



# Aboitiz Equity Ventures

First Half of 2018

Financial & Operating Results

1 August 2018

**abotiz**

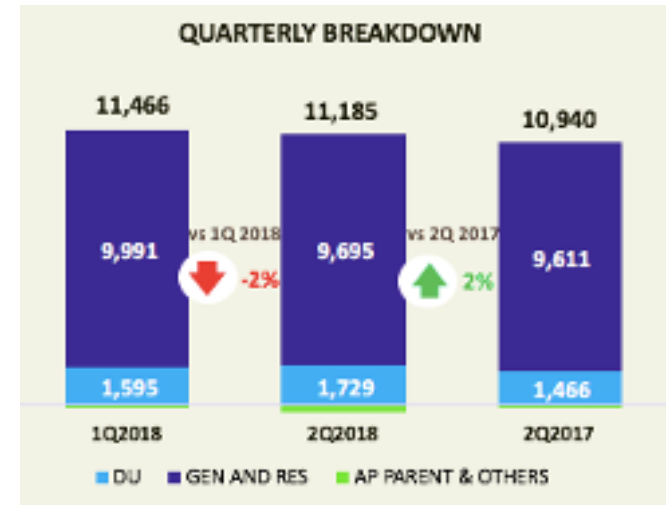
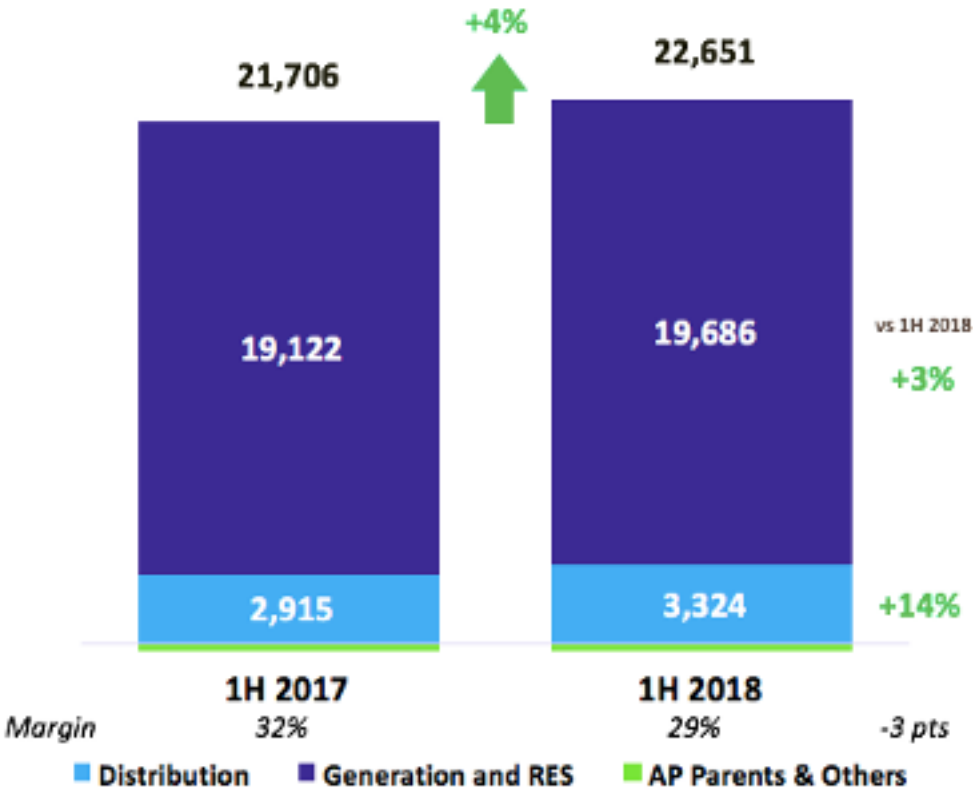


## Review of Business Units

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



# 1H 2018 EBITDA

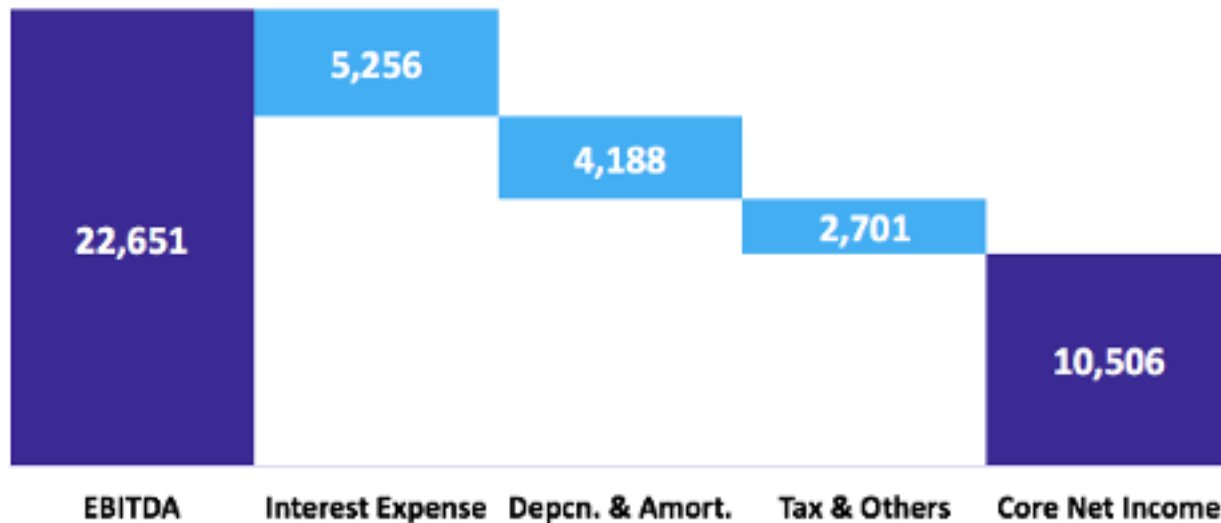


+4% YoY growth, mainly of which...

- +6% from Coal group (mainly from PEC addition and higher contracting levels)
- +2% from Distribution group driven by strong growth
- -4% from Hydro group due to lower hydrology



## 1H 2018 Core Net Income



Php mn	1H 2017	1H 2018	Change
<b>EBITDA</b>	21,706	22,651	4%
Interest Expense	5,138	5,256	2%
Depcn. & Amort.	3,910	4,188	7%
Tax & Others	2,193	2,701	23%
<b>Core Net Income</b>	10,464	10,506	0%
<i>EPS</i>	1.42	1.43	



## 1H 2018 Net Income



Php mn

**Core Net Income**

Forex gains/losses

**Net Income**

EPS

	1H 2017	1H 2018	Change
Core Net Income	10,464	10,506	0%
Forex gains/losses	(744)	(1,388)	87%
Net Income	9,721	9,118	-6%
EPS	1.32	1.24	

FX in June 2018: 53.34 vs 50.47 in 2017



## Balance Sheet Highlights

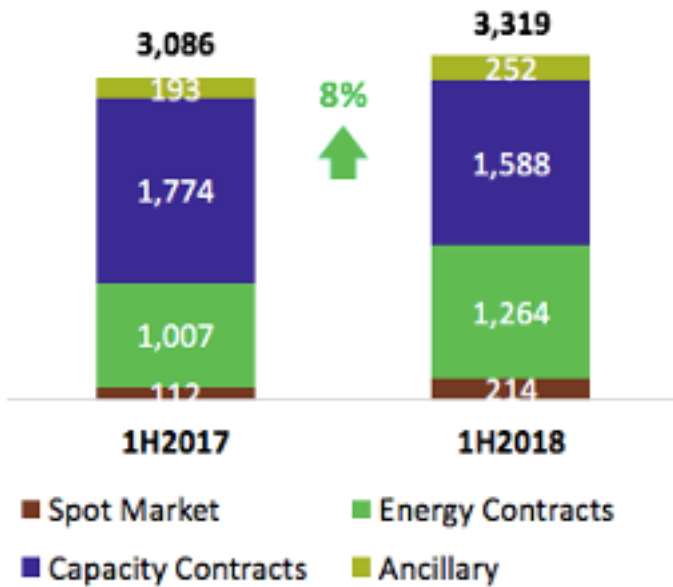
(Php mn)	CONSOLIDATED	
	YE2017	1H2018
Cash and Cash Equivalents	35,700	35,313
Trade and Other Receivables	17,360	22,452
Property, Plant and Equipment	204,025	207,564
Total Assets	361,477	372,395
Total Liabilities	237,499	249,712
Total Equity	123,978	122,683
Total Interest Bearing Debt	205,996	214,586
Net Debt	167,654	175,470
Net Debt to Equity	1.3X	1.4x
Debt to Equity*	1.7X	1.7x

\*Interest bearing debt / Total equity



# Operating Highlights: Generation

Capacity Sales Breakdown (MW)



Capacity Sold Factor

Fuel Group	1H2017	1H2018	Change pts
Mini Hydro	41%	40%	-1
Large Hydro	90%	93%	3
SNAP Magat	77%	80%	3
SNAP Benguet	107%	112%	5
Geothermal	121%	134%	13
Coal	114%	115%	1
Therma Luzon	128%	151%	23
Therma South	100%	99%	1
GN Power Mariveles	104%	104%	-
PEC	0%	104%	-
CEDC	104%	107%	3
STEAG	100%	100%	-
Oil	94%	95%	1
Solar	10%	12%	2
AP Generation	103%	107%	4



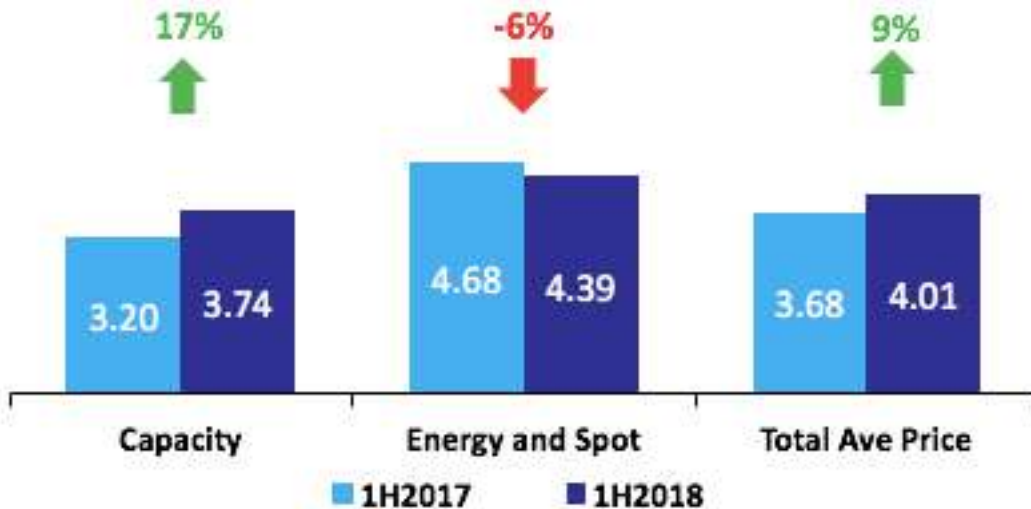
## Operating Highlights: Generation

	Beneficial Total Energy Sales (GWh)		
	1H2017	1H2018	Change
Mini Hydro	298	304	2%
Large Hydro	504	586	16%
SNAP Magat	309	340	10%
SNAP Benguet	195	245	26%
Geothermal	1,244	1,326	7%
Coal	5,127	5,839	14%
Therma Luzon	2,352	2,987	27%
Therma South	696	803	15%
GN Power Mariveles	1,625	1,217	-25%
PEC	-	320	-
CEDC	215	245	14%
STEAG	238	197	-17%
Oil	364	271	-25%
Solar	11	25	134%
Total Energy Dispatch	7,547	8,351	11%

