



# Aboitiz Equity Ventures

First Quarter of 2019

Financial & Operating Results

02 May 2019

**abotiz**



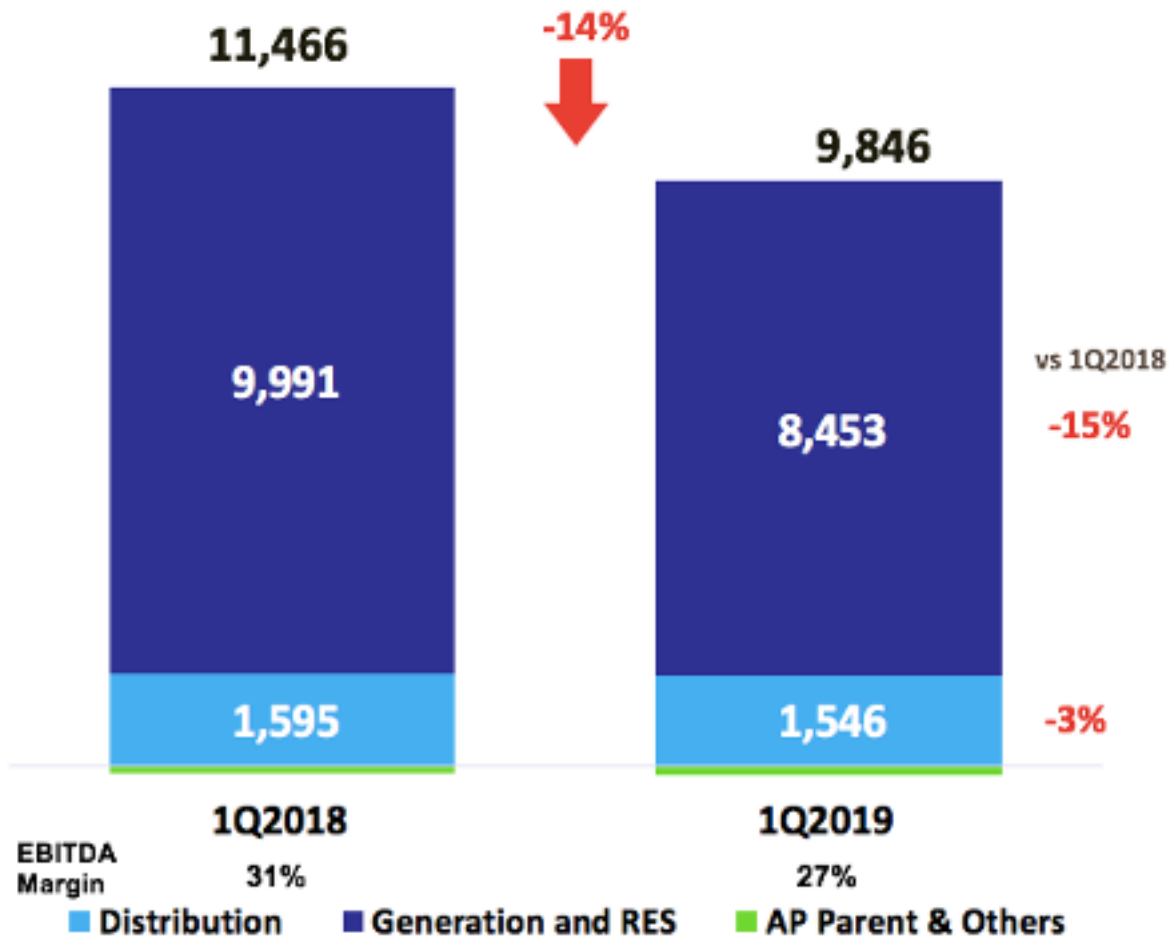
## Review of Business Units

- **Power**
  - Banking & Financial Services
  - Food
  - Infrastructure
  - Land
- 
- AEV Financials
  - **Q&A**



# 1Q 2019 Beneficial EBITDA

(in Php mn)

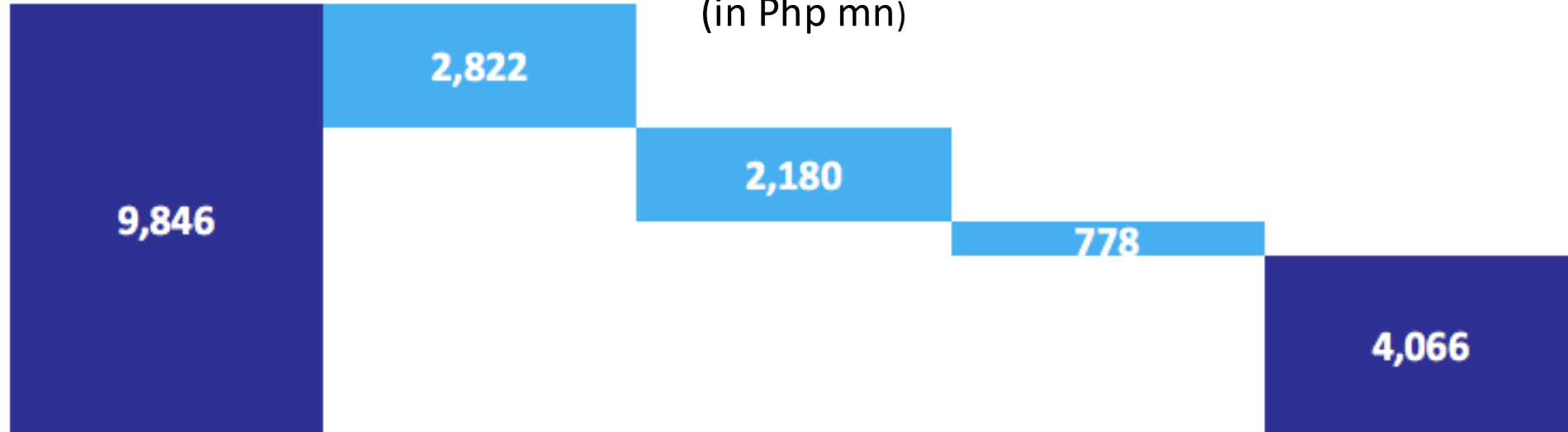


**-14% decline**, mainly of which...

- -13% due to higher purchased power cost
- -1% due to absence of revenues from Therma Mobile (TMO)

# 1Q 2019 Core Net Income

(in Php mn)

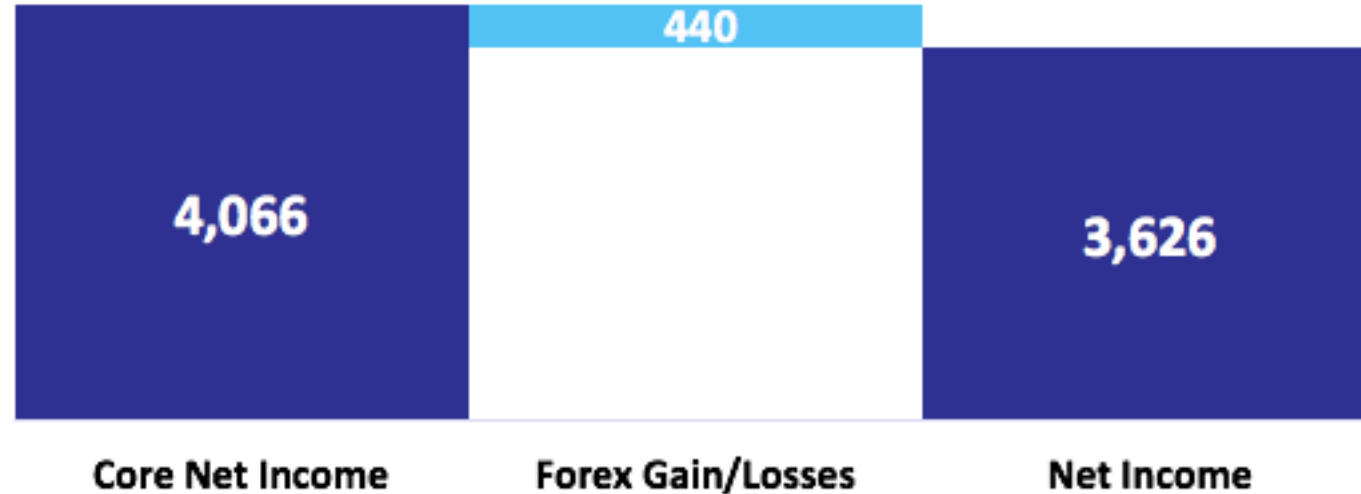


EBITDA	Interest Expense	Depcn. & Amort.	Tax & Others	Core Net Income
Php mn		1Q2018	1Q2019	Change
<b>EBITDA</b>		11,466	9,846	-14%
Less: Interest Expense		2,821	2,822	0%
Depcn. & Amort.		2,002	2,180	9%
Tax & Others		1,476	778	-47%
<b>Core Net Income</b>		5,167	4,066	-21%
<i>EPS</i>		2.17	2.14	



# 1Q 2019 Net Income

(in Php mn)



Php mn	1Q2018	1Q2019	Change
<b>Core Net Income</b>	5,167	4,066	-21%
Forex/Derivative losses	(1,192)	(440)	63%
<b>Net Income</b>	3,975	3,626	-9%
<i>EPS</i>	0.54	0.49	



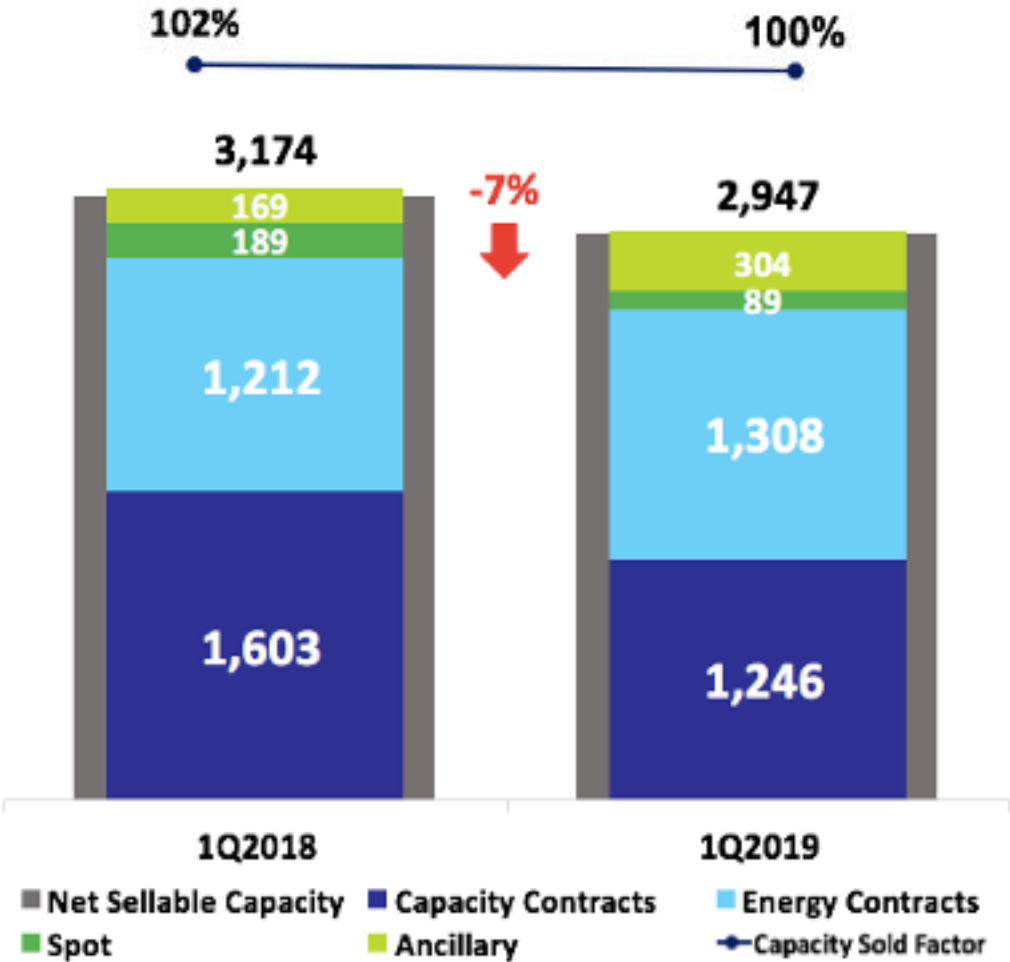
# Balance Sheets Highlights

(in Php mn, except ratios)

(Php mn)	CONSOLIDATED	
	YE 2018	1Q 2019
<b>Cash and Cash Equivalents</b>	46,343	50,109
<b>Total Assets</b>	389,662	391,307
<b>Total Liabilities</b>	253,086	263,910
<b>Total Equity</b>	136,577	127,397
<b>Total Interest Bearing Debt</b>	216,499	220,413
<b>Net Debt</b>	164,866	166,466
<b>Net Debt to Equity</b>	1.2X	1.3x
<b>Debt to Equity*</b>	1.6X	1.7x

