



Aboitiz Equity Ventures

First Nine Months of 2018

Financial & Operating Results

7 November 2018

aboitiz

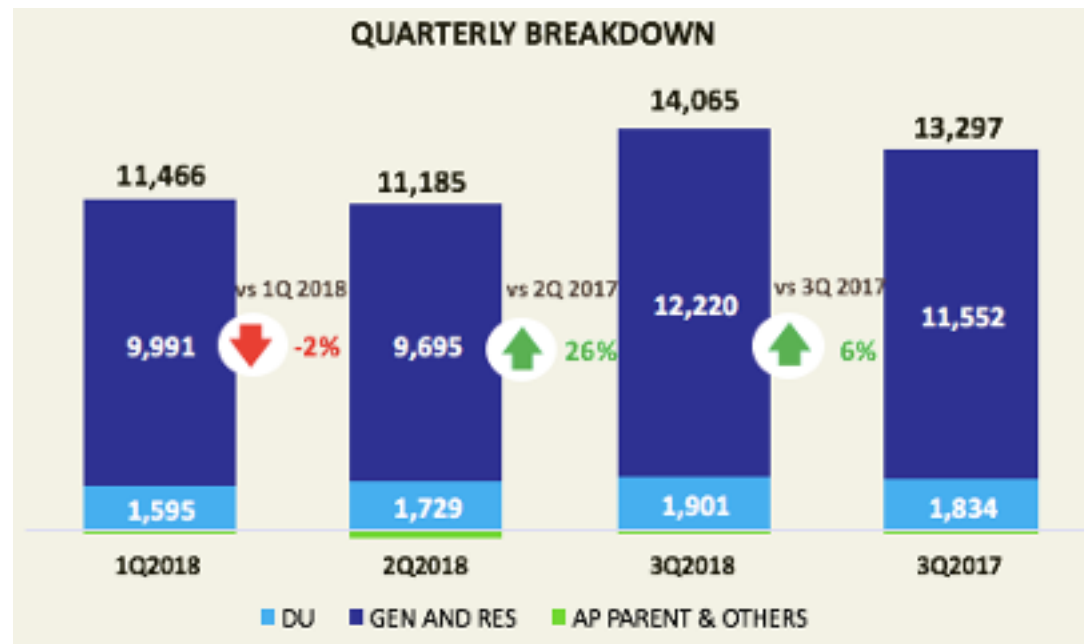
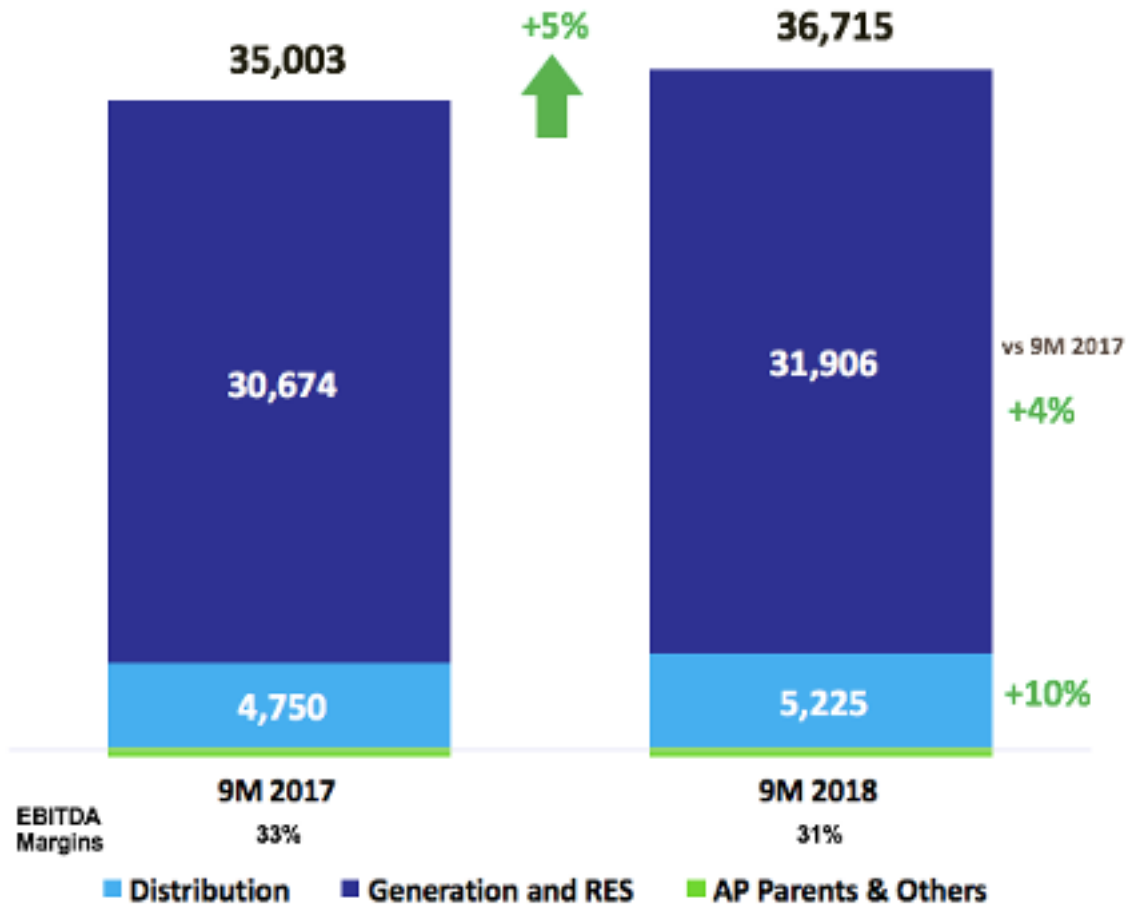


Review of Business Units

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



9M 2018 EBITDA*



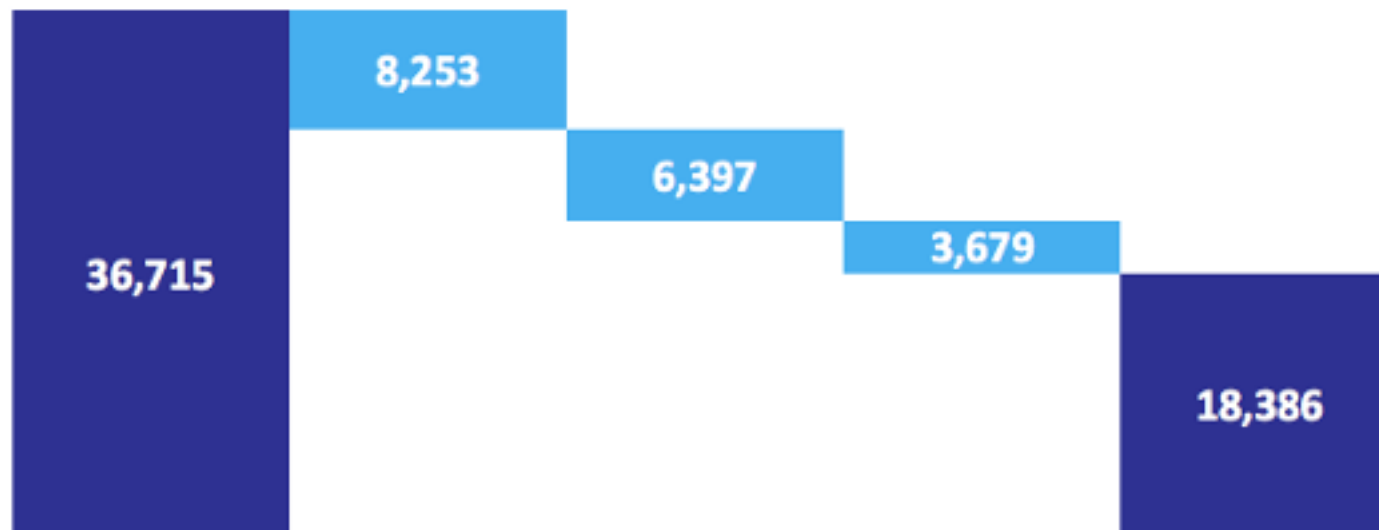
+5% YoY growth, mainly of which...

- +4% from new contributions from PEC and HBI
- +1% from Distribution group driven by strong growth

*Beneficial figures



9M 2018 Core Net Income



	9M 2017	9M 2018	Change
EBITDA	35,003	36,715	5%
Interest Expense	8,646	8,253	-5%
Depcn. & Amort.	6,038	6,397	6%
Tax & Others	2,835	3,679	30%
Core Net Income	17,484	18,386	5%
<i>EPS</i>	2.17	2.14	



9M 2018 Net Income



	9M 2017		9M 2018		Change
Core Net Income	17,484	18,386	5%		
Non-recurring Income/(Loss)	(1,738)	(1,714)	-1%		
Forex gains/losses	(1,088)	(1,714)	58%		
Debt prepayment costs	(650)	-	N/A		
Net Income	15,746	16,672	6%		
<i>EPS</i>	2.14	2.27			

FX in Sep 2018: 53.48 vs 51.17 in 2017



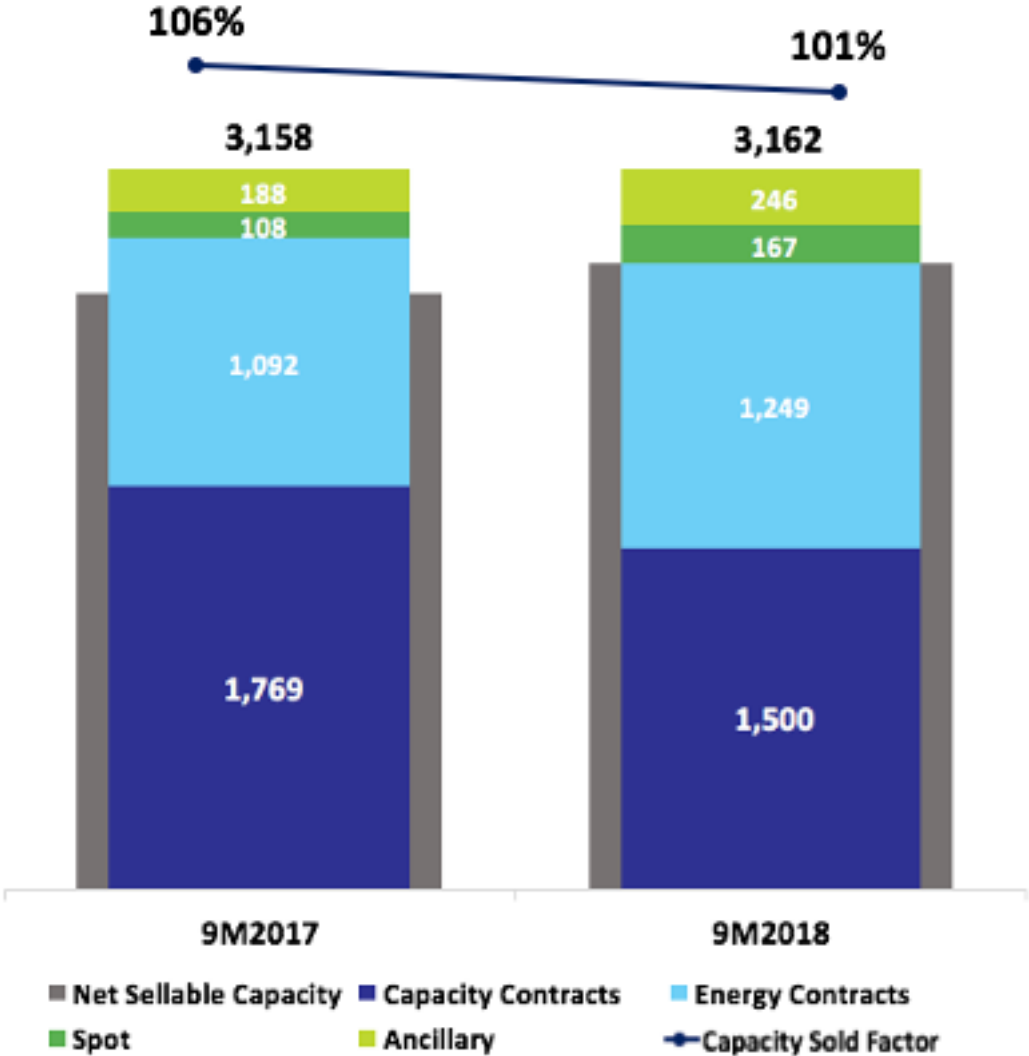
Balance Sheet Highlights

(Php mn)	CONSOLIDATED	
	YE2017	9M2018
Cash and Cash Equivalents	35,700	29,631
Trade and Other Receivables	17,360	23,486
Property, Plant and Equipment	204,025	208,476
Investments and advances	31,249	34,493
Total Assets	361,477	375,738
Total Liabilities	237,499	243,714
Total Equity	123,978	132,024
Total Interest Bearing Debt	205,996	209,835
Net Debt	167,654	174,509
Net Debt to Equity	1.3X	1.3x
Debt to Equity*	1.7X	1.6x

*Interest bearing debt / Total equity



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

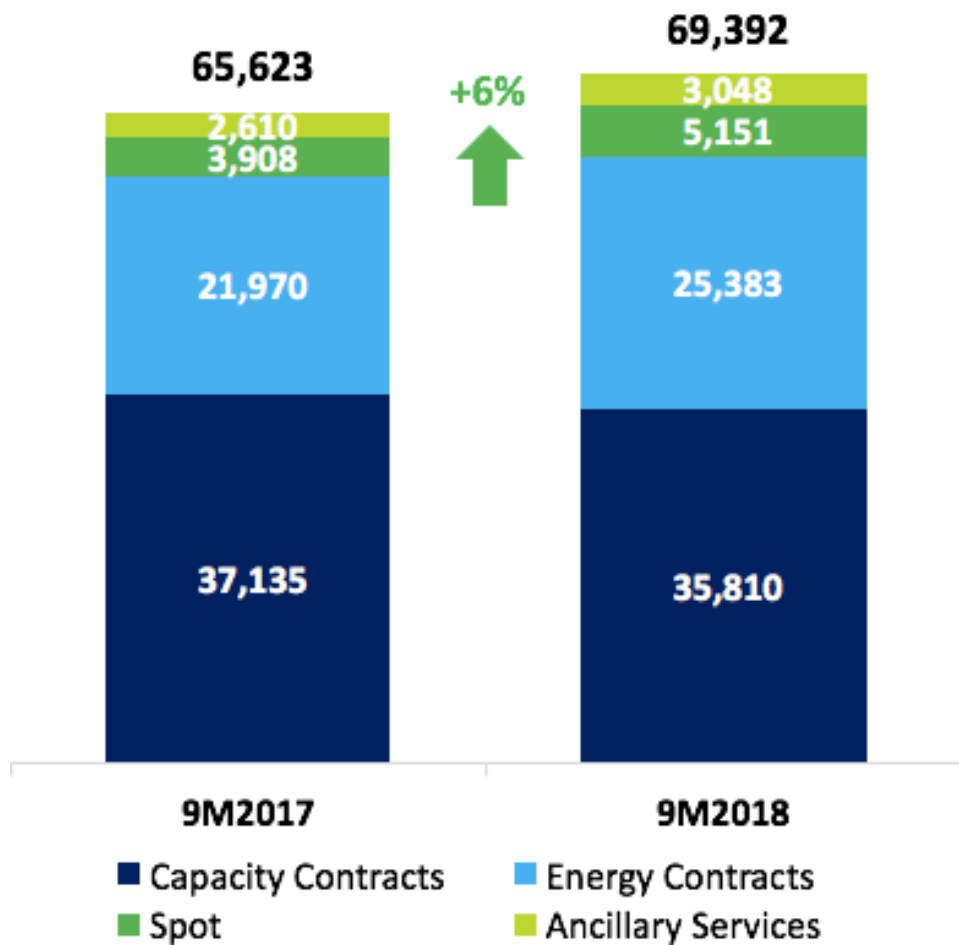


Capacity Sales: Capacity Contracts (MW) + Energy Contracts (MW) + [(Spot (MWh) + Ancillary (MWh))/Days_Year/Hours Day]
Capacity Sold Factor: Capacity Sales (MW) / Net Sellable Capacity (MW)