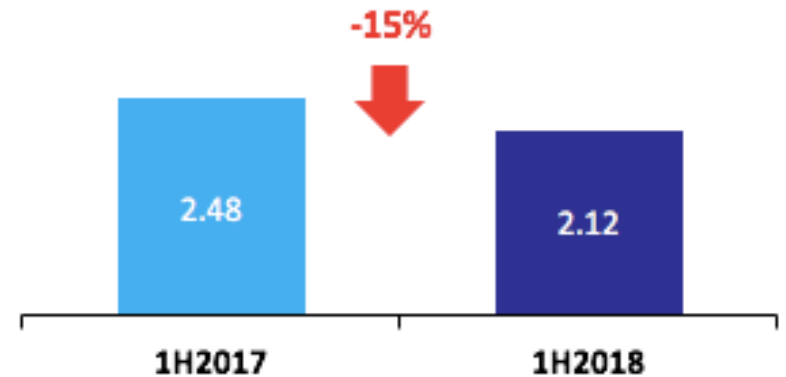


# Operating Highlights: Generation

### Average Selling Price (P/kWh)



### Gross Margin (P/kWh)



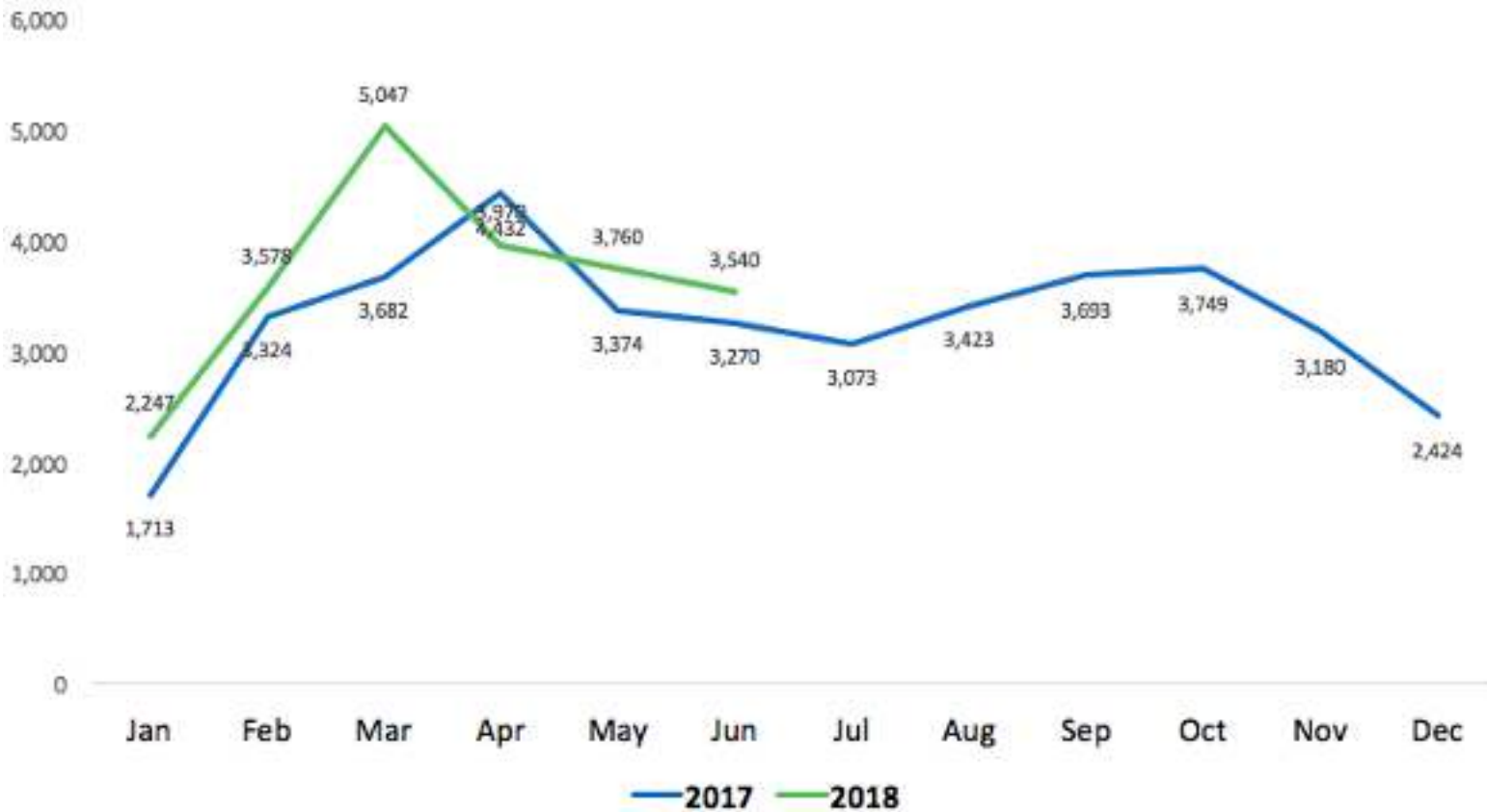
Note:  
Capacity contracts w/o Ancillary; energy contracts include spot  
kWh: Based on total energy sold

Note:  
GP/Volume sold



# Operating Highlights: Generation

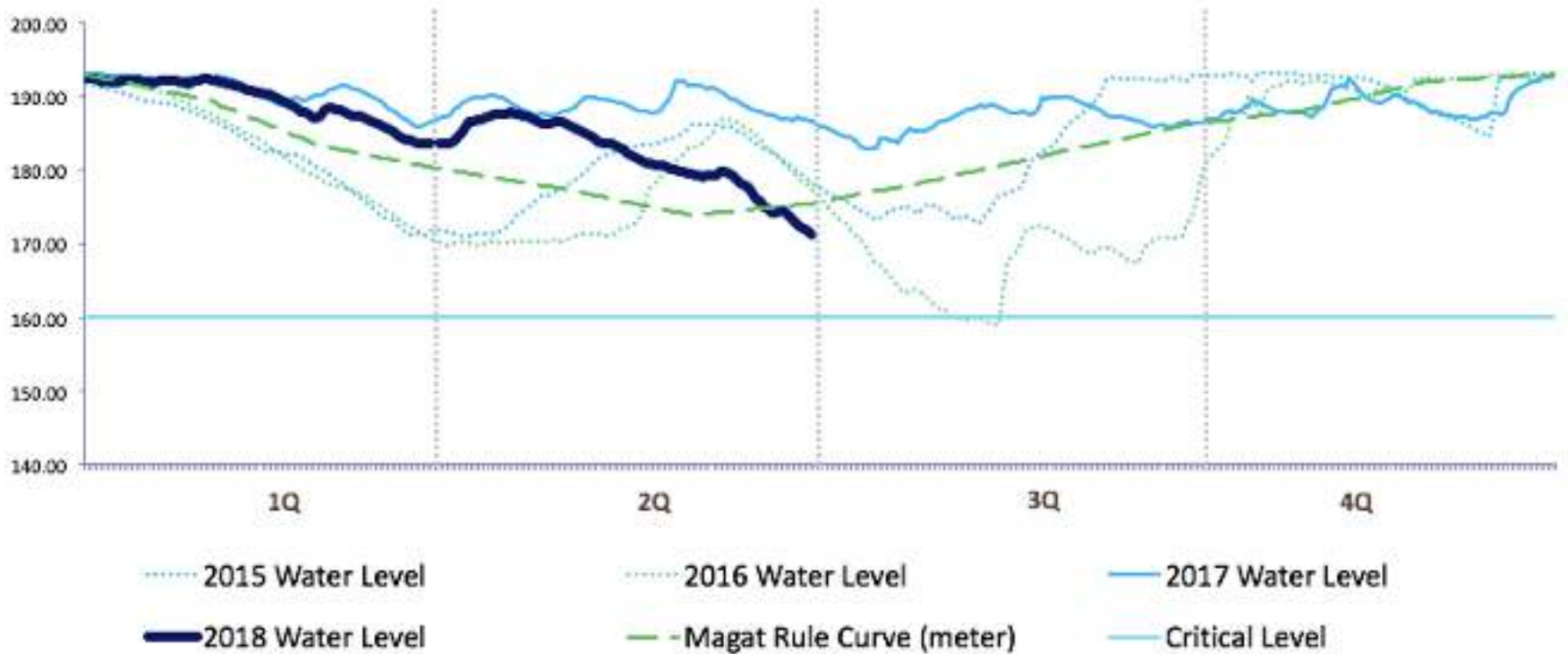
WESM TIME WTD AVERAGE PRICES (P/MWh)





# Operating Highlights: Generation

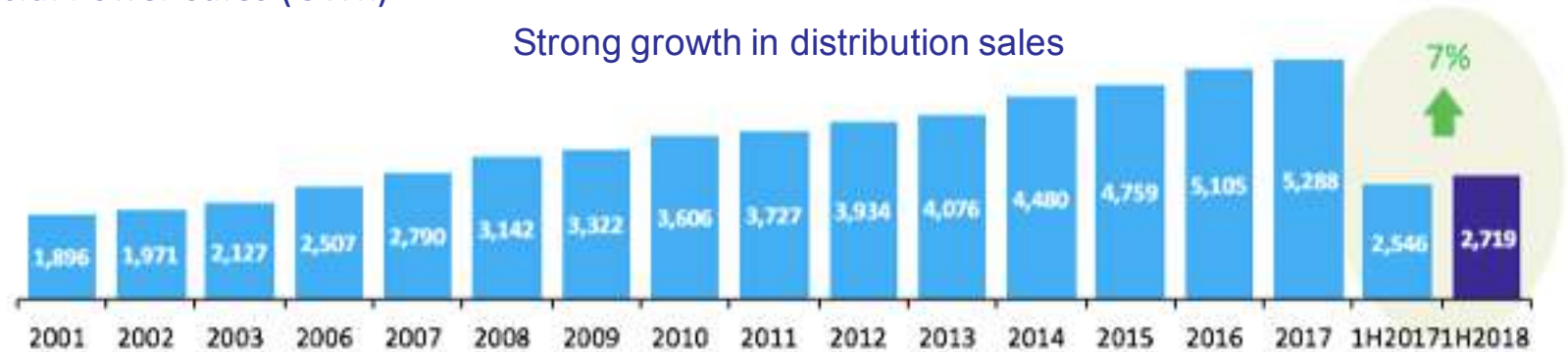
Magat's Water Level vs. Rule Curve (in MASL)



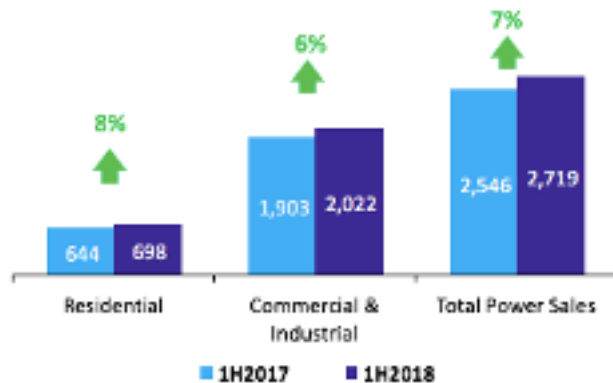


# Operating Highlights: Distribution

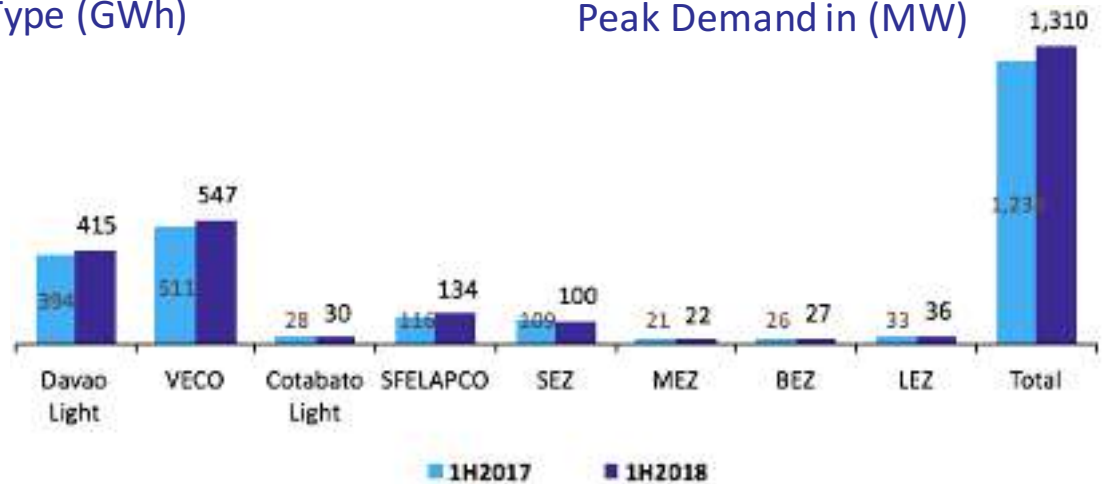
## Beneficial Power Sales (GWh)



