
aboitiz

Equity Ventures

Third Quarter / YTD September 2010
Financial & Operating Results
5 November 2010

- **Overview**
- **Review of Business Units**
 - Aboitiz Power Corporation
 - Union Bank of the Philippines
 - Aboitiz Transport System
 - Pilmico Foods Corporation
- **AEV Financials**
- **Q&A**

- **Overview**

- **Review of Business Units**

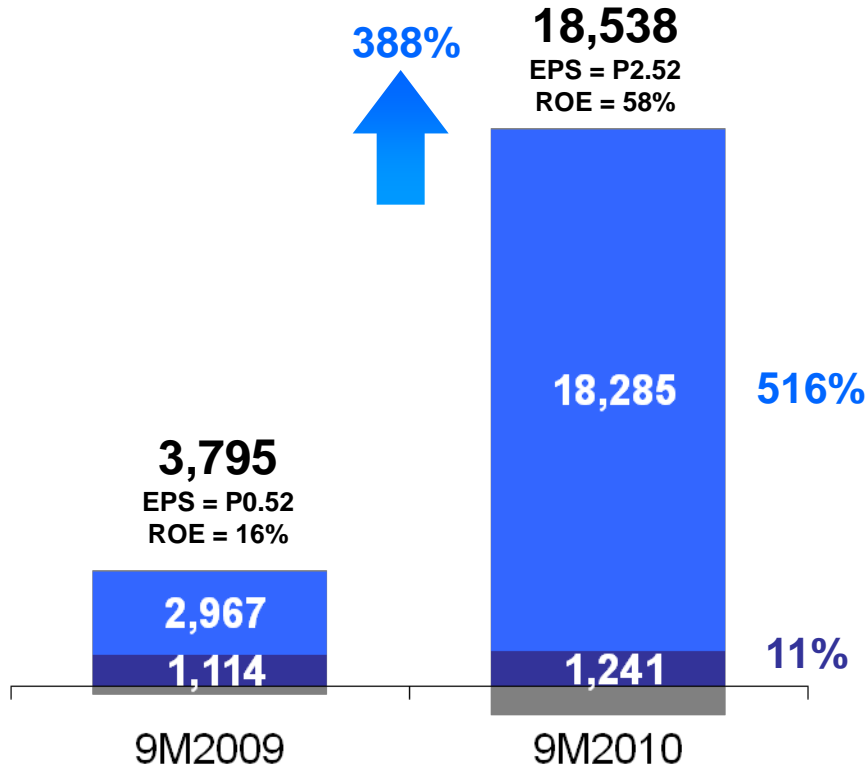
- Aboitiz Power Corporation
- Union Bank of the Philippines
- Aboitiz Transport System
- Pilmico Foods Corporation

- **AEV Financials**

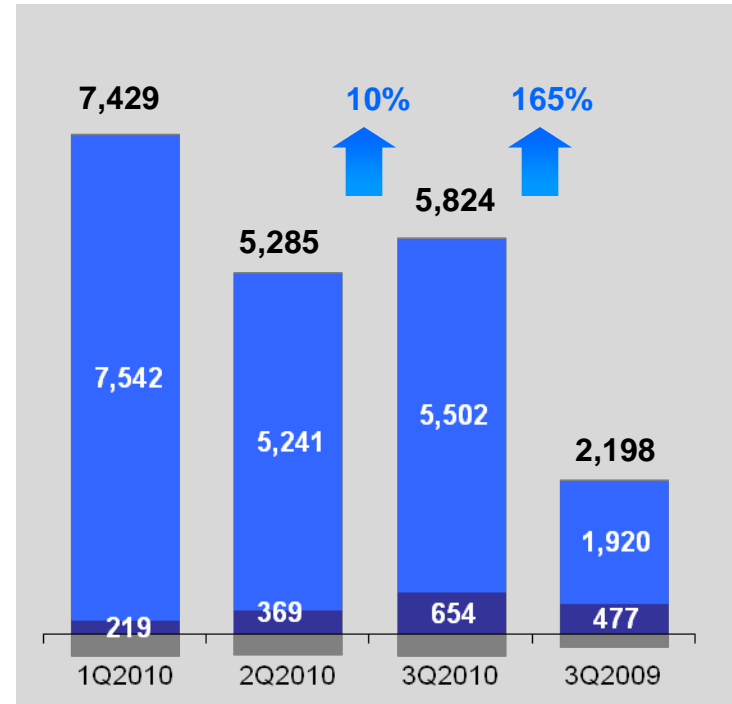
- **Q&A**

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- **Review of Business Units**
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NET INCOME (in million pesos)



QUARTERLY BREAKDOWN



Distribution
 Generation
 AP Parent

CORE NET INCOME (in million pesos)

