

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) 411-1804

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

Current Report

0 5 2 1

Month Day

Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

9,937

Total No. of Stockholders

X

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

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. **October 31, 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 September 30, 2012) |
|-----------------------------------|--|
| Common Stock P1 Par Value | 5,521,871,821 |
| Amount of Debt Outstanding | P83,174,767,000 |
11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Equity Ventures, Inc. (AEV or the Company) registered a consolidated net income of P6.2 billion (bn) for the third quarter of 2012, increasing by 7% Year-on-Year (YoY) from P5.8 bn. Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 76%. Income share of the Banking and Food SBUs were at 18% and 6%, respectively.

For the three-month period in review, the revaluation of dollar-denominated liabilities and placements across the group resulted to a non-recurring gain of P169 million (mn), versus last year's P138 mn. In addition, the Company had to book a net total of P296 mn in non-recurring costs to account for its share in the Power SBU's one-off expenses relating to a downward revenue adjustment resulting from a recent ruling by the industry regulator regarding the tariff structure for the ancillary services contract of one of its subsidiaries and debt prepayment costs incurred at Parent level. Adjusting for these, AEV closed the quarter with a core net income of P6.3 bn, up 9% YoY.

On a Year-to-Date (YTD) basis, AEV's consolidated net income rose by 12% YoY to ₱18.0 bn from ₱16.0 bn. This translates to ₱3.26 in earnings per share. Power remained to account for the lion's share at 78%, which was followed by the Banking and Food SBUs with income contributions of 17% and 5%, respectively.

For the period ending September 30, 2012, the Company incurred a non-recurring gain of ₱894 mn (versus last year's non-recurring loss of ₱28 mn), which resulted from the revaluation of group-wide dollar-denominated liabilities and placements. On the other hand, the Power SBU booked a non-recurring net loss during the period as the recorded gains on the redemption of shares made by its associate companies was countered by the higher fuel cost booked by its geothermal plants due to reimbursements made to its steam supplier, the downward revenue adjustment of a wholly-owned subsidiary as a result of an ERC ruling regarding its ancillary services contract, and the debt prepayment cost incurred at Parent level. AEV's share in the aforementioned one-off's amounted to ₱513 mn, which places AEV's core earnings for the period ending September 30, 2012 at ₱17.6 bn, higher by 14% YoY.

Strategic Business Units – YTD September 2012 Performance

Power

Aboitiz Power Corporation (AboitizPower) ended the period September 30, 2012 with an income contribution of ₱14.1 bn, vis-a-vis last year's ₱12.4 bn. When adjusted for non-recurring items, the Power SBU recorded a 16% YoY expansion in its earnings share, from ₱11.9 bn to ₱13.7 bn.

Higher average selling prices and increased net generation resulted to a 12% YoY hike in the power generation business' earnings contribution for the period in review, from ₱11.7 bn to ₱13.2 bn.

By the end of the period September 30, 2012, AboitizPower's average price for its power increased by 6% YoY. This was mainly driven by a 38% YoY increase in the average selling price of electricity at the Luzon Grid's Wholesale Electricity Spot Market. Supply of power in Luzon was limited given higher outage levels during the period in review. Meanwhile the Luzon Grid recorded a 5% YoY expansion in its recorded peak demand, with hotter climate as one of the factors pushing up demand level to almost 7,800 MW.

As of September 30, 2012, AboitizPower's attributable net generation rose by 10% YoY, from 7,175 GWh to 7,903 GWh, as electricity sold through bilateral contracts expanded by 15% YoY. In terms of capacity, AboitizPower sold, on an attributable basis, 1,562 MW. This was 12% higher than last year's given increased capacity sales through bilateral contracts.

The partial completion of the rehabilitation of the Binga (2 of 4 units) hydropower plant coupled with the commercial operation of the 4-MW Irian Greenfield hydropower plant resulted to a marginal increase in AboitizPower's attributable capacity to 2,353 MW as of end-September 2012.

Expansions in volumes and margins resulted to a 25% YoY increase in AboitizPower's distribution group's earnings share for the first nine months of 2012, from ₱1.3 bn to ₱1.7 bn. Total attributable electricity sales increased by 6% YoY, from 2,764 GWh to 2,935 GWh. Demand from all customer segments continued to grow with the industrial segment recording a 7% YoY expansion in volume sales, while residential and commercial accounts registered 5% and 3% YoY growth, respectively. Meanwhile, the group's gross margin improved by 13% YoY mainly due to the implementation of the distribution utilities' approved rates under the PBR. Another driver for the group's enhanced gross margin was the reduced systems loss, with VECO in particular reducing its level of system loss by 0.7 percentage points, as a result of initiatives implemented during the period in review.