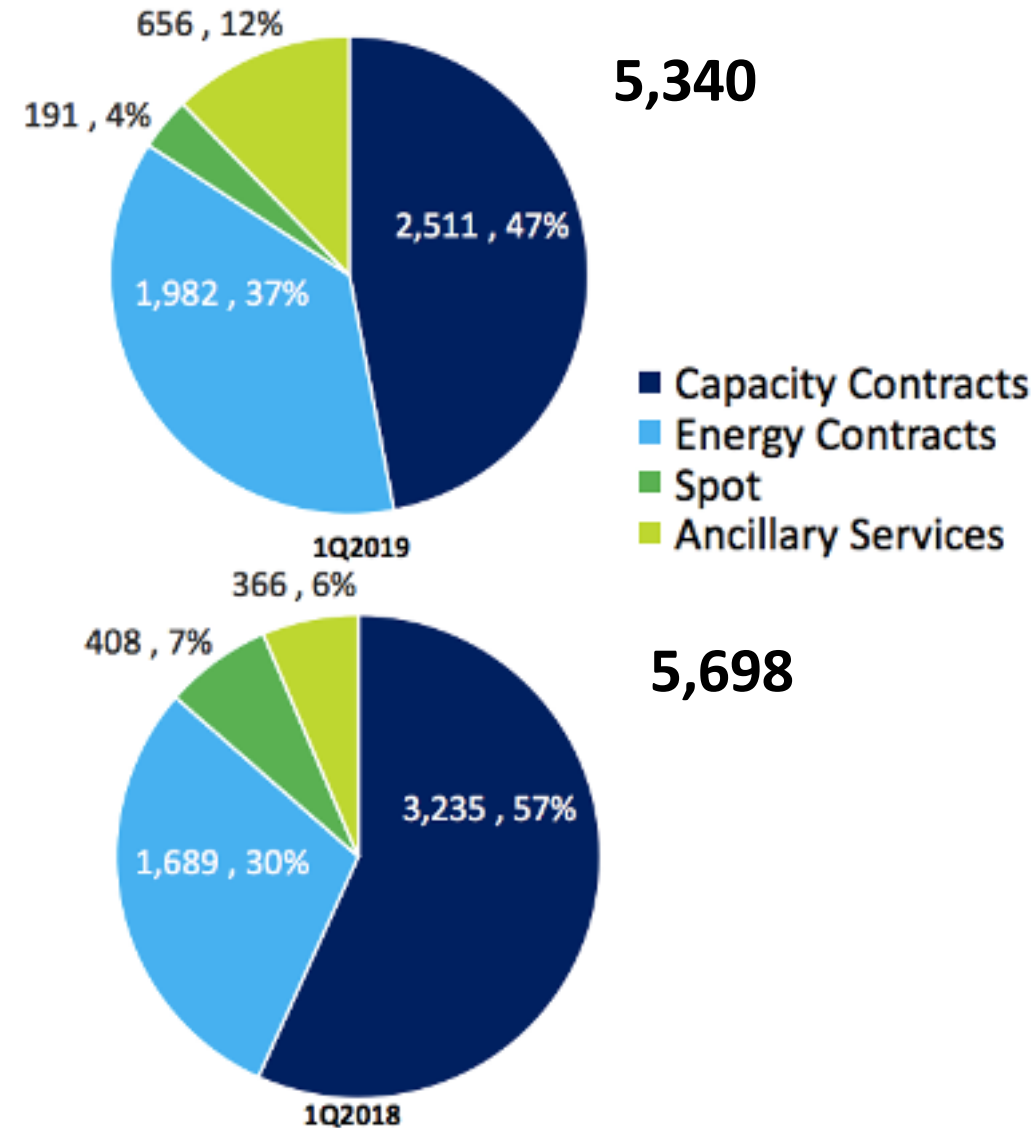
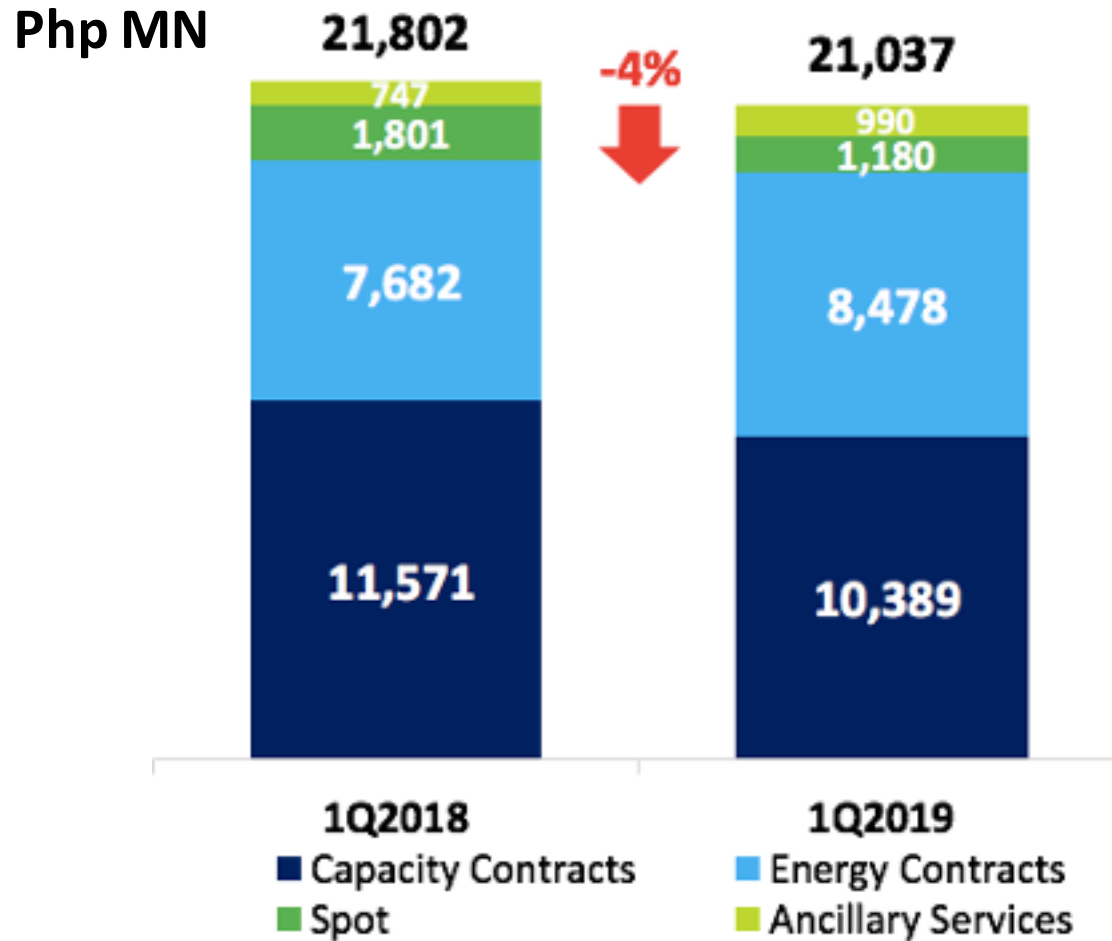
*\*Total Interest Bearing Debt / Total Equity*

# 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)

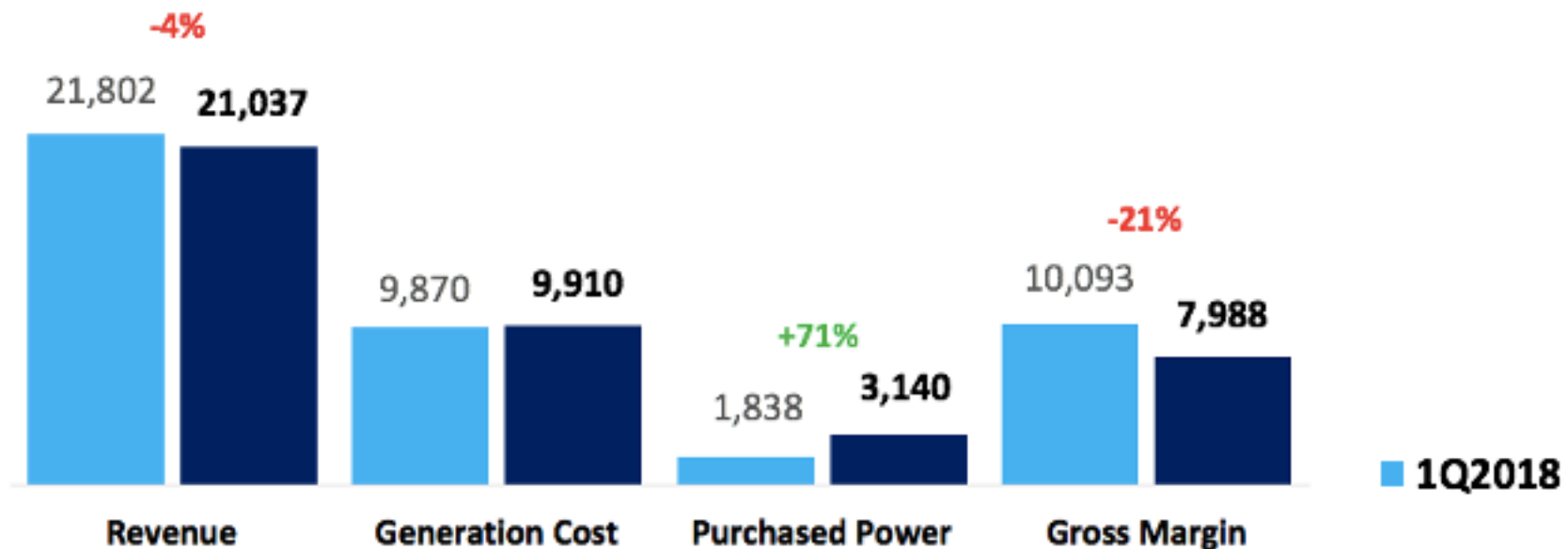
# Operating Highlights: Revenue and Energy Sold



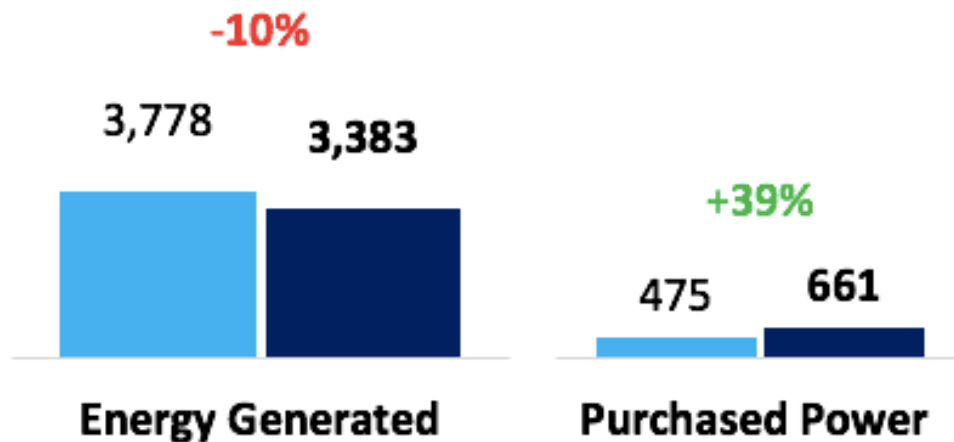


# Operating Highlights: Gross Margin

In Php MN



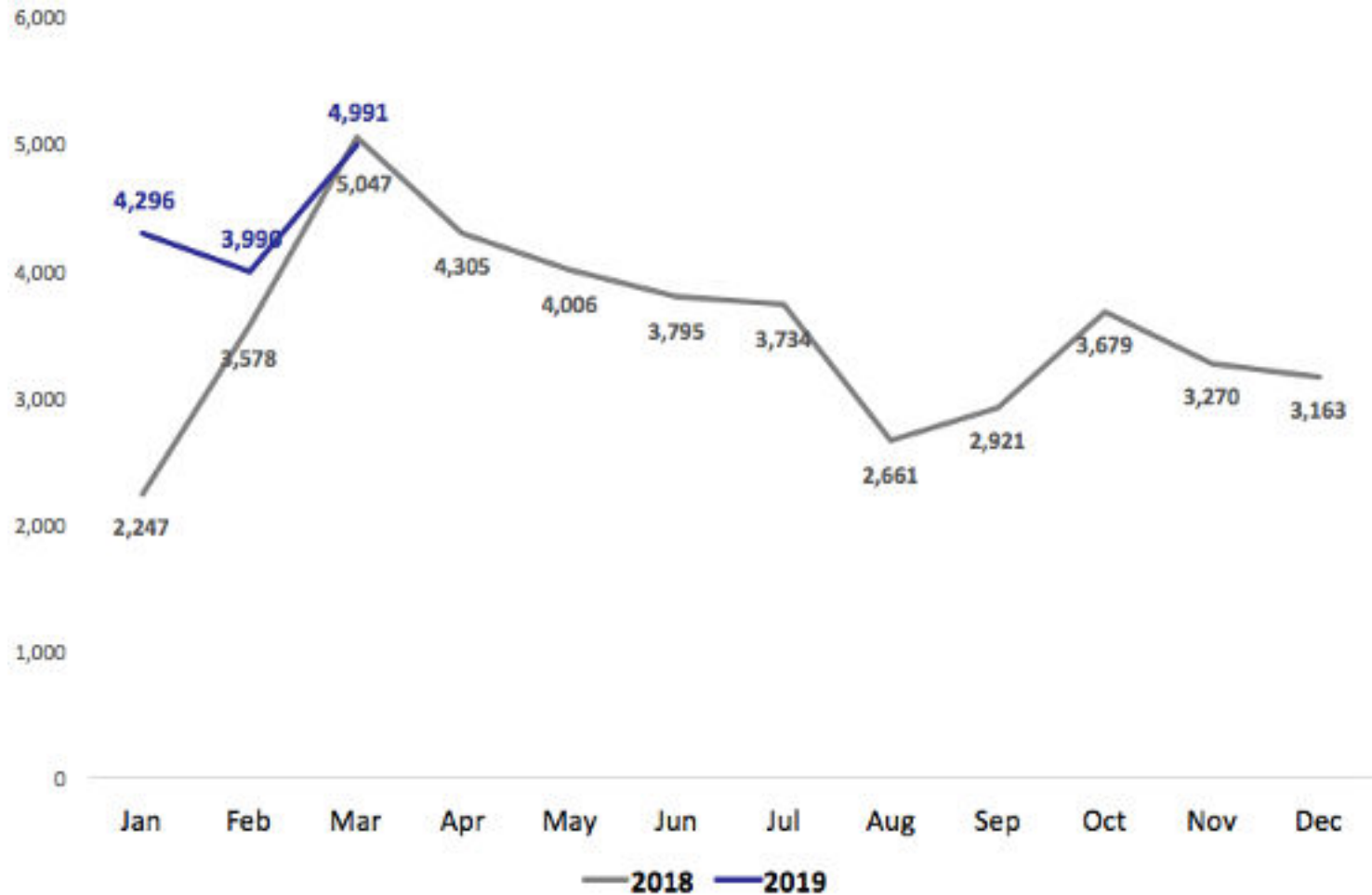
In GWh





# Operating Highlights: WESM

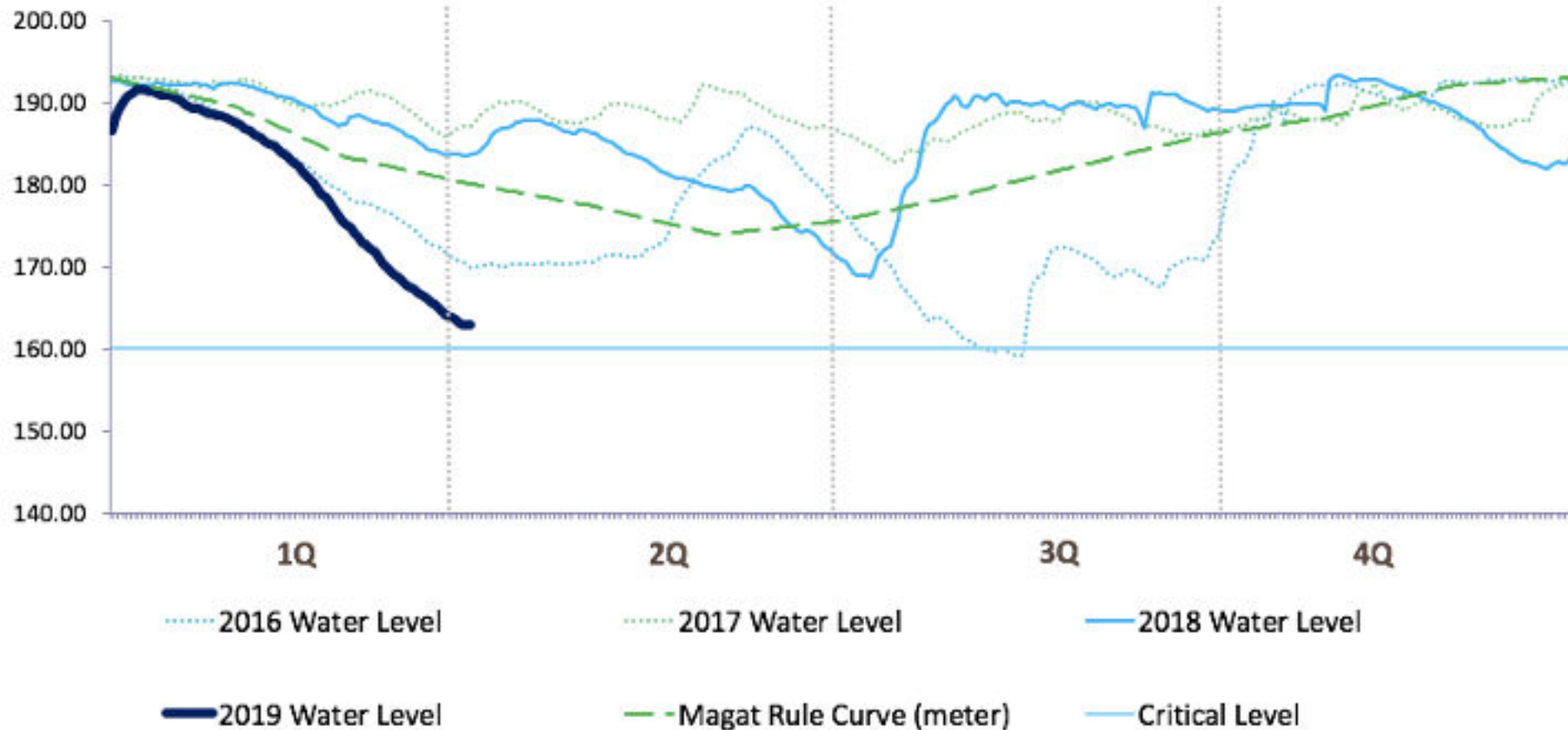
WESM LOAD WEIGHTED AVERAGE PRICES (P/MWh)





# Operating Highlights: Water Level

Magat's Water Level vs. Rule Curve (in MASL)