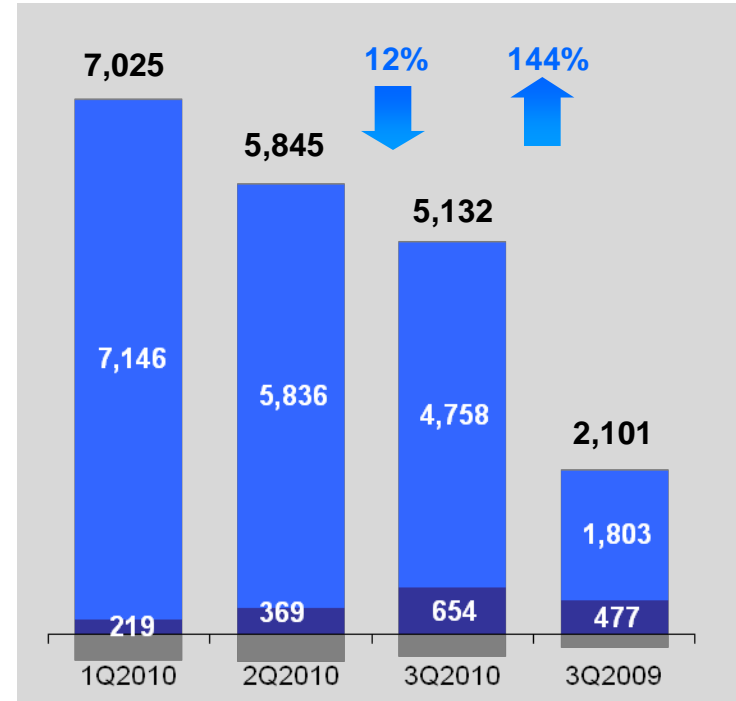
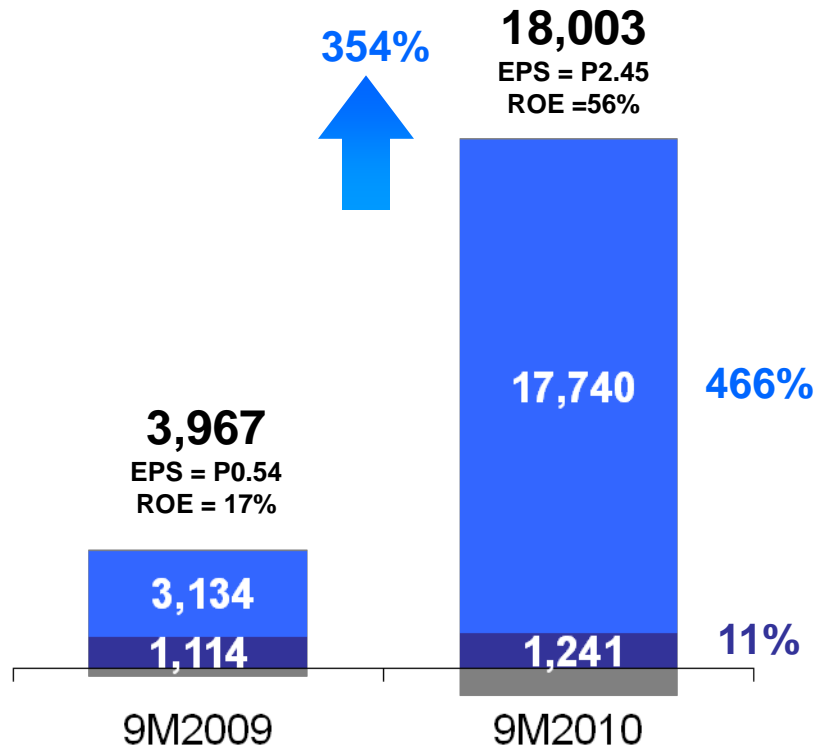
Non-Recurring Items

	9M2009	9M2010
FX gains - Parent	(5)	(9)
FX loss - Generation	19	943
APRI Acqui-related costs	(186)	-
STEAG refinancing cost	-	(398)
	<u>(171)</u>	<u>536</u>

Non-Recurring Items

	1Q2010	2Q2010	3Q2010	3Q2009
FX gains - Parent	7	35	(51)	(21)
FX gains - Generation	397	(595)	1,141	117
APRI Acqui-related costs	-	-	-	-
STEAG refinancing cost	-	-	(398)	-
	<u>404</u>	<u>(560)</u>	<u>692</u>	<u>97</u>

QUARTERLY BREAKDOWN



■ Distribution ■ Generation ■ AP Parent

CORE NET INCOME, Ex Pagbilao Effect (in million pesos)