## Beneficial Power Sales By Customer Type (GWh)



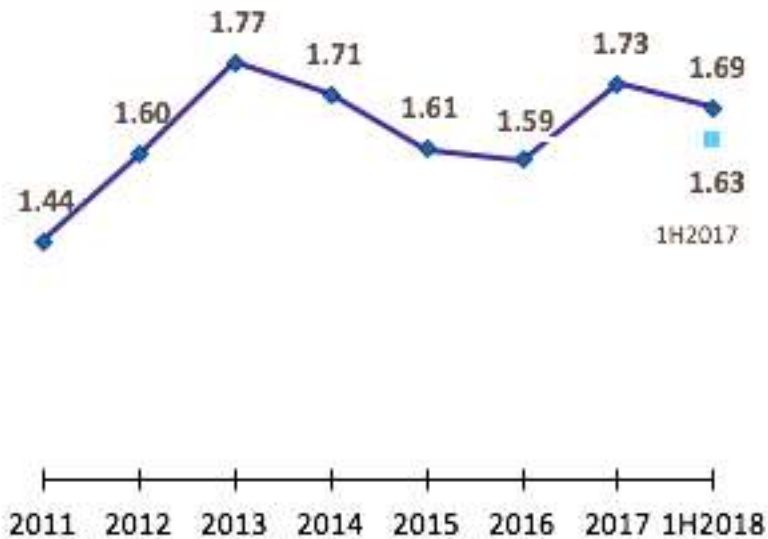
## Peak Demand in (MW)



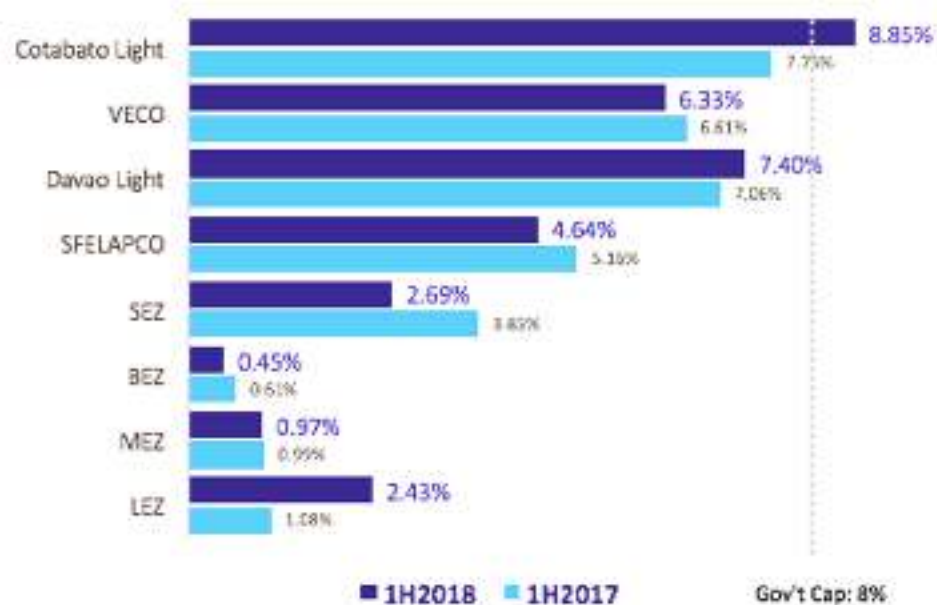


# Operating Highlights: Distribution

### Gross Margin / kWh



### System 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	2019
	Dinginin Unit 1 (Coal – GNPD)	668 MW	40%	267 MW	2019
	Dinginin 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 Dec 2018
					Unit 2 Q1 2019
MINDANAO	Manolo Fortich (Hydro – Hedcor Bukidnon)	68 MW	100%	68 MW	Plant 1 Jul 2018 (done)
					Plant 2 Sep 2018
		<b>2,023 MW</b>		<b>936 MW</b>	



# 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





## Review of Business Units

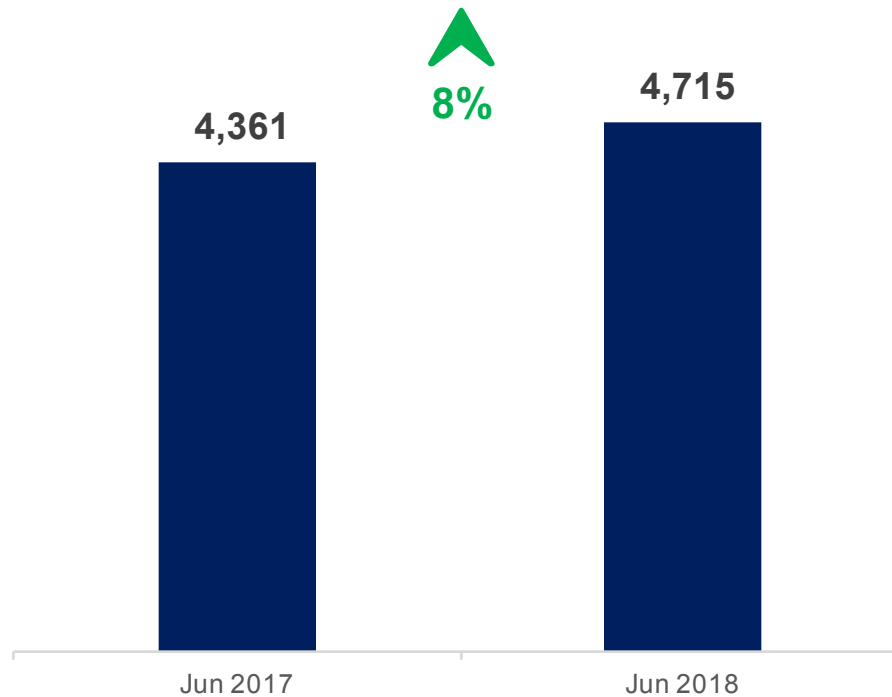
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# 1H 2018 Net Income

(in Php mn)

**Net income up 8%**



Attributable to Parent Bank's Stockholders



# 1H 2018 Net Interest Income

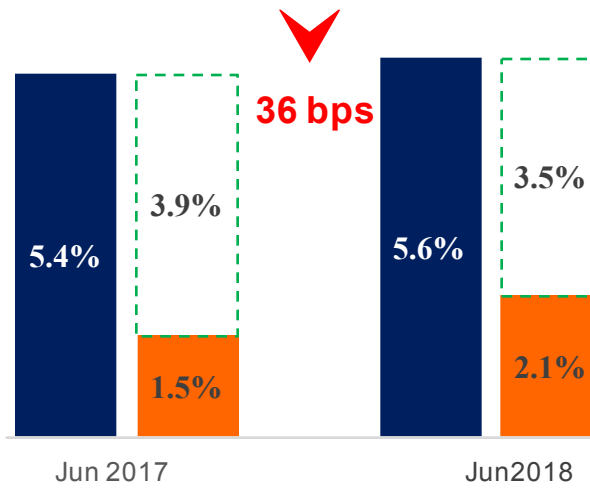
(in Php mn)

Net interest income was up due to higher earning assets

## NET INTEREST INCOME

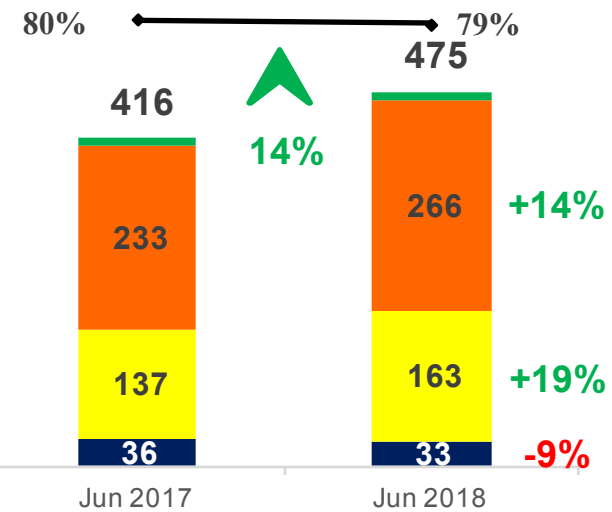


## NET INTEREST MARGIN



## EARNING ASSETS\*

(ADB in Php bn)



■ Avg Yield ■ Avg Cost ▭ NIM

■ Others

■ Securities

◆ Share of EA to Net Assets

■ Loans

■ Liquid Earning Assets

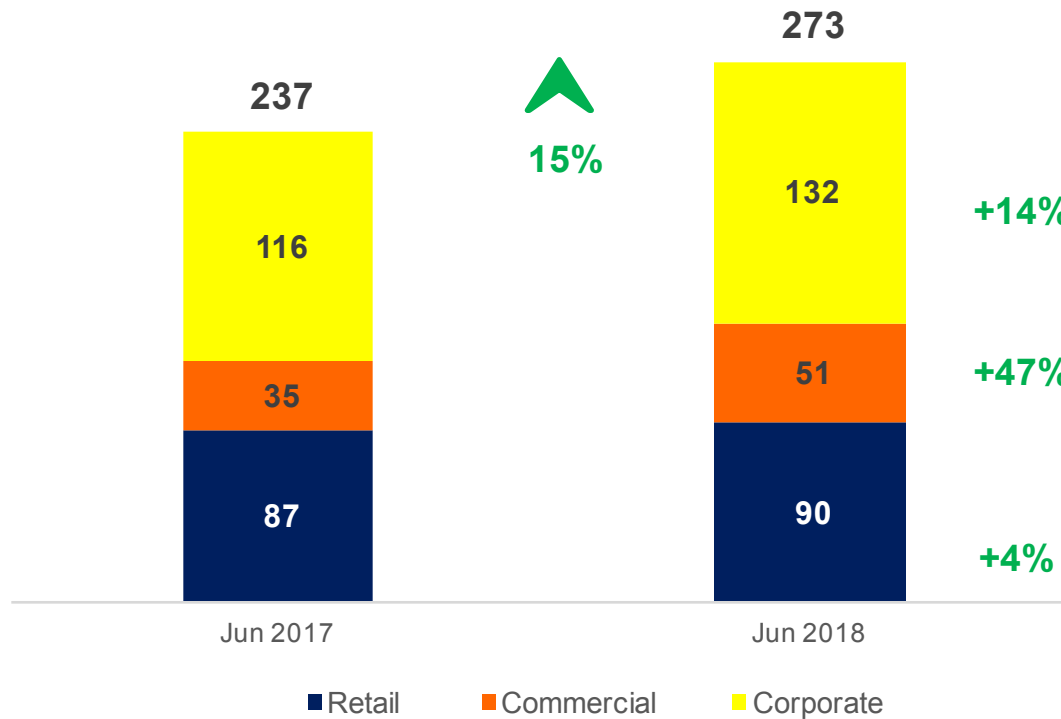
\*excludes cash and RR



# 1H 2018 Credit Portfolio

(ADB in Php bn)