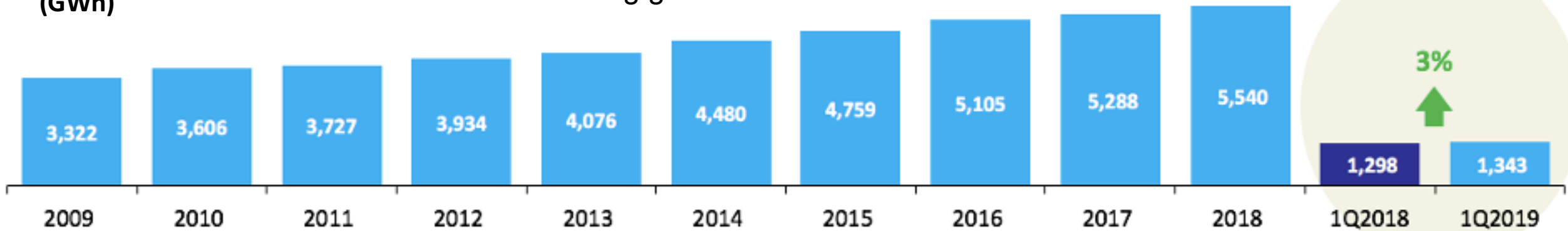




# Operating Highlights: Distribution

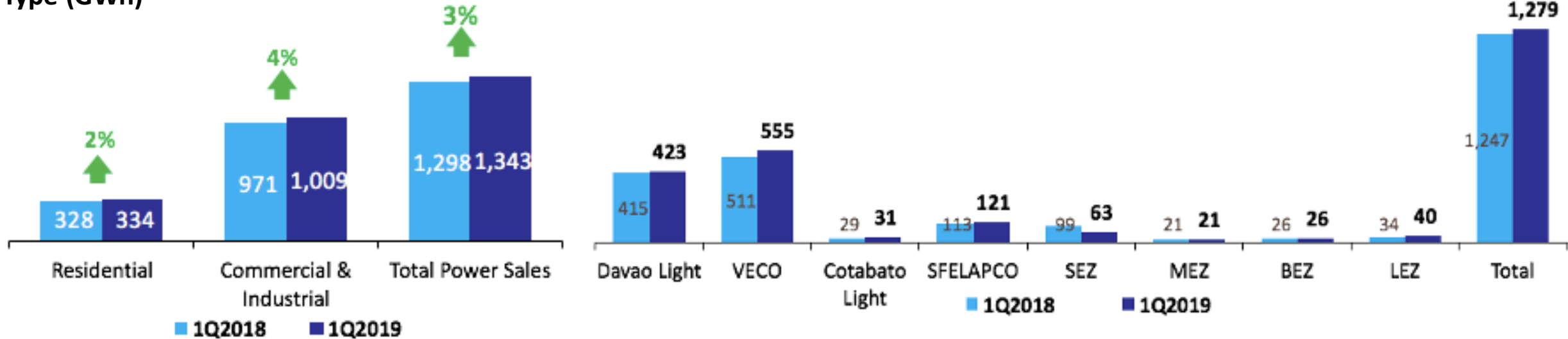
### Beneficial Power Sales (GWh)

Strong growth in distribution sales



### Beneficial Power Sales By Customer Type (GWh)

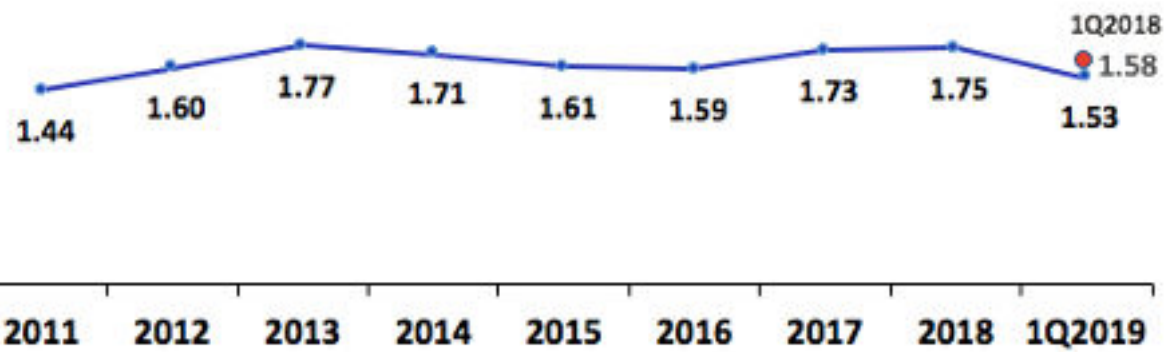
### Peak Demand in (MW)



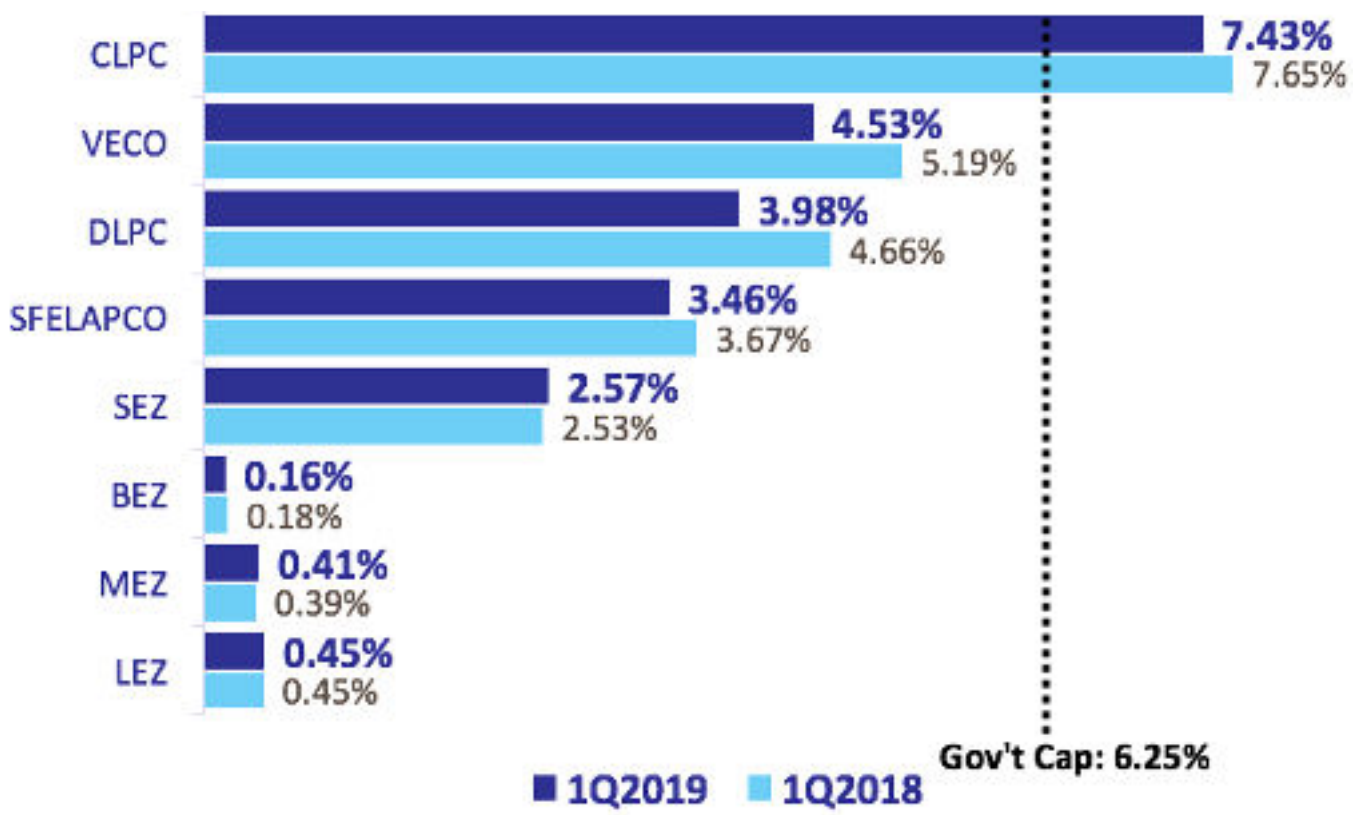


# Operating Highlights: Distribution

### 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	La Trinidad (Hydro – Hedcor Inc)	19 MW	100%	19 MW	Jul 2019
	Dinginin Unit 1 (Coal – GNPD)	668 MW	40%	267 MW	Q1 2020
	Dinginin Unit 2 (Coal – GNPD)	668 MW	40%	267 MW	Middle 2020
	Subic (Coal – RP Energy)	300 MW	25%	75 MW	
VISAYAS	Cebu (Coal – Therma Visayas)	300 MW	80%	240 MW	Unit 1 on commercial operations Unit 2 Jun 2019
		<b>1,955 MW</b>		<b>868 MW</b>	



# Project Update

Cebu - 300 MW of Coal Power





# Project Update

La Trinidad - 19 MW of Hydro Power





# Project Update

Dinginin - 2 x 668 MW of Coal Power





# Project Update

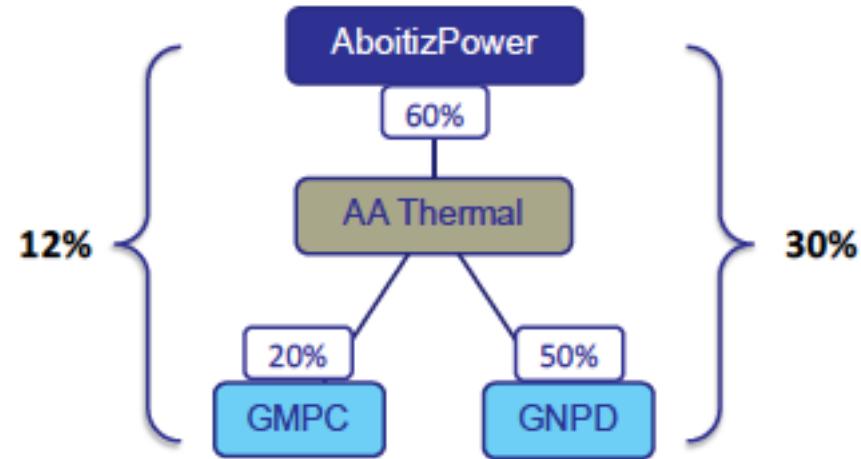
Naga Power Plant Complex



● ■  
Therma Mobile signs Power Supply contract  
with Meralco



# AP Received Approval From Philippine Competition Commission



	PREV	ADDTL	NEW
	%		
<b>GMCP</b>	66%	<b>12%</b>	78%
<b>GNPD</b>	40%	<b>30%</b>	70%

	PREV	ADDTL	NEW
	MW		
	418	<b>77</b>	495
	534	<b>401</b>	935
	<b>478</b>		



## Review of Business Units

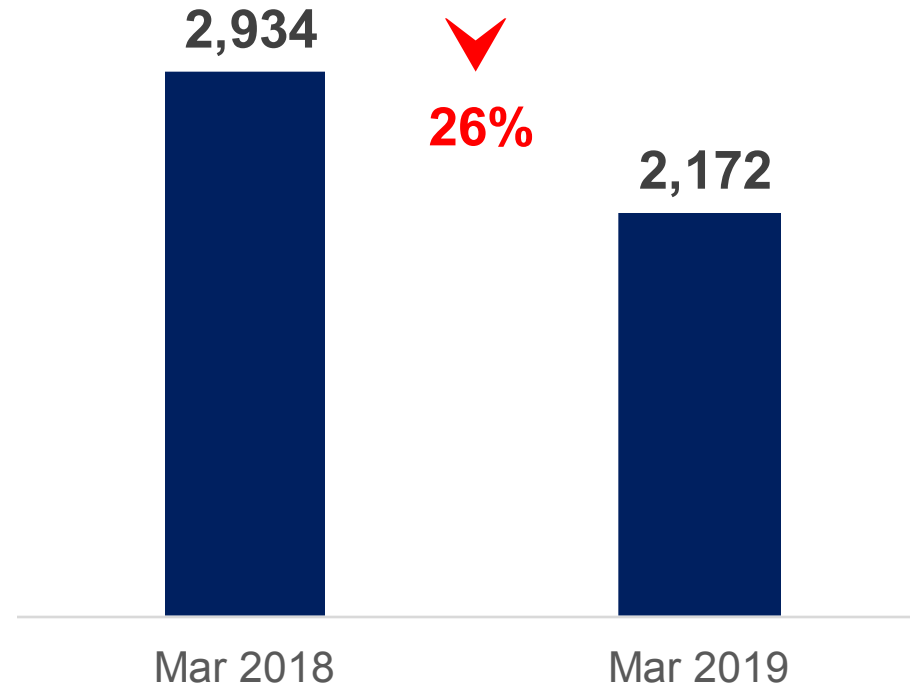
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  - Food
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# 1Q 2019 Net Income

(in Php mn)

**Net income\* at P2.2 Bn**



\*Attributable to Parent Bank's Stockholders

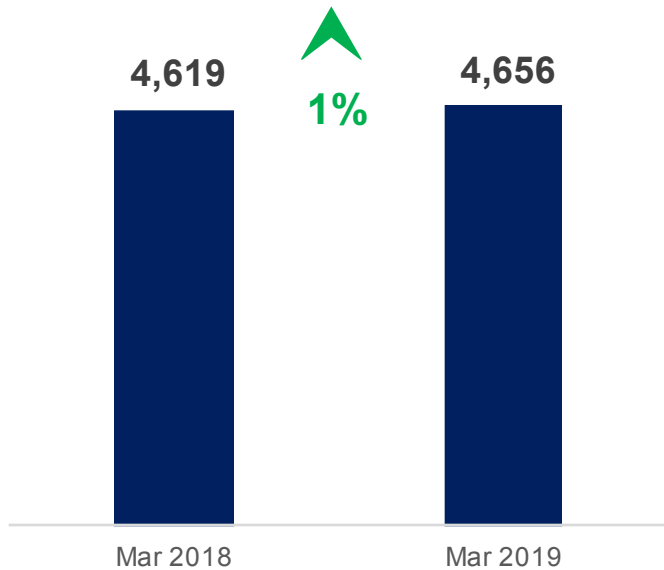


# 1Q 2019 Net Interest Income

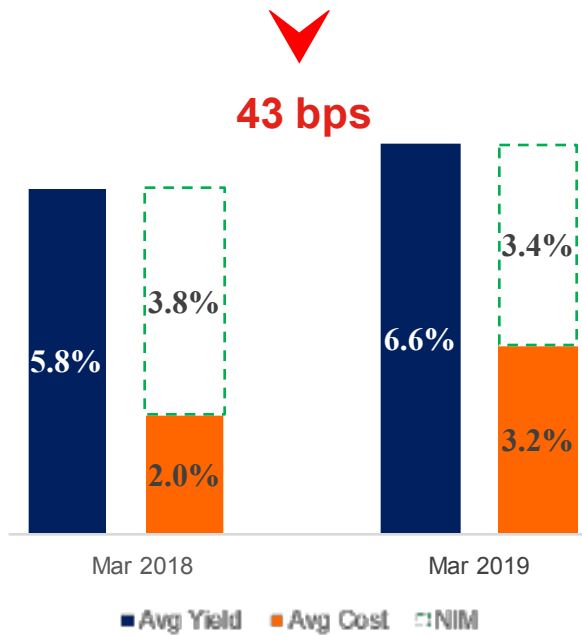
(in Php mn)