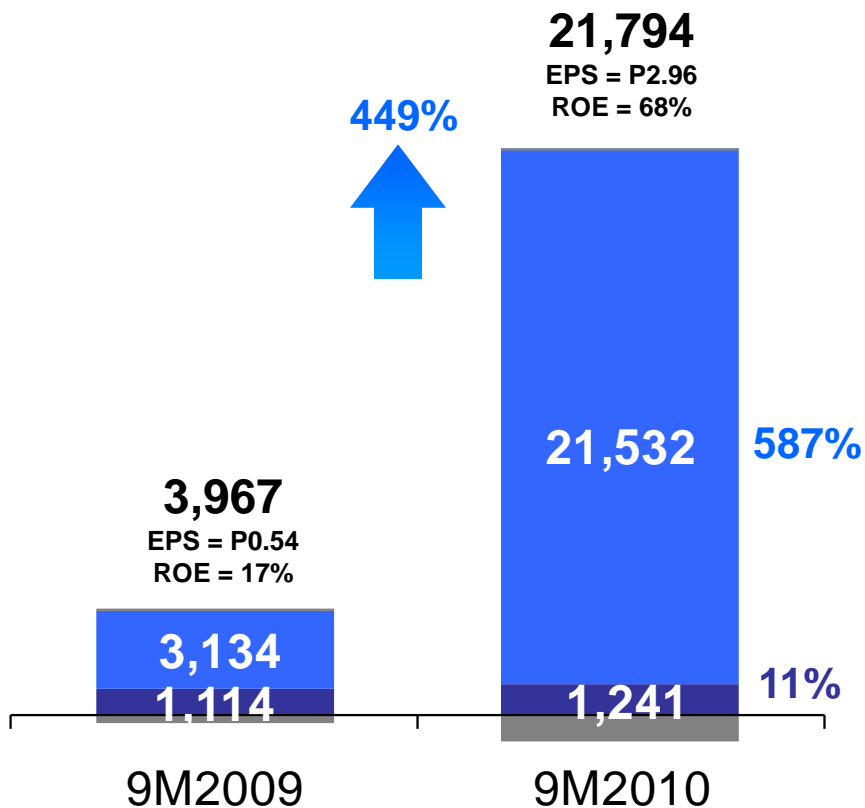


Pagbilao Finance Lease Effect

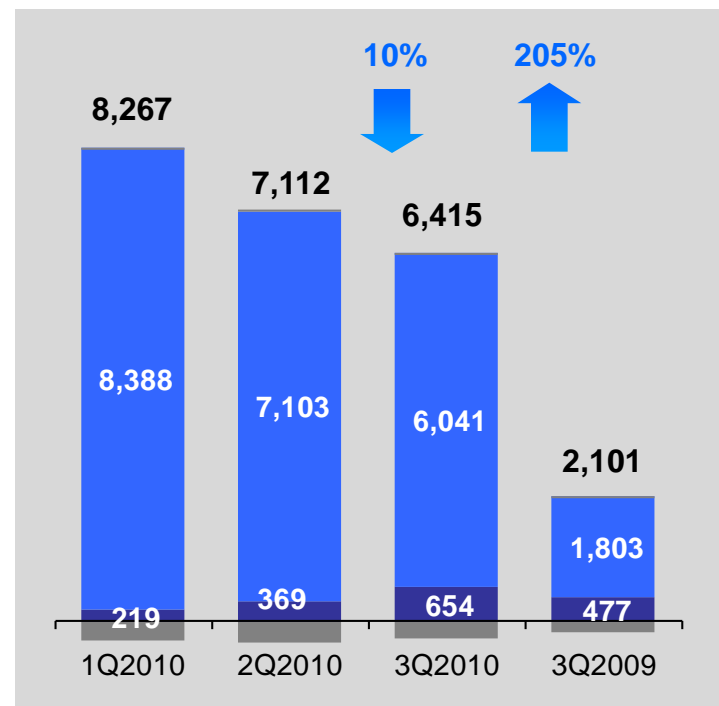
	9M2010
Accreted Interest Expense	3,815
Depreciation	821
PSALM Monthly Payments	(844)
	<u>3,791</u>

Pagbilao Finance Lease Effect

	1Q2010	2Q2010	3Q2010
Accreted Interest Expense	1,250	1,274	1,291
Depreciation	274	274	274
PSALM Monthly Payments	(282)	(281)	(281)
	<u>1,242</u>	<u>1,266</u>	<u>1,283</u>

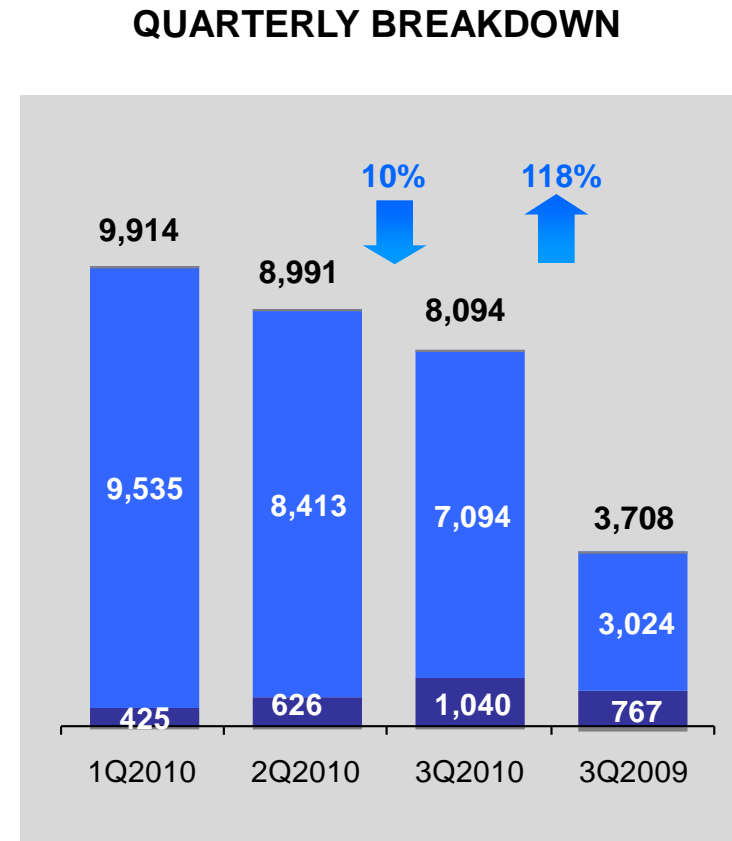
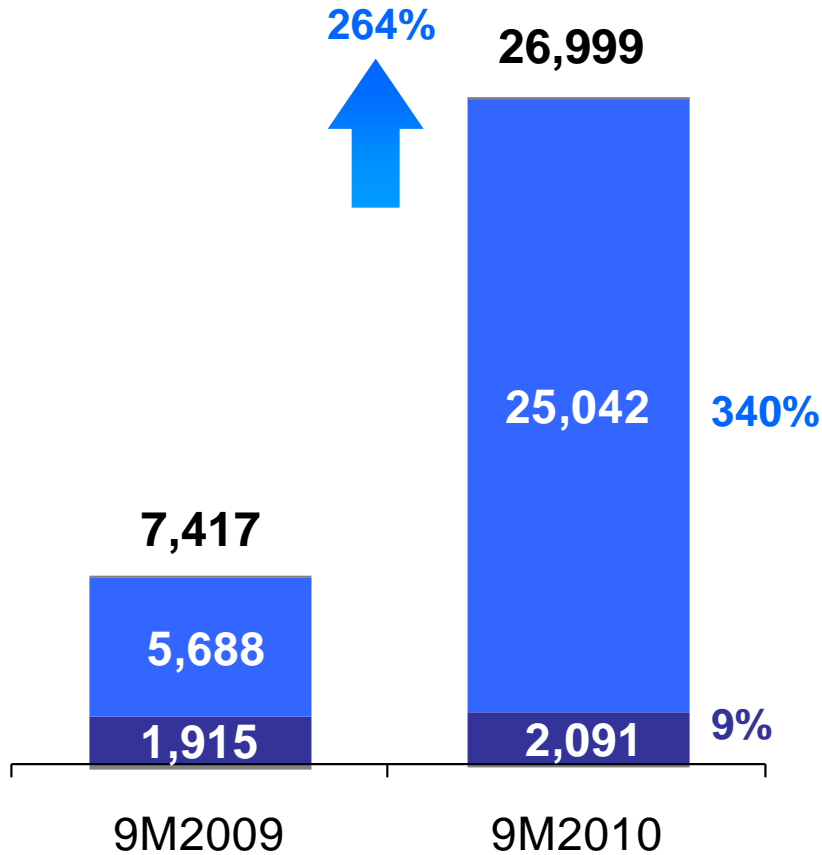