**Credit portfolio sustained double-digit growth**

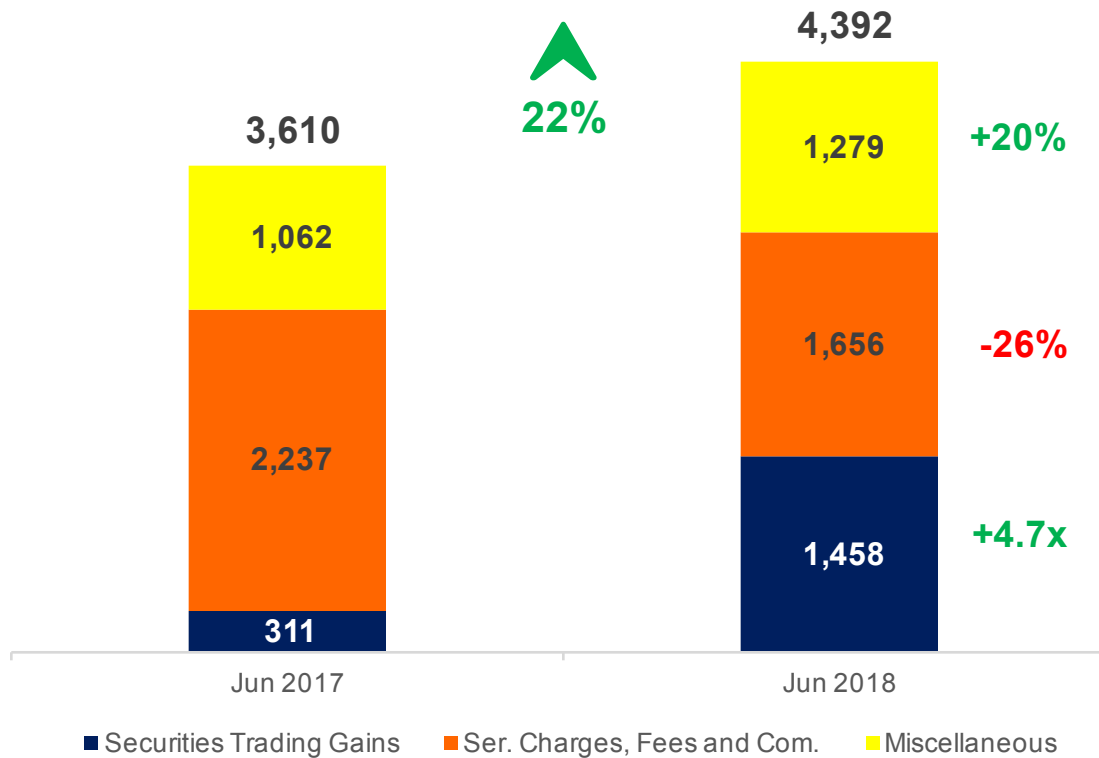




# 1H 2018 Non-Interest Income

(in Php mn)

## Non-interest income driven by profit on sale of securities



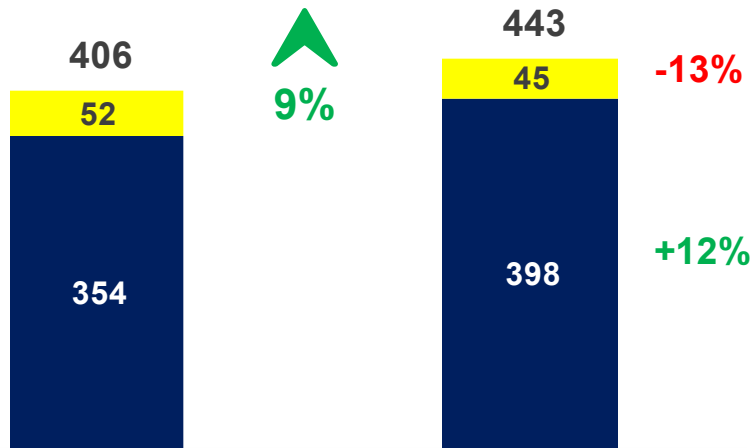


# 1H 2018 Total Deposits & CASA Deposits

(ADB in Php bn)

## Double-digit CASA growth

### TOTAL DEPOSITS

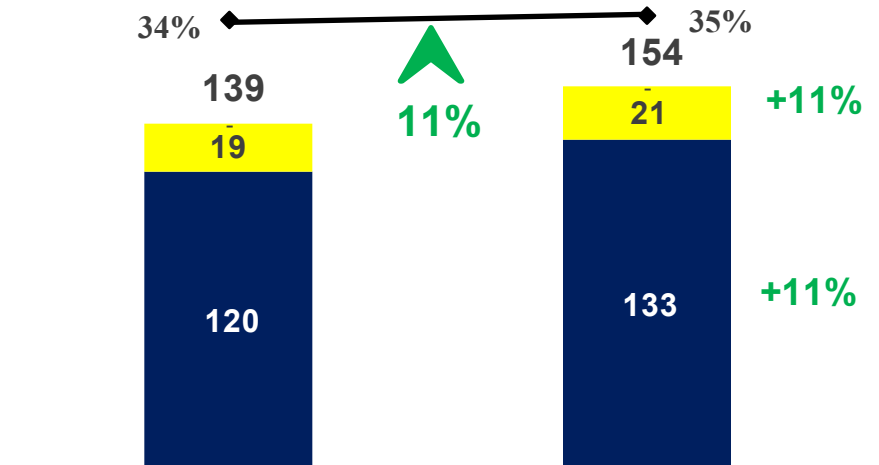


Jun 2017

Jun 2018

■ UnionBank ■ Subsidiaries

### CASA DEPOSITS



Jun 2017

Jun 2018

■ Peso  
■ Subsidiaries

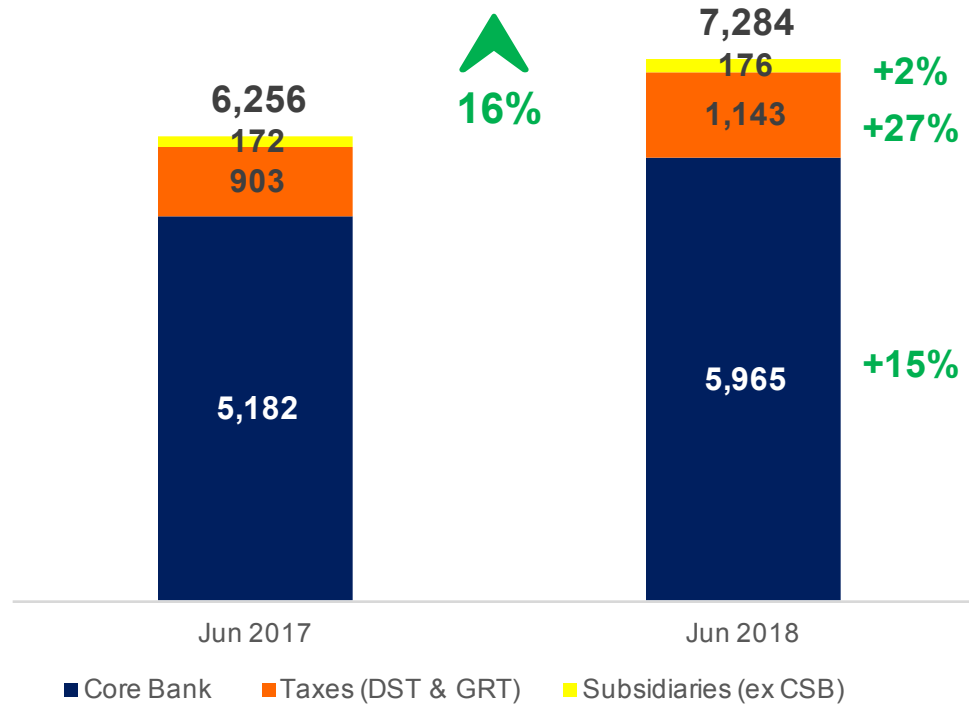
■ FCDU  
◆ Share of CASA to Total



# 1H 2018 Operating Expenses

(in Php mn)