Net interest income was up on higher earning assets

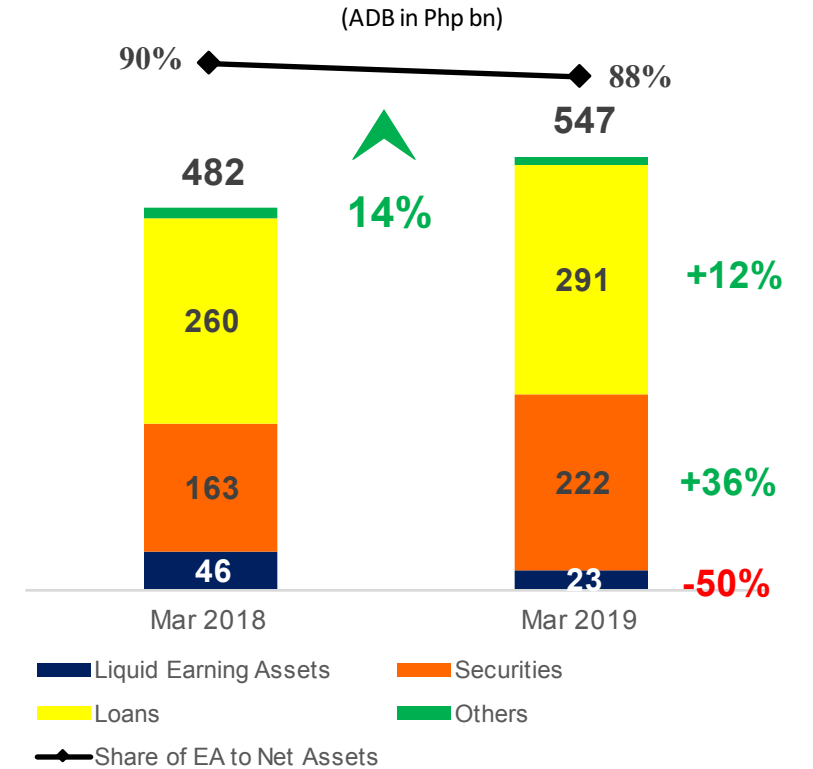
### NET INTEREST INCOME



### NET INTEREST MARGIN



### EARNING ASSETS\*



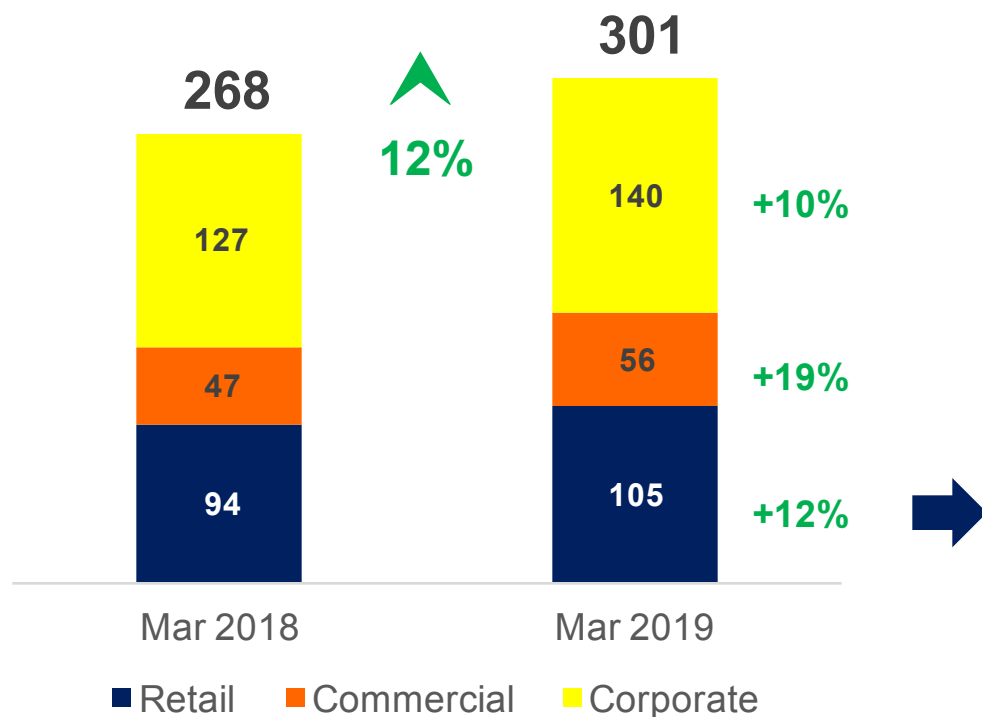
\*excludes cash and reserve requirements



# 1Q 2019 Credit Portfolio

(in Php mn)

Credit portfolio sustained double-digit growth



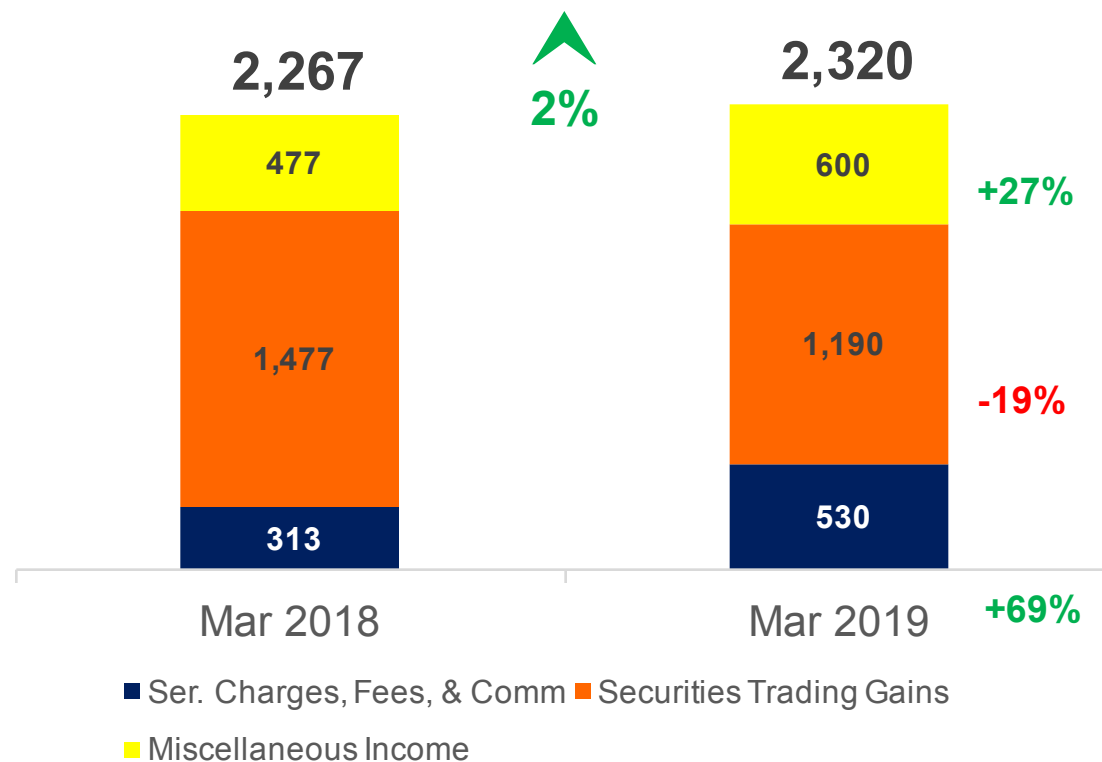
Credit Portfolio, Net (in Php Bn)	Mar 2018	Mar 2019	Variance	% Change
Mass Market Loans	56.5	56.7	0.1	0.3%
Credit Cards	5.3	7.5	2.2	41%
Mortgage	27.1	37.3	10.2	38%
Auto Loans & Others	4.8	3.5	-1.3	-26%
<b>Total Retail</b>	<b>93.7</b>	<b>105.1</b>	<b>11.3</b>	<b>12%</b>



# 1Q 2019 Non-Interest Income

(in Php mn)

**Non-interest income up on higher fee income**



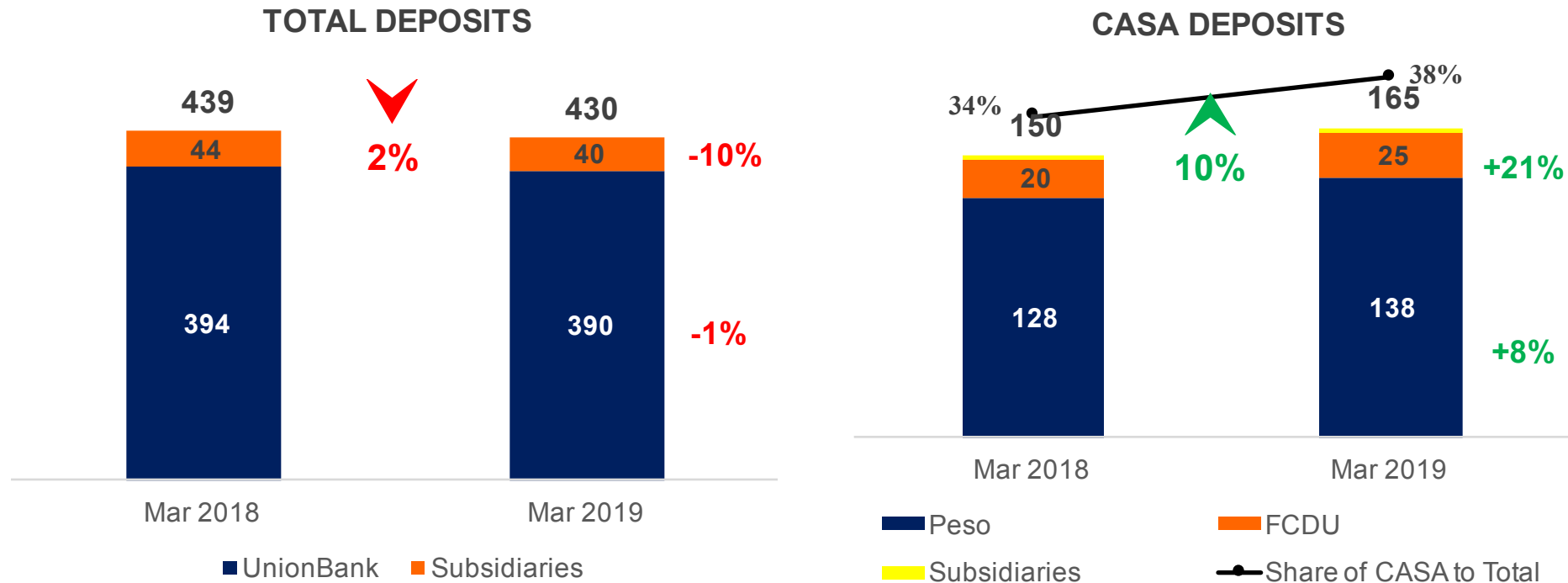




# 1Q 2019 Total Deposits & CASA Deposits

(in Php mn)

**CASA sustained double-digit growth**

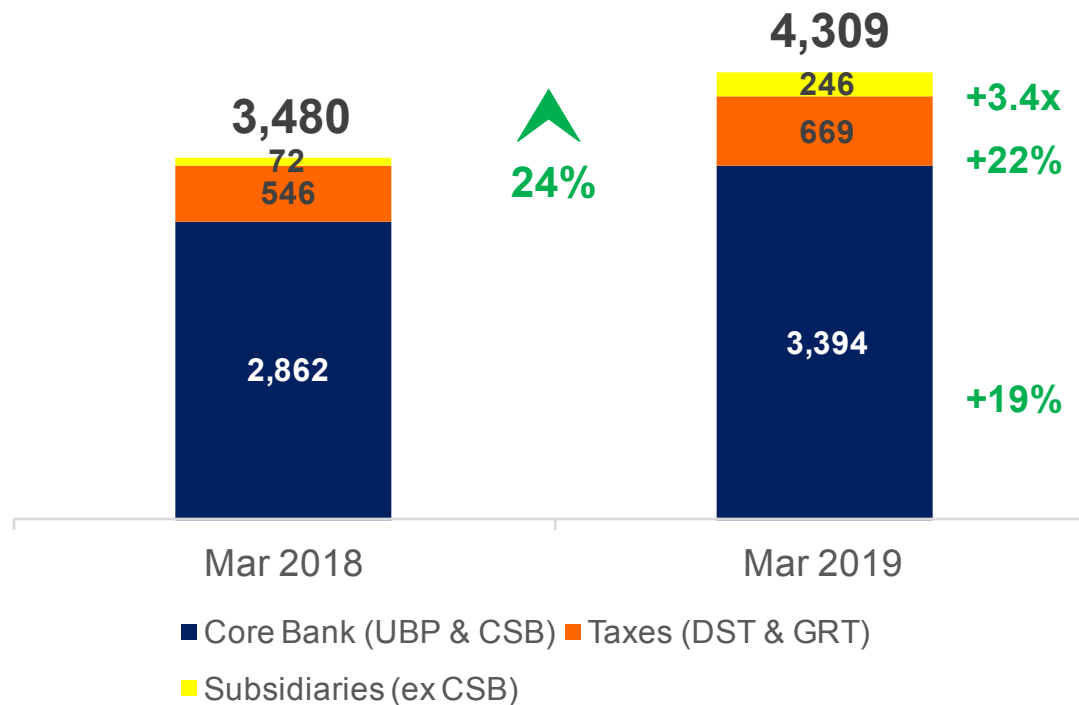




# 1Q 2019 Operating Expenses

(in Php mn)

Operating Expenses increased primarily on business growth

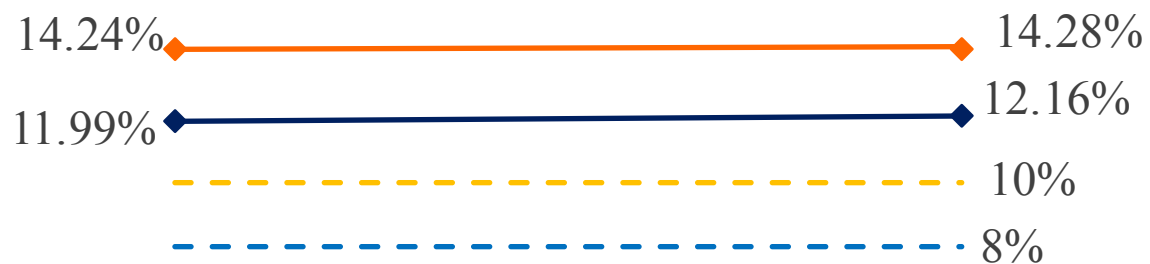




# Capital Adequacy Ratios

Consolidated Basis

**Capital ratios remain healthy**



Mar 2018

Mar 2019

◆ CET1/Tier 1 Capital Ratio

◆ Total Capital Adequacy Ratio

- - Min. Req. CAR

- - Min. Req. Tier 1 Ratio



# Profitability Ratios

Sustained above-industry profitability ratios

## RETURN ON EQUITY

10.0%



Dec 2018

9.6%



Mar 2019

## RETURN ON ASSETS

1.2%



Dec 2018

1.3%



Mar 2019

## COST-TO-INCOME RATIO

64%



Dec 2018

62%



Mar 2019



# Updates/Outlook

- Double-digit growth of loan portfolio
- More benign interest rate environment for the year
- Launch of account opening feature in UnionBank Online app; and business banking platform, The Portal



	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019F	2Q2019F	3Q2019F	4Q2019F
— Inflation Rate	4.3%	5.2%	6.7%	5.1%	4.1%	3.8%	3.2%	2.8%
— BSP Overnight Rate	3.25%	3.50%	4.50%	4.75%	4.75%	4.75%	4.50%	4.50%