QUARTERLY BREAKDOWN



Distribution
 Generation
 AP Parent

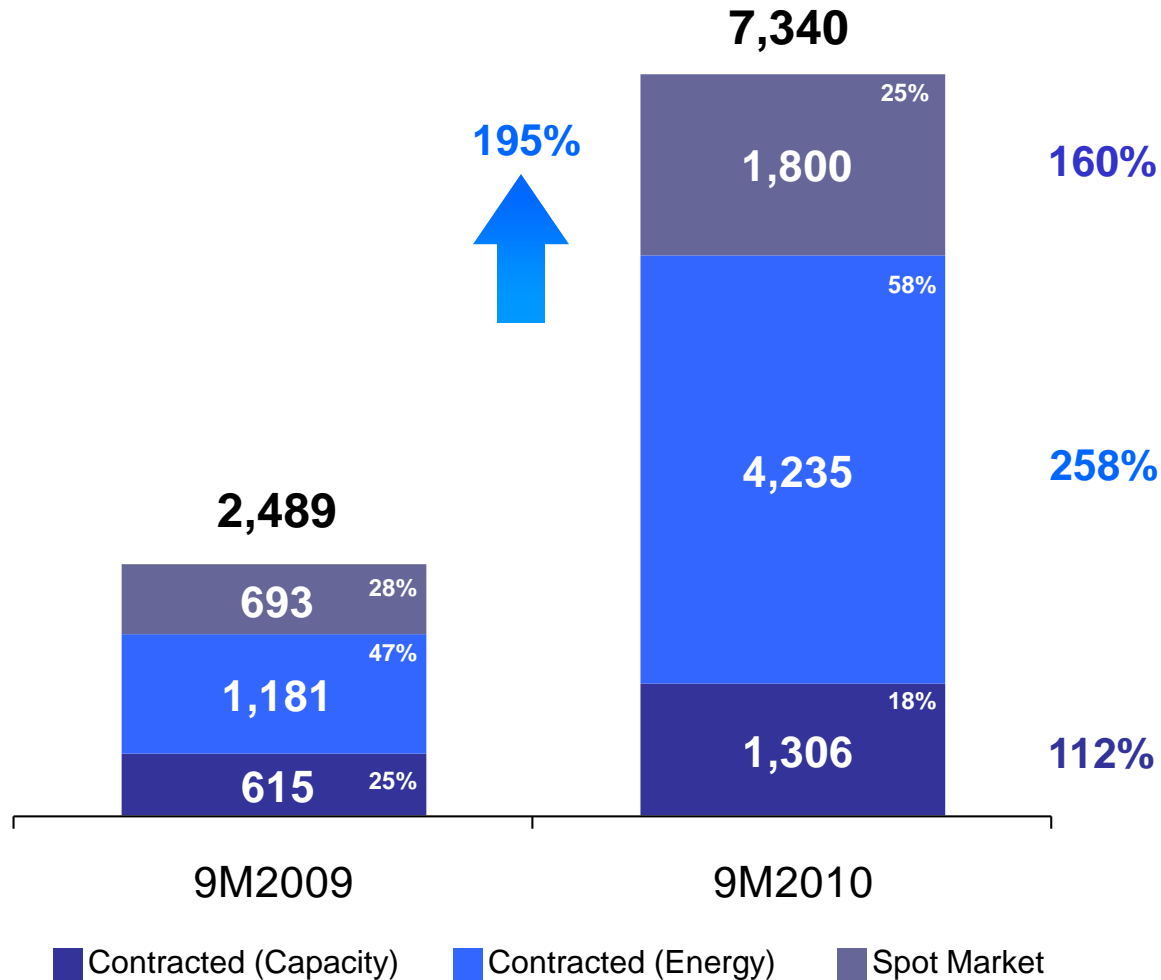
PROFORMA EBITDA (in million pesos)



Distribution
 Generation
 AP Parent

OPERATING HIGHLIGHTS - GENERATION

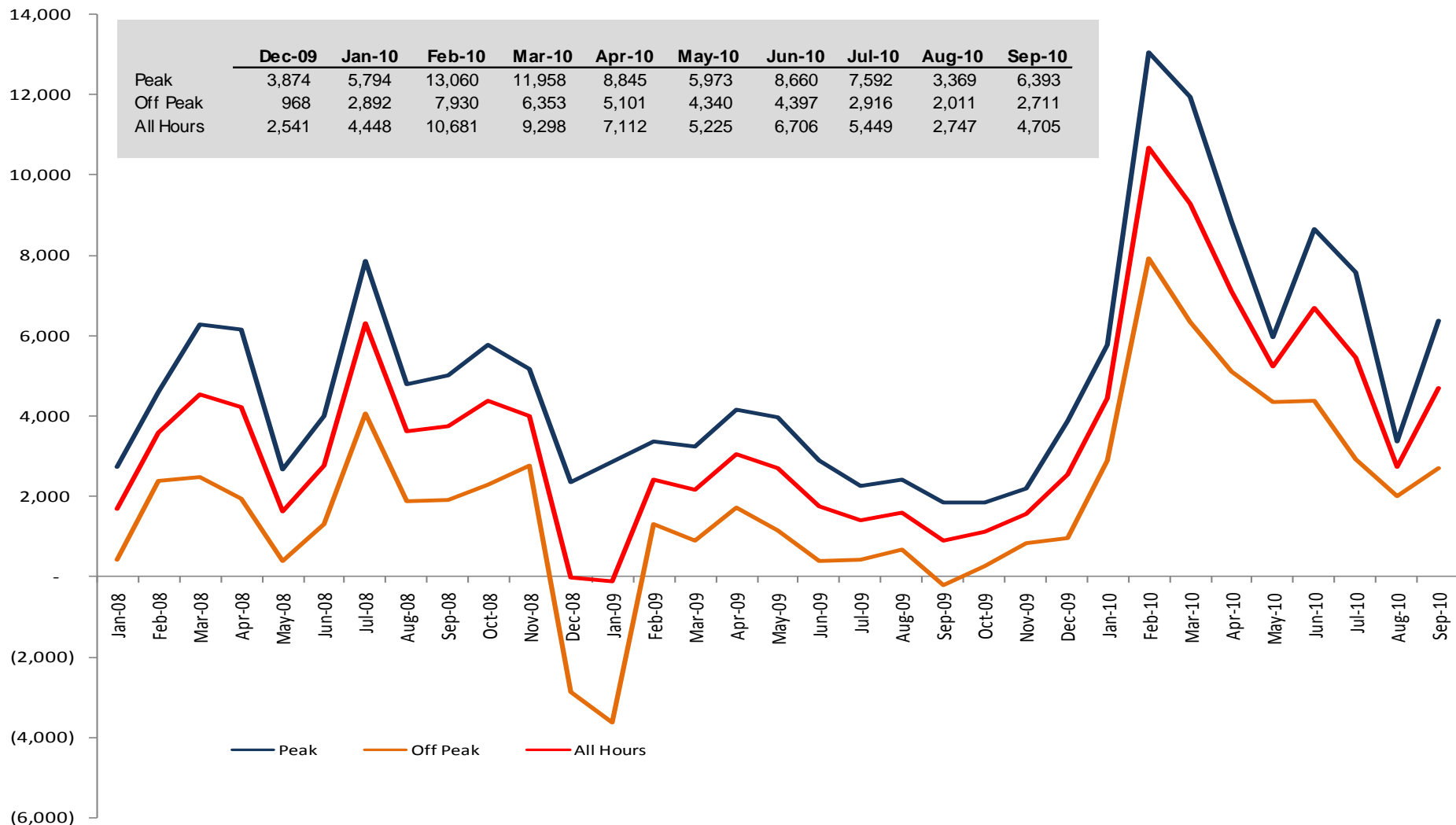
ENERGY SALES BREAKDOWN (GWh)