**Operating Expenses increased primarily on business growth**

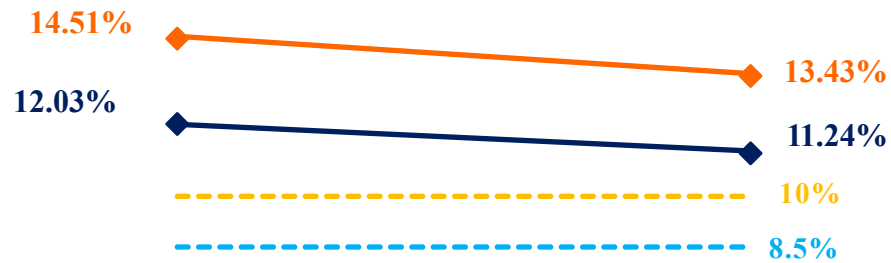




# Capital Adequacy Ratios

Consolidated Basis

## Capital ratios remain healthy



Jun 2017

Jun 2018

◆ Tier 1 Capital Ratio

◆ Total Capital Adequacy Ratio

- - - Min. req. Tier 1 ratio

- - - Min. req. CAR



# Profitability Ratios

**Sustained above-industry profitability ratios**

## RETURN ON EQUITY

12.9%



Jun 2017

12.8%



Jun 2018

## RETURN ON ASSETS

1.7%



Jun 2017

1.6%



Jun 2018

## COST-TO-INCOME

53.6%



Jun 2017

57.2%

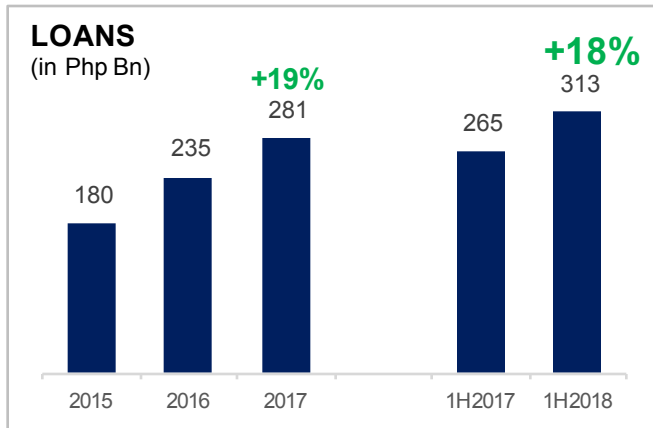


Jun 2018

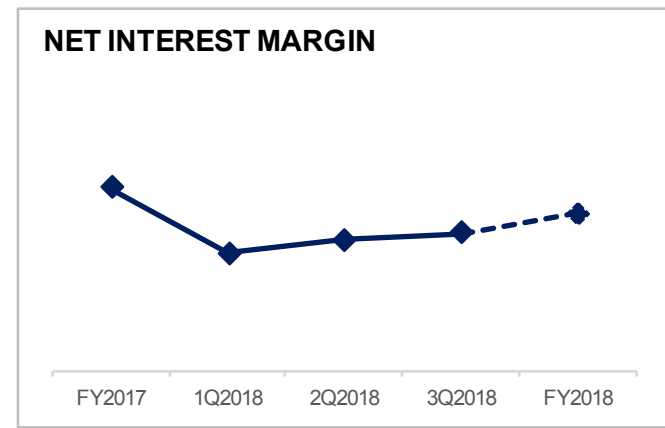


# Outlook

## Robust loan growth to be sustained



## Margins to improve supporting recurring income



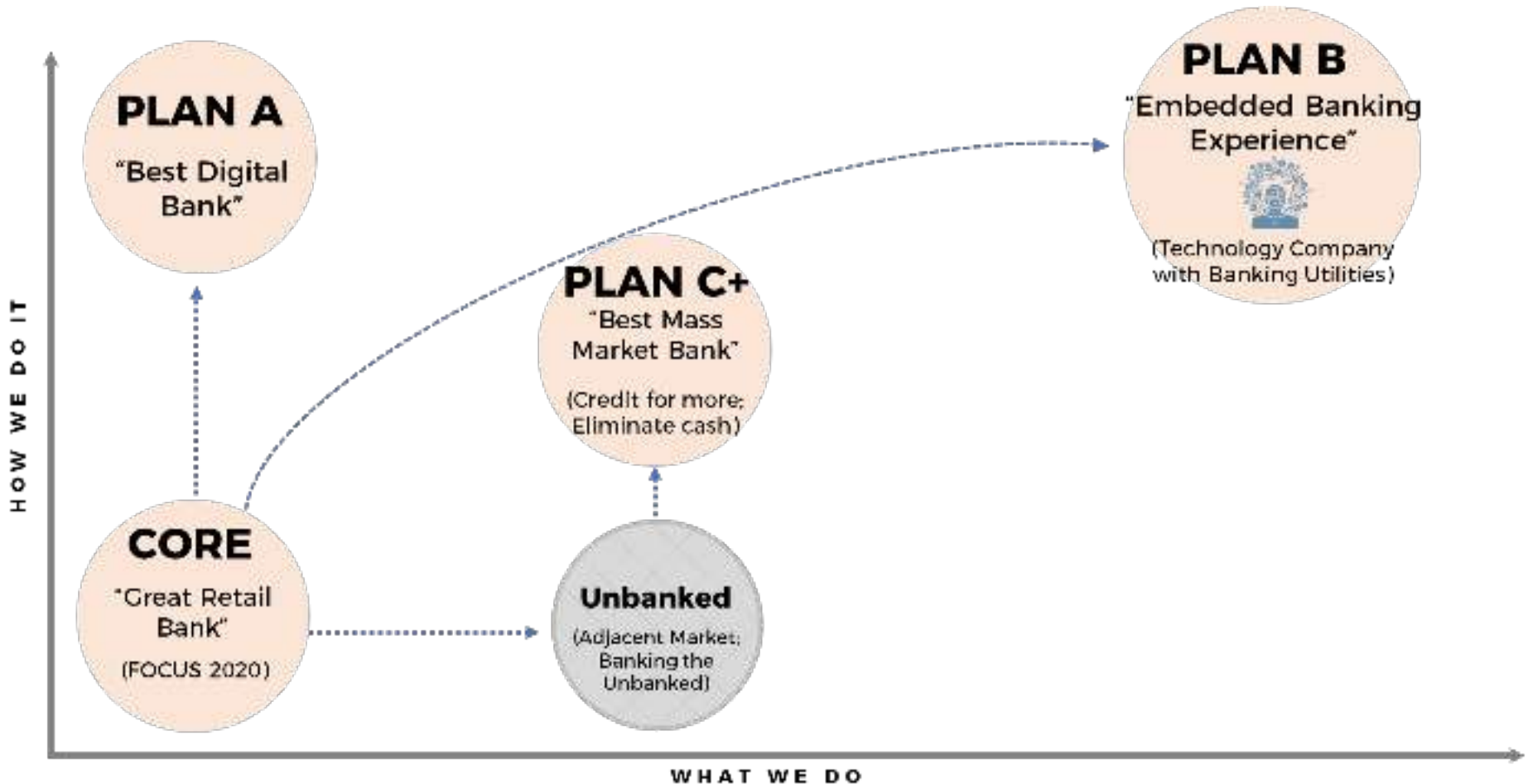
## Strong capitalization to support asset growth

- *On April 27, 2018, UnionBank's Board approved to raise additional capital up to Php10 billion through a stock rights offer.*



# UnionBank's Transformation Strategy

## Strengthening Today; Creating Tomorrow





## Review of Business Units

- Power
- Banking & Financial Services
- **Land**
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# AboitizLand

## Experienced Player, Leading Innovator

- Leading developer in Cebu for 20 years
- 20+ uniquely crafted communities to date
  - 1<sup>st</sup> to bring Outlet Mall format to Cebu

## Diversified Business Portfolio







- Multiple core businesses
  - Residential
    - House and Lot (H&L)
    - Condominiums
  - Commercial
    - The Outlets
    - Community malls
  - Industrial
    - 156 locators
    - *Rank 1 in 2017 industrial lot sales within Calabarzon*

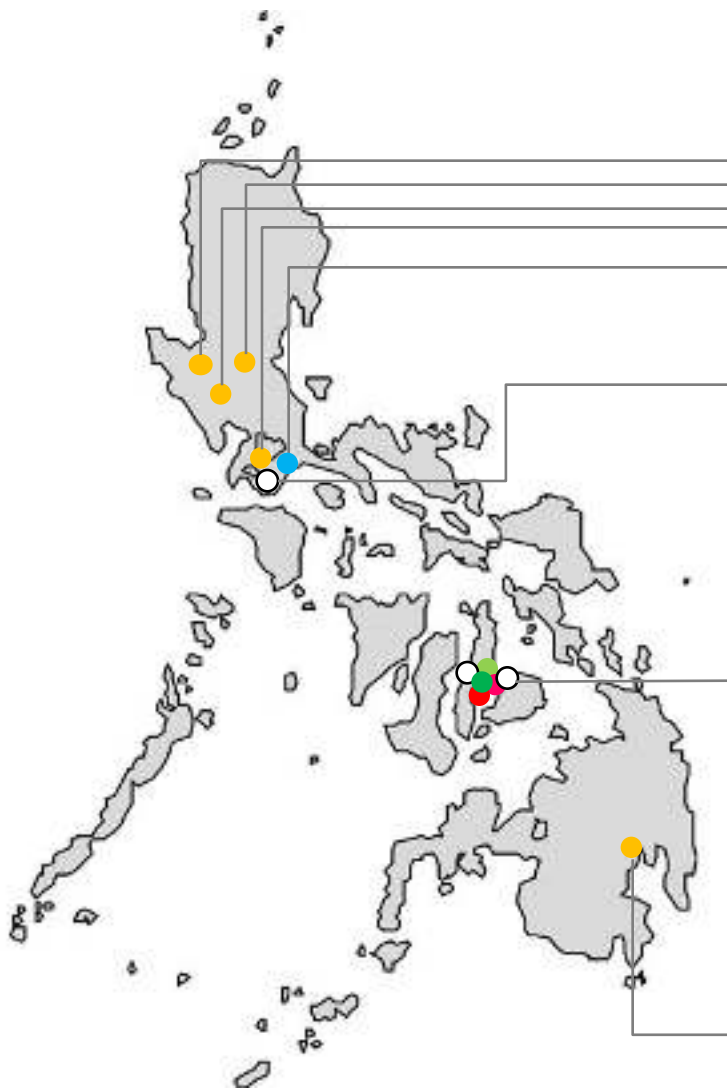
## Focused on lucrative niches











- Set to capitalize on the growing provincial H&L mid-market
- Developing commercial spaces that complement our residential and industrial communities
- Growing the industrial business portfolio
- Expanding national footprint – Visayas, Luzon, Mindanao



# AboitizLand






-  Residential (Developed)
-  Residential (Ongoing)
-  Residential (For Launch)
-  Commercial (Developed)
-  Commercial (For Launch)
-  Industrial



-  • Capas  
• Cabantauan  
• Pampanga  
• Lipa  
• San Juan
-  • Seafront Residences
-  • The Outlets at Lipa  
• Lima Exchange
-  • Lima Technology Center
-  • North Town Woods  
• North Town Homes  
• Kishanta  
• Mahogany  
• Briza  
• Molave
-  • Pristina North  
• The Persimmon Studios  
• Priveya Hills  
• Ajoya  
• Almiya  
• Amoa  
• Foressa Mountain Town
-  • Outlets at Pueblo Verde  
• iMez  
• The Persimmon Plus
-  • Gateway Central
-  • MEZ II  
• West Cebu Industrial Park
-  • Davao



## 1H 2018 Financial Performance

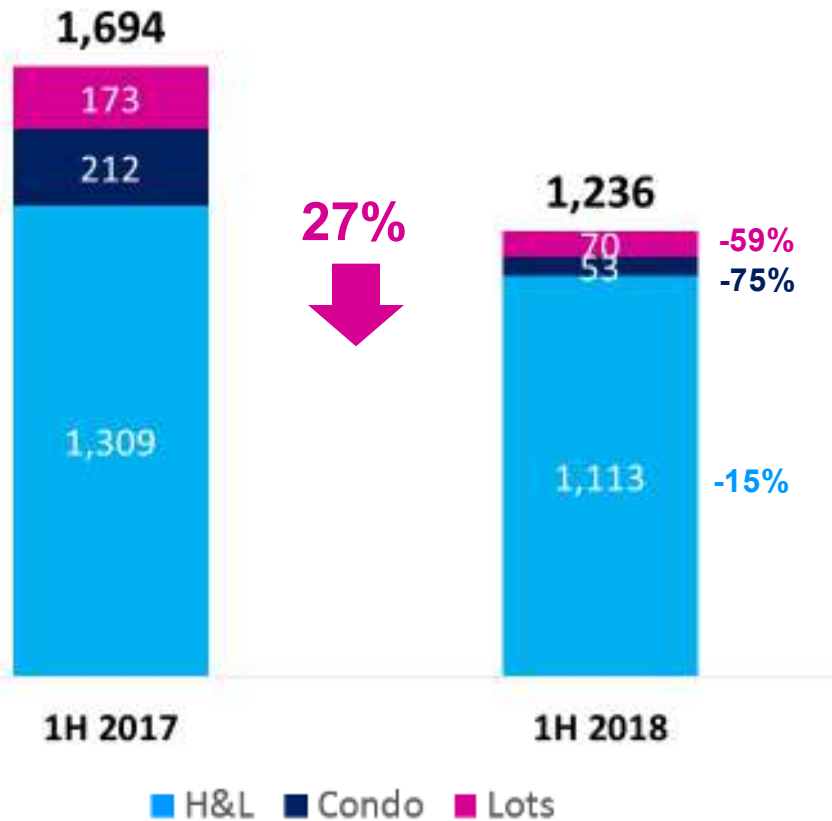
	<b>1H 2018</b>	<b><i>vs 1H 2017</i></b>
 Residential Sales	1.2B	<b><i>-27%</i></b>
 Revenues	2.0B	<b><i>+29%</i></b>
 GP	799M	<b><i>+16%</i></b>
 NOP	360M	<b><i>+44%</i></b>
 NIAT	283M	<b><i>+40%</i></b>



# 1H 2018 Residential Sales

(in Php mn)

Residential sales down YoY due to project launches in 1H 2017 and *The Persimmon Studios* sell out