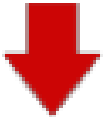



## Review of Business Units

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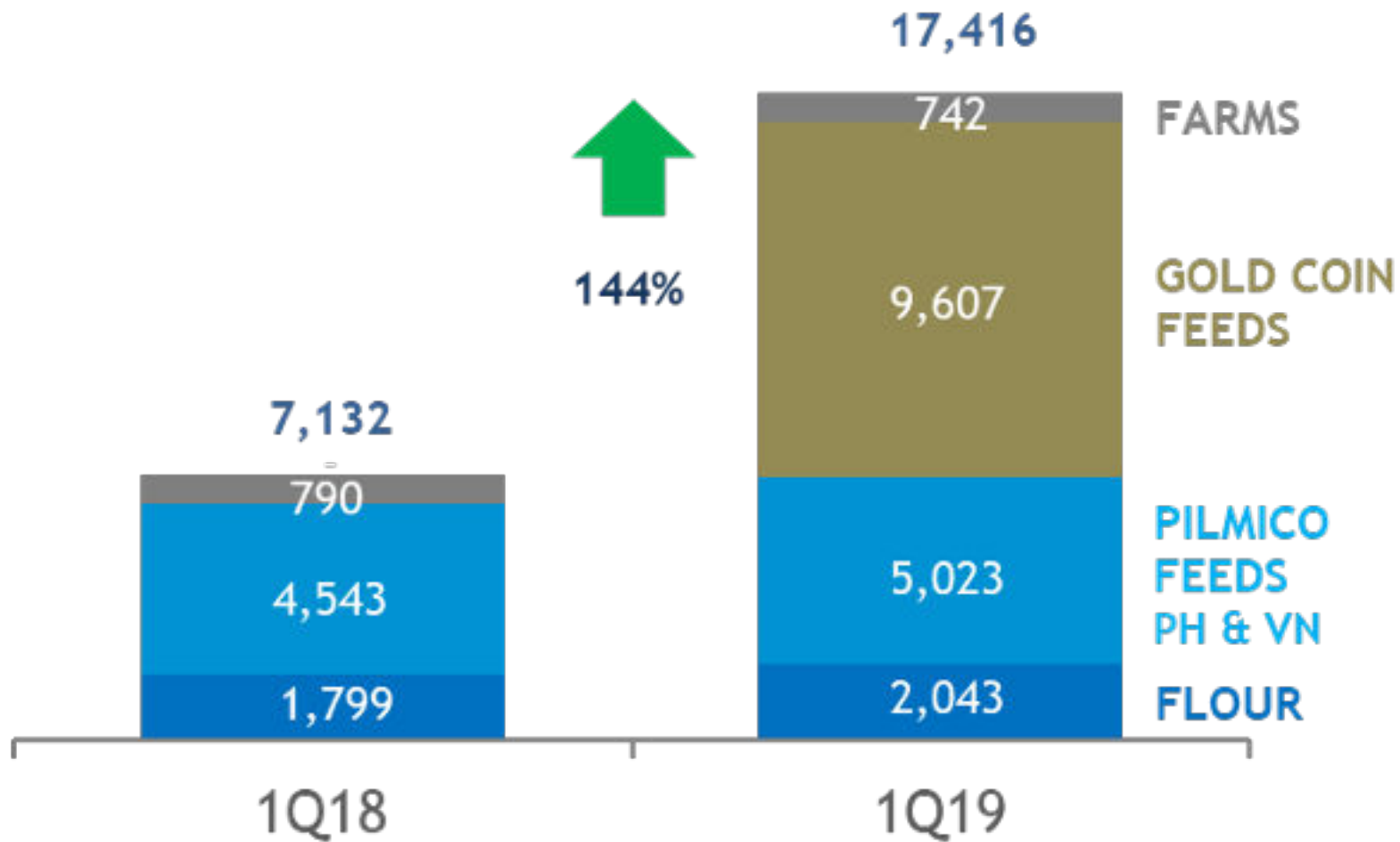


# 1Q 2019 Financial Highlights

Revenue	17,416		vs. 1Q18 <b>+144%</b>
EBITDA	962		<b>+60%</b>
EBITDA Margin	6%		<b>-300bps</b>
NIAT	257		<b>-6%</b>

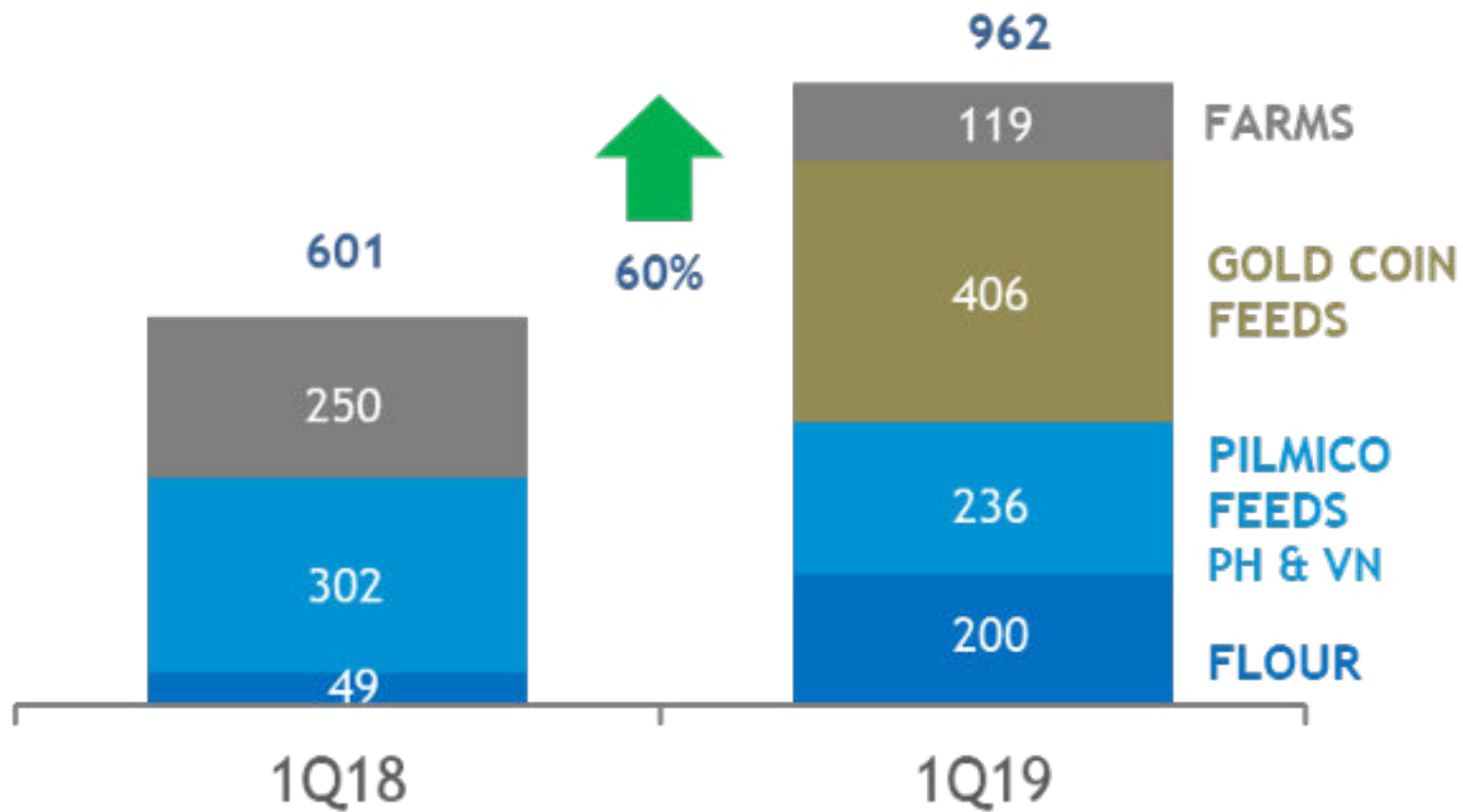


# 1Q 2019 Financial Highlights: Revenue





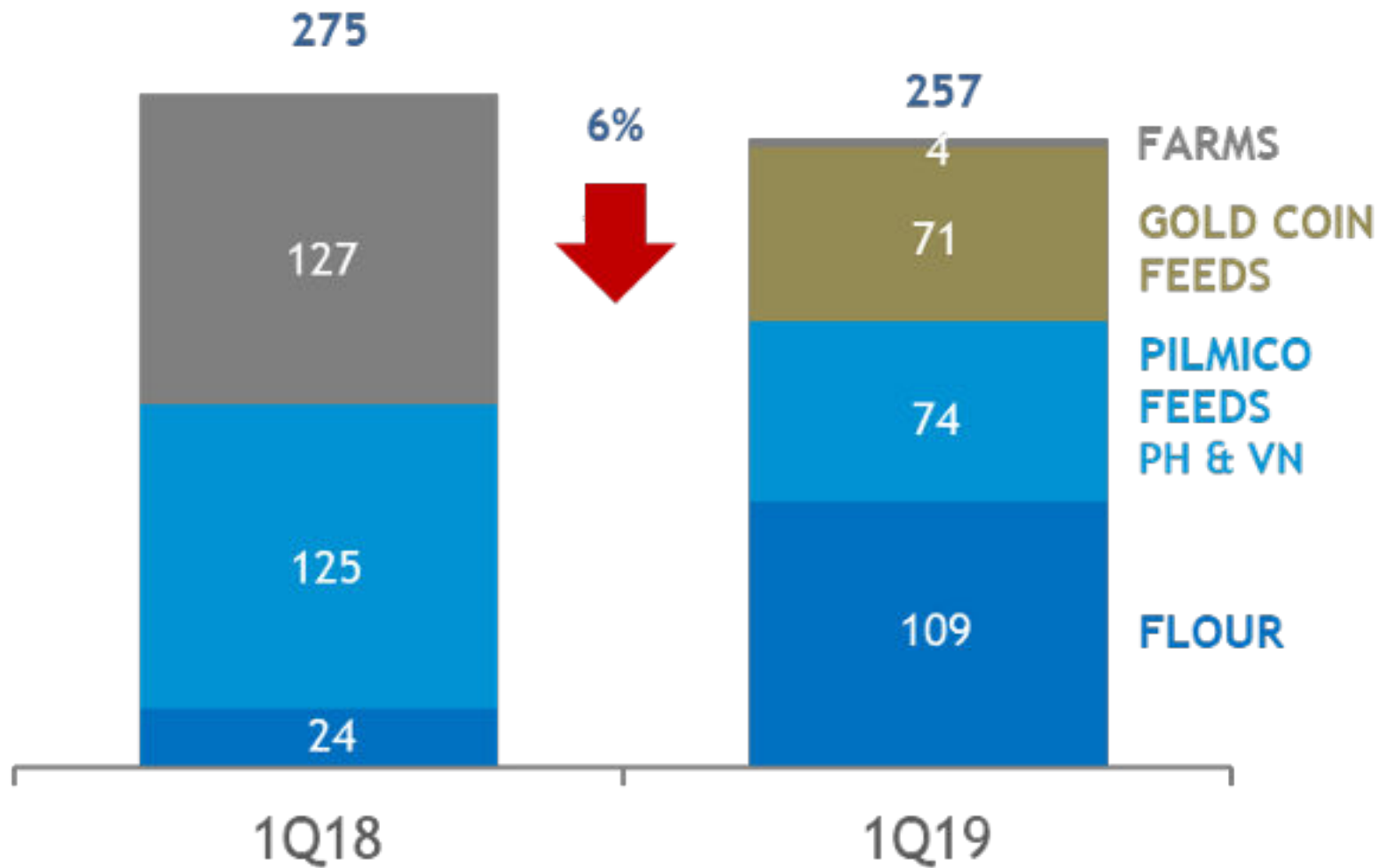
# 1Q 2019 Financial Highlights: EBITDA



*In PHP Million*



# 1Q 2019 Financial Highlights: Net Income



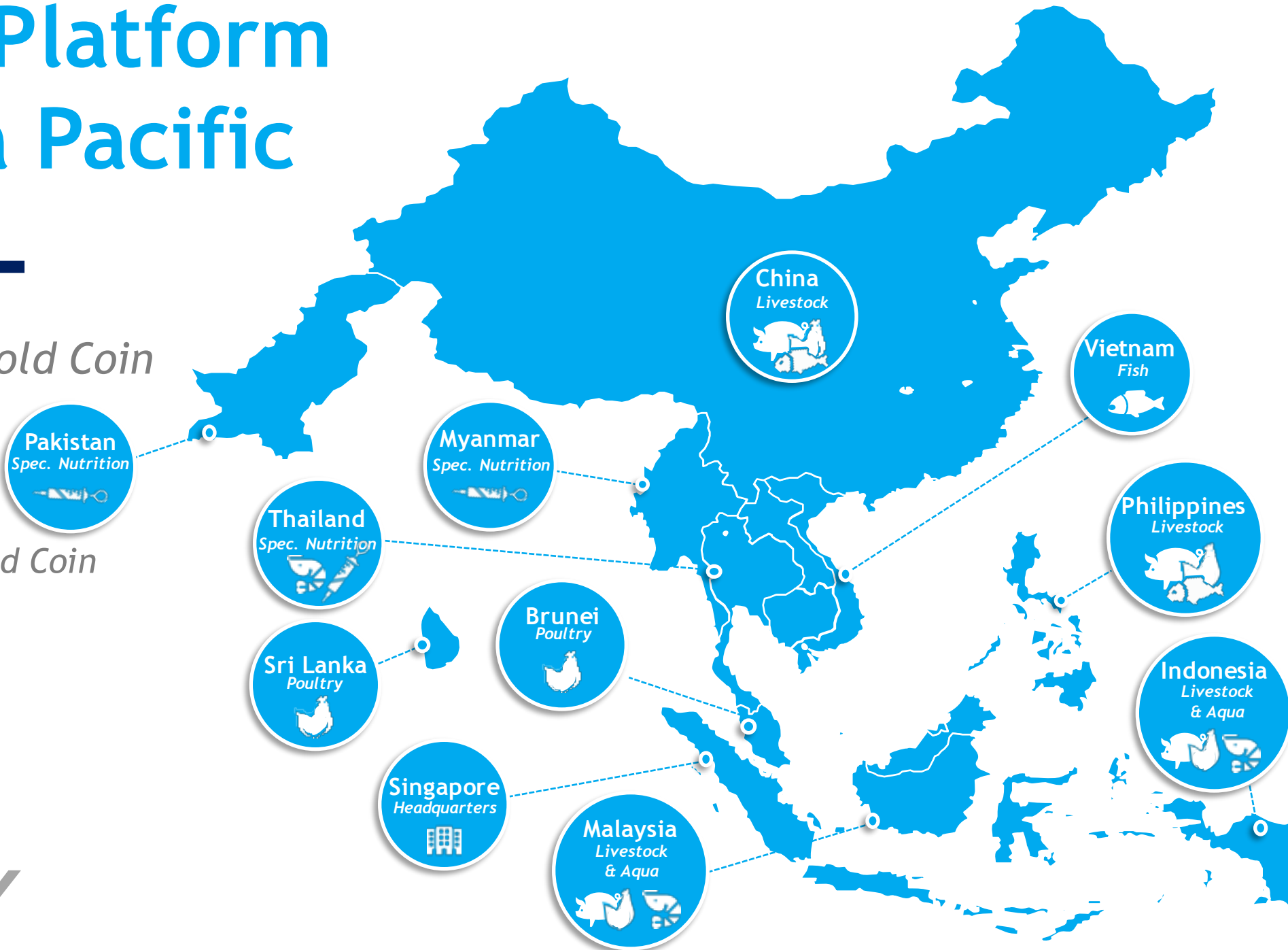
# Building a Platform Across Asia Pacific