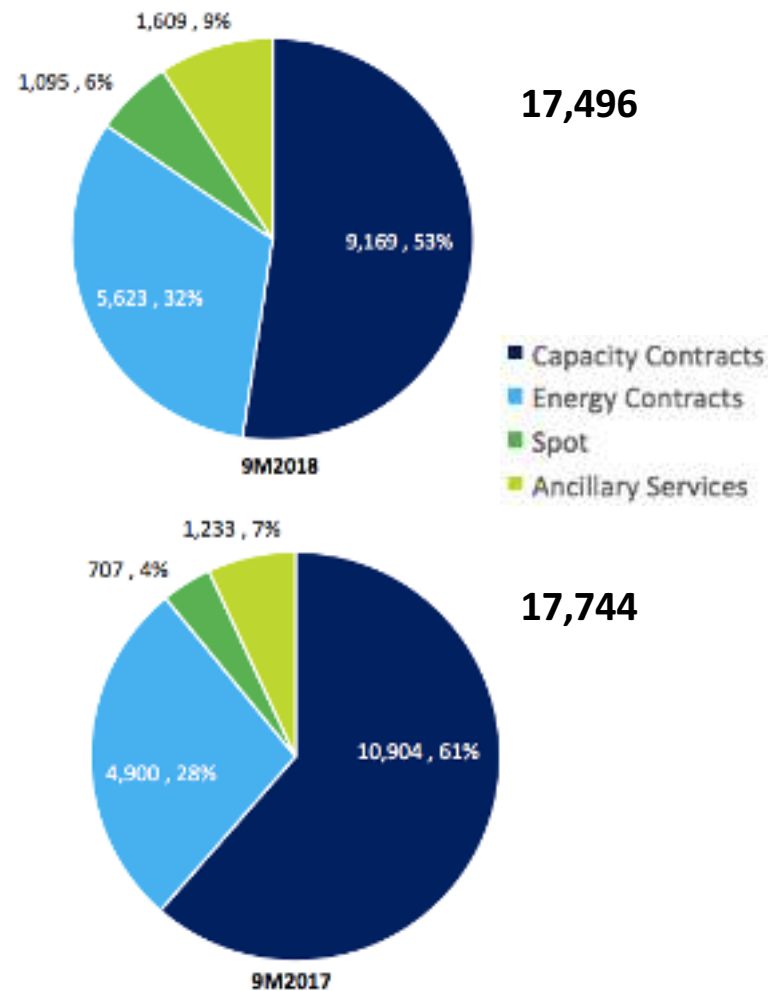


Operating Highlights: Revenue and Energy Sold

Php MN



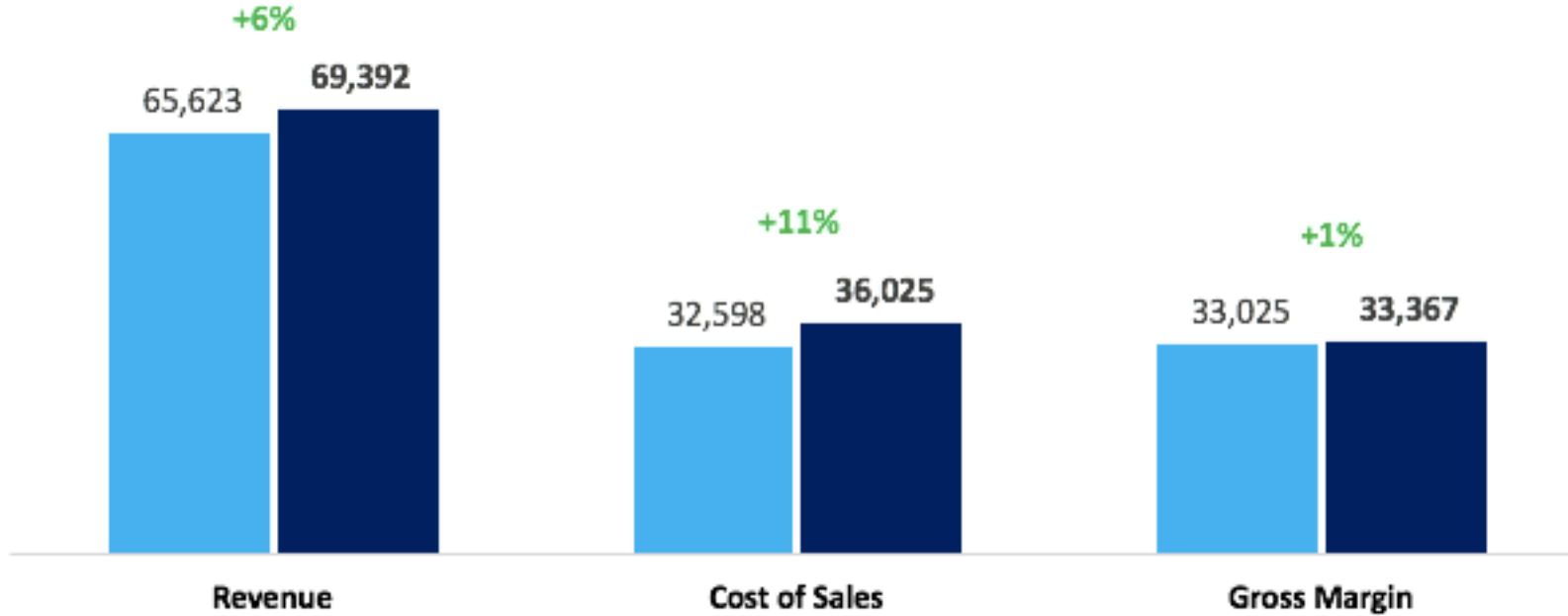
GWh



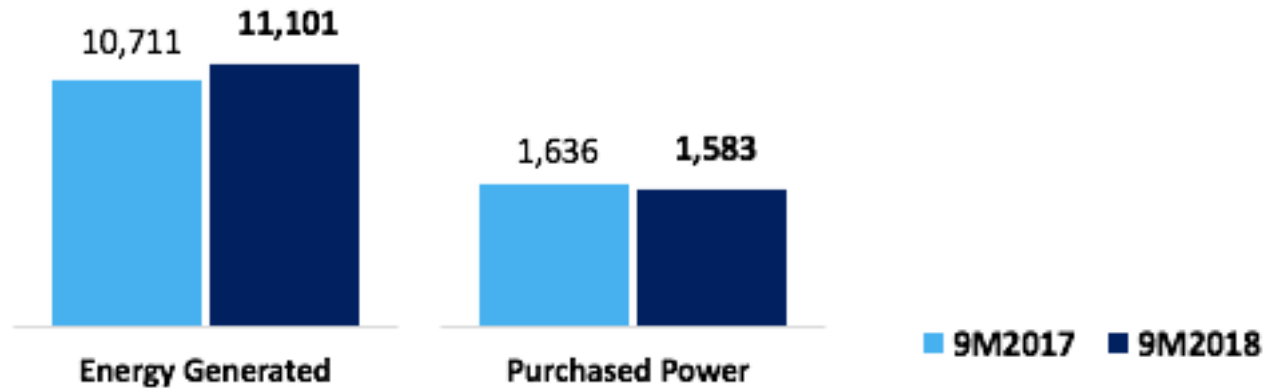


Operating Highlights: Gross Margin

In Php MN



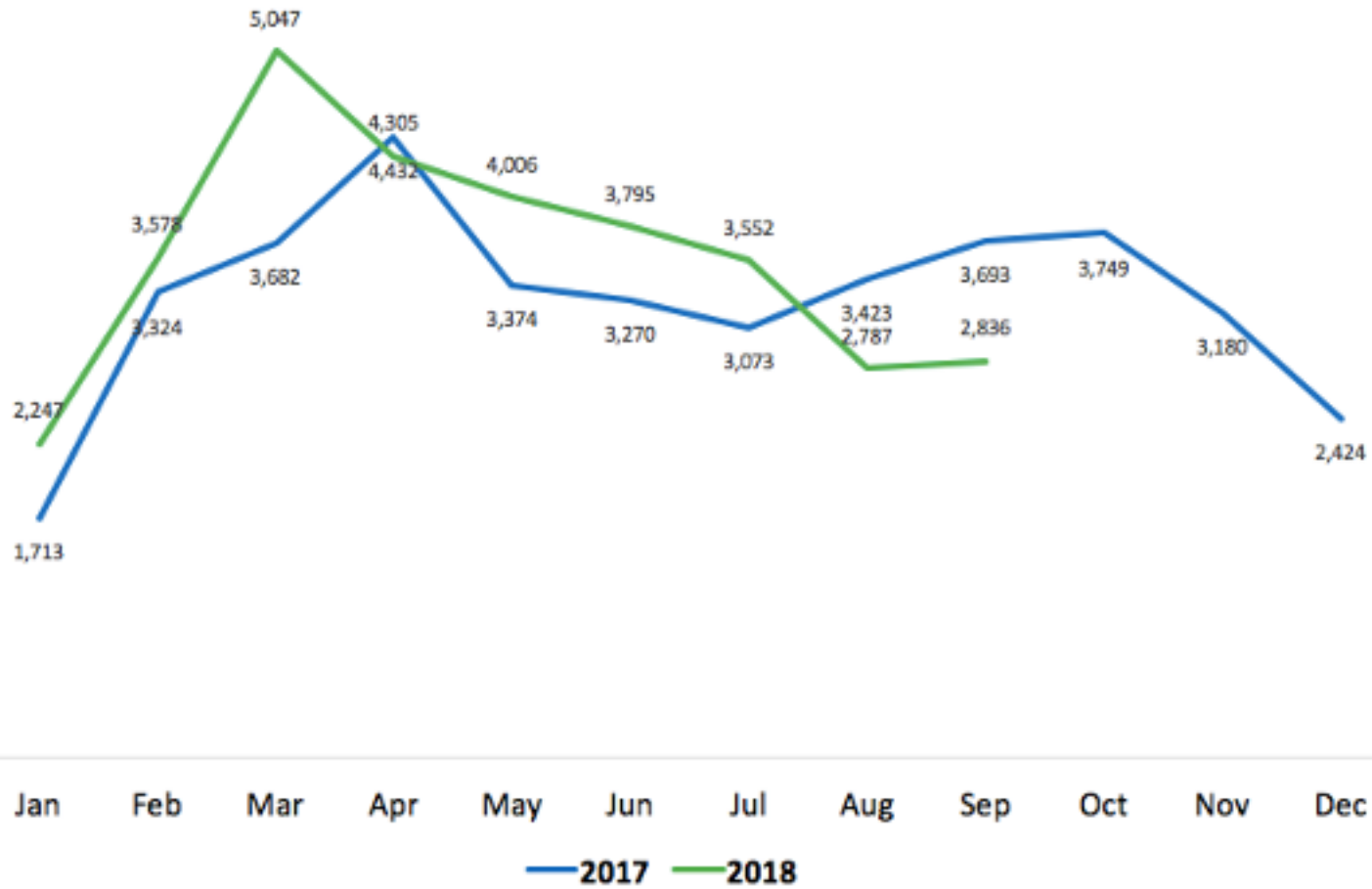
In GWh





Operating Highlights: WESM

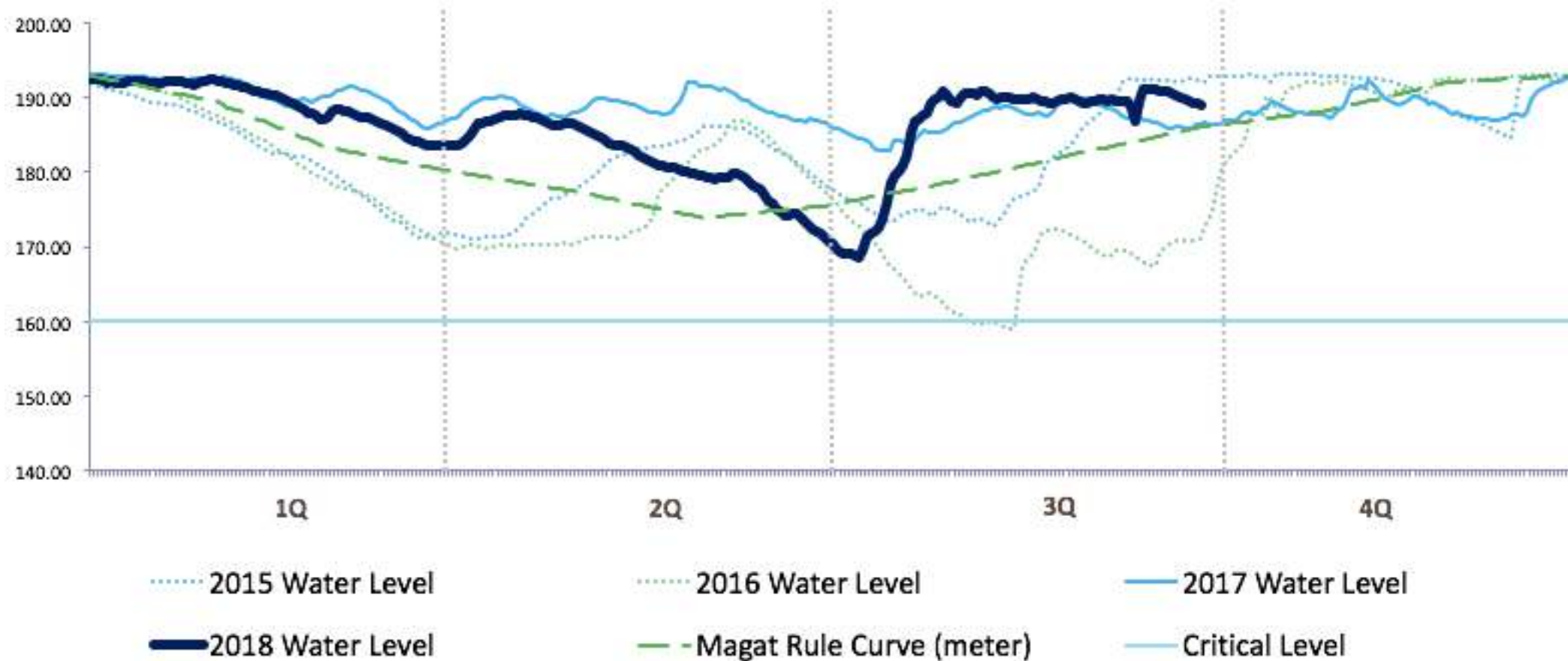
WESM TIME WTD AVERAGE PRICES (P/MWh)





Operating Highlights: Water Level

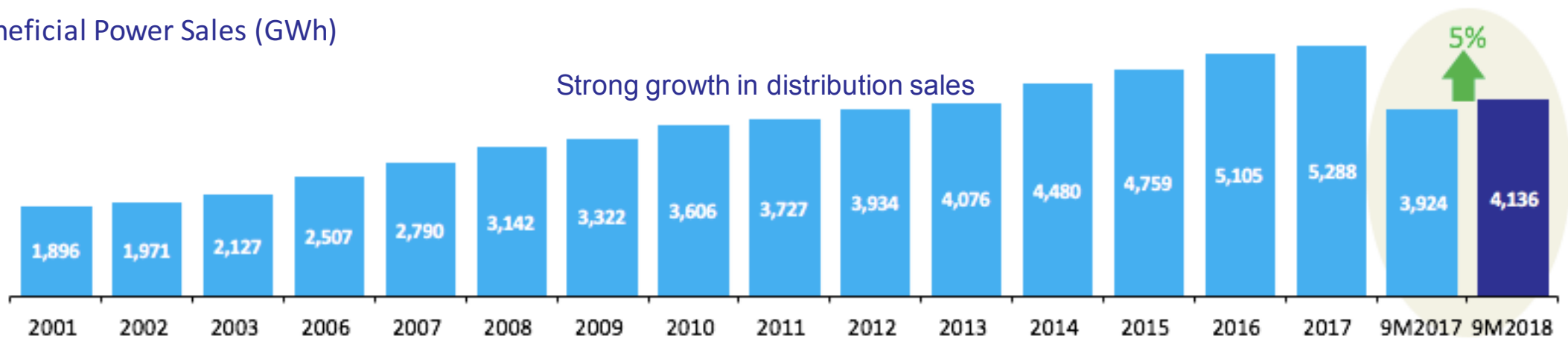
Magat's Water Level vs. Rule Curve (in MASL)