*Amoa (Compostela, Cebu)*



*Seafont (San Juan, Batangas)*

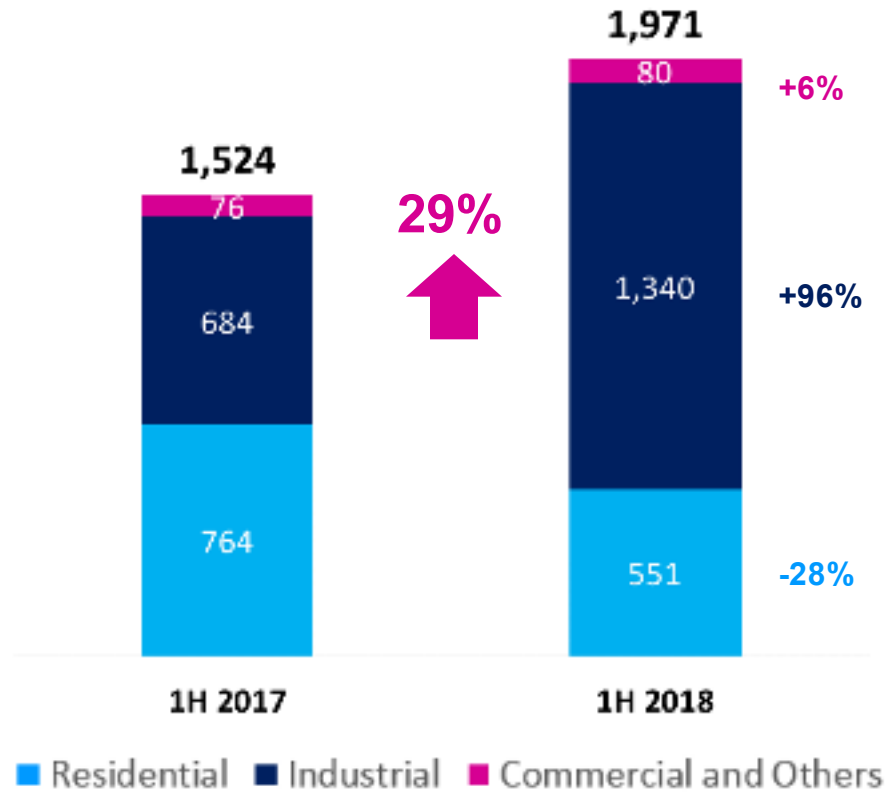




# 1H 2018 Revenues

(in Php mn)

Revenues increase with higher industrial lot sales recognized

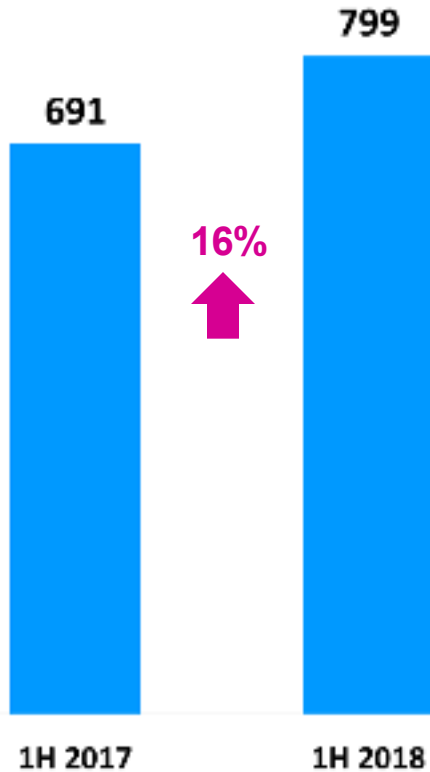




# 1H 2018 Gross Profit & Net Operating Profit

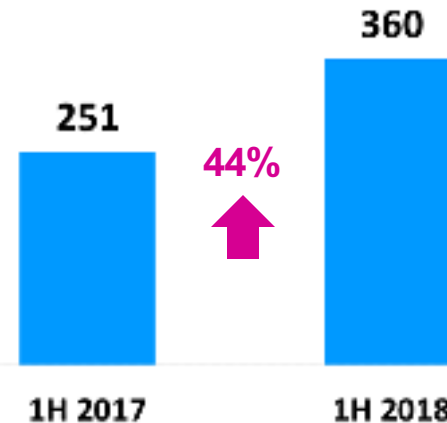
## Gross Profit

(in PHP mn)



## Net Operating Profit

(in PHP mn)





## 1H 2018 Business Highlights



*Come Home to Amoa*



# Seafront

RESIDENCES

*Seafront Summerfest*





# 1H 2018 Business Highlights



## Anchor Tenants



158 designers' blvd.



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



# 1H 2018 Business Highlights



## Residential

- *Almiya and The Persimmon Studios* sold out
- Significant construction progress in top selling developments, *Seafront Residences* and *Amoa*
- Four projects to launch by end of year



## Commercial

- *The Outlets at Pueblo Verde* boasts a 100% occupancy rate, with notable increases in merchant sales from the previous year
- Grand launch for *The Outlets at Lipa* set for Q4 2018



## Industrial

- 34 hectares sold



## Review of Business Units

- Power
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- Land
- **Infrastructure**
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- AEV Financials
- **Q&A**



# Strong Demand But Challenging Environment



- Government's infrastructure projects accelerating
- Stable private sector demand
- Prices have slightly improved
- Significant increases in energy costs and timing difference of maintenance impacting results
- Contribution to AEV amounts to PhP43M in 1H 2018





# Water Sector: Project Updates



300 MLD Bulk Water project in Davao

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



## WORK-IN-PROGRESS

- Permitting ✓
- Financing
- Design Works
- Survey Works
- Water Quality Analyses
- Stakeholder engagement campaigns





# Transport Infrastructure: Airport Proposals



## NAIA

- DOTr recommended Original Proponent Status

## New Bohol

- Unsolicited proposal to upgrade, operate, maintain, expand
- Under evaluation by DOTr







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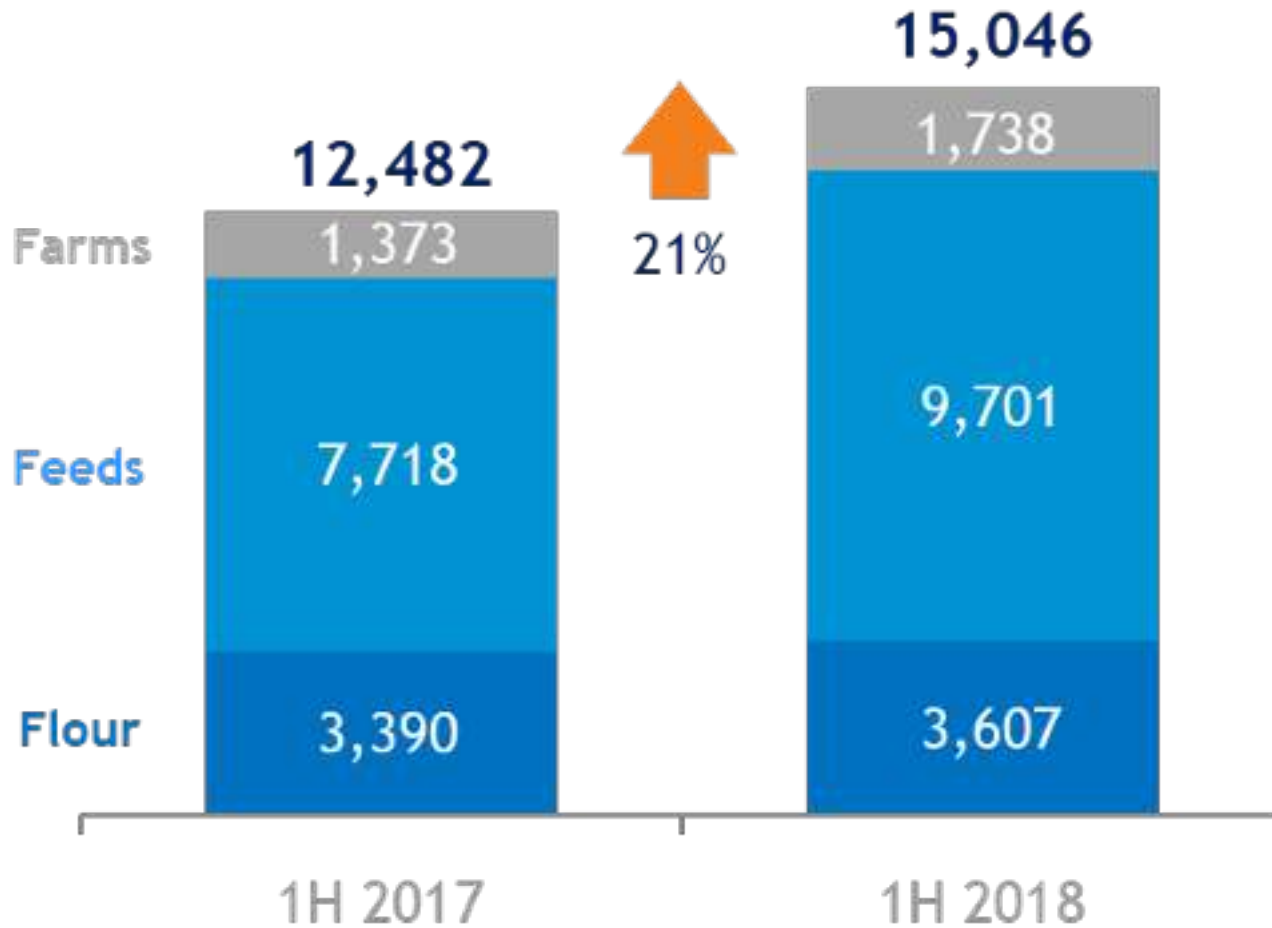
# 1H 2018 Financial Highlights

Revenue	15,046		vs. 1H 2017 <b>+21%</b>
EBITDA	1,412		<b>-1%</b>
EBITDA Margin	9%		<b>-200bps</b>
NIAT	680		<b>-7%</b>



# 1H 2018 Revenue

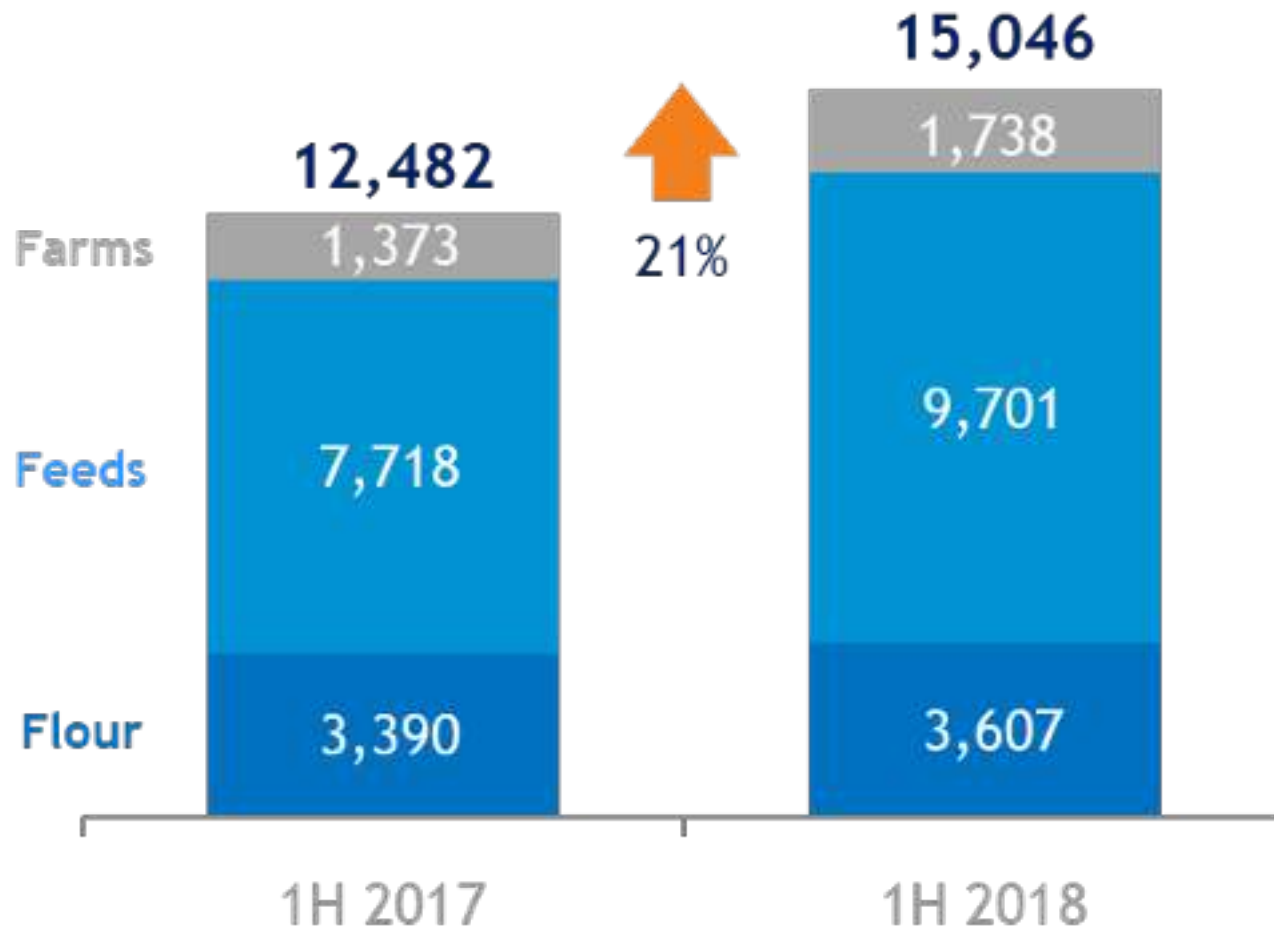
(in Php mn)