**5.7M MT**  
*2023 Growing with Gold Coin*

**4.3M MT**  
*2018 Acquisition of Gold Coin*

**500K MT**  
*2012 Pilmico*

DESIGN  
**CAPACITY**

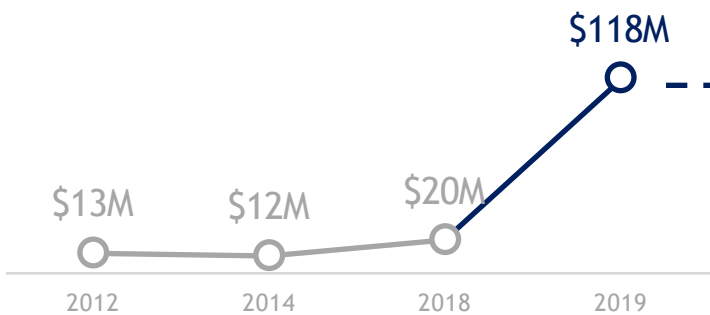




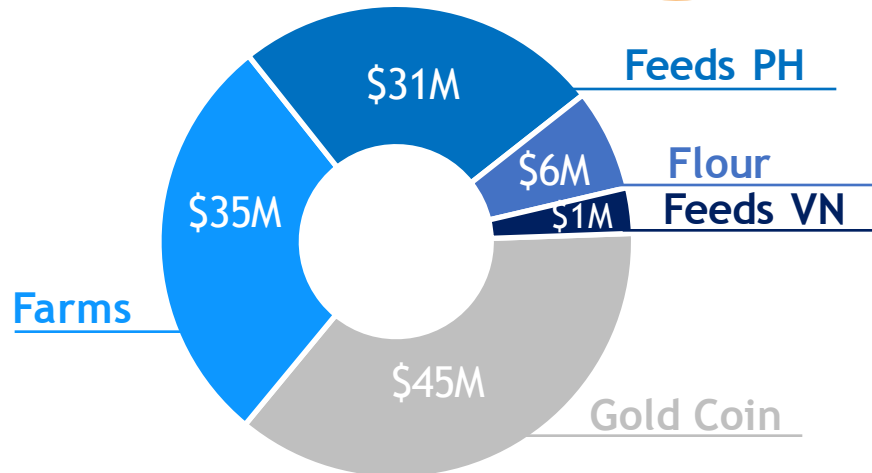
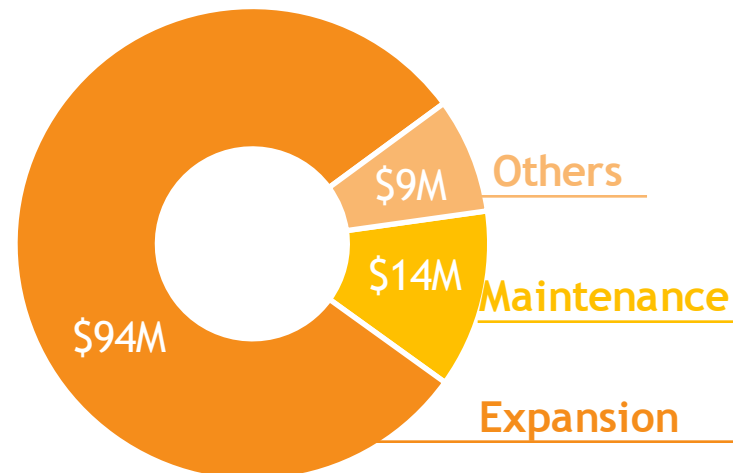
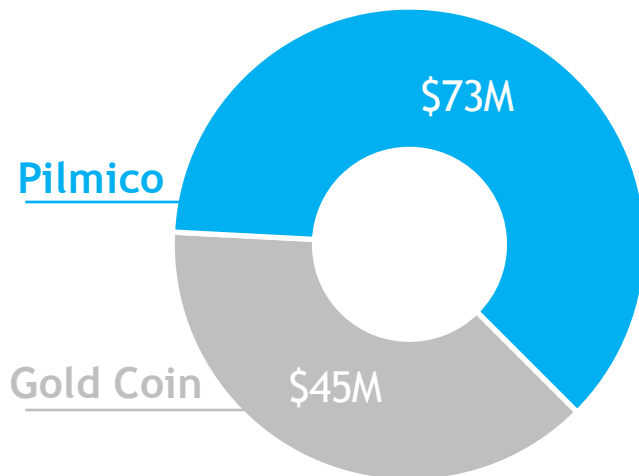
# Growth supported by robust CAPEX spending

# \$118M

## Php 6 Billion 2019 CAPEX

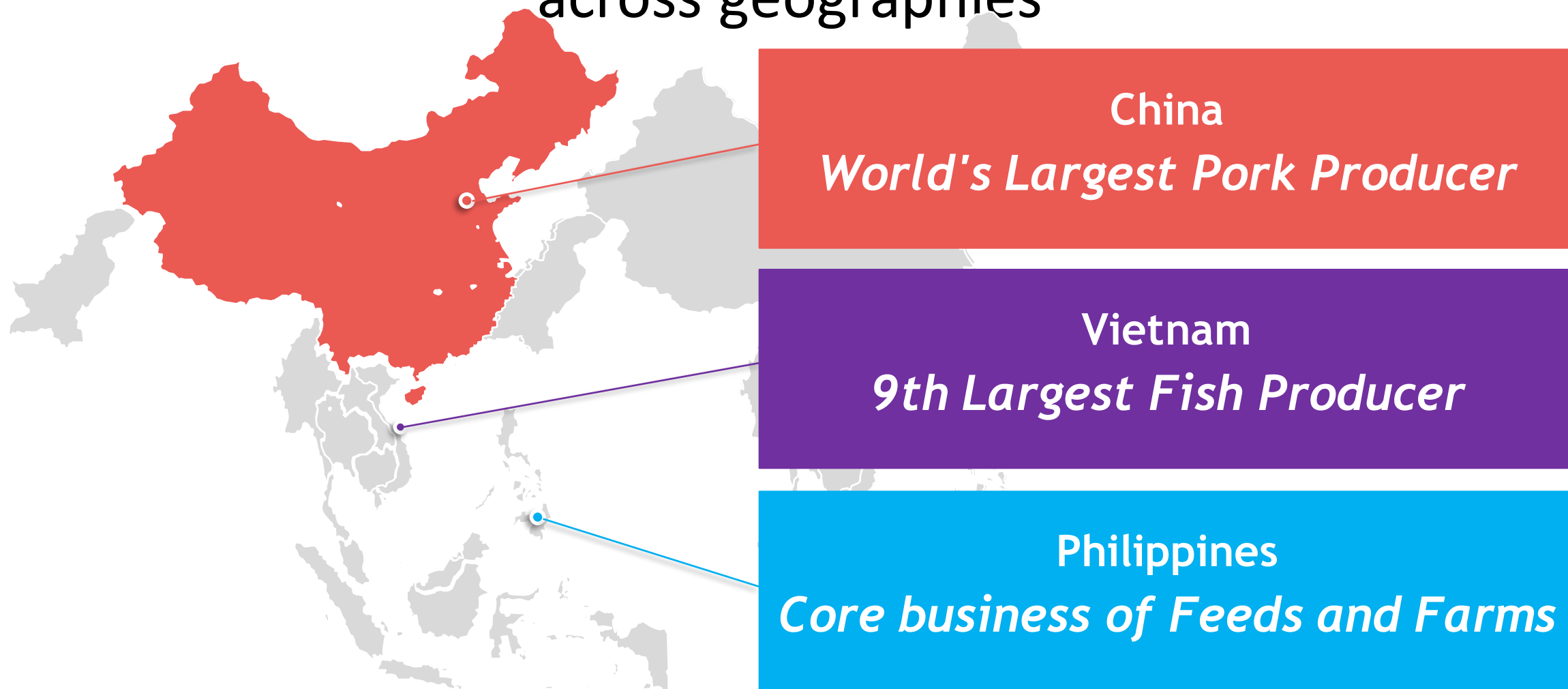


37% CAGR since 2012





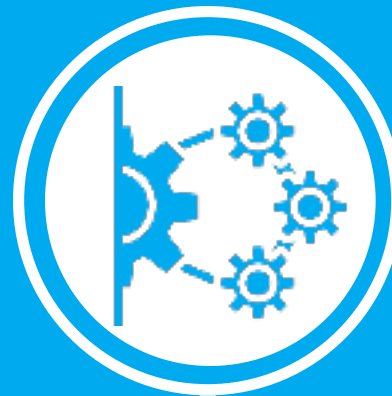
Growing core business while expanding across business lines and across geographies



Strong Growth pipeline in all platforms

2019

Integration of  
Eurofeed into  
Gold Coin



*Jan*

*Mar*



China Automated  
Finished Goods Packing  
Line

- Efficiency Improvement & lower labor costs
- Capacity: 600 bags/Hr per line

## Dongguan Feedmill Hog Line

- Additional capacity for Pig lines in Southern China
- Capacity: + 9TPH



## Zhangzhou Feedmill Pelleting Line

- Additional capacity for pelleting line in Eastern China
- Capacity: +9TPH



## Layer Farm Expansion

- Rearing Farm Expansion to grow Ready-To-Lay hens (RTL)
- Capacity: From 173K to 260K RTL



*Jun*

*Aug*



## Dongguan Feedmill Fish Line

- Additional capacity for Floating Fish Southern China
- Capacity: + 5TPH



## Two Biogas Facilities

- Source of renewable energy in Tarlac for farms business
- Capacity: 148 KW each

## Meat Fabrication Plant

- Forward integration of the farms business
- Capacity: 345,600 Heads



## Ha Nam Fish Feed Line

- Cater Strong demand for fish feed line in North Vietnam
- Capacity: +5TPH



# Nov

# Dec



## Iligan Feedmill Expansion

- Additional Capacity to support Visayas & Mindanao
- Capacity: +20TPH



## Review of Business Units

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# **Aboitiz InfraCapital**



## Aboitiz Water Portfolio



**AIC to build water portfolio amounting to 350 MLD (by 2021) across the water value chain over the next three years.**



## Water Infrastructure: Apo Agua

### 330 MLD Bulk Water project in Davao

One of the country's largest private bulk water supply projects



**100% of steel coil** requirement for pipe manufacturing **delivered on-site**



Site **access roads** on going construction



Commenced excavation works on **water treatment plant site**

**Increased PR activities** in tri-media and social media platforms



# Water Infrastructure: Lima Water

## 8 MLD Water Facility in Batangas

Captures end to end process of the water value chain



1Q 2019 **EBITDA** grew by **9% YoY** due to higher billed volume



Initiated several **tariff reform initiatives** to ensure sustainability of operations and support investment program



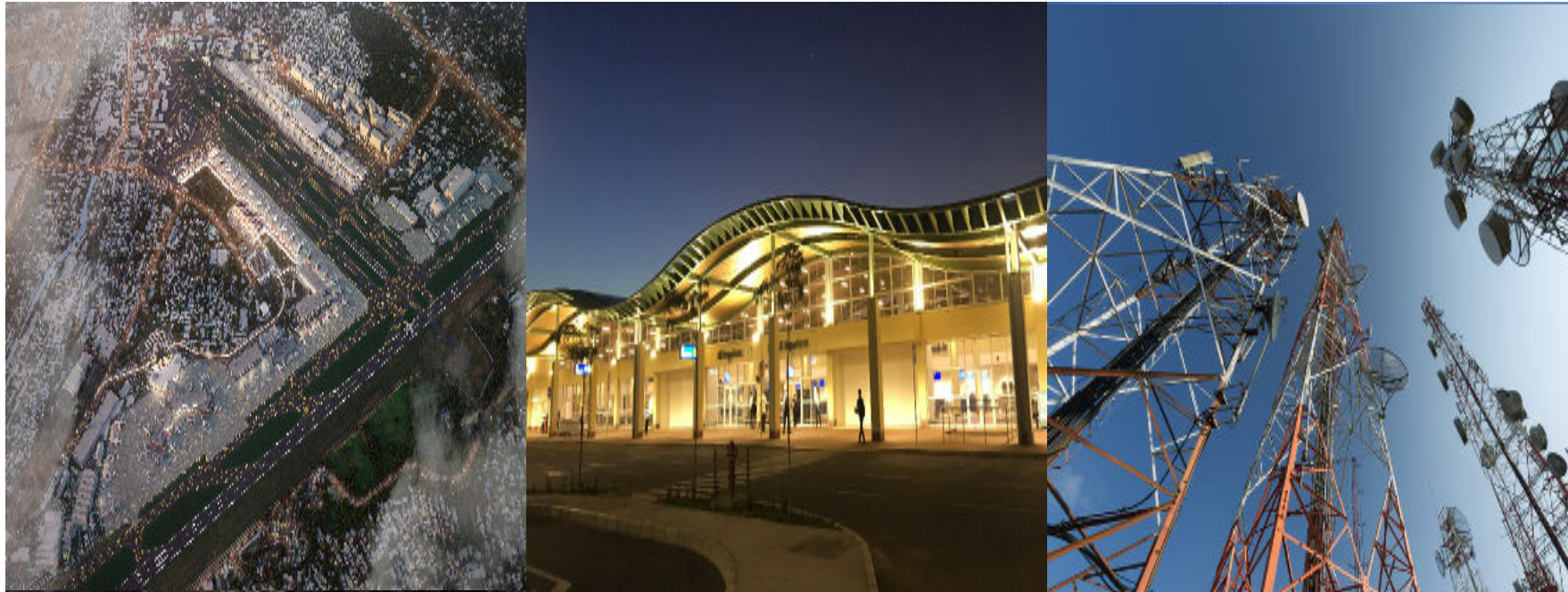
Sales growth due to **robust demand** from both new and existing locators to continue in 2019



Roll out **PhP140 M capex plan** over the next three years



## Aboitiz Infrastructure Portfolio



**AIC to become a reference player in the operation and management of regional airports and other infrastructure**



# Transport Infrastructure: NAIA



## Original Proponent Status (OPS)

to rehabilitate, develop, operate and maintain for 15 years



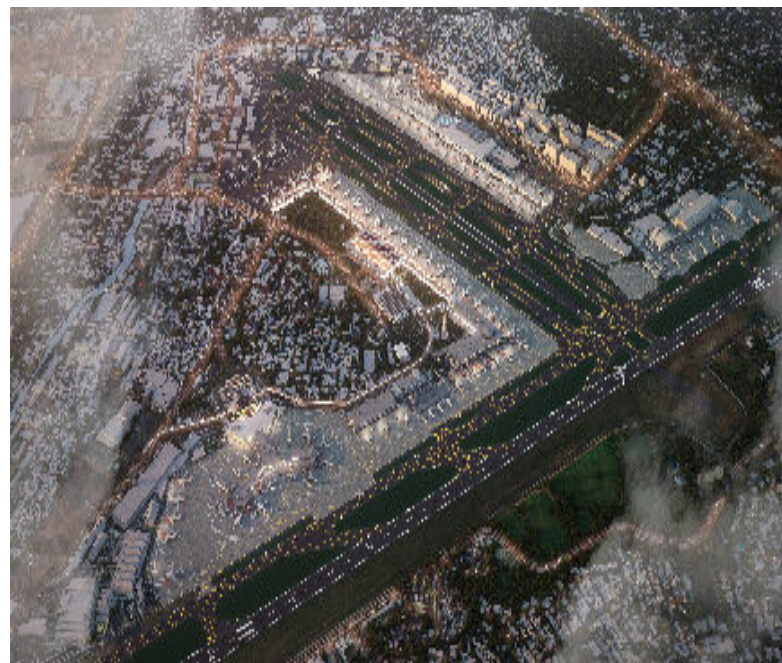
## PhP96 Bn

estimated total project cost



## Consortium of 7 Equal Partners

with a solid track record of managing large scale projects and operational excellence



## Annual Passenger Capacity:



31 Million  
2018



47 Million  
2022



65 Million  
2025



# Transport Infrastructure: Bohol-Panglao International Airport (BPIA)



## Original Proponent Status (OPS)

to operate and maintain, and undertake future expansions of the airport



## 2 Million Passenger Capacity

more than double the size of Tagbilaran airport



## Improvements will Result in

efficient passenger flow, better retail & dining experience, and increased flight destinations from Bohol-Panglao airport





## BPIA: Façade & Grounds



**Spacious, new and clean**



## BPIA: Passenger boarding area



Enough seats and large open spaces



Enough space for more food stalls and dining facilities



## BPIA: Passenger check-in



**No queues for check-in, self check-in kiosks from airlines also available**



# Transport Infrastructure: Laguindingan Airport



## Original Proponent Status (OPS)

to operate and maintain, and undertake Immediate upgrade and future expansions of the airport



## 2.1 Million vs 1.6 Million

2018 actual traffic vs current terminal capacity



## Improvements will Result in

upgraded and efficiently run airport facilities





## Laguindingan: Façade & Grounds



**Available open spaces to accommodate facility upgrades and expansion**



## Laguindingan: Passenger check-in



**Passenger check-in area will be improved to utilize the space and ease the passenger flow**



## Our Vision for Laguindingan Airport



Laguindingan Airport in 2022, External Airside View



## Our Vision for Laguindingan Airport



Laguindingan Airport in 2022, Check-in Area



## Digital Infrastructure: Telecom Towers



**MoU with DICT**  
to become a Common Tower  
Operator



**50,000 New Sites Needed**  
for the country to catch up with other  
SEA countries



**Improvements will Result in**  
more efficient, accessible, and  
reliable telecommunications  
services





**RCBM**



## A Good Start in 2019

- Government's infrastructure programmes continuing though some concerns on budget approval delays
- Stable private sector demand
- Market prices stable
- Production costs are under control
- Bulacan debottlenecking project completed safely, within budget and now delivering results
- Contribution to AEV at (PhP32M) in Q12019, an improvement of +PhP49M from same period last year





