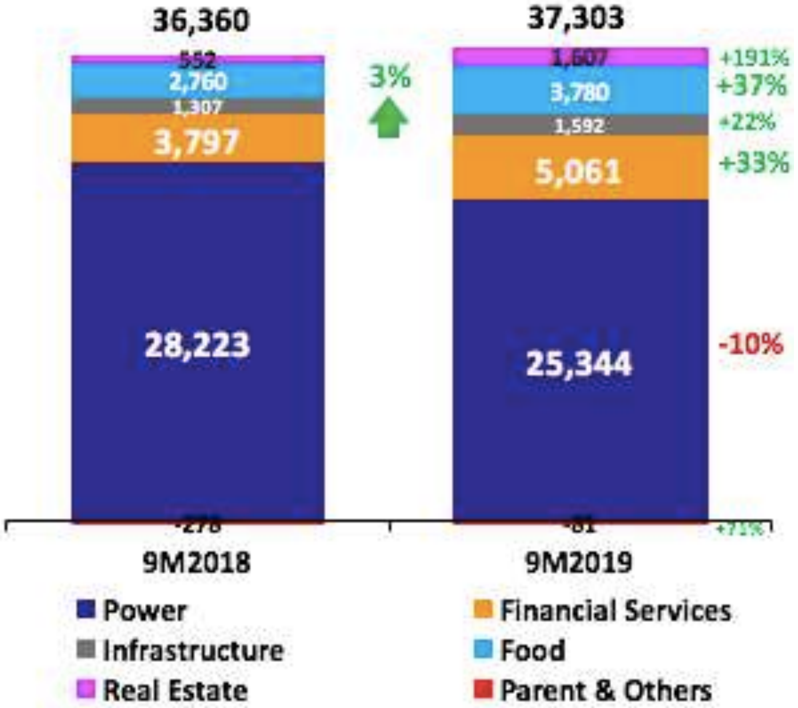
-2%	-10%
vs 3Q2018	vs 9M2018

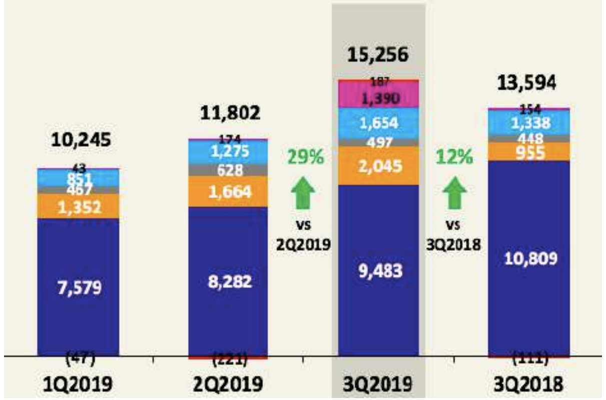
Net Income
₱6.8 bn | ₱15.7 bn

-6%	-9%
vs 3Q2018	vs 9M2018

9M 2019 Beneficial EBITDA

(in Php mn)