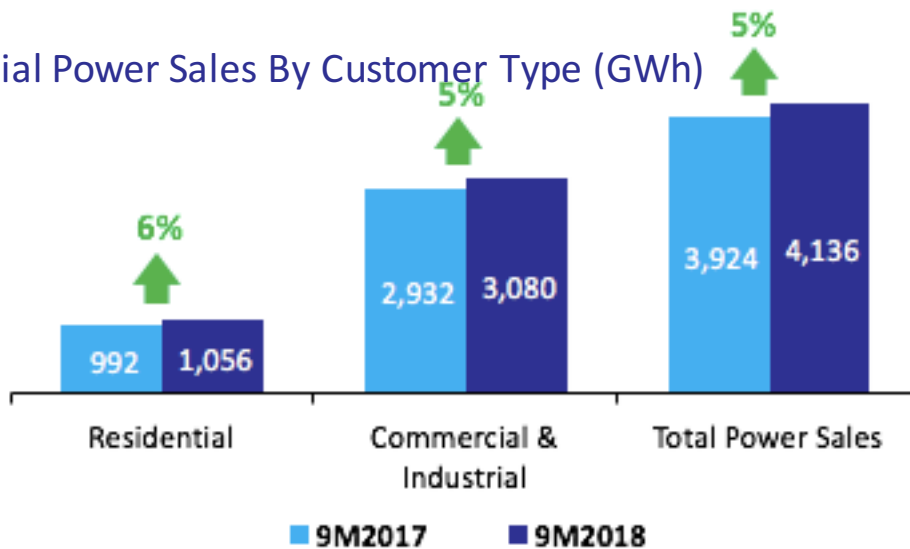


Operating Highlights: Distribution

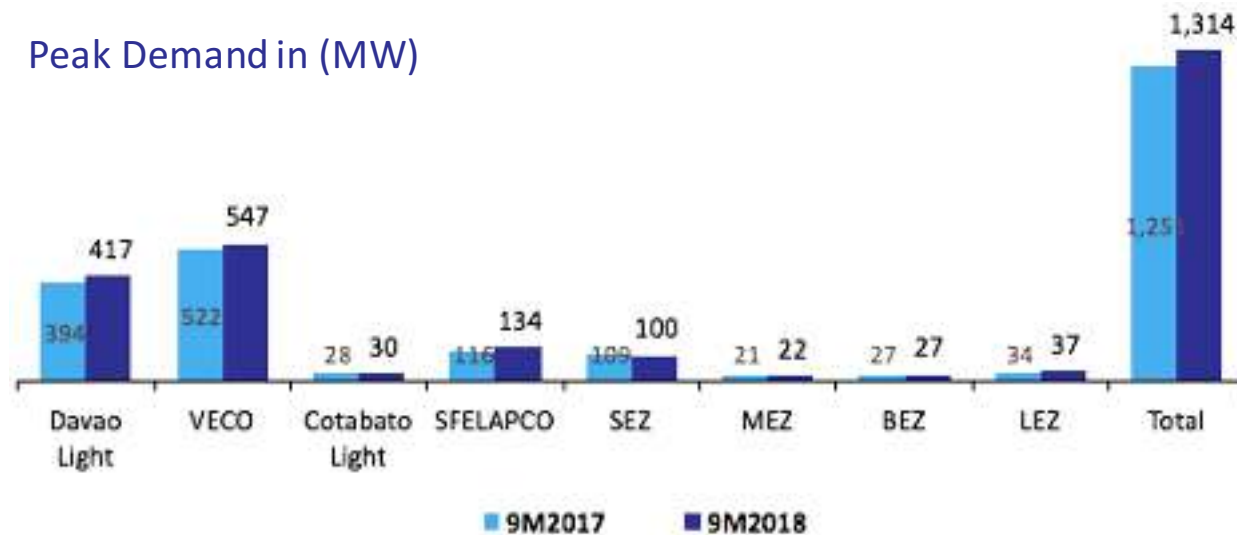
Beneficial Power Sales (GWh)



Beneficial Power Sales By Customer Type (GWh)

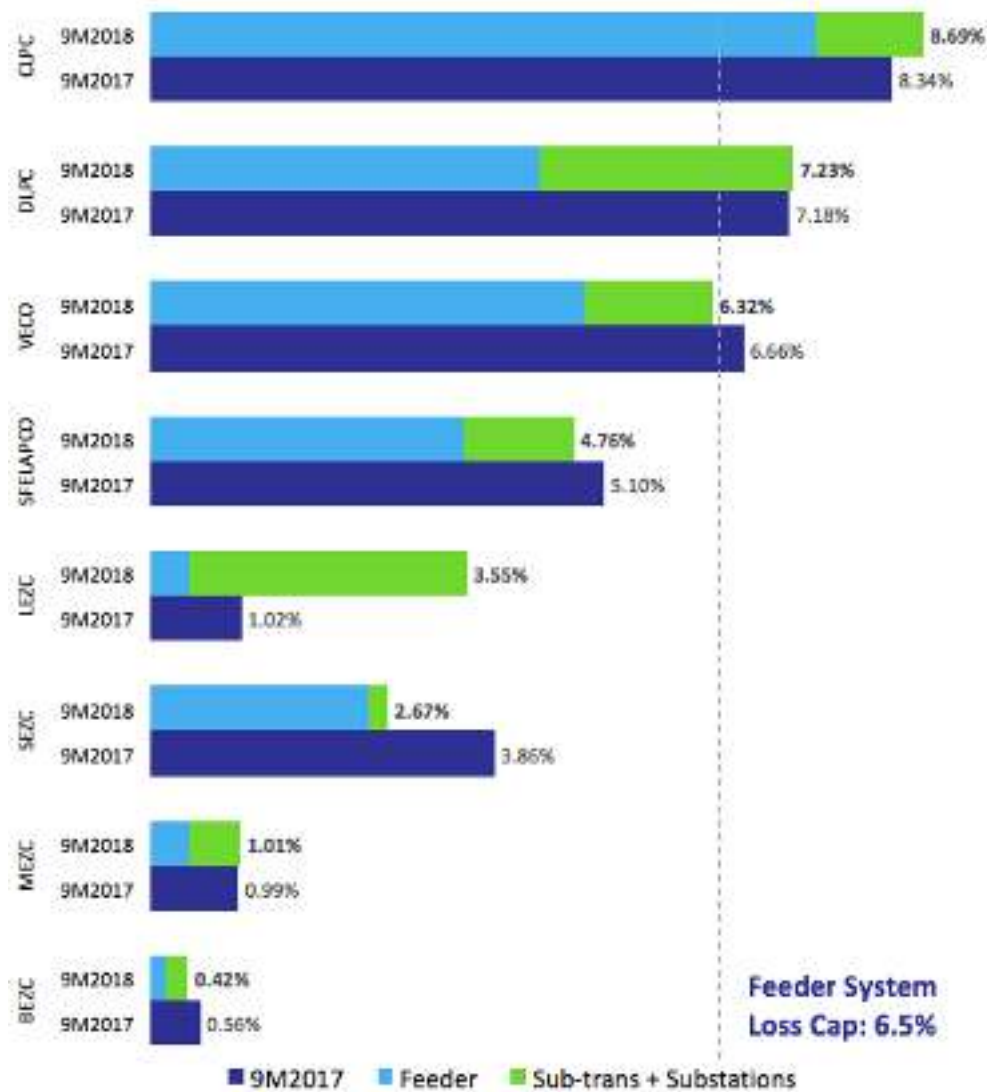
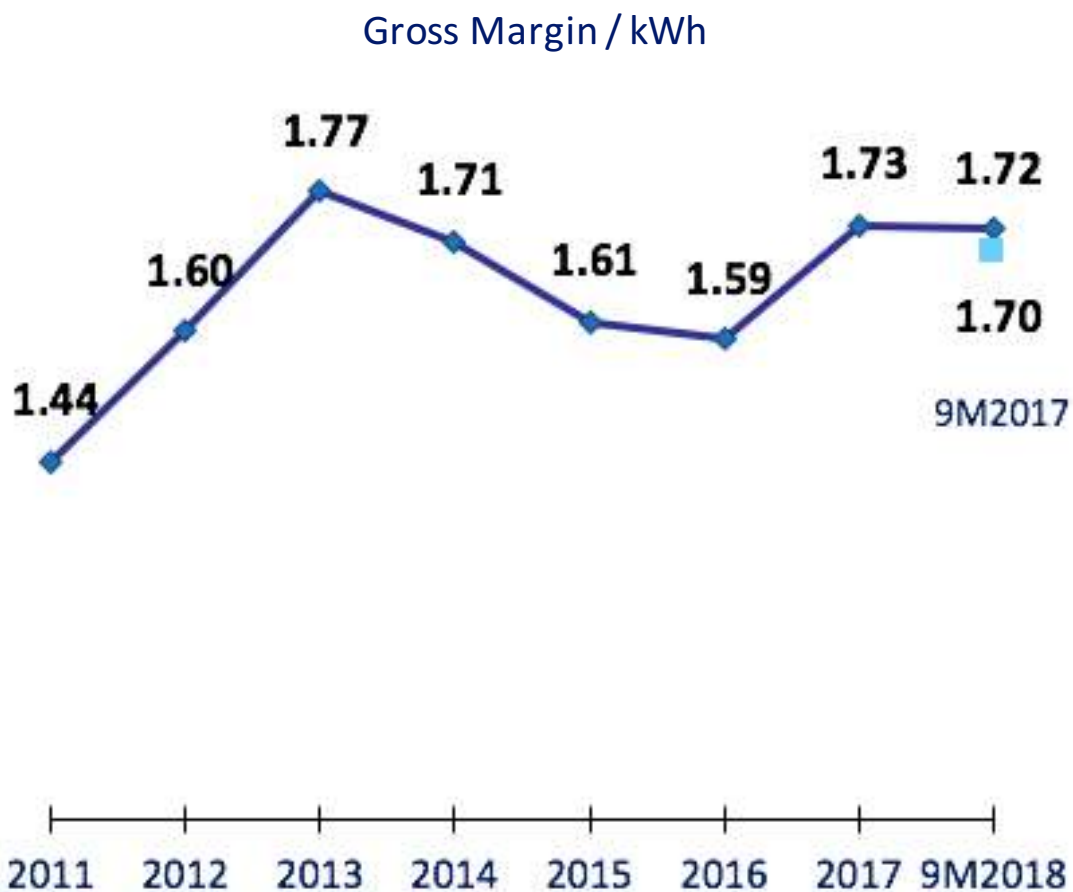


Peak Demand in (MW)





Operating Highlights: Distribution





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	2019
	Dingin Unit 1 (Coal – GNPD)	668 MW	40%	267 MW	2019
	Dingin Unit 2 (Coal – GNPD)	668 MW	40%	267 MW	2020
	Subic (Coal – RP Energy)	300 MW	25%	75 MW	
VISAYAS	Cebu (Coal – Therma Visayas)	300 MW	80%	240 MW	Unit 1 Jul 2019 Unit 2 Apr 2019
MINDANAO	Manolo Fortich (Hydro – Hedcor Bukidnon)	68 MW	100%	68 MW	Plant 1 Jul 2018 (done) Plant 2 Nov 2018
		2,023 MW		936 MW	



Project Update

Manolo Fortich - 68 MW of Hydro Power





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





Adding to AboitizPower's presence in Luzon

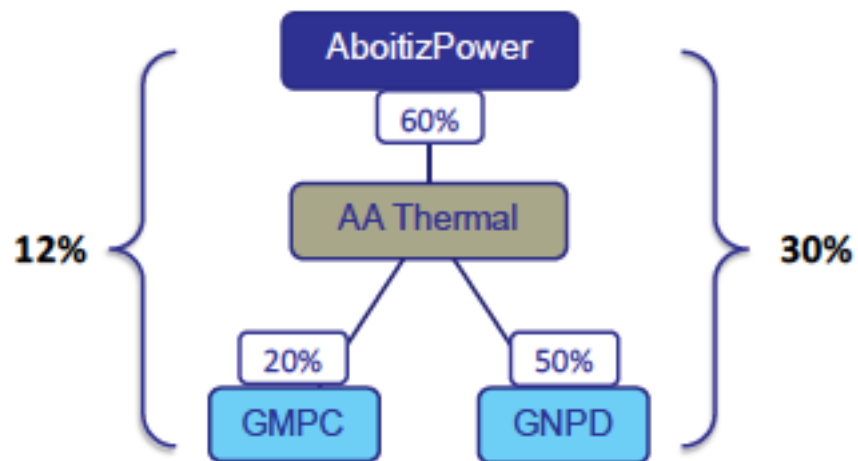


Acquisition cost: \$579.2 million
Description: Acquisition of 60% economic stake in AA Thermal, Inc.
Financing: External debt
Status: Subject to approval of Philippine Competition Commission





Post-acquisition Transaction Structure



	PREV	ADDTL	NEW
		%	
GMCP	66%	12%	78%
GNPD	40%	30%	70%

	PREV	ADDTL	NEW
		MW	
	418	77	495
	534	401	935
		478	



EV/MW appears to be in line with recent Philippine transactions but...



Philippines-based transaction comparables implied EV/MW based on public information and estimates.



A Strategic Acquisition that Reaffirms Our Belief

Highly strategic assets

- Support economic growth in Luzon
- GMCP fully contracted, GNPD in advanced stages of contracting
- GNPD is a super critical coal facility



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9M 2018 Net Income

(in Php mn)

Net income at P6.1 Bn



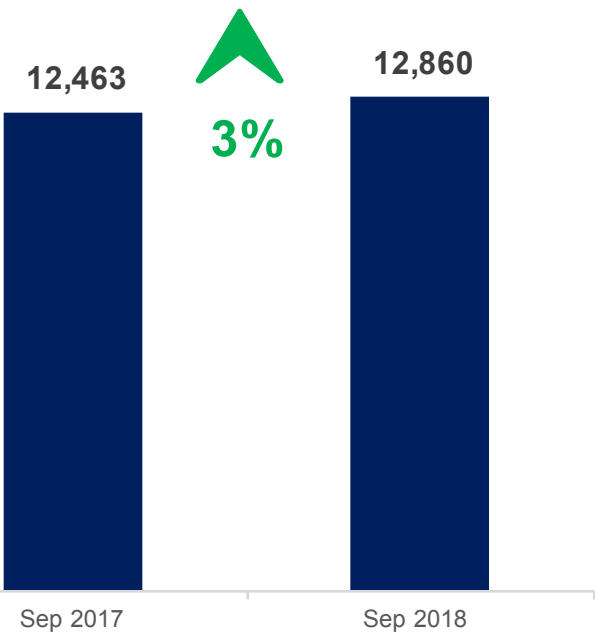


9M 2018 Net Interest Income

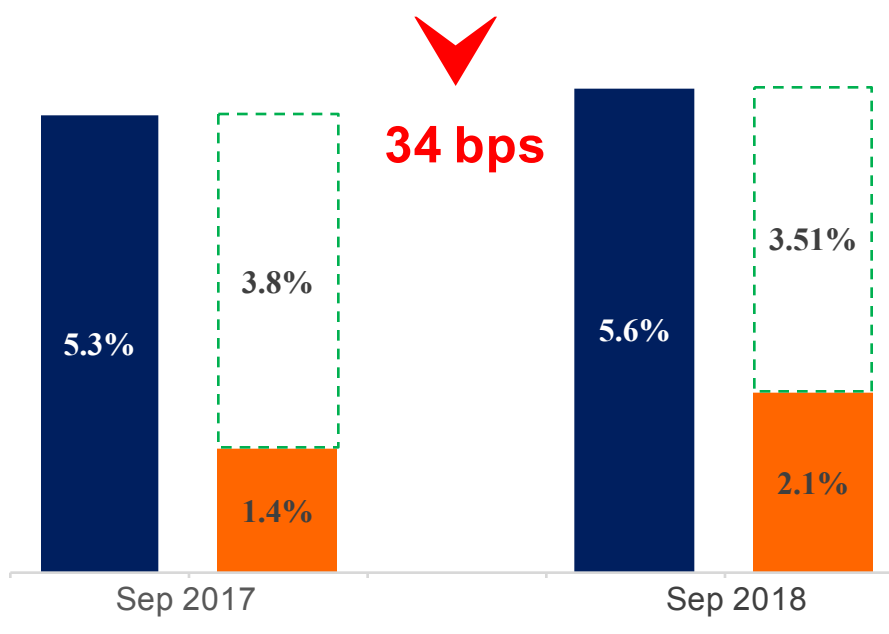
(in Php mn)