OPERATING HIGHLIGHTS – 9M2010 WESM HIGHLIGHTS



WESM PRICES (P/MWh)



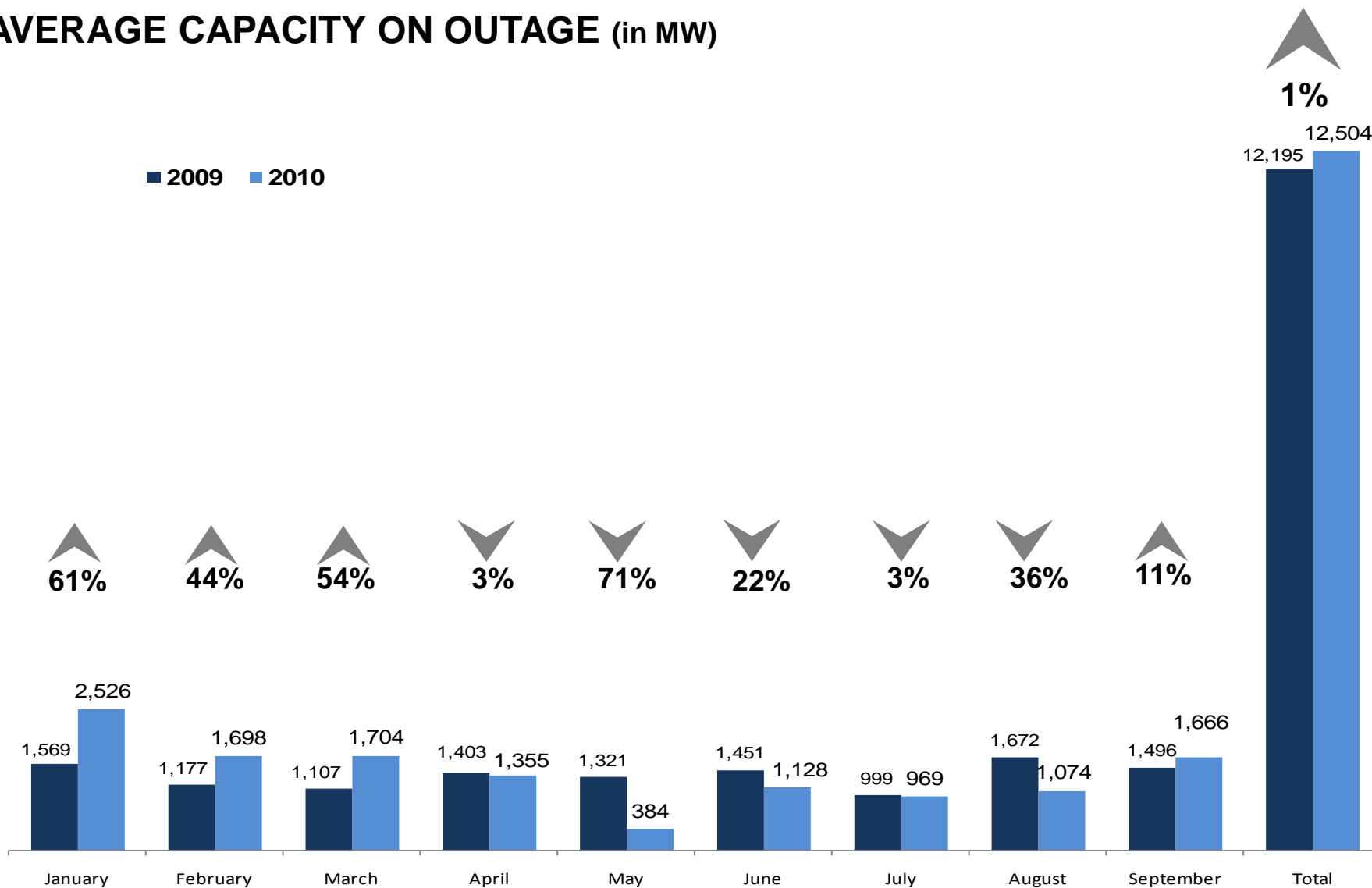
Note: Calculated based on raw data downloaded from the WESM website as of September 2010. July 26 – October 25, 2008 prices are reflective of NPC TOU rates.