Financial Services

The Banking SBU's income contribution for the first nine months of 2012 recorded a 15% YoY improvement, from ₱2.7 bn to ₱3.1 bn.

Union Bank of the Philippines (UnionBank) ended the period ending September 30, 2012 with an earnings contribution of ₱2.8 bn, up by 19% YoY. This was on the back of higher net interest income and hefty trading gains booked during the period.

Net interest income improved by 5% to ₱5.5 bn, as the 22% improvement in funding costs from interest bearing liabilities more than offset the 6% drop in income from earning assets.

Total other income increased by 10% to ₱8.2 bn from ₱7.5 bn a year ago primarily driven by higher trading gains. Premium revenues fell by 9% to ₱1.2 bn on lower sales of its subsidiary's pre-need plans. Operating expenses amounted to ₱6.6 bn, 6% higher than last year's ₱6.2 bn, mainly on higher salaries and employee benefits, and taxes and licenses. Corresponding to the lower sale of pre-need plans, trust fund contribution dropped by 9% to ₱1.1 bn.

UnionBank's asset base stood at ₱227.8 bn as of end September 2012, with a deposit base of ₱155.9 bn and a loan book of ₱90.9 bn. The bank's total capital adequacy ratio (CAR) and Tier 1 ratios further strengthened to 20.5% and 17.7%, respectively.

AEV's non-listed thrift bank, City Savings Bank, Inc. (CitySavings), posted a 12% YoY decline in earnings contribution of ₱318 mn during the first nine months of 2012. Gross interest income grew by 17% YoY to ₱1.6 bn by the end of September 2012. This was mainly attributable to the strong growth in the bank's interest income on loans, which increased by 39% YoY to ₱985 mn from ₱710 mn a year ago. On the other hand, the bank's ongoing expansion program led to an increase in operating expenses of 33% YoY, which was the main cause for the bank's reduced profitability. CitySavings ended the period September 30, 2012 with a loan book of ₱12.6 bn and total resources of ₱15.9 bn, higher by 27% and 22% vis-à-vis year-end 2011 levels, respectively. NPL ratio as of end-September 2012 was at 1.47% while the NPL coverage ratio further improved to 116% from 101% of the previous quarter. The bank's total capital funds stood at ₱2.1 bn, with a capital adequacy ratio of 15.1%.

Food

The Company's food unit, Pilmico Foods Corporation, recorded a 3% YoY decline in its income contribution for the first nine months of 2012, from ₱937 mn to ₱906 mn. Nevertheless, this is significantly better than the 20% decline in net income contribution reported during the first half of 2012. Higher overall sales were countered by decreasing margins resulting from softer prices and an uptick in input costs for the feeds and swine divisions.

Financial Condition

As of September 30, 2012, the Company's consolidated assets amounted to ₱211 bn, up by 5% from the year-end 2011 level. Cash and cash equivalents was at ₱30.8 bn, 4% higher than the year-end 2011 level of ₱29.5 bn. Consolidated liabilities amounted to ₱106.3 bn, while Equity Attributable to Equity Holders of the Parent increased by 11% to ₱85.4 bn. Current ratio as of September 30, 2012 remained at 3.0x (similar to the year-end 2011 level), while net debt-to-equity ratio was at 0.5x (versus year-end 2011's 0.6x).

Other Developments

Acquisition of AboitizLand

On September 27, 2012, the Board of Directors of AEV approved the proposal to acquire 100% of affiliate Aboitiz Land, Inc. (AboitizLand) at the transaction cost of ₱3.2 bn. The transaction is expected to be completed in November upon the execution of the requisite Share Purchase Agreement and other collateral contracts.

AboitizLand is a wholly-owned subsidiary of Aboitiz and Company, Inc., and has been operating for close to two decades. It is one of the country's most trusted Cebu real-estate developers with investments in residential, commercial, and industrial developments. Currently, AboitizLand is also the developer and operator of two economic zones, the Mactan Economic Zone II in Barangay Mactan, Lapu-Lapu City, and the West Cebu Industrial Park in Balamban, Cebu through its subsidiary, Cebu Industrial Park Developers, Inc.

Buyback of UnionBank and Aboitiz Power shares

As of the period ending September 30, 2012, the Company acquired close to 8.0 mn additional shares in UnionBank through the market. This brought up AEV's total shareholdings in the bank to 44.52% from 43.27% at the start of the 2012.

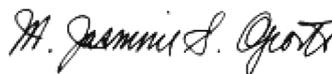
During the same period, the Company also acquired around 31.7 mn additional shares in AboitizPower through the market. This increased AEV's total shareholdings in the power unit to 76.83% from 76.40% at the start of 2012.

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:



M. JASMINE S. OPORTO
Corporate Secretary

Date: October 31, 2012