Higher earning assets buoyed net interest income

NET INTEREST INCOME

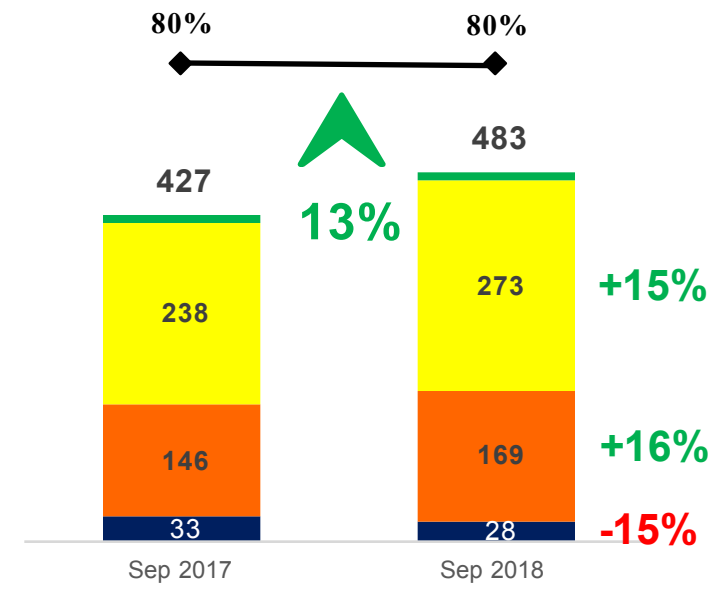


NET INTEREST MARGIN



EARNING ASSETS*

(ADB in Php bn)



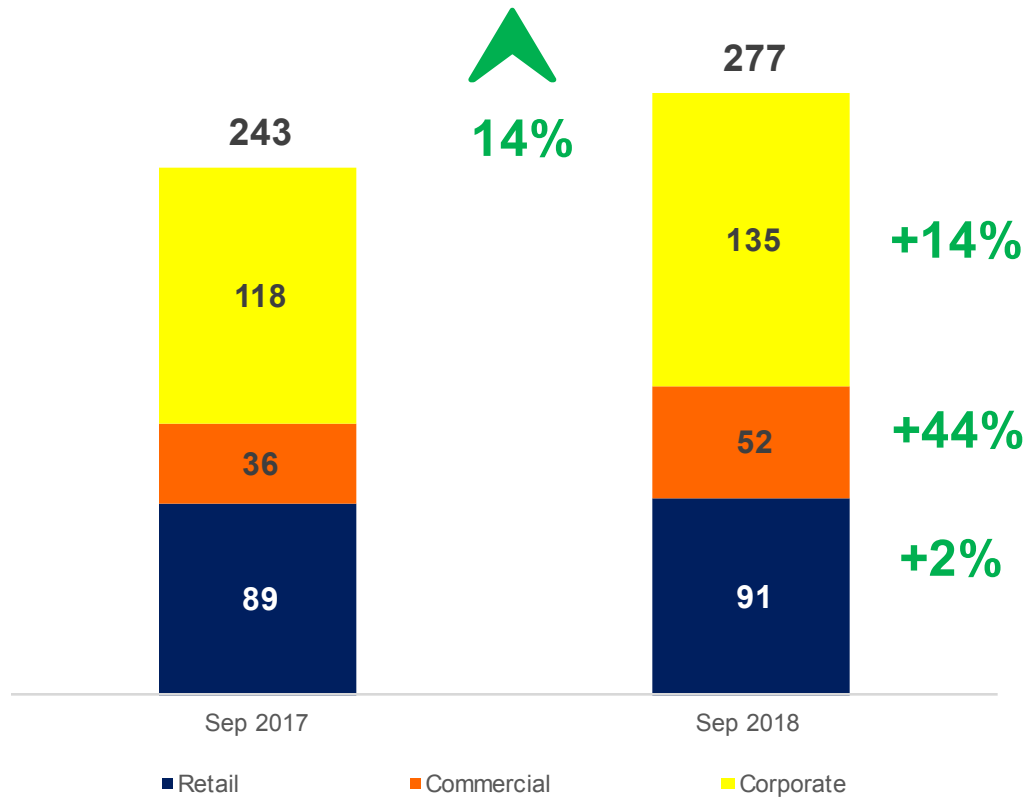
*excludes cash and reserve requirements



9M 2018 Credit Portfolio

(in Php mn)

Credit portfolio sustained double-digit growth

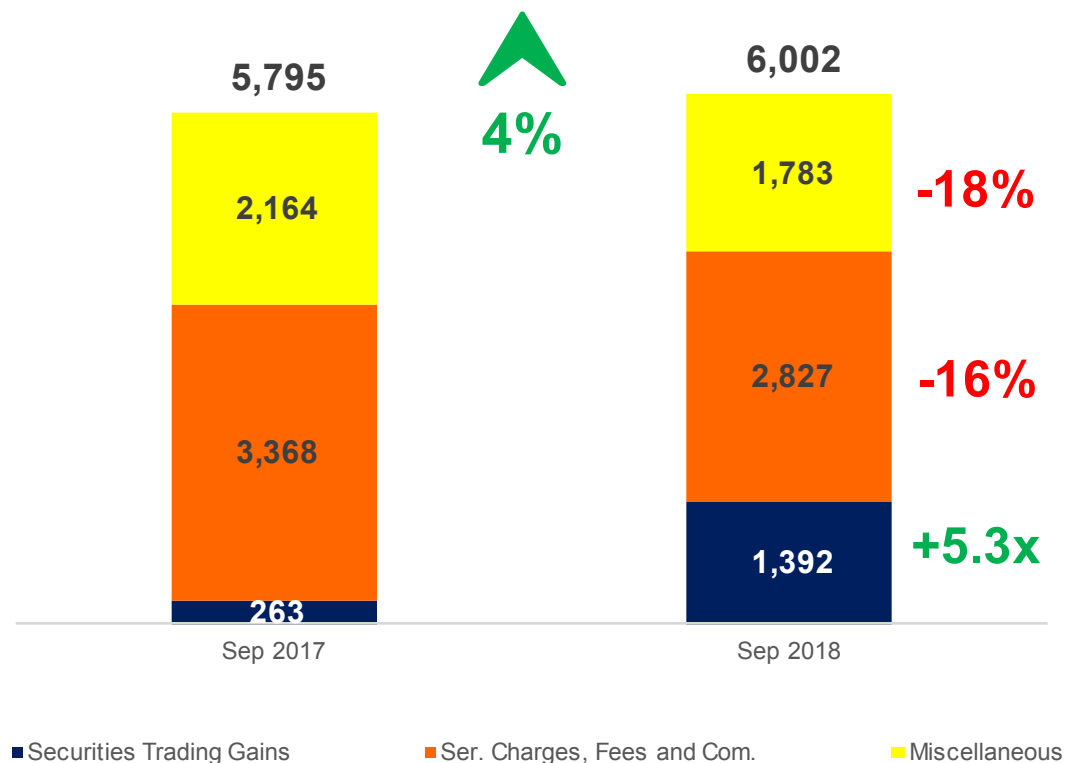




9M 2018 Non-Interest Income

(in Php mn)

Non-interest income up on profits on sale of securities

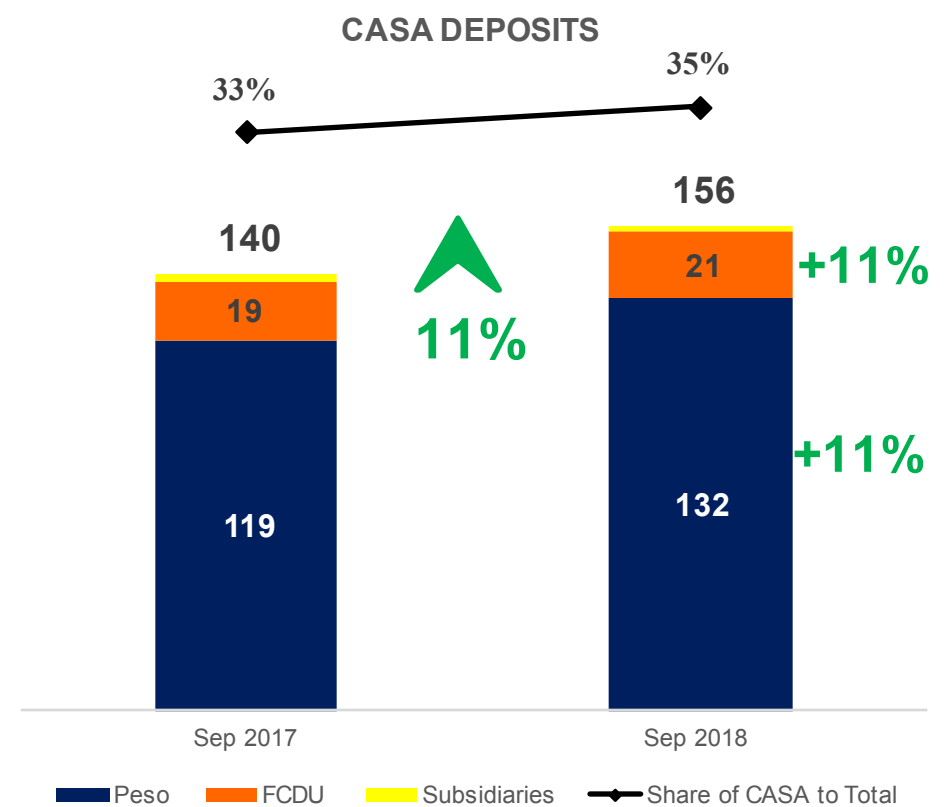
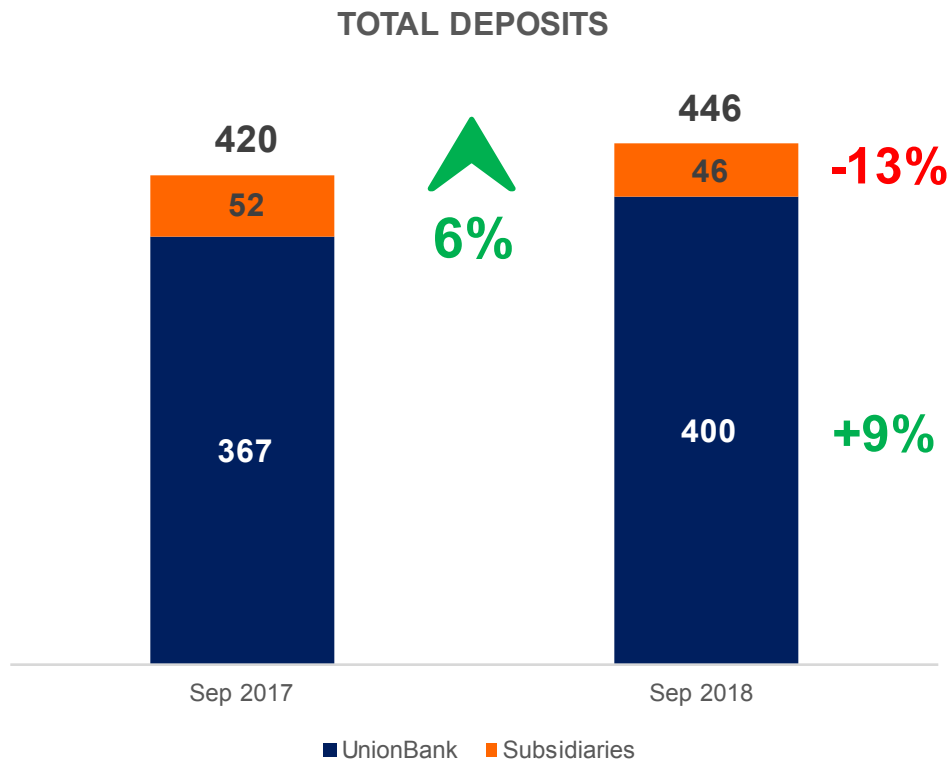




9M 2018 Total Deposits & CASA Deposits

(in Php mn)

Double-digit CASA growth

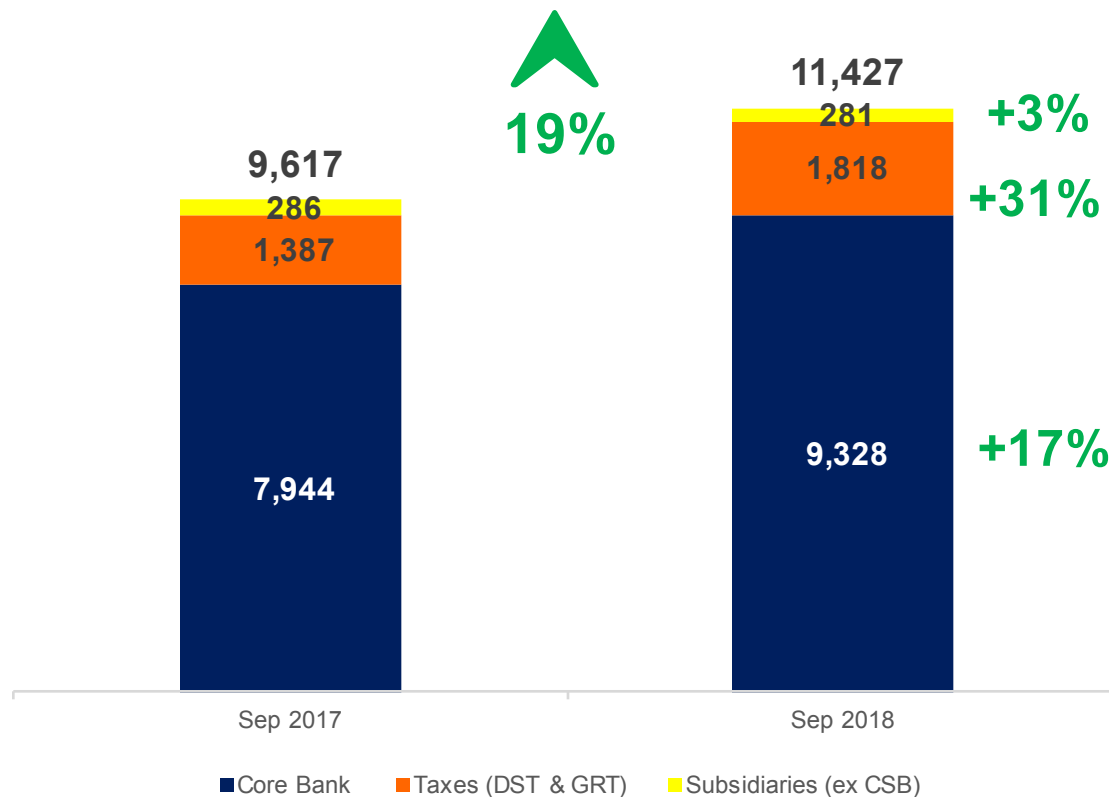




9M 2018 Operating Expenses

(in Php mn)