Source: WESM, SNAP

OPERATING HIGHLIGHTS – 9M2010 WESM HIGHLIGHTS



AVERAGE CAPACITY ON OUTAGE (in MW)



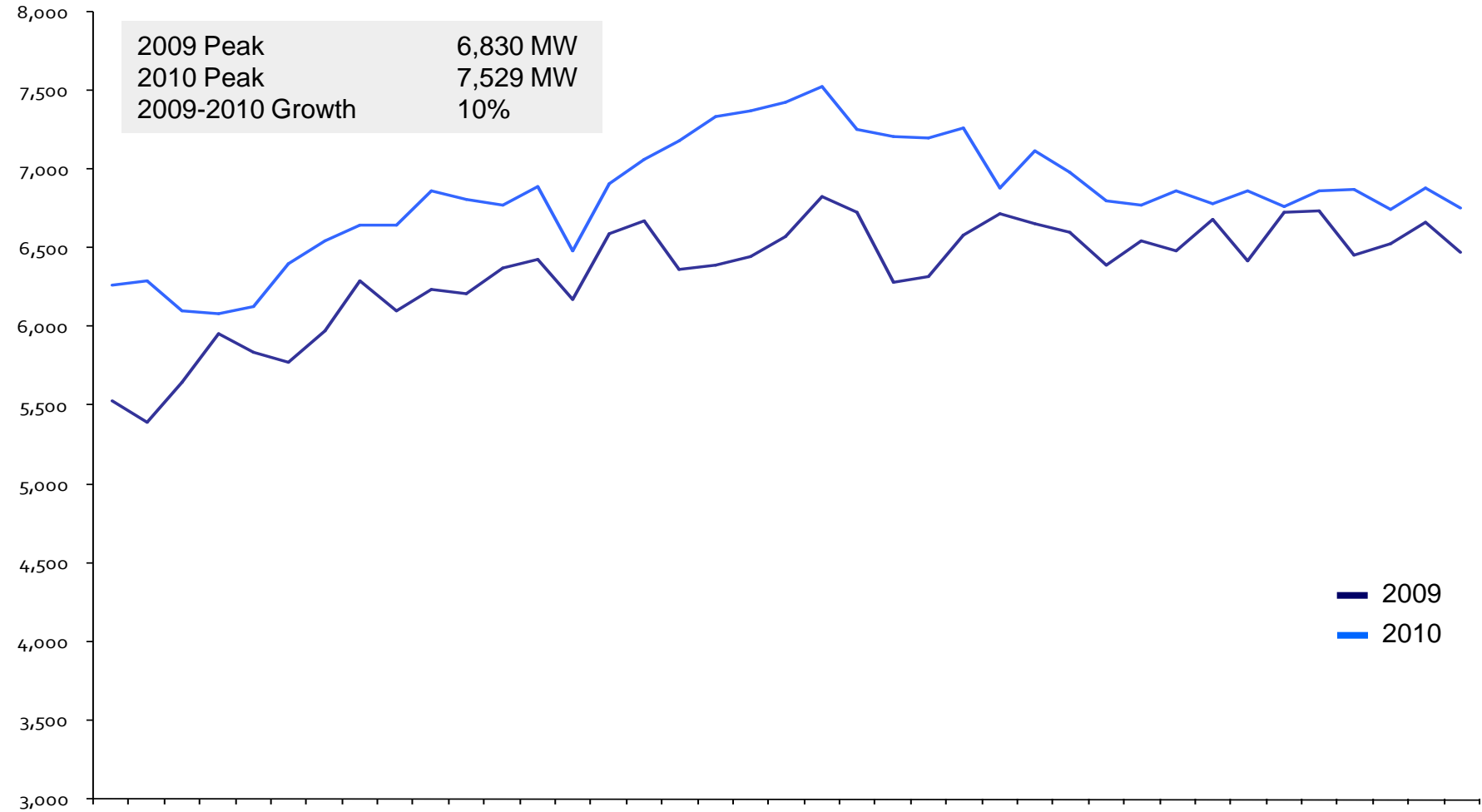
Source: WESM, SNAP

OPERATING HIGHLIGHTS – 9M2010 WESM HIGHLIGHTS



WEEKLY SYSTEM PEAK DEMAND (in MW)

