

**COVER SHEET**

C E 0 2 5 3 6

S.E.C. Registration Number

A B O I T I Z E Q U I T Y V E N T U R E S , I N C .

( Company's Full Name )

A B O I T I Z C O R P O R A T E C E N T E R

G O V . M A N U E L C U E N C O A V E .

K A S A M B A G A N , C E B U C I T Y

( Business Address: No. Street City / Town / Province )

**CATHERINE R. ATAY**

Contact Person

**(032) 411-1800**

Company Telephone Number

**Current Report**

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

0 5 1 6

Month Day

Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

**10,425**

Total No. of Stockholders

**x**

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

File Number

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LCU

Document I.D.

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Cashier

STAMPS

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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. **May 4, 2012**  
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. **Cebu City, Philippines** 6.   
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City** **6000**  
Address of principal office Postal Code
8. **(032) 411-1800**  
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 Outstanding and Amount of Debt Outstanding (as of December 31, 2011) |
|-----------------------------------|---|
| <b>Common Stock P1 Par Value</b>  | <b>5,521,871,821</b>  |
| <b>Amount of Debt Outstanding</b> | <b>P85,761,657,000</b>  |
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Equity Ventures, Inc. (AEV or the Company) ended the first quarter of 2012 with a consolidated net income of P5.9 billion (bn), recording an increase of 27% year-on-year (YoY). This translates to an earnings per share of P1.06 for the period in review.

For the first quarter of 2012, one-off gains of P386 million (mn) were booked by AEV due to the revaluation of consolidated dollar-denominated loans and placements. In addition, the Power unit booked gains of P11 mn that resulted from its associates' share redemption during the quarter. Adjusting for these one-off's, AEV's core net income amounted to P5.5 bn, which is 28% higher than last year's.

Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 73%. Income share of the Banking and Food SBUs were at 23% and 4%, respectively.

## **Strategic Business Units**

### **Power**

Aboitiz Power Corporation (AboitizPower) ended the quarter with a higher income contribution of ₱4.3 bn, vis-à-vis previous year's ₱3.9 bn. When adjusted for non-recurring items, the Power SBU recorded a 10% YoY improvement in its earnings share, from ₱3.6 bn to ₱3.9 bn.

The power generation business contributed ₱3.9 bn for the quarter, up 4% YoY. Increased average selling prices and higher net generation accounted for the enhanced bottomline performance of the group.

AboitizPower's average selling price for its power recorded a 5% YoY improvement. This was mainly attributable to the higher prices at the Wholesale Electricity Spot Market. Curtailed supply due to higher average plant outages and surge in demand during the quarter led to the 34% YoY hike in the average price of electricity in the Luzon grid's spot market.

Attributable net generation for the quarter rose by 13% YoY, from 2,168 GWh to 2,452 GWh, which was driven by a 22% expansion in power sales through bilateral contracts. In terms of capacity, AboitizPower sold, on an attributable basis, 1,483 MW, up by 14% YoY. This was on the back of rising capacity sales through bilateral contracts and improved levels of ancillary services.

As of quarter end, AboitizPower's attributable capacity was at 2,350 MW, posting a 15% YoY increase. The growth was due to the following: assumption of full ownership of and control over the 70-MW Bakun hydro run-of-river plant in May 2011, acquisition of the 242-MW Navotas power barges in May 2011, the full completion of the rehabilitation of the Ambuklao hydropower facility in September 2011, the completion of the 4-MW Irisan hydropower Greenfield project in September 2011, and the partial completion of the rehabilitation works at the Binga hydropower facility.

Recorded expansions in volumes and margins resulted to a 62% YoY increase in the power distribution group's income contribution for the first quarter, from ₱347 mn to ₱563 mn. AboitizPower's attributable electricity sales grew by 7% YoY, from 889 GWh to 950 GWh. Growth was spurred mainly by an 8% YoY increase in attributable power consumption of the industrial customer segment, while the residential and commercial sectors posted healthy growth rates of 6% and 4%, respectively. Gross margin for the group improved on a YoY basis mainly due to the implementation of the rate structures approved under the Performance Based Regulation scheme.