Operating Expenses increased primarily on business growth

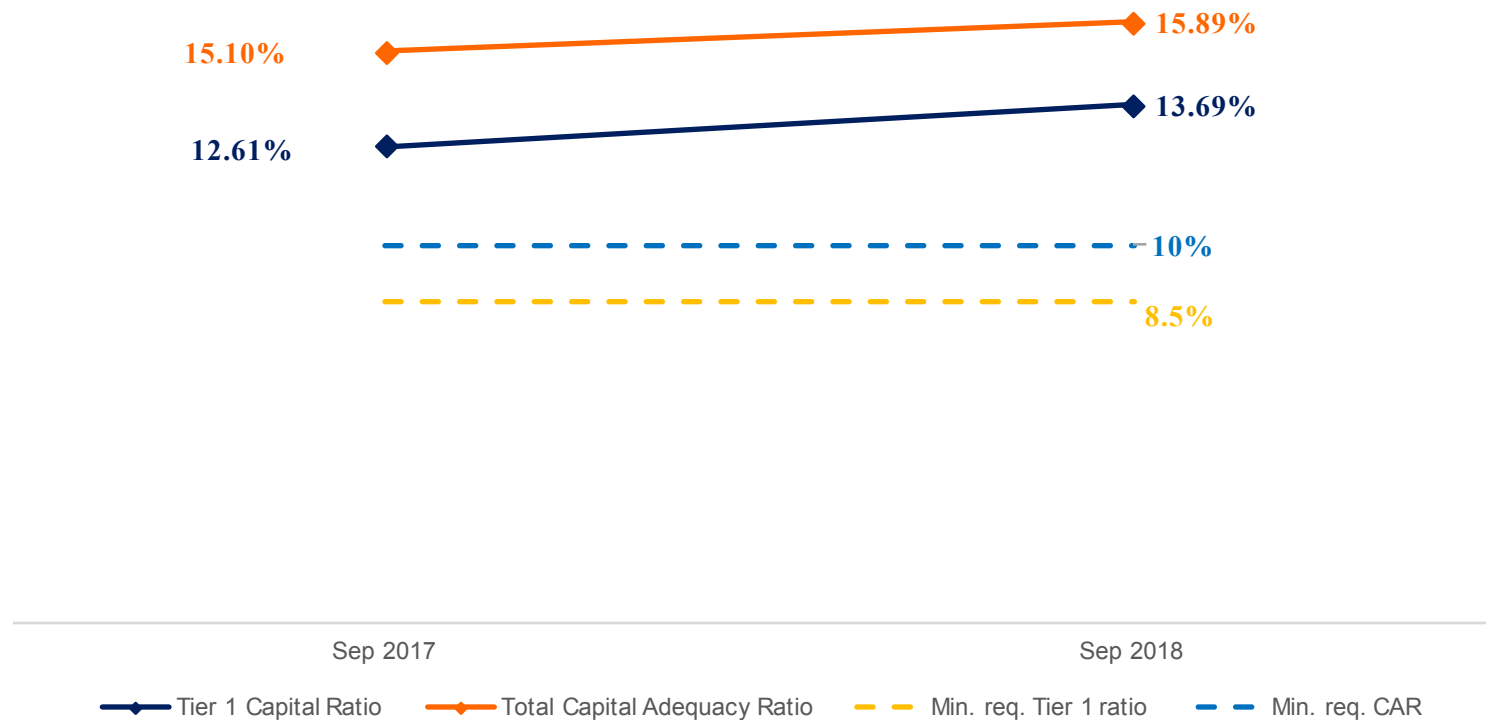




Capital Adequacy Ratios

Solo Basis

Capital ratios up on P10 Bn SRO completed in Sep 2018





Profitability Ratios

Consolidated Basis

Sustained above-industry profitability ratios

RETURN ON EQUITY

RETURN ON ASSETS

COST-TO-INCOME

12.6%

11.0%

1.6%

1.3%

52.7%

60.6%

Sep 2017

Sep 2018

Sep 2017

Sep 2018

Sep 2017

Sep 2018









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9M 2018 Financial Highlights

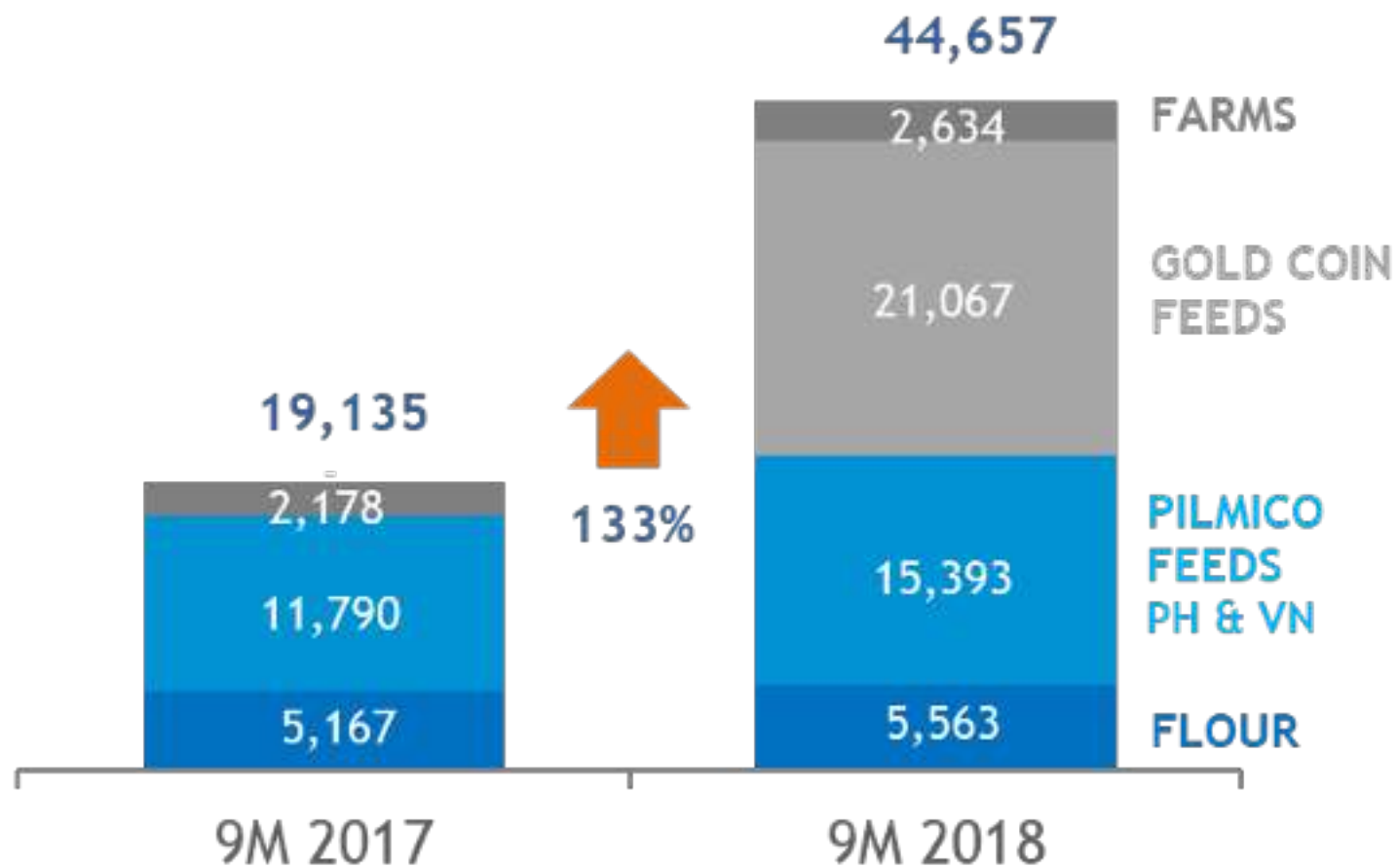
(Amounts in Php Million)

Revenue	44,657	 vs. 9M 2017 +133%
EBITDA	3,493	 +55%
EBITDA Margin	8%	 -400bps
NIAT	1,593	 +32%



9M 2018 Financial Highlights: Revenue

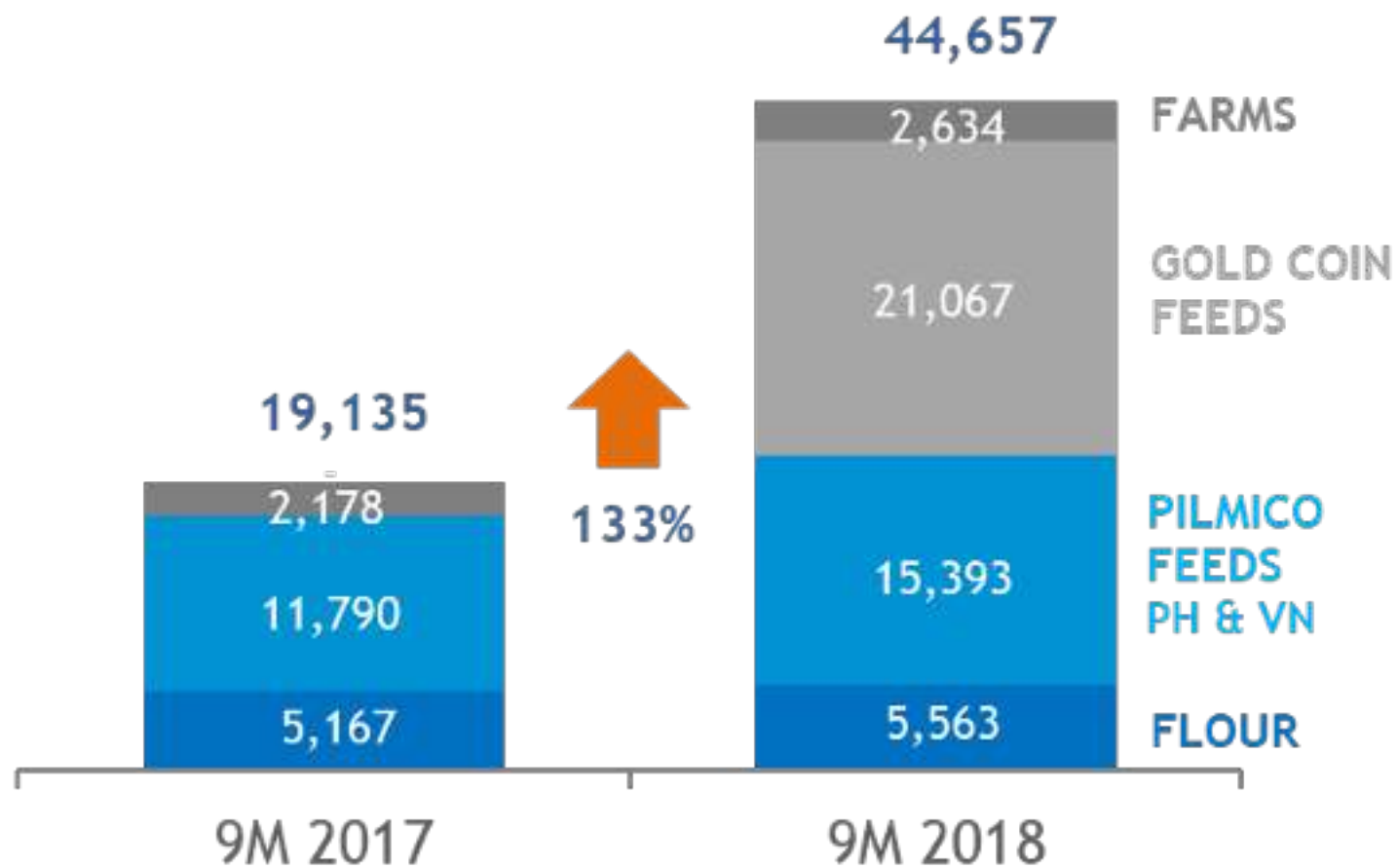
(Amounts in Php Million)





9M 2018 Financial Highlights: Revenue

(Amounts in Php Million)