For the Period January 1 – September 30

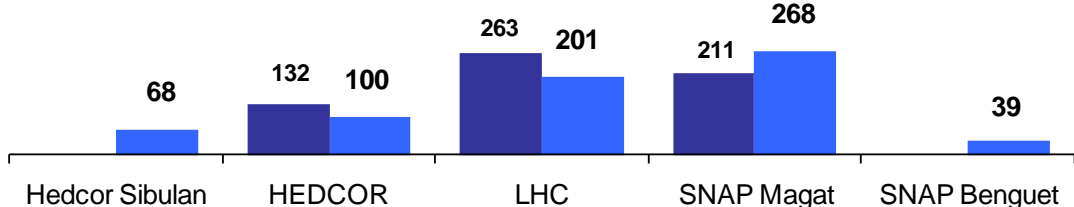


Source: WESM

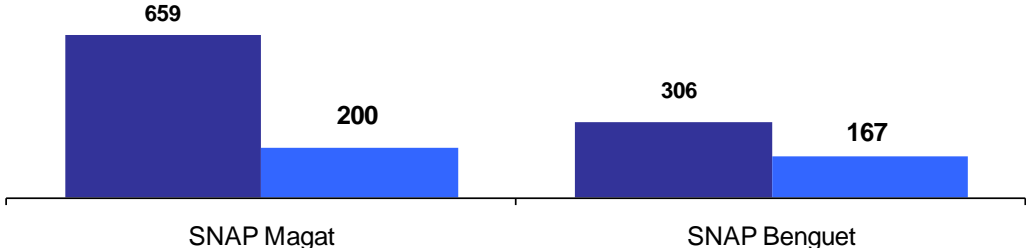
OPERATING HIGHLIGHTS - HYDRO



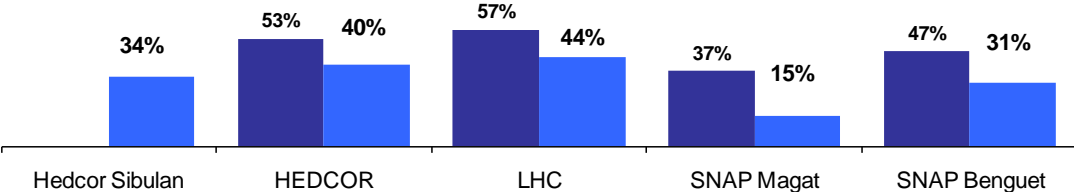
CONTRACTED ENERGY (GWh), at 100%



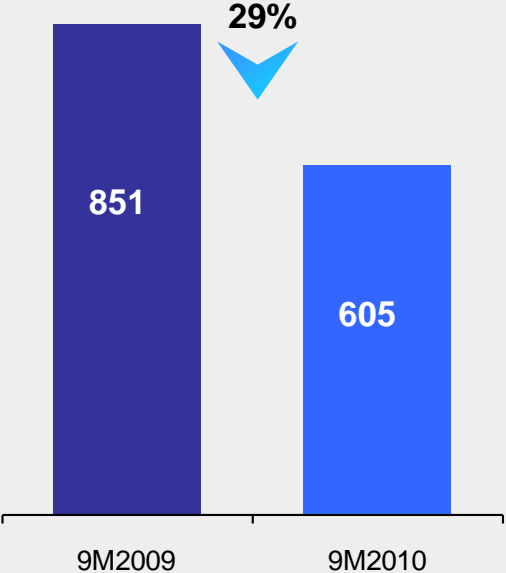
SPOT MARKET (GWh), at 100%



NET CAPACITY FACTOR



ATTRIBUTABLE ENERGY SALES (GWh)