## Review of Business Units

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# 1Q 2019 Financial Performance

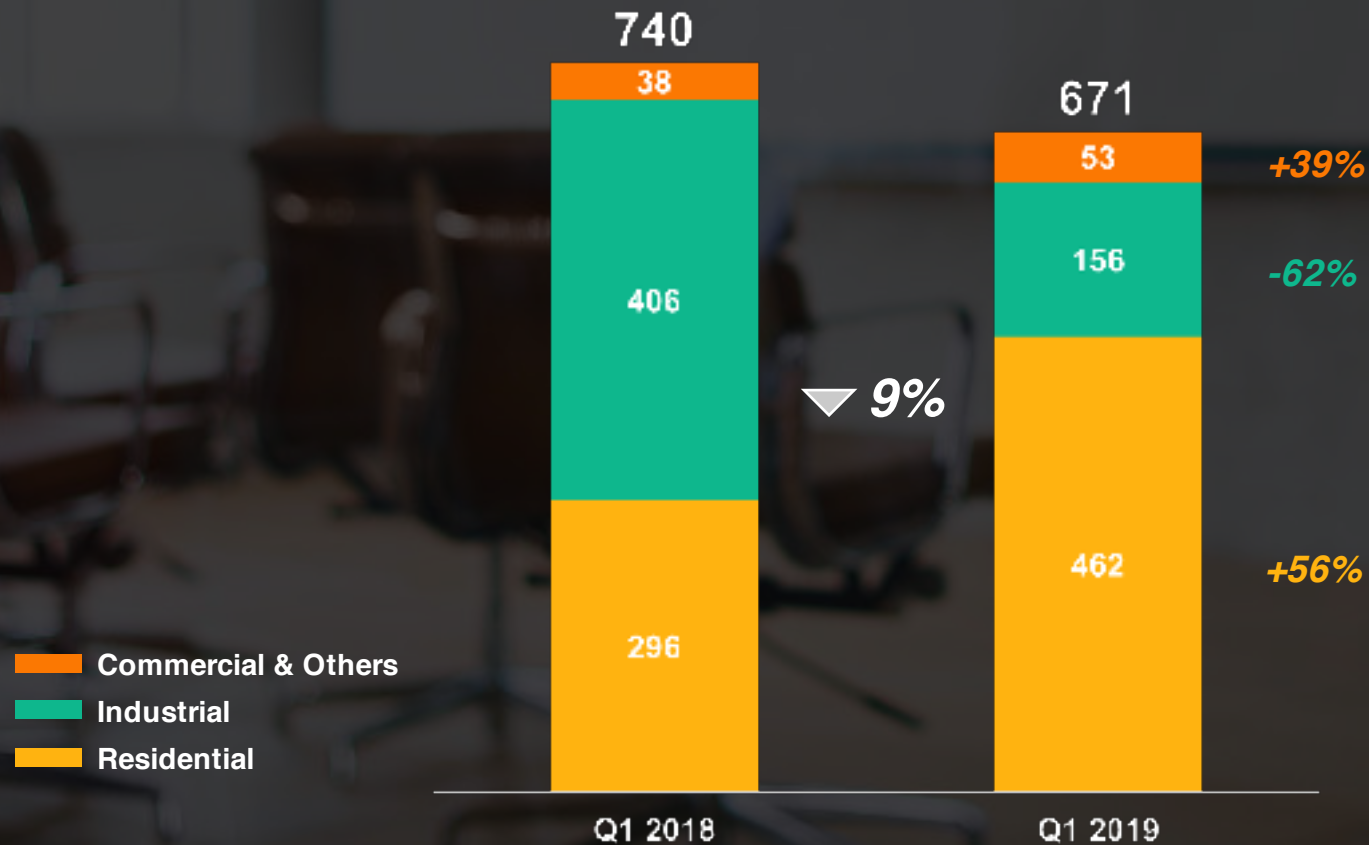
	<u>1Q 2019</u>	<i>vs 1Q 2018</i>
Revenues	671M	▼ <b>9%</b>
Gross Profit	252M	▼ <b>14%</b>
Net Operating Profit	15M	▼ <b>83%</b>
NIAT	-44M	▼ <b>174%</b>
Residential Sales	497M	↔



# 1Q 2019 Revenues

(in Php Million)

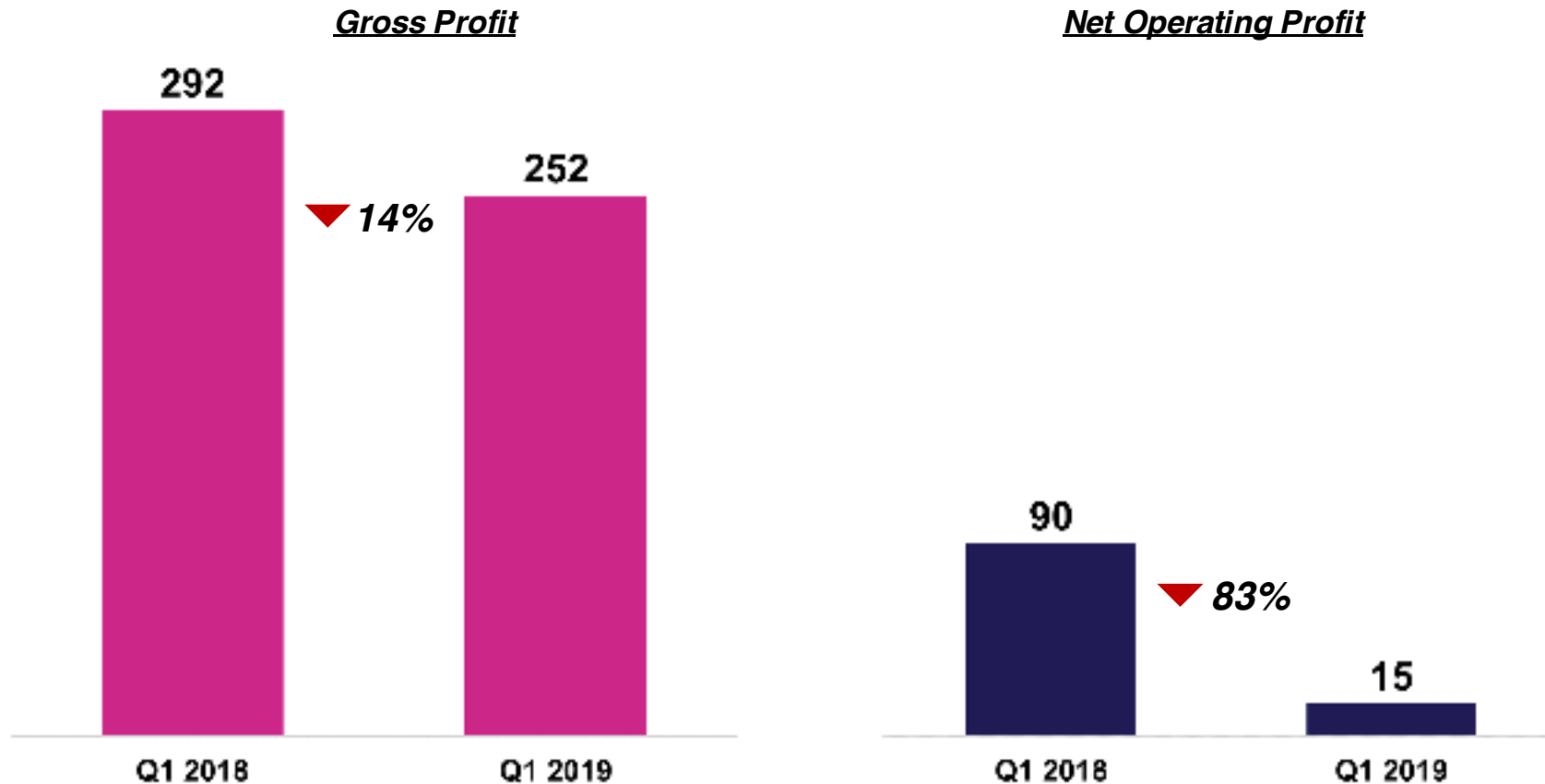
Revenues down by 9% due to deferred recognition of industrial lot sales





# 1Q 2019 Gross Profit & Net Operating Profit

Profits weighed down by lower revenues and higher direct project expenses

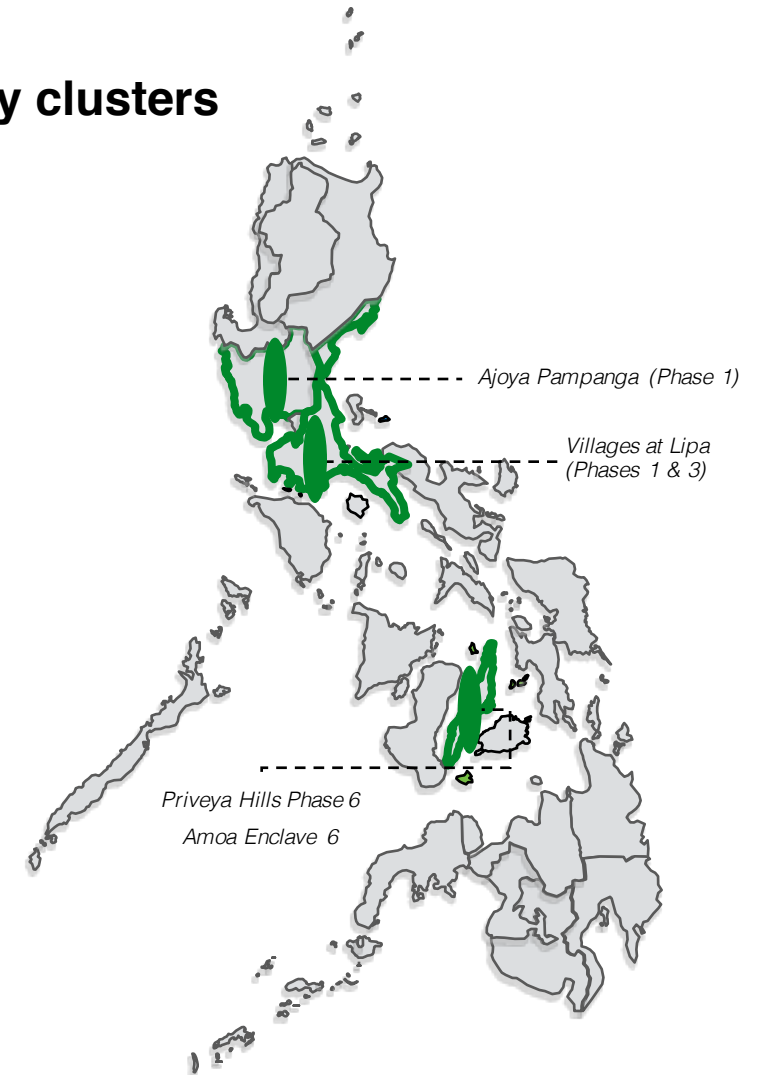




# 1Q 2019 Business Highlights

**Upcoming Residential Launches are centered in key clusters**

	<b>Cebu</b>	<b>Luzon</b>	<b>Total</b>
Planned Launches in 2019	2	2	4
No. of units for release	486	993	1,479
Est. Inventory value	1.7Bn	3.8Bn	5.5Bn





# 1Q 2019 Business Highlights

**Cebu Cluster: Upcoming launches of new phases in existing developments**

## **Amoa**

Compostela, Cebu

**3 Launched Phases (64% sold)  
1,340 units | Php 3.3Bn**

**For release (July '19)  
395 units | Php 1.2Bn**



## **Priveya Hills**

Talamban, Cebu

**5 Launched Phases (63% sold)  
447 units | Php 3.0Bn**

**For release (June '19)  
91 units | Php 0.5Bn**





# 1Q 2019 Business Highlights

**North Luzon Cluster: New residential community to be launched by Q2 2019**



## **Ajoya Pampanga**

Mexico, Pampanga

**1,446 units | Php 3.9B**

**For release (Phase 1)  
252 units | Php 0.5Bn**



# 1Q 2019 Business Highlights

## South Luzon Cluster: Further solidify presence in Batangas

### Seafront Residences

San Juan, Batangas

4 Launched Phases

(44% sold)

765 units | Php 3.2Bn



### Villages at Lipa (Q2 2019)

Lipa, Batangas

1,693 units | Php 7.1B

For release (Phase 1&3)

741 units | Php 3.4Bn





# 1Q 2019 Business Highlights

**South Luzon Cluster: The Outlets at Lipa as an integral component to the Lima Estate**

## **The Outlets at Lipa**

Lipa, Batangas

### **Phase 1**

**30% occupied (4.2k sqm)  
62% signed (8.7k sqm)**

### **Phase 2**

**17% signed (2.4k sqm)**





# 1Q 2019 Business Highlights

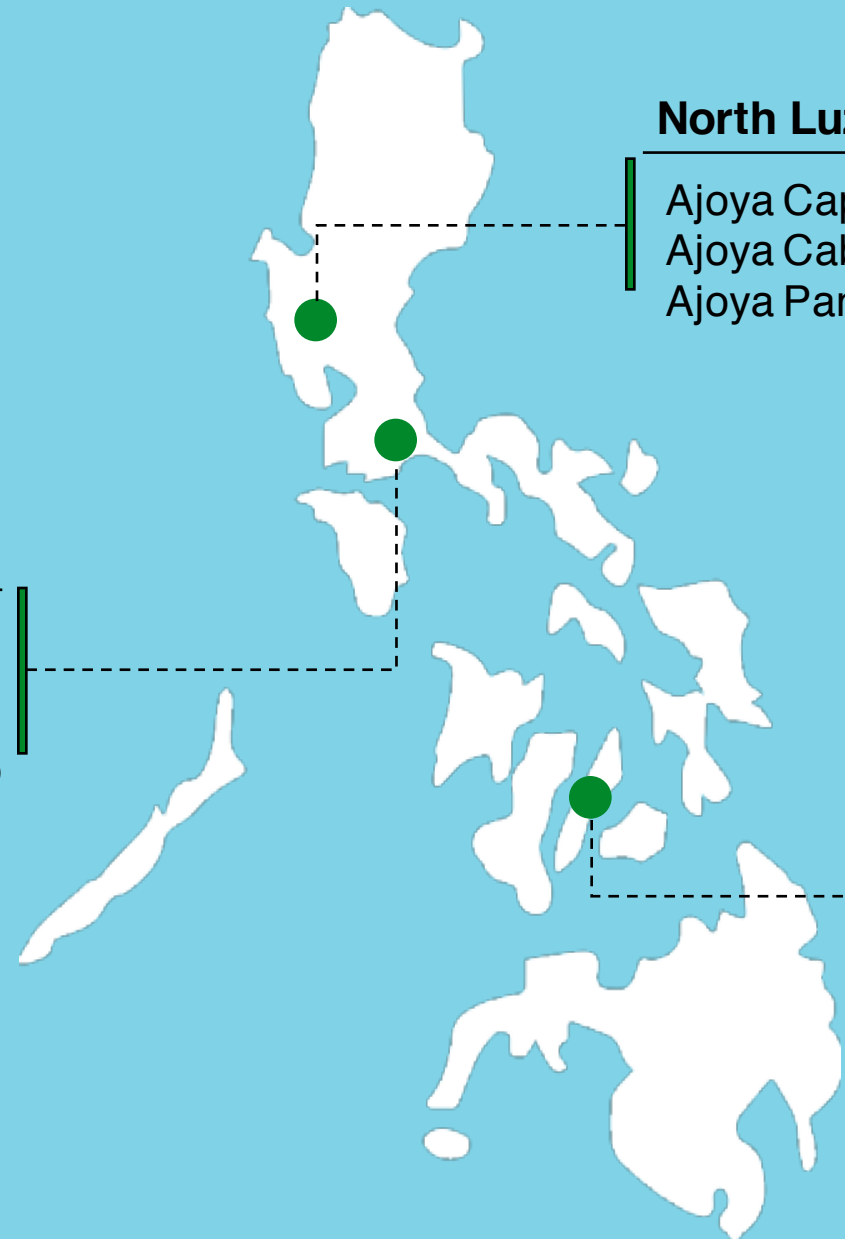
## Estate Transformation of the Lima Technology Center