VOLUME GROWTH 2017 vs 2018

PILMICO FEEDS (PH + VN)
+ 21%

GOLD COIN FEEDS
+ 872k

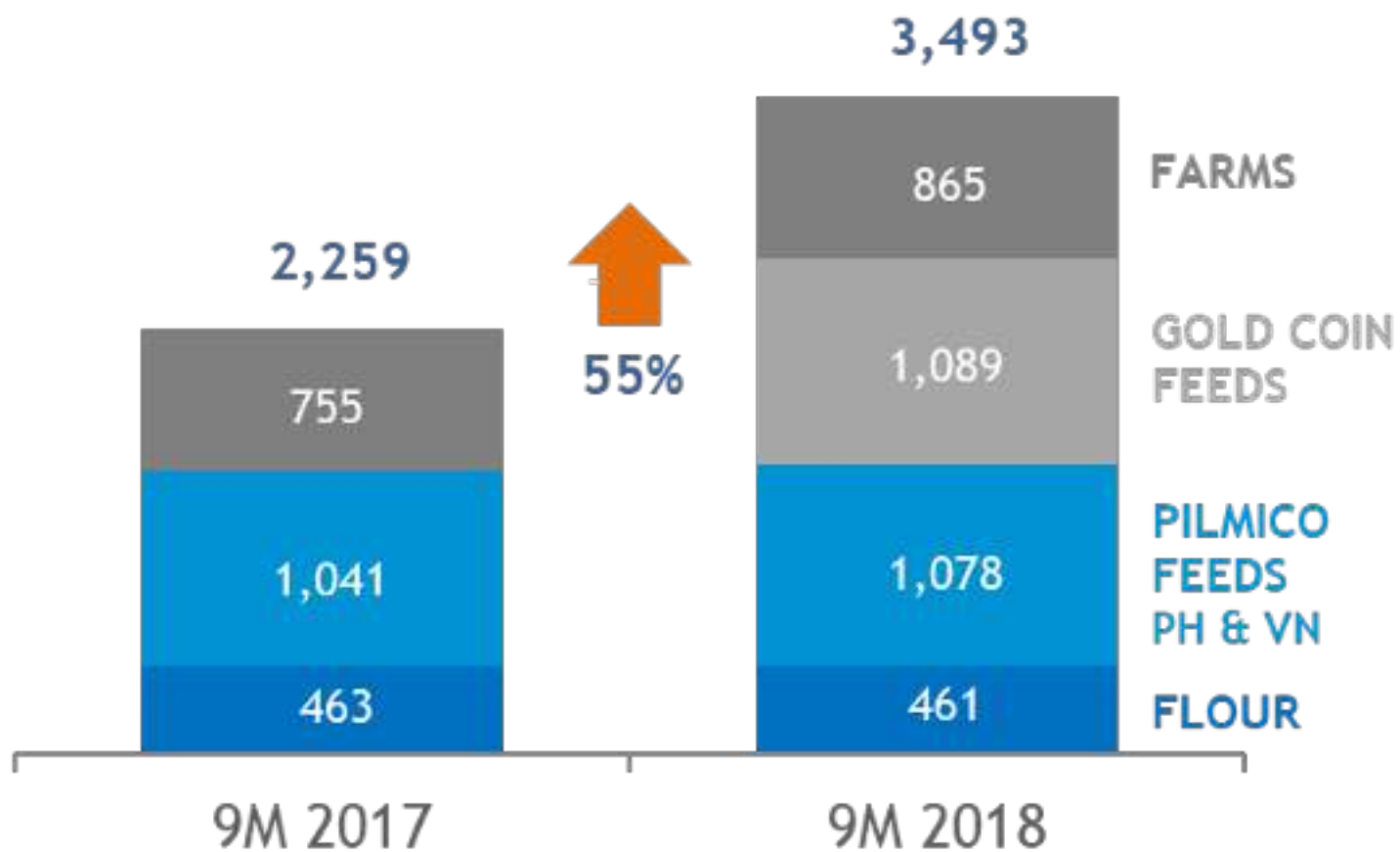
PILMICO FLOUR
-

FARMS
+ 18%



9M 2018 Financial Highlights: EBITDA

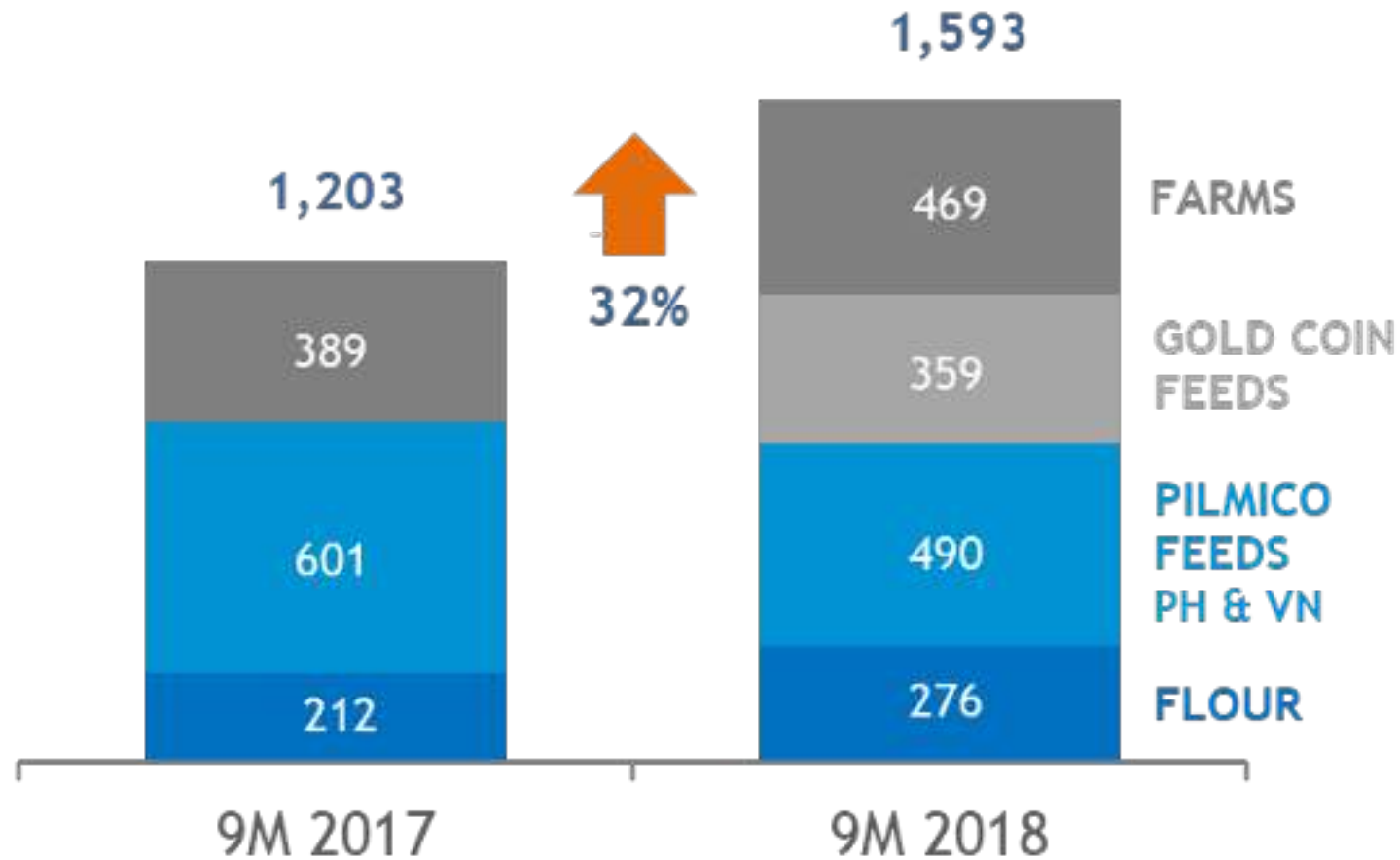
(Amounts in Php Million)

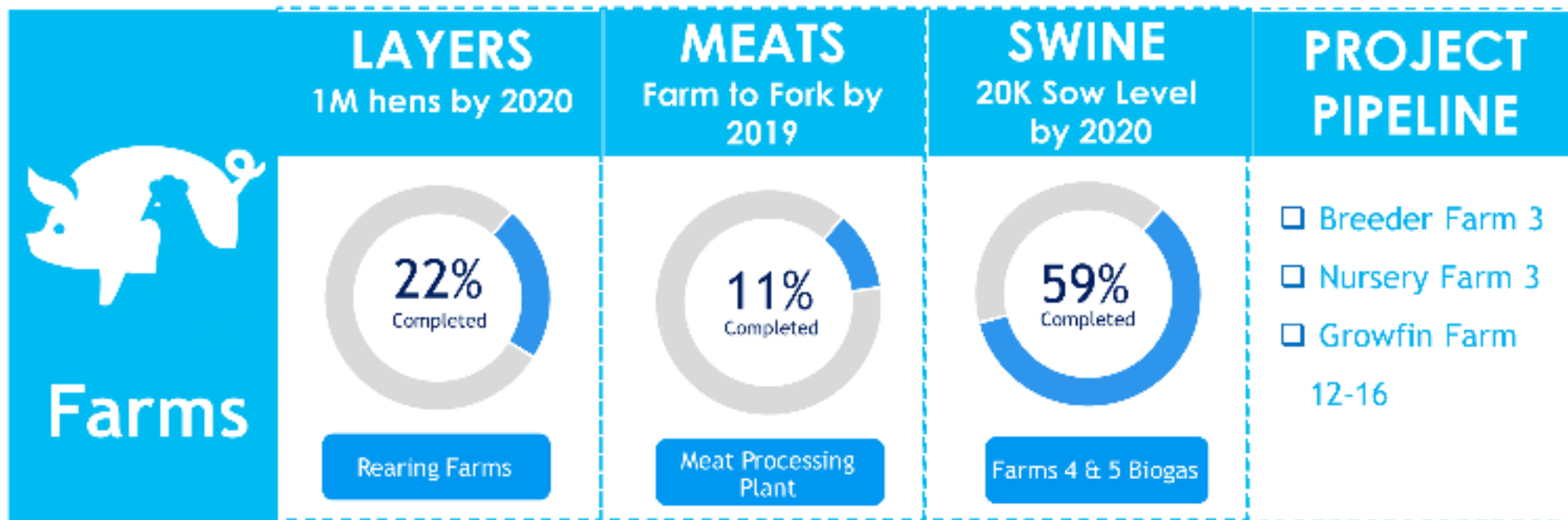




9M 2018 Financial Highlights: Net Income

(Amounts in Php Million)







Feeds

POWERMIX
+4 TPH



PowerMix Plant

ILIGAN
+ 20 TPH



Capacity Expansion

TARLAC
+20 TPH



Capacity Expansion

**PROJECT
PIPELINE**

- Fingerling Feed Production Line (Vietnam)



pilmico +

ANIMAL NUTRITION PLATFORM ACROSS ASIA



Livestock &
Aqua Feeds



Specialty
Nutrition

SUCCESSFUL ACQUISITION OF ASIA PACIFIC FEEDMILL OPERATOR GOLD COIN

- Accelerates Pilmico's business plan by 10 years
- Geographically diverse in 11 countries across Asia Pacific
- Enjoys leading market position in key Asian countries
- Operates 20 mills and 3 R&D facilities
- Assumed control in July 2018
- Earnings contribution to Pilmico starting April 2018

HARNESSING SYNERGIES & EXECUTING THE BUSINESS PLAN

- Alignment and integration well under way
- Synergies identified:
 - ✓ Raw Materials
 - ✓ Access to leverage and capital
 - ✓ Research & Development and Formulation
 - ✓ Opportunities for cross selling of products
 - ✓ Manufacturing best practices



Review of Business Units

- Power
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 - **Infrastructure**
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Strong Demand But Challenging Environment



- Government's infrastructure projects accelerating
- Stable private sector demand
- Prices have improved slightly
- Significant increases in fuel and power costs impacting results
- Contribution to AEV amounts to PhP221M in 9M 2018



Water Infrastructure: Project Updates

300 MLD Bulk Water project in Davao

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



- Key permitting activities done
- Preparation works for construction ongoing





Transport Infrastructure: Airport Proposals

NAIA



Original Proponent Status (OPS)

to rehabilitate, develop, operate and maintain for 15 years



PHP102 billion

estimated total project cost



Annual Passenger Capacity:



31 Million
2018



47 Million
2020



65 Million
2022



Transport Infrastructure: Airport Proposals

New Bohol International Airport



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



DOTr:
95.16%
complete as of
Oct. 8

Source: DOTr Philippines



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9M 2018 Financial Performance

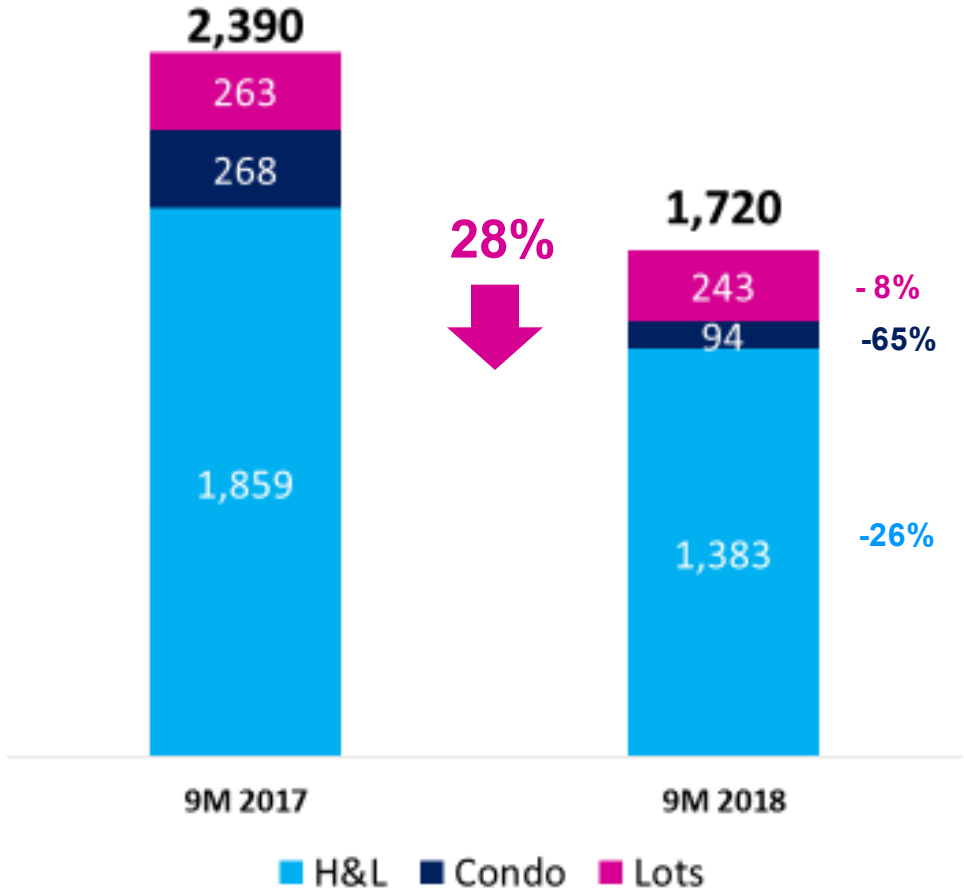
	9M 2018	<i>vs 9M 2017</i>
↓ Residential Sales	1.7B	-28%
↑ Revenues	3.0B	+25%
↑ GP	1.2B	+11%
↑ NOP	576M	+35%
↑ NIAT	403M	+19%



9M 2018 Residential Sales

(in Php mn)

Residential sales down YoY mainly due to sell out of *The Persimmon Studios* and *Almiya*.



Amoa (Compostela, Cebu)



Seafront (San Juan, Batangas)

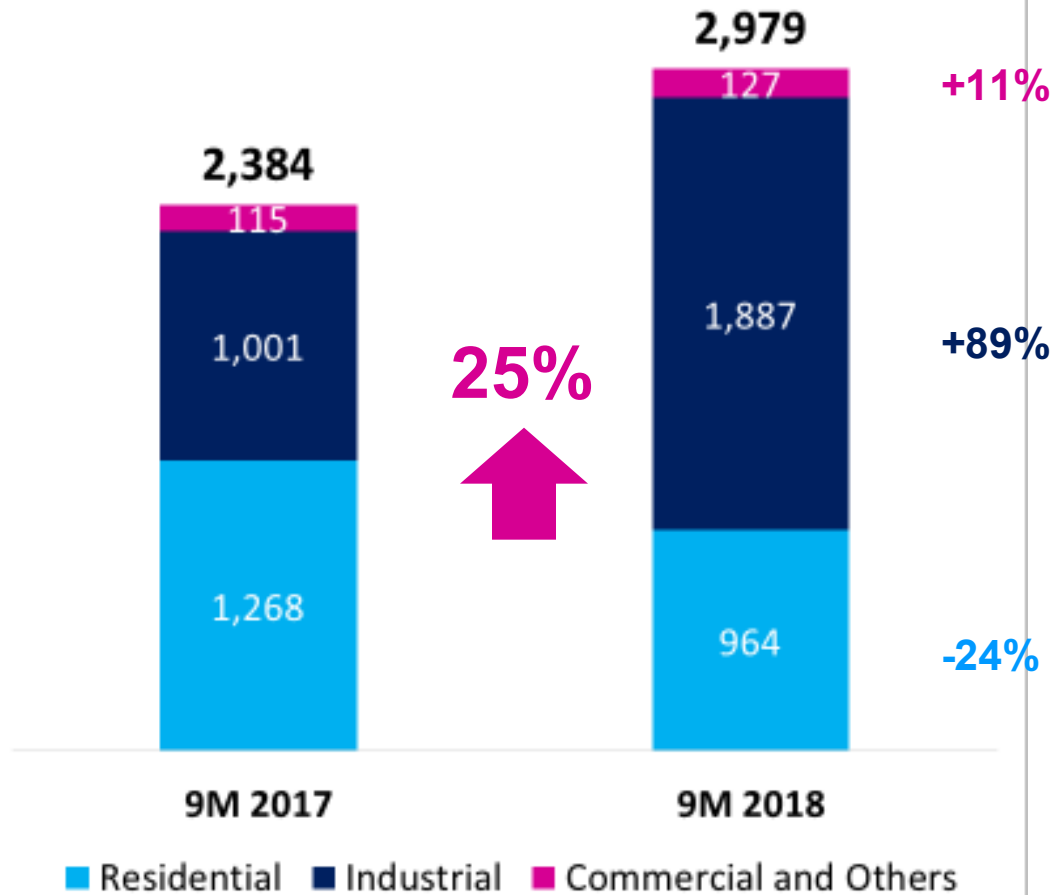




9M 2018 Revenues

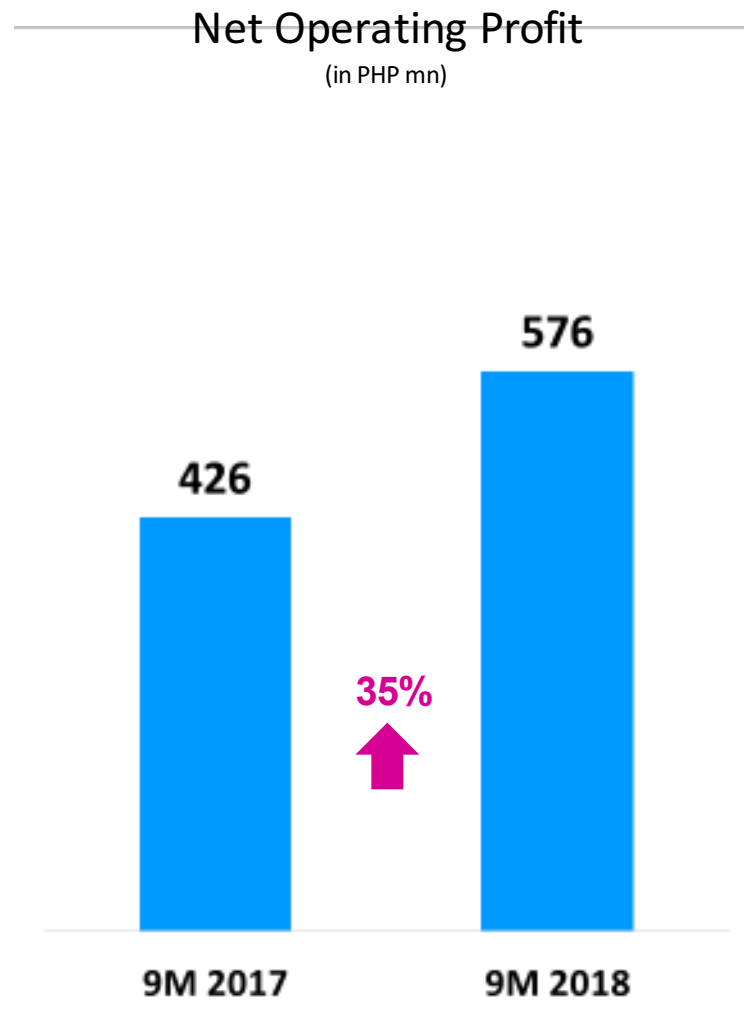
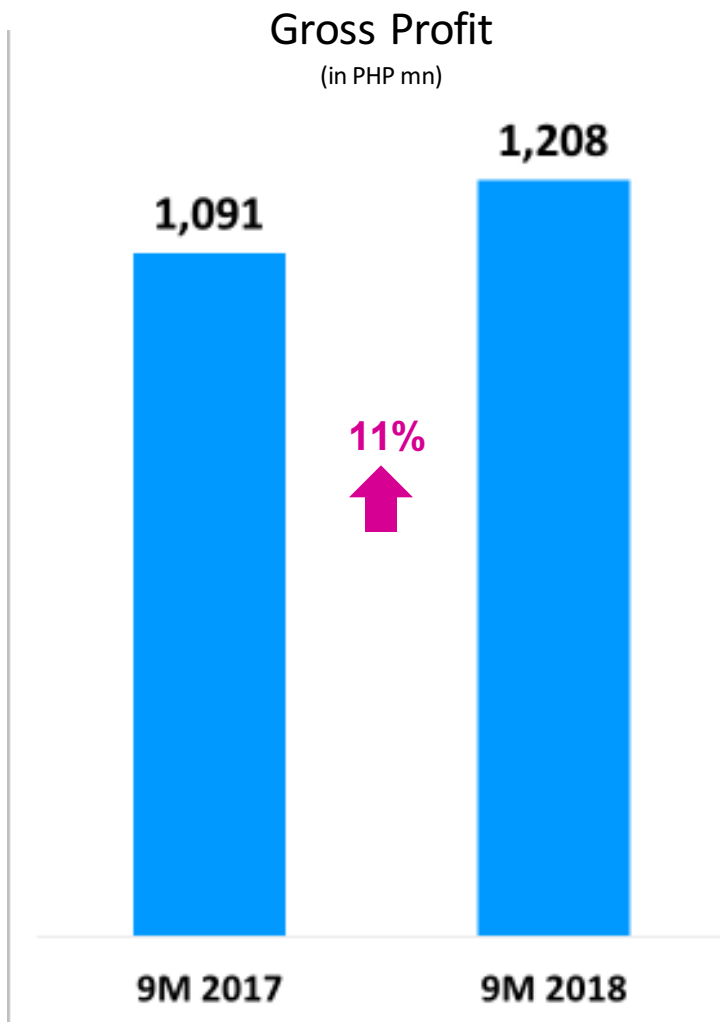
(in Php mn)