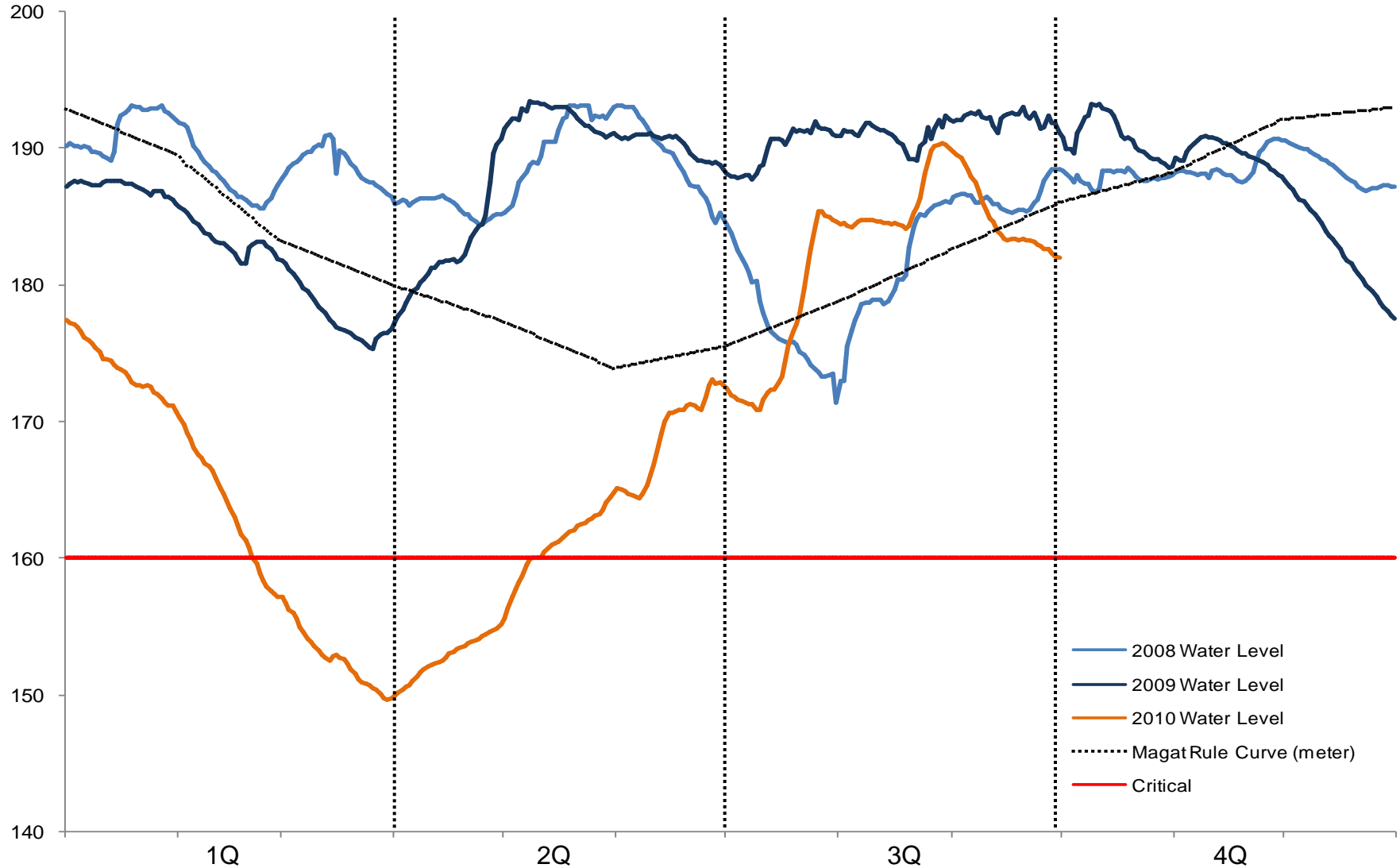


■ 9M2009
■ 9M2010

OPERATING HIGHLIGHTS - HYDRO



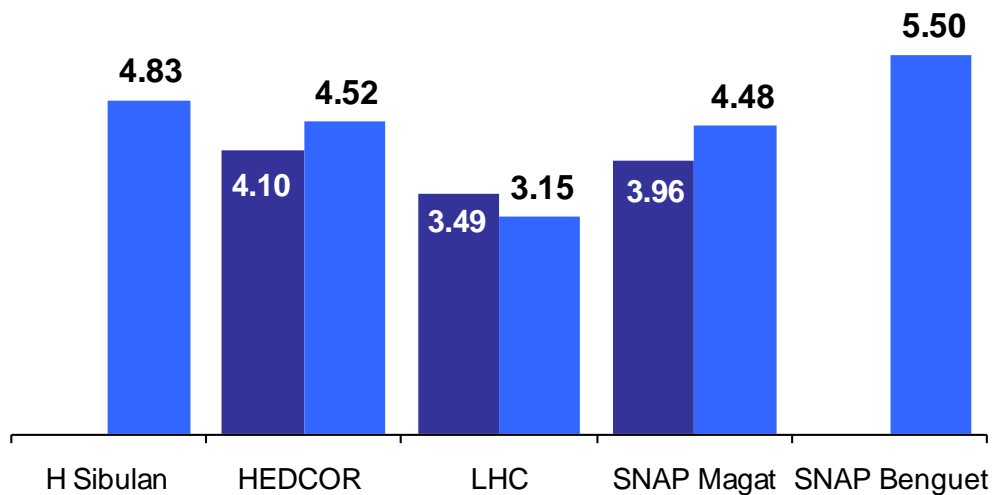
MAGAT'S WATER LEVEL VS. RULE CURVE, Jan-Sept 2010 (in MASL)



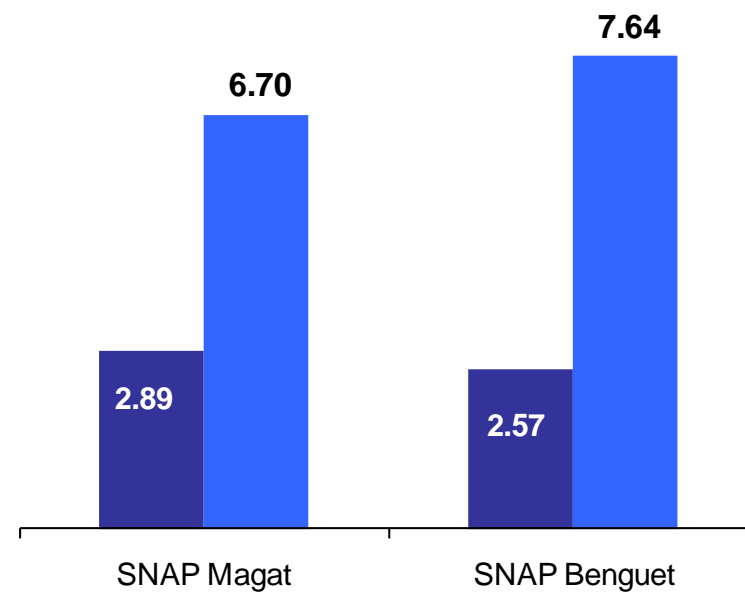
Source: SNAP

AVERAGE SELLING PRICE (in P/kWh)

CONTRACTED ENERGY

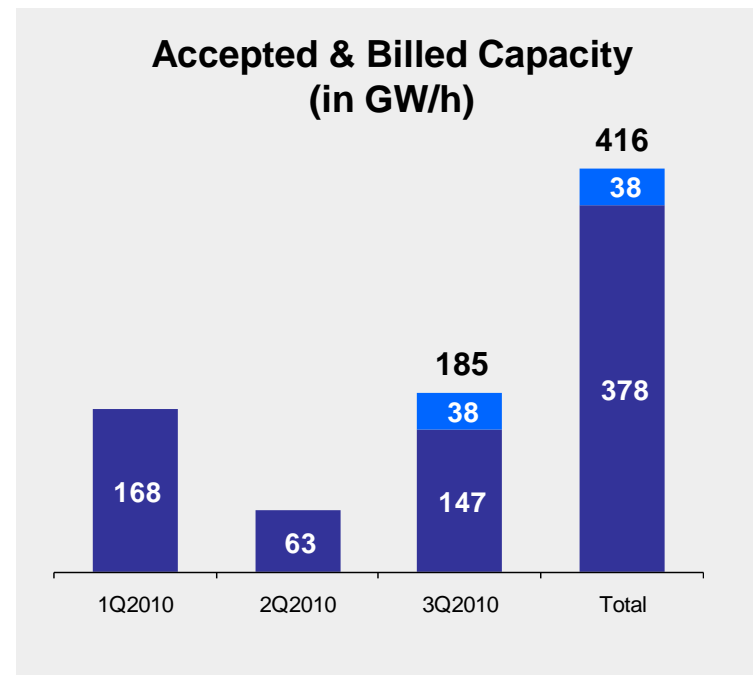
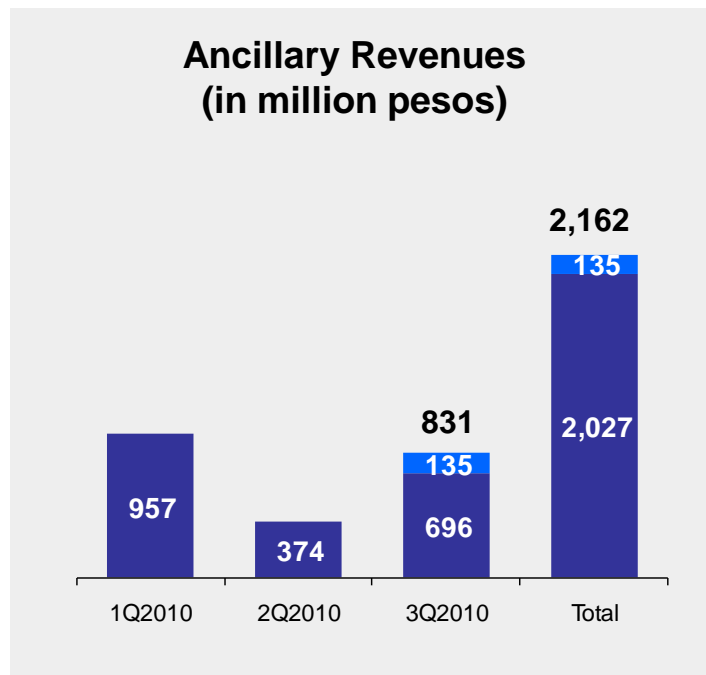


SPOT MARKET



■ 9M2009
■ 9M2010