The Outlets at Lipa (28k GLA)

Lima Exchange (9k GLA)

The Villages at Lipa (2,589 units)





**North Luzon Cluster**

- Ajoia Capas
- Ajoia Cabantauan
- Ajoia Pampanga

**South Luzon Cluster**

**Seafront Residences**

**Lipa Estate**

*(Industrial Park, Villages at Lipa, The Outlets at Lipa)*

**Cebu Cluster**

- Amoa
- Pristina North
- Priveya Hills
- Foressa Mountain Town
- The Persimmon Studios
- Almiya
- Ajoia Mactan

**Cebu Commercial Assets**

*(Outlets at Pueblo Verde, iMEZ, The Persimmon Plus)*

- MEZ II
- CIPDI Industrial Park

***Expanding our geographic footprint through developments in thriving areas***

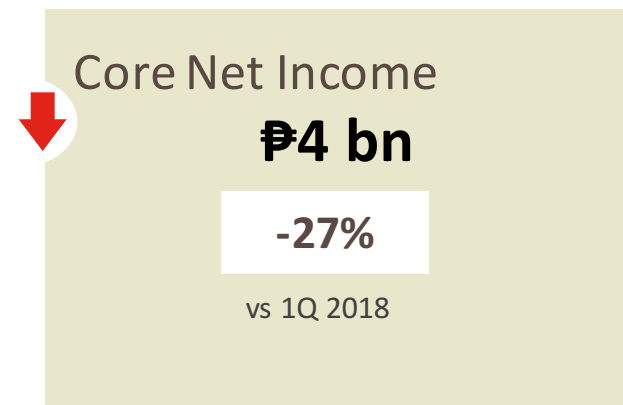


## Review of Business Units

- Power
- Banking & Financial Services
- Food
- Infrastructure
- Land
- **AEV Financials**
- **Q&A**



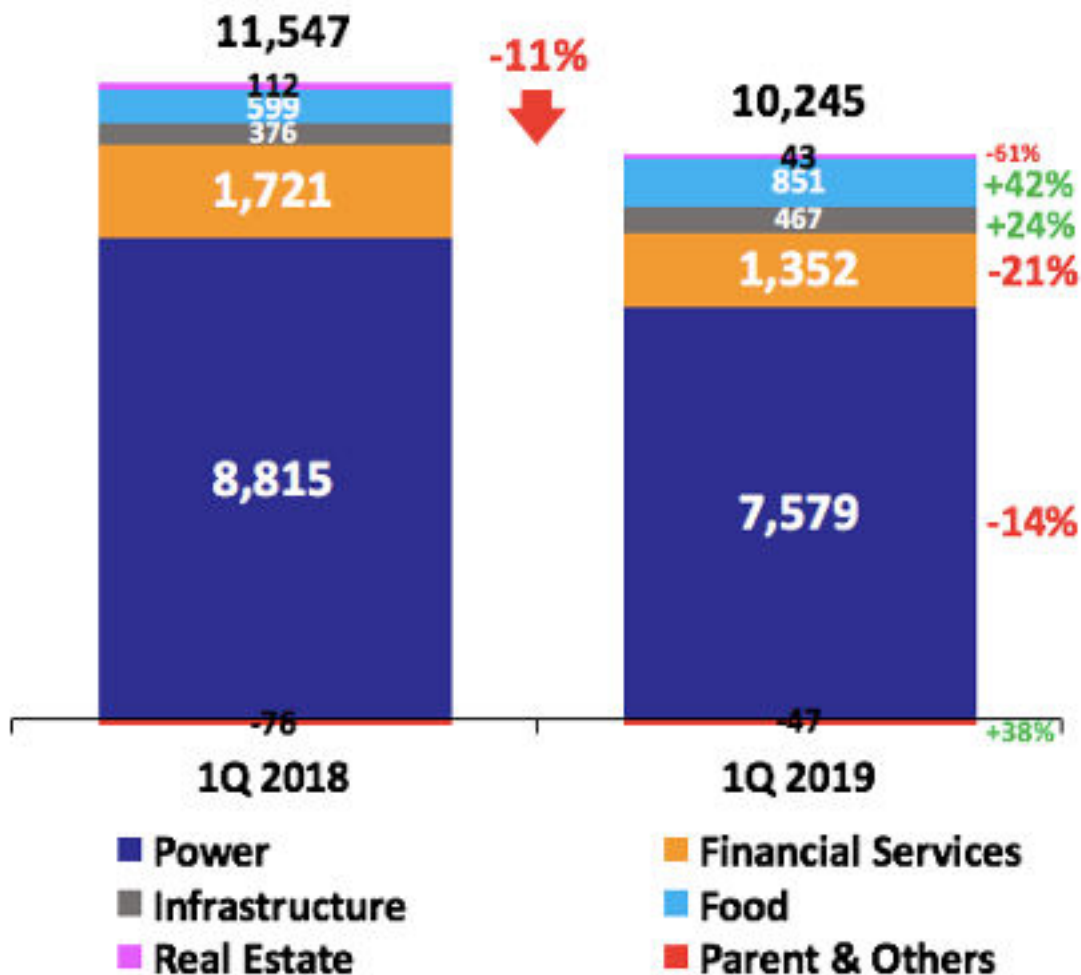
# 1Q 2019 Financial Performance





# 1Q 2019 Beneficial EBITDA

(in Php mn)

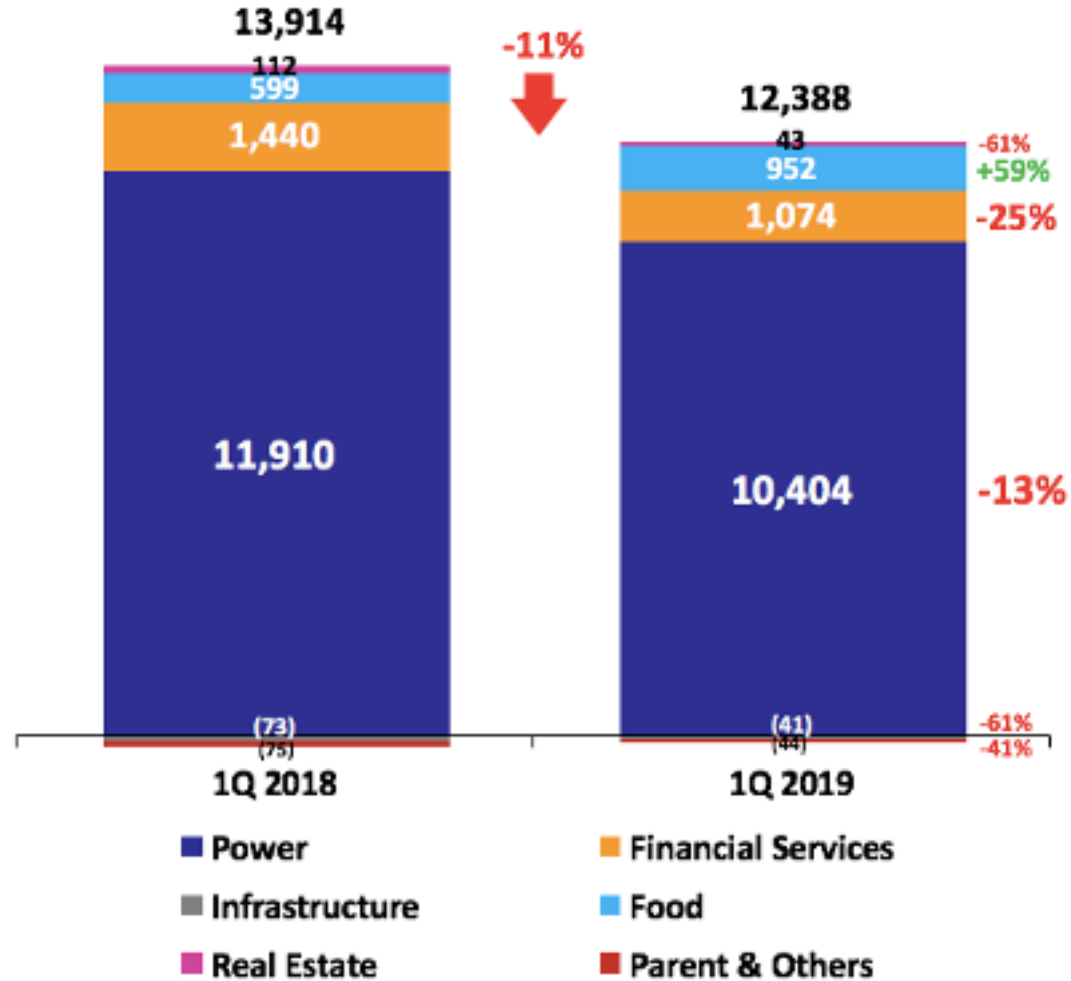


-11% down mainly due to higher purchased power cost from the Power SBU



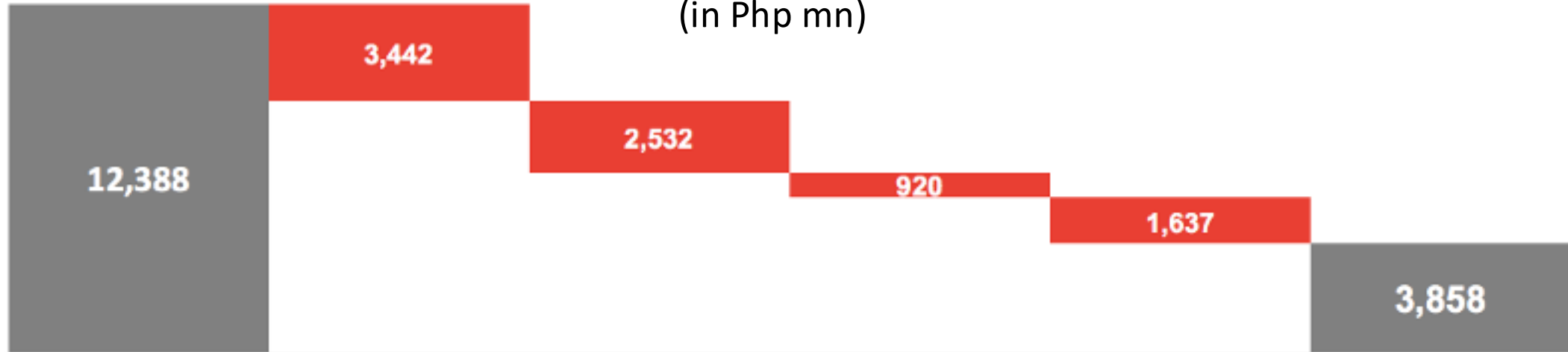
# 1Q 2019 Consolidated EBITDA

(in Php mn)



# 1Q 2019 Core Net Income

(in Php mn)



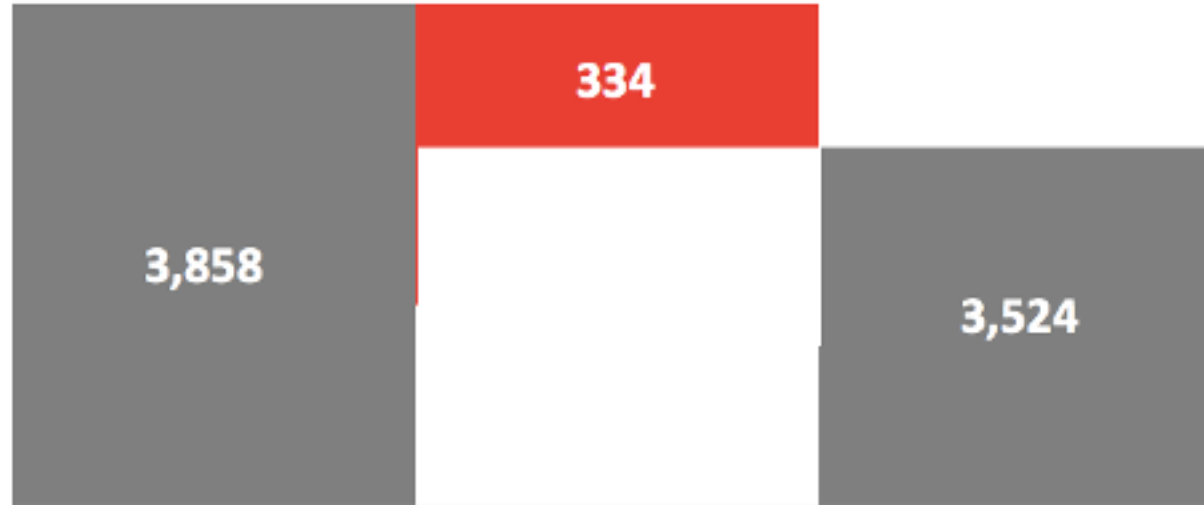
**Conso EBITDA      Interest Expense      Depcn. & Amort.      Tax & Others      Non-controlling Interest      Core Net Income**

	1Q 2018	1Q 2019	Change
<b>Conso EBITDA</b>	13,914	12,388	<b>-11%</b>
Less: Interest Expense	3,038	3,442	<b>13%</b>
Depcn. & Amort.	2,211	2,532	<b>15%</b>
Tax & Others	1,539	920	<b>-40%</b>
Non-controlling Interest	1,875	1,637	<b>-13%</b>
<b>Core Net Income</b>	<b>5,250</b>	<b>3,858</b>	<b>-27%</b>
<i>EPS</i>	<i>0.93</i>	<i>0.68</i>	



# 1Q 2019 Net Income

(in Php mn)



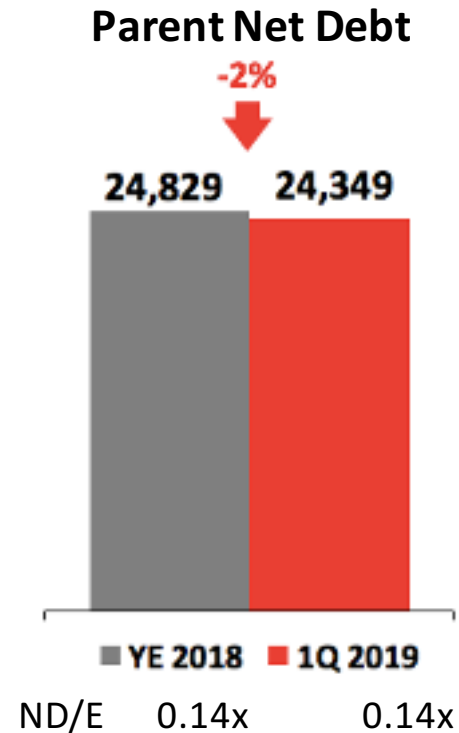
**Core Net Income    Non-recurring Income/(Loss)    Net Income**

	1Q 2018	1Q 2019	Change
<b>Core Net Income</b>	5,250	3,858	<b>-27%</b>
Non-recurring losses	(424)	(334)	21%
<b>Net Income</b>	4,826	3,524	<b>-27%</b>
<i>EPS</i>	0.86	0.63	



# Balance Sheet Highlights

(in Php mn, except ratios)



## Consolidated Balance Sheet/Key Ratios

	YE 2018	1Q 2019
Cash and Cash Equivalents	59,033	63,588
Total Assets	554,588	558,566
Total Liabilities	337,325	346,170
Total Equity	217,264	212,396
Equity Attributable to Parent	174,705	170,245
Book Value Per Share	31.02	30.22
Current Ratio	1.8x	1.5x
Debt to Equity	1.6x	1.6x
Net Debt to Equity	1.0x	1.1x



# Succession



**Emmanuel V. Rubio**

President and Chief Executive Officer  
AboitizPower  
(incoming)



# Succession



**Sabin M. Aboitiz**

President & CEO

Aboitiz Equity Ventures, Inc.  
(incoming)



**aboitiz**

ADVANCING BUSINESS  
AND COMMUNITIES