Revenues increase with higher industrial lot sales recognized





9M 2018 Gross Profit & Net Operating Profit





9M 2018 Business Highlights



CABANATUAN
Ajoya

CAPAS
Ajoya





9M 2018 Business Highlights



Anchor Tenants



158 designers' blvd.



The Outlets at Lipa is set to have its grand launch by Q4 2018



9M 2018 Business Highlights



Residential

- Sell out of *Almiya and The Persimmon Studios*
- Increased construction progress in top-selling developments, *Seafront Residences* and *Amoa*
- New Project launches, *Ajoya Cabanatuan* and *Ajoya Capas*



Commercial

- Cebu commercial assets maintain full occupancy, with notable increases in merchant sales from the previous year
- Grand launch for *The Outlets at Lipa* set for December 2018



Industrial

- 35 hectares sold

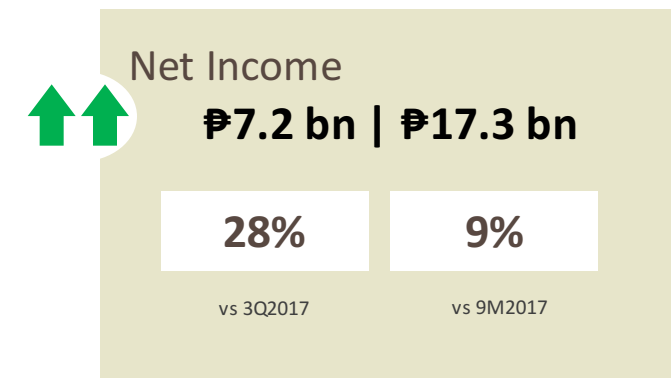
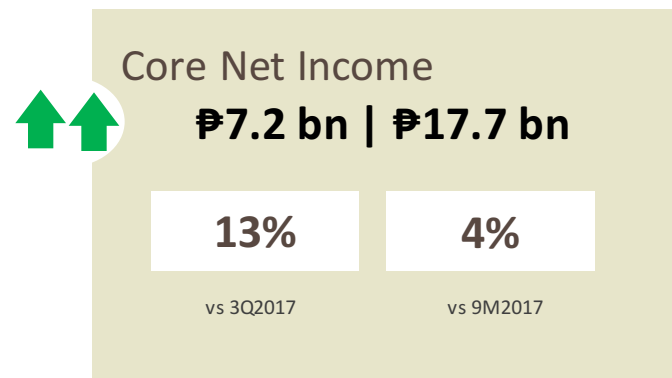
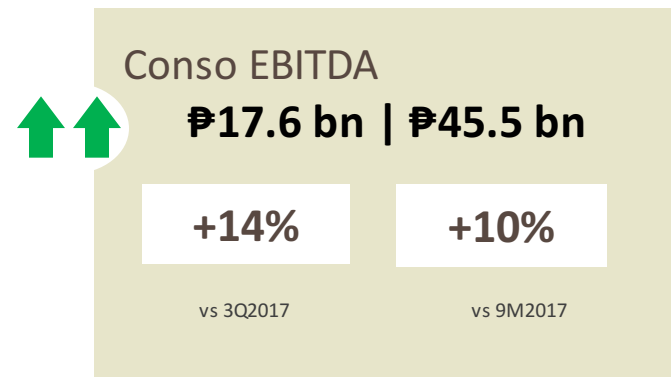
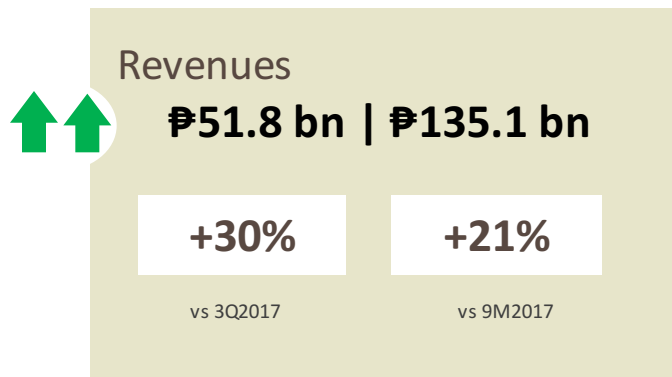


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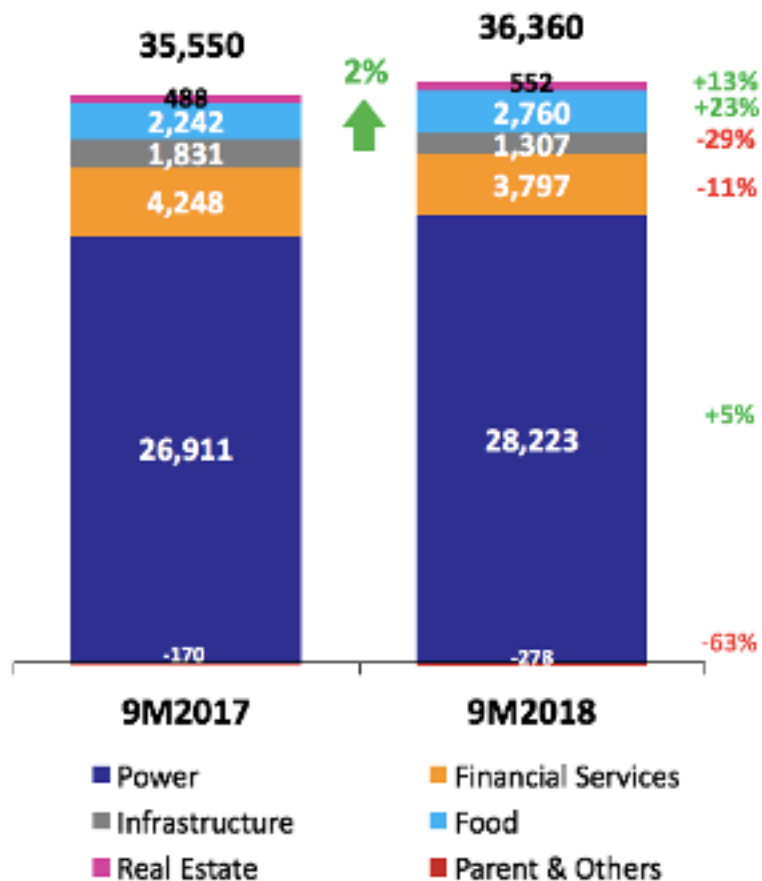
9M 2018 Financial Performance





9M 2018 Beneficial EBITDA

(in Php mn)



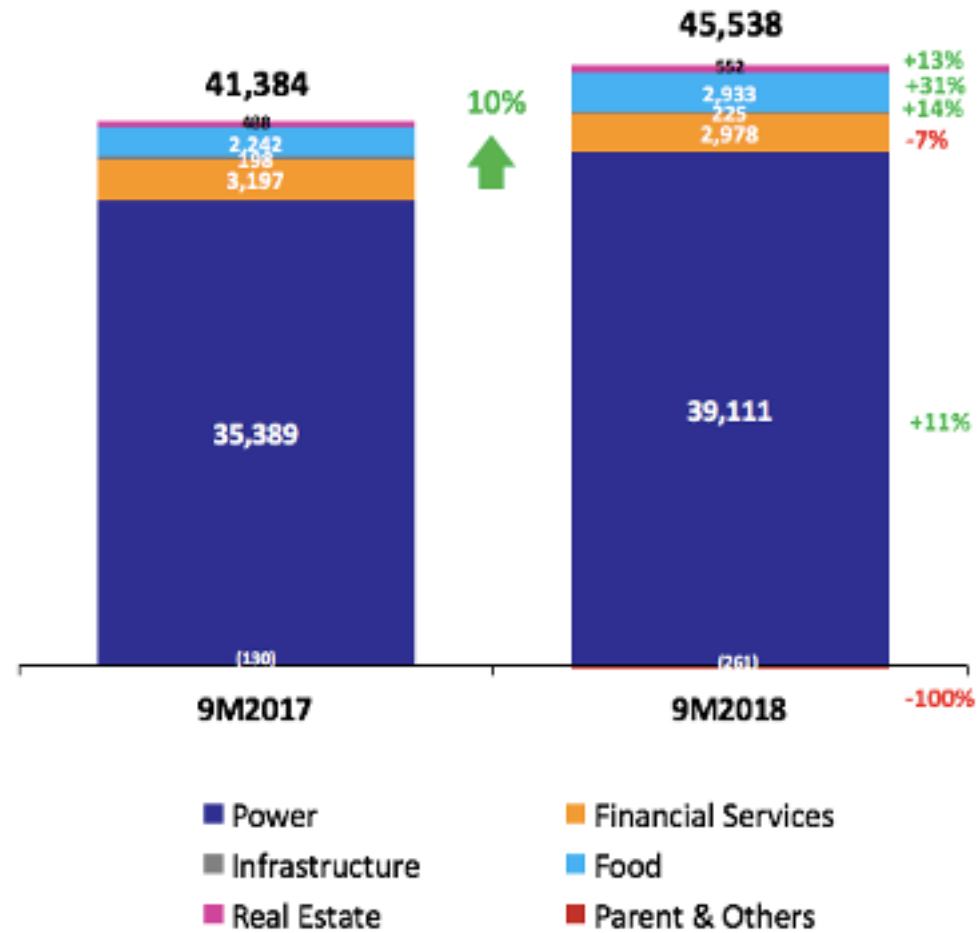
2% growth vs 9M2017, of which...

- +4% from power group driven by fresh contributions of PEC and HBI, and strong growth from Distribution units
- +1% from food group driven by fresh contribution of Gold Coin
- -1% from banking on lower contribution from CSB
- -2% from infrastructure on higher production costs



9M 2018 Consolidated EBITDA

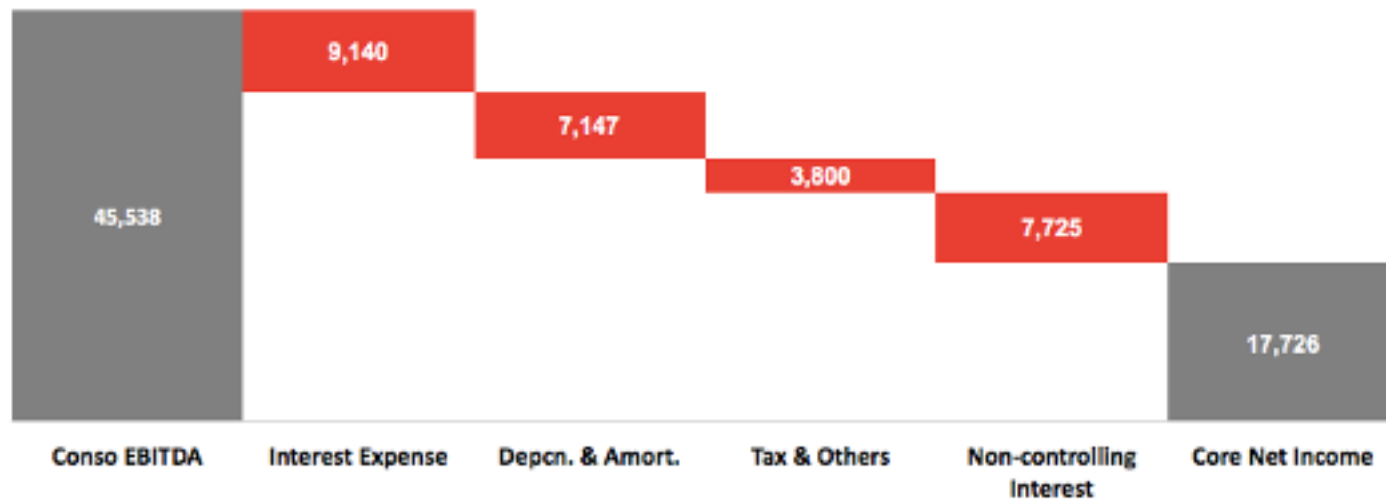
(in Php mn)





9M 2018 Core Net Income

(in Php mn)



	9M2017	9M2018	Change
Conso EBITDA	41,384	45,538	10%
Interest Expense	9,329	9,140	-2%
Depcn. & Amort.	6,353	7,147	12%
Tax & Others	2,991	3,800	27%
Non-controlling Interest	5,591	7,725	38%
Core Net Income	17,119	17,726	4%
<i>EPS</i>	<i>3.04</i>	<i>3.15</i>	



9M 2018 Net Income

(in Php mn)



	9M2017	9M2018	Change
Core Net Income	17,119	17,726	+4%
Non-recurring Income/(Loss)	(1,215)	(407)	+66%
Net Income	15,905	17,319	+9%
<i>EPS</i>	3.15	3.04	

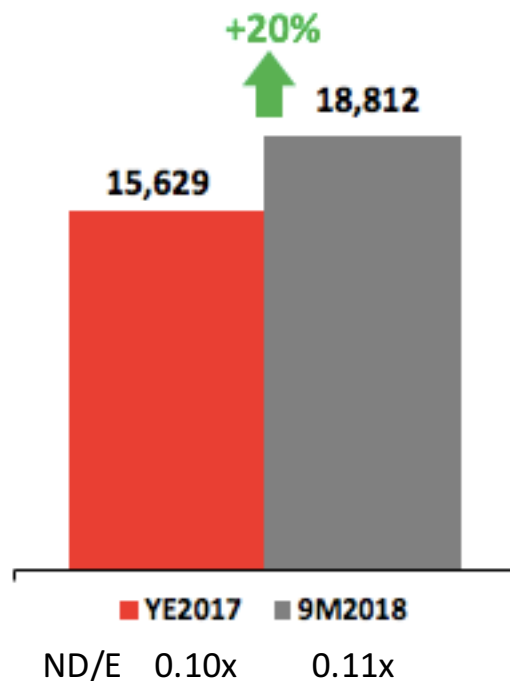
FX rate as of 30 Sep 2018: 53.48 vs 51.17 in 2017



Balance Sheet Highlights

(in Php mn, except ratios)