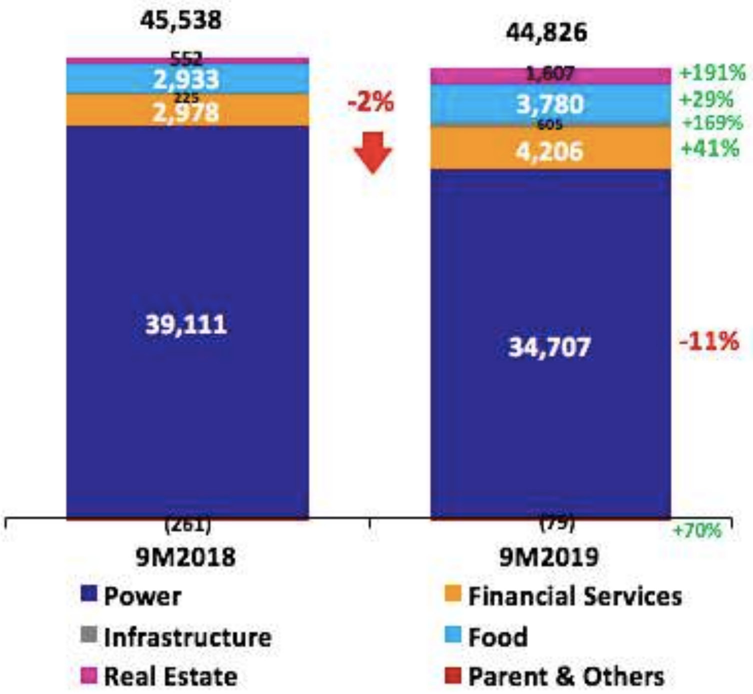




+3% vs 9M 2018, of which

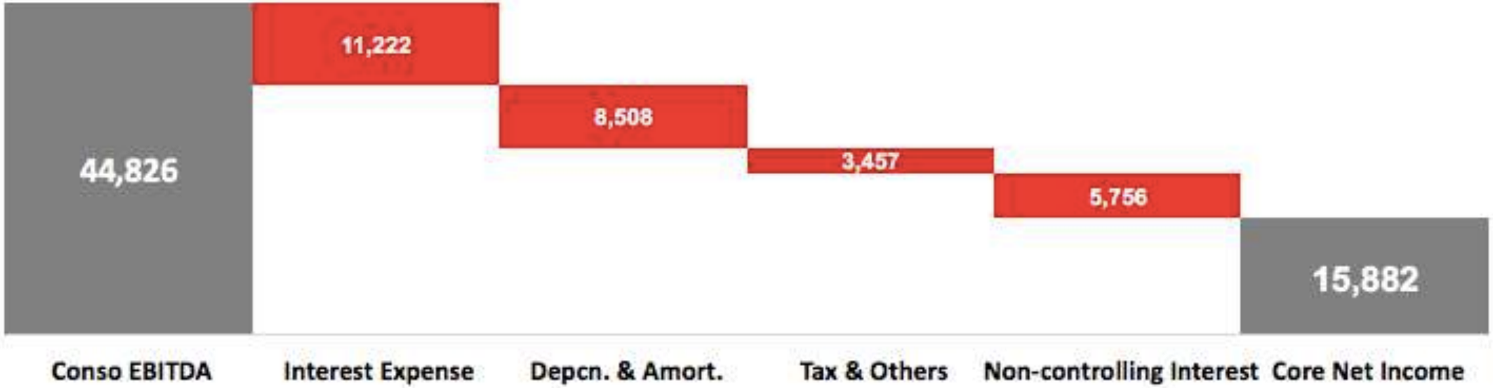
- +11% from outperformance of non-power business units
- -8% from Power due to higher purchased power cost, lower availability of coal facility and lower spot sales

9M 2019 Consolidated EBITDA
(in Php mn)



9M 2019 Core Net Income

(in Php mn)



	9M2018	9M2019	Change
Conso EBITDA	45,538	44,826	**-2%**
Less: Interest Expense	9,140	11,222	**23%**
Depcn. & Amort.	7,147	8,508	**19%**
Tax & Others	3,800	3,457	**-9%**
Non-controlling Interest	7,725	5,756	**-25%**
Core Net Income	17,726	15,882	**-10%**
EPS	*3.15*	*2.82*	

9M 2019 Net Income
(in Php mn)

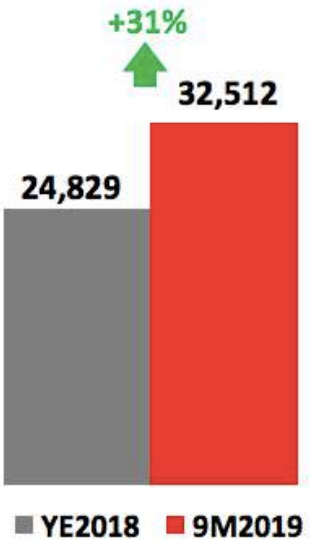
	9M2018	9M2019	Change
Core Net Income	17,726	15,882	**-10%**
Non-recurring gains/ (losses)	(407)	(155)	62%
Net Income	17,319	15,727	**-9%**
EPS	*3.07*	*2.79*	

FX rate
30 Sep 2019: 51.83
30 Sep 2018: 54.02

Balance Sheet Highlights

(in Php mn, except ratios)

Parent Net Debt



ND/E	0.14x	0.19x

Consolidated Balance Sheet/Key Ratios

	YE2018	9M2019
Cash and Cash Equivalents	59,033	41,081
Total Assets	554,494	575,609
Total Liabilities	336,016	365,540
Total Equity	218,478	210,069
Equity Attributable to Parent	174,691	170,853
Book Value Per Share	31.01	30.33
Current Ratio	1.8x	1.2x
Debt to Equity	1.5x	1.7x
Net Debt to Equity	1.0x	1.2x

Review of Business Units

- Strategic Business Units
  - Power
  - Banking & Financial Services
  - Food
  - Infrastructure
  - Land
- AEV Financials
- Q & A

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AND COMMUNITIES