# 1H 2018 Revenue

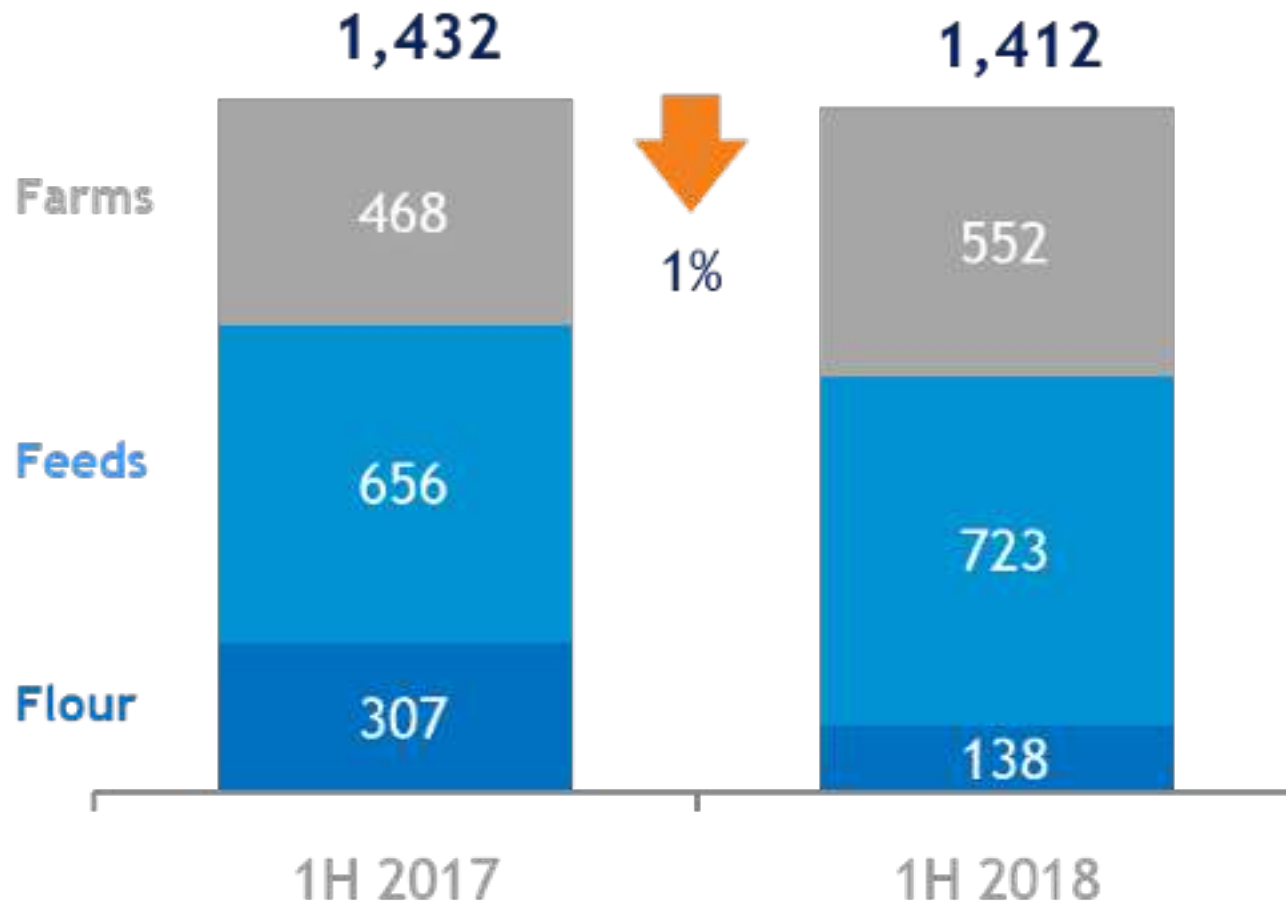
(in Php mn)





# 1H 2018 EBITDA

(in Php mn)





# 1H 2018 Net Income

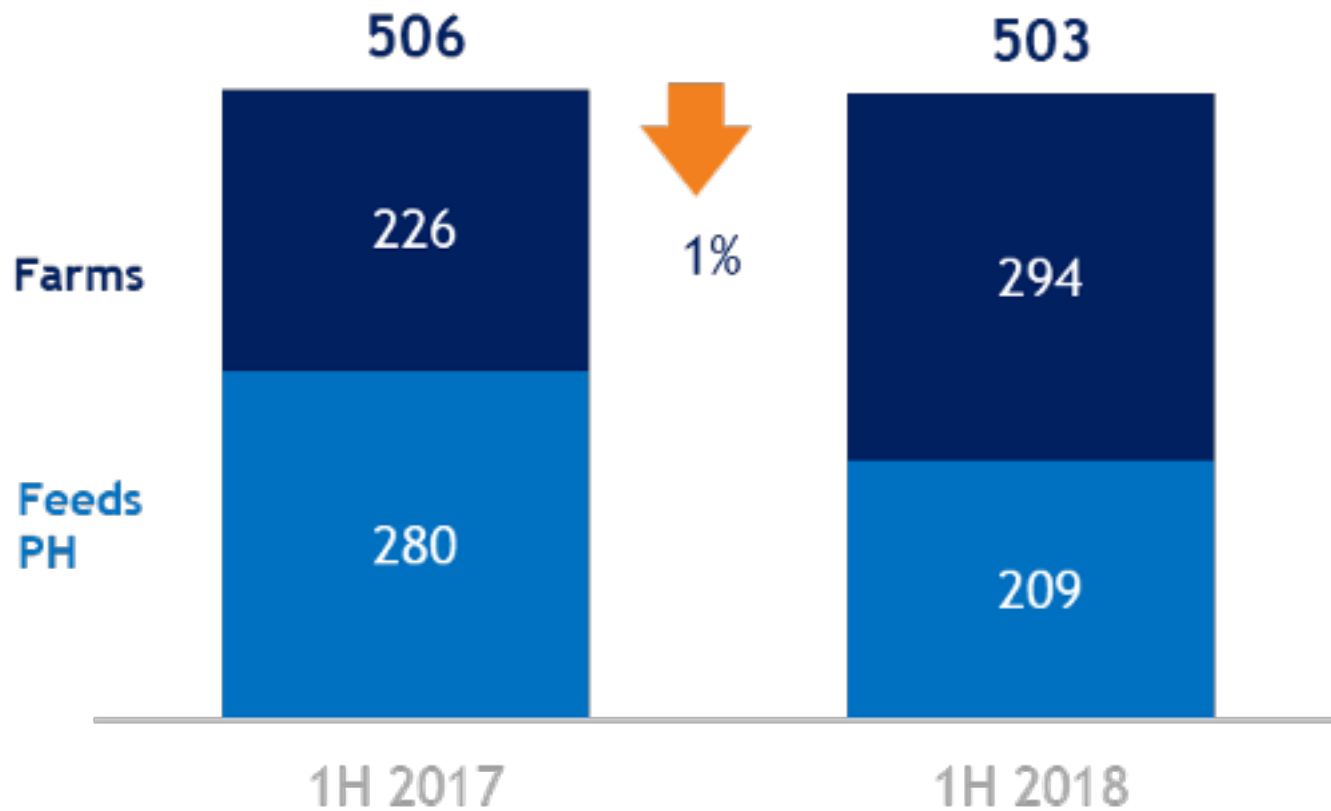
(in Php mn)





# 1H 2018 Financial Highlights: Feeds and Farms

(in Php mn)



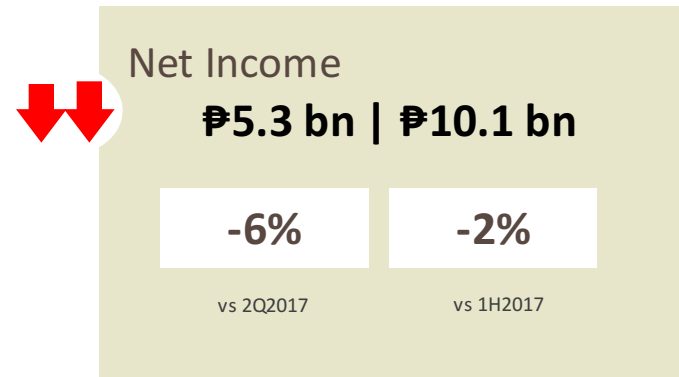
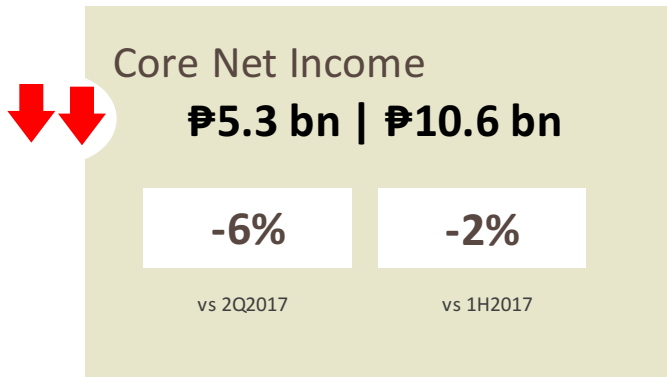
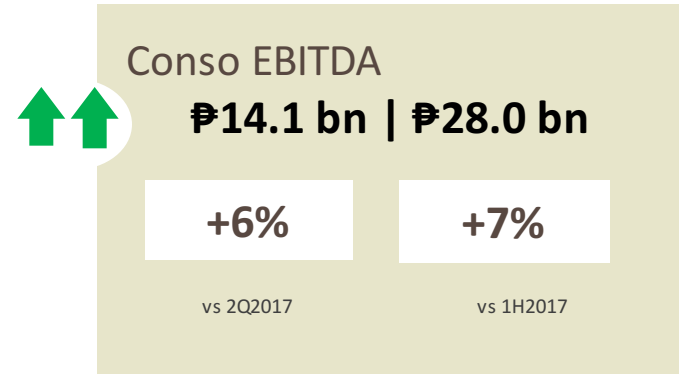
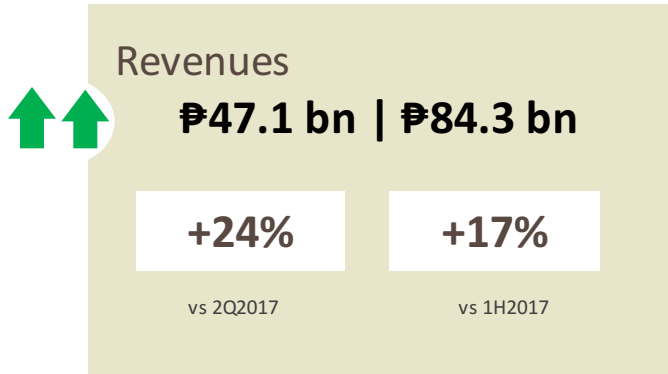