Parent Net Debt



Consolidated Balance Sheet/Key Ratios

	YE2017	9M2018
Cash and Cash Equivalents	64,870	47,816
Total Assets	492,244	542,309
Total Liabilities	299,661	330,449
Total Equity	192,584	211,860
Equity Attributable to Parent	155,011	171,792
Book Value Per Share	27.51	30.49
Current Ratio	1.6x	1.7x
Debt to Equity	1.6x	1.6x
Net Debt to Equity	1.0x	1.1x



AEV + Pilmico / Goldcoin + GN Power





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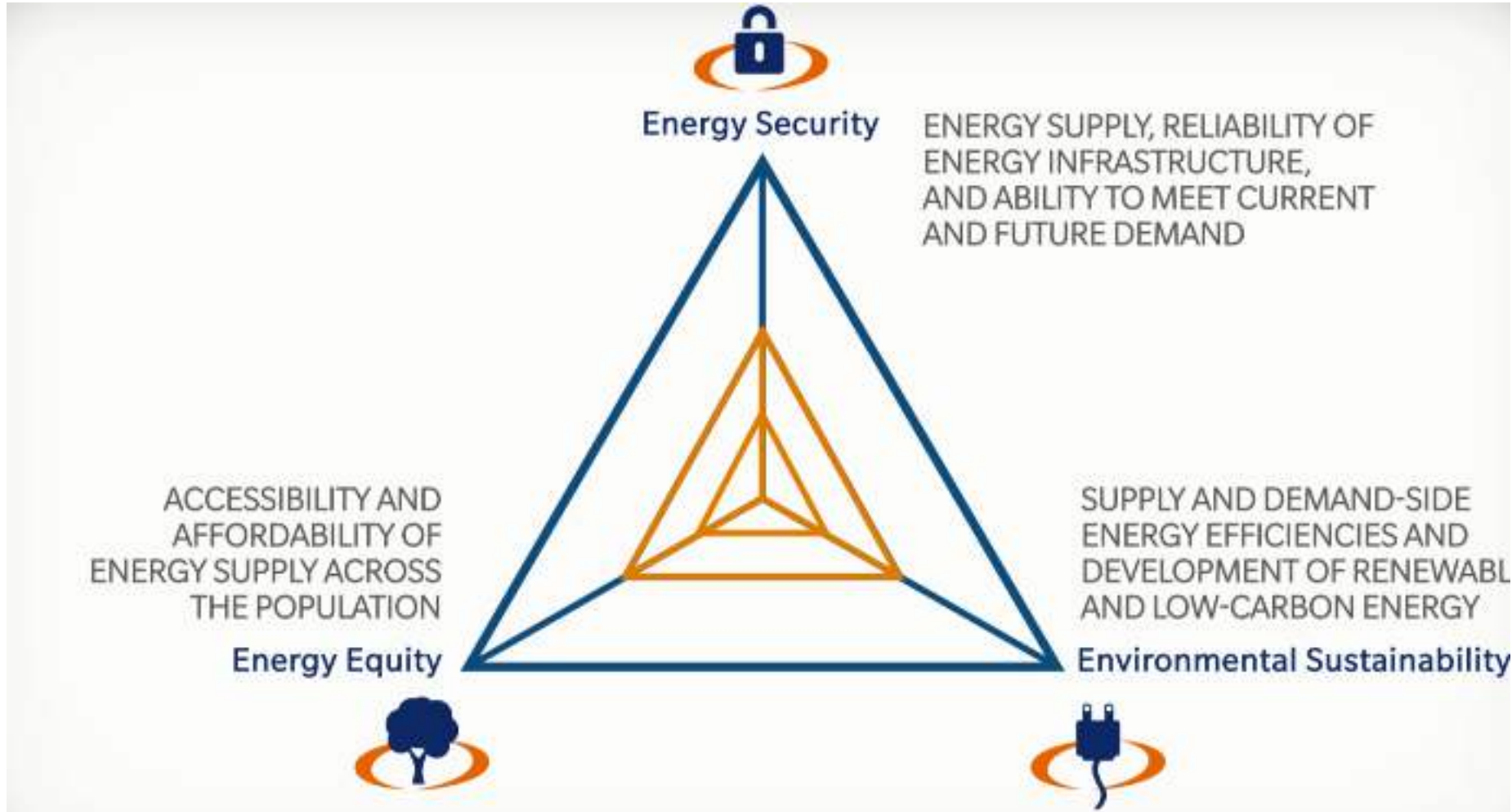


Strategic Overview



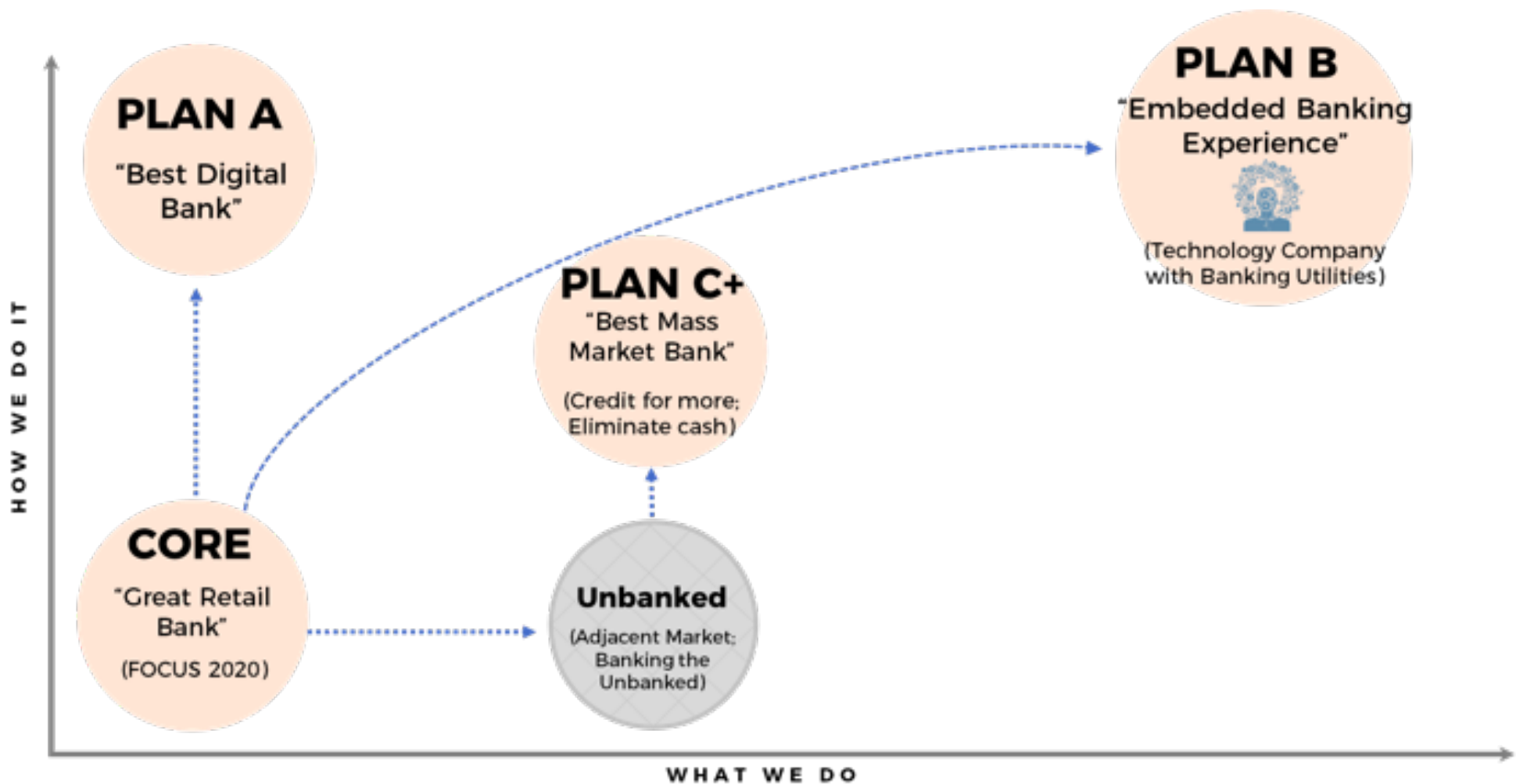


Energy Trilemma





Digital Transformation





Natural Listening Posts





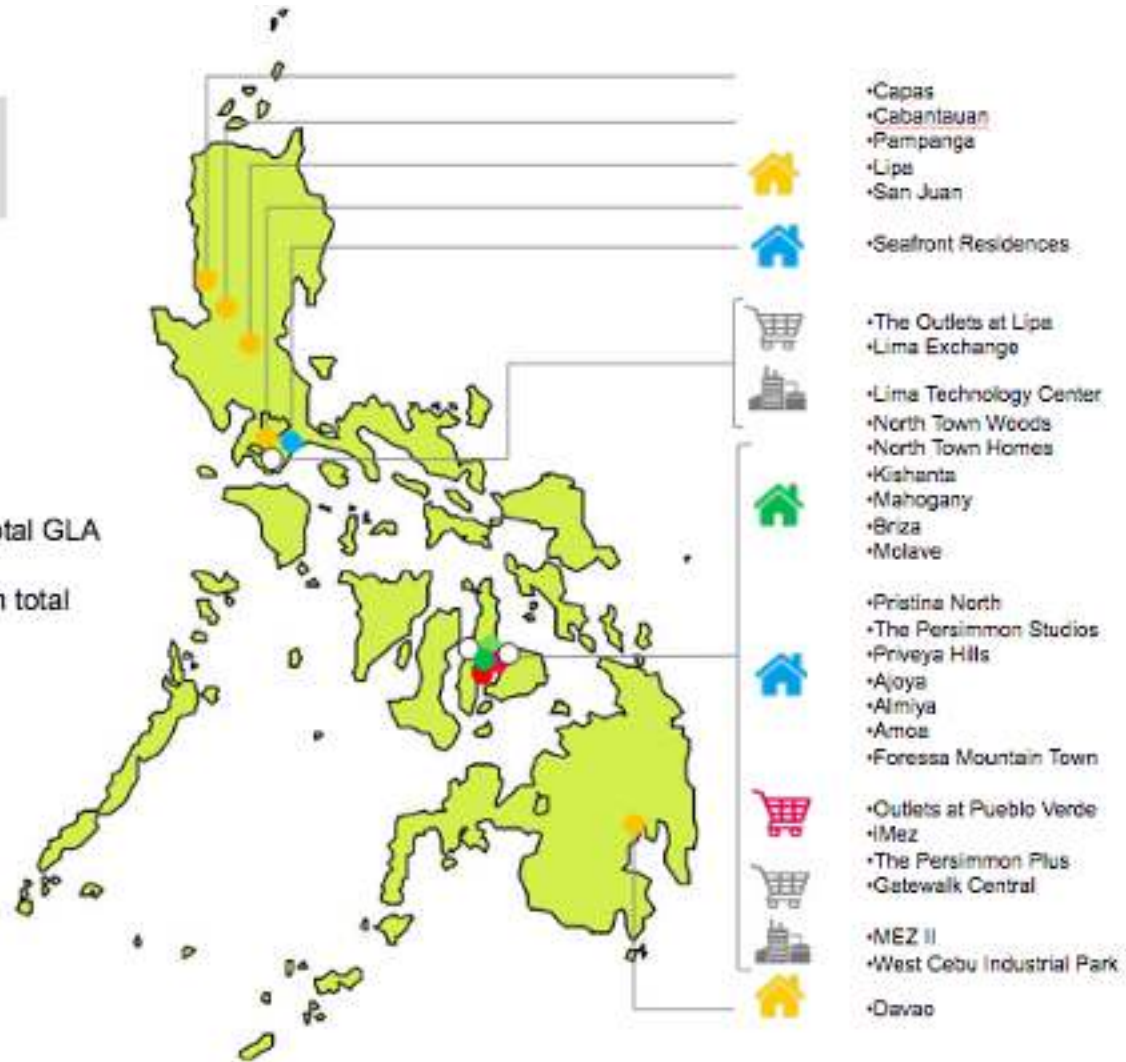
Building Scale

20+ years; 20+ communities

- Residential (Developed), 82 has total
- Residential (Ongoing), 198 has total
- Residential (For Launch), 117 has total
- Commercial (Developed), 45,000 sqm total GLA
- Commercial (For Launch), 168,000* sqm total
- Industrial, 858 has total GLA

Residential Landbank (836 has)
Luzon – 13% (108 has)
VisMin – 83% (728 has)

Industrial Landbank (868 has)
Luzon – 58% (500 has)
VisMin – 42% (358 has)



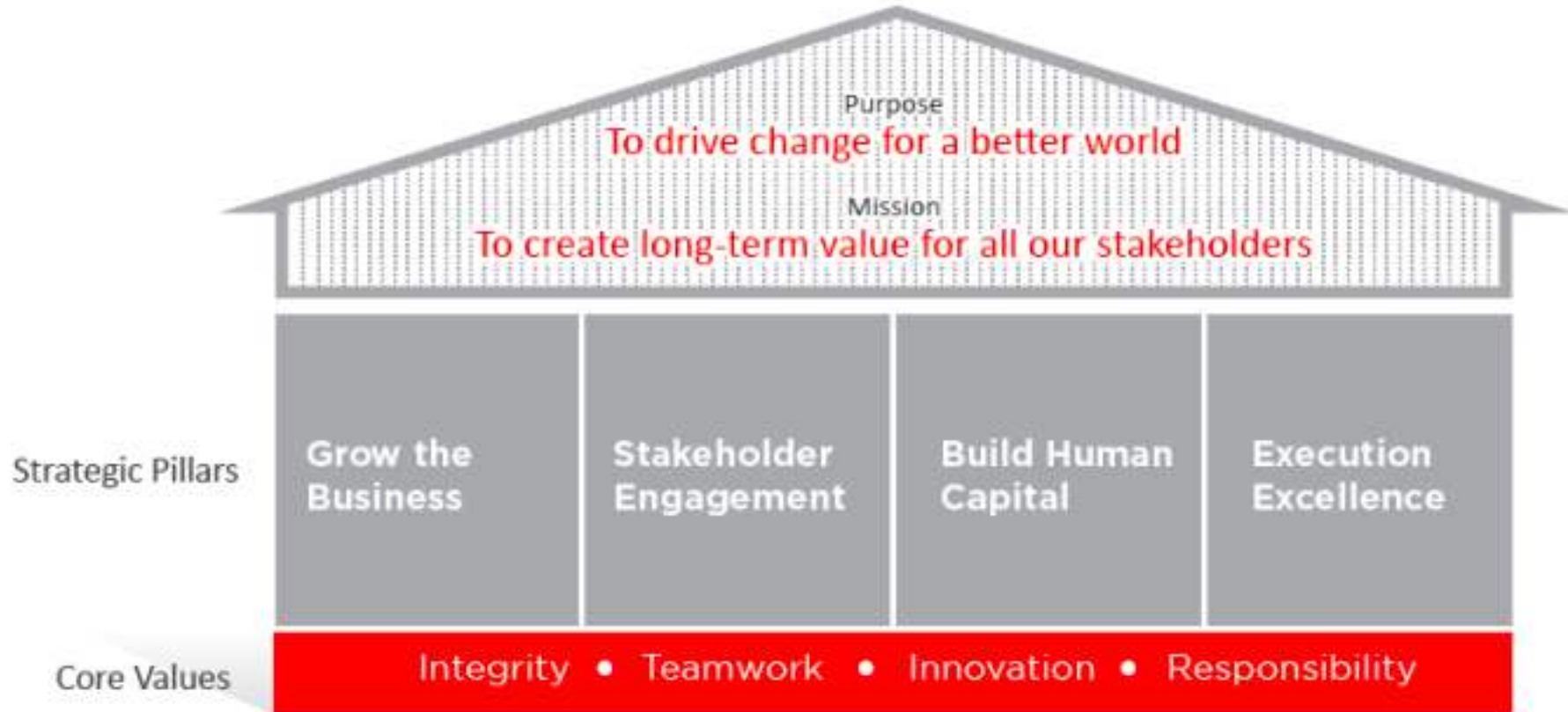


Water Value Chain





Strategic Overview





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Thank you!

abotiz