### **Banking**

Income contribution from the Banking SBU recorded a 215% YoY expansion, from ₱422 mn to ₱1.3 bn.

Union Bank of the Philippines (UnionBank) ended the quarter with an earnings contribution of ₱1.2 bn, up 285% YoY. The bank's net interest income for the first quarter of 2012 was slightly up by 1% YoY to ₱1.8 bn. Total interest income amounted to ₱2.9 bn on generally lower average yields of earning assets and drop in average levels of due from other banks. Gross interest income on loans and receivables, however, increased to ₱1.7 bn as the expansion in the average levels of these investments more than offset the decline in its average yields. Total interest

expense, on the other hand, went down by 16% YoY to ₱1.1 bn due to the drop in average levels of high cost deposits and lower borrowings as the bank exercised the call option on the ₱1.3 bn unsecured subordinated loans in September 2011.

As a result of the foregoing and higher impairment losses booked for the quarter in review, net interest income after impairment losses declined by 4% YoY to ₱1.6 bn.

Non-interest income for the quarter soared to ₱3.9 bn from ₱1.2 bn a year ago, driven primarily by hefty trading gains. Higher premium revenues also contributed to the significant increase in non-interest income due to the higher sales of its subsidiary's pre-need plans. The corresponding trust fund contributions of said plans, salaries and employee benefits in support of the bank's expansion initiatives, taxes and licenses drove operating expenses to increase by 31% YoY.

UnionBank's asset base stood at ₱260.1 bn as of end of March 2011, with a deposit level of ₱190.3 bn and a loan book of ₱115.2 bn. The bank's capital adequacy ratio and Tier 1 ratios further strengthened to 19.7% and 16.9%, respectively.

AEV's non-listed thrift bank, City Savings Bank, Inc. ("CitySavings"), contributed earnings of ₱99 mn during the quarter, down 4% YoY. Net interest income grew by 18% YoY to ₱320 mn. This was mainly attributable to the robust growth in the bank's interest income on loans and services, which expanded by 28%, from ₱387 mn to ₱493 mn. Implementation of CitySavings' expansion program and various initiatives pushed up operating expenses by 27% YoY, which weighed down the bank's overall profitability. The bank ended the quarter with a loan book of ₱10.9 bn and total resources of ₱15.8 bn, up 10% and 21% from year-end 2011 levels, respectively. NPL ratio for the quarter-ended March 31, 2012 was roughly at 1% while the NPL coverage ratio was at 129%. Total capital funds amounted to ₱1.9 bn with a capital adequacy ratio of close to approximately 15%.

### **Food**

The Food SBU, through Pilmico Foods Corporation, recorded a 22% YoY decline in its first quarter income contribution in 2012, from ₱282 mn to ₱219 mn. The flour business logged a 12% YoY increase in income contribution given the 4% YoY expansion in both volume sales and gross margin. Higher input costs resulted to a 9% YoY drop in the feed unit's bottomline. Poor market condition, i.e. lower average selling price and higher input costs, coupled with lower volume sales saw the swine unit ending the quarter with a negative income contribution.

### **Financial Condition**

For the quarter ending March 31, 2012, the Company's total consolidated assets amounted to ₱207.9 bn, 3% higher than yearend 2011 level. Cash and cash equivalents amounted to ₱34.8 bn, 18% higher than yearend 2011 level of ₱29.5 bn. Consolidated liabilities totaled to ₱107.2 bn, while Equity Attributable to Equity Holders of the Parent increased by 6% to ₱81.7 bn. Current ratio as of March 31, 2012 was at 3.5x (versus year-end 2011's 3.0x), while net debt-to-equity ratio was at 0.5x (versus year-end 2011's 0.6x).

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

A handwritten signature in black ink, appearing to read "M. Jasmine S. Oporto". The signature is written in a cursive, flowing style.

**M. JASMINE S. OPORTO**

Corporate Secretary

Dated: May 4, 2012