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  - **AEV Financials**
- 
- **Q&A**



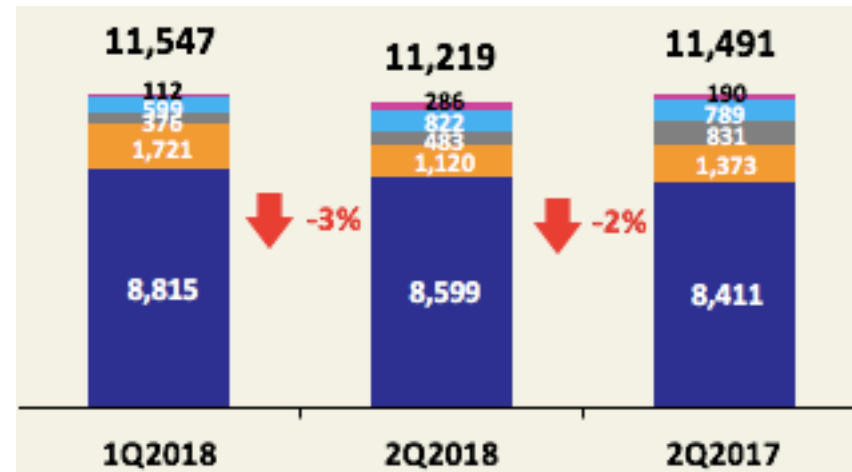
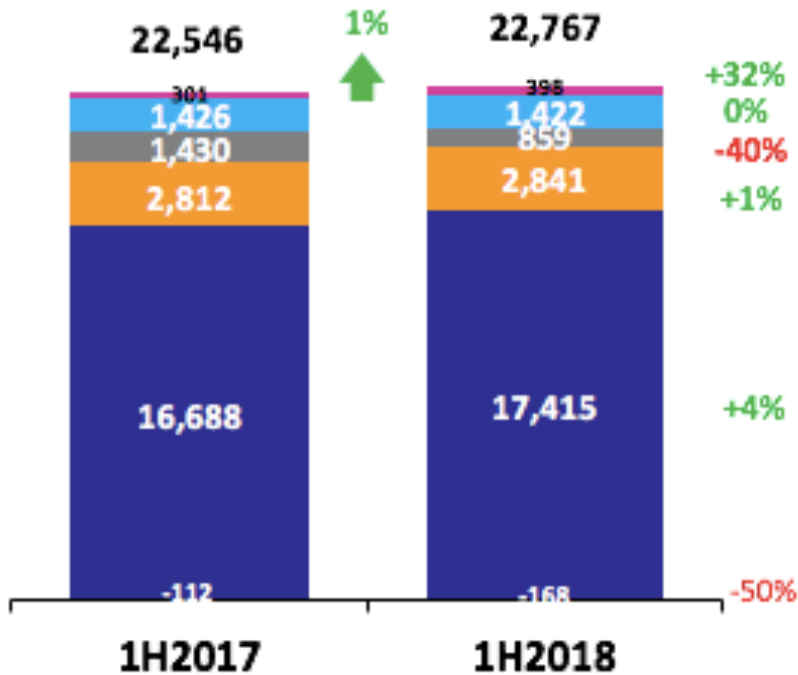
# 1H 2018 Financial Performance





# 1H 2018 Beneficial EBITDA

(in Php mn)



## 1% growth vs 1H2017, of which...

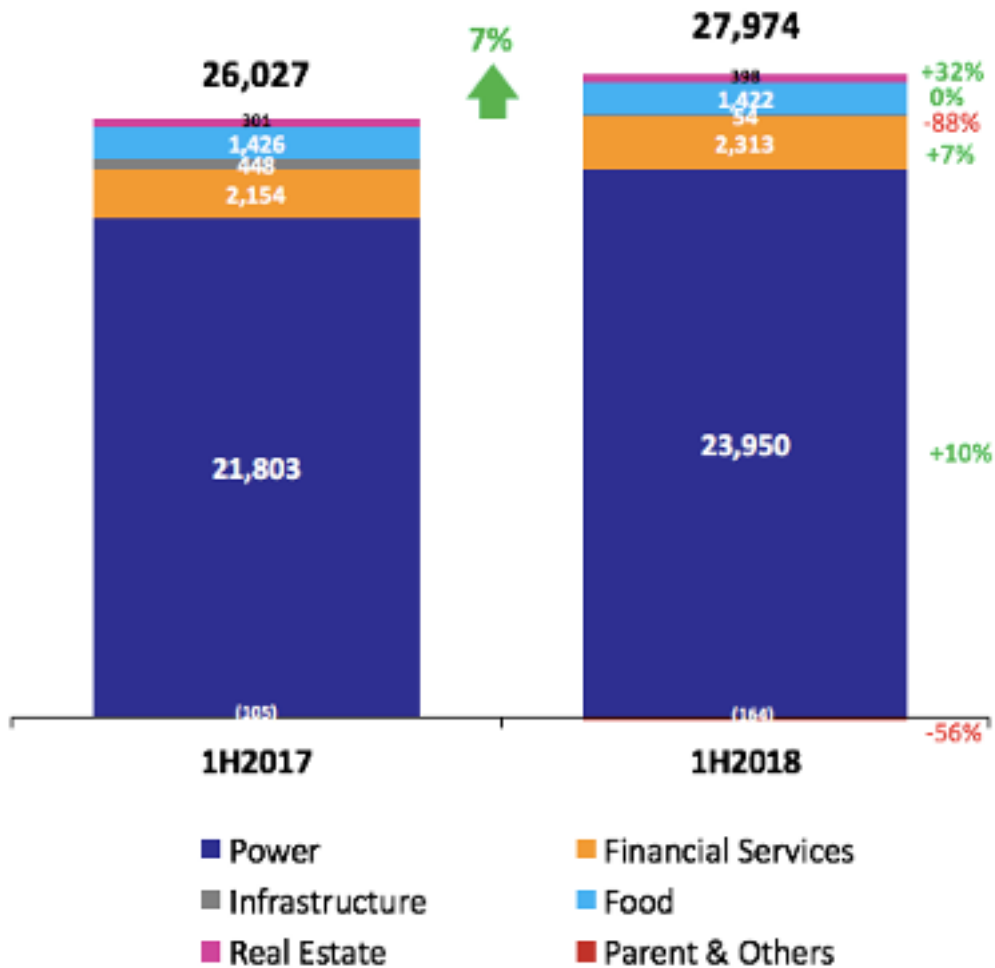
- +3% from power group driven by fresh contribution of PEC and strong growth from Distribution units
- -2% from infrastructure on higher production costs

■ Power 
 ■ Financial Services 
 ■ Infrastructure 
 ■ Food 
 ■ Real Estate 
 ■ Parent & Others



# 1H 2018 Consolidated EBITDA

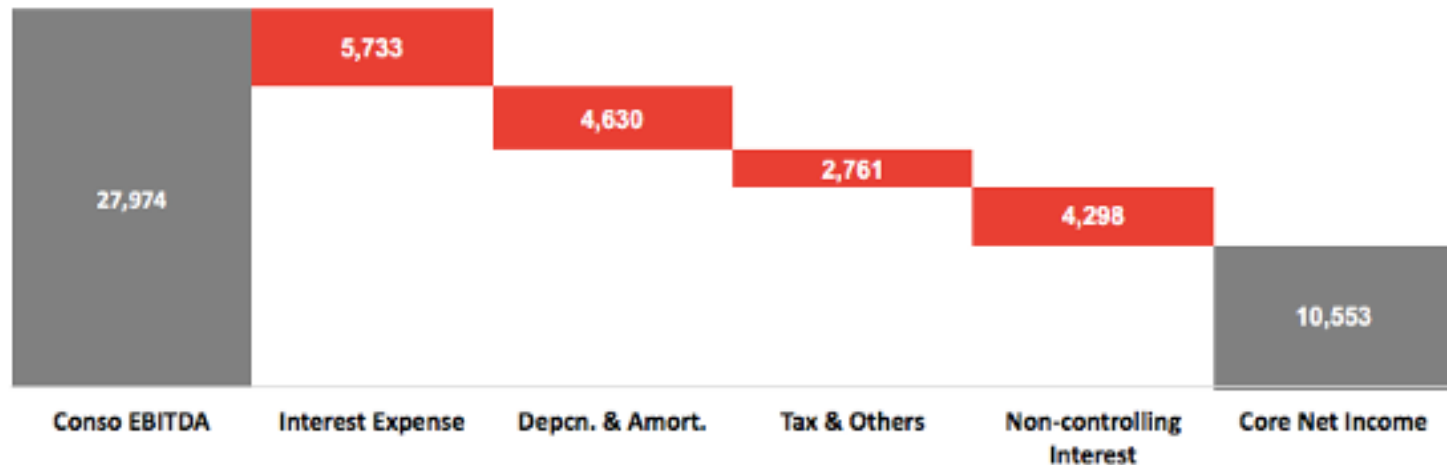
(in Php mn)





# 1H 2018 Core Net Income

(in Php mn)



	1H2017	1H2018	Change
Conso EBITDA	26,027	27,974	7%
Interest Expense	5,493	5,733	4%
Depcn. & Amort.	4,124	4,630	12%
Tax & Others	2,159	2,761	28%
Non-controlling Interest	3,487	4,298	23%
<b>Core Net Income</b>	<b>10,765</b>	<b>10,553</b>	<b>-2%</b>
<i>EPS</i>	<i>1.91</i>	<i>1.87</i>	



# 1H 2018 Net Income

(in Php mn)



	1H2017	1H2018	Change
<b>Core Net Income</b>	10,765	10,553	<b>-2%</b>
Non-recurring Income/(Loss)	(495)	(467)	6%
<b>Net Income</b>	10,270	10,086	<b>-2%</b>
<i>EPS</i>	1.82	1.79	

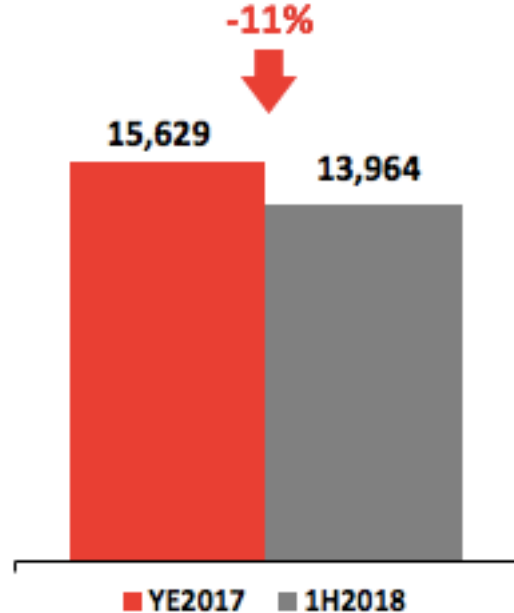
FX rate as of 30 June 2018: 53.34 vs 50.47 in 2017



# Balance Sheet Highlights

(in Php mn, except ratios)

## Parent Net Debt



ND/E 0.10x 0.09x

## Consolidated Balance Sheet/Key Ratios

	YE2017	1H2018
Cash and Cash Equivalents	64,870	61,094
Total Assets	492,244	504,864
Total Liabilities	299,661	309,711
Total Equity	192,584	195,153
Equity Attributable to Parent	155,011	159,417
Book Value Per Share	27.51	28.30
Current Ratio	1.6x	1.7x
Debt to Equity	1.6x	1.6x
Net Debt to Equity	1.0x	1.0x



**AEV + Pilmico/Goldcoin**

*pilmico*

+





## Review of Business Units

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



Thank you!

**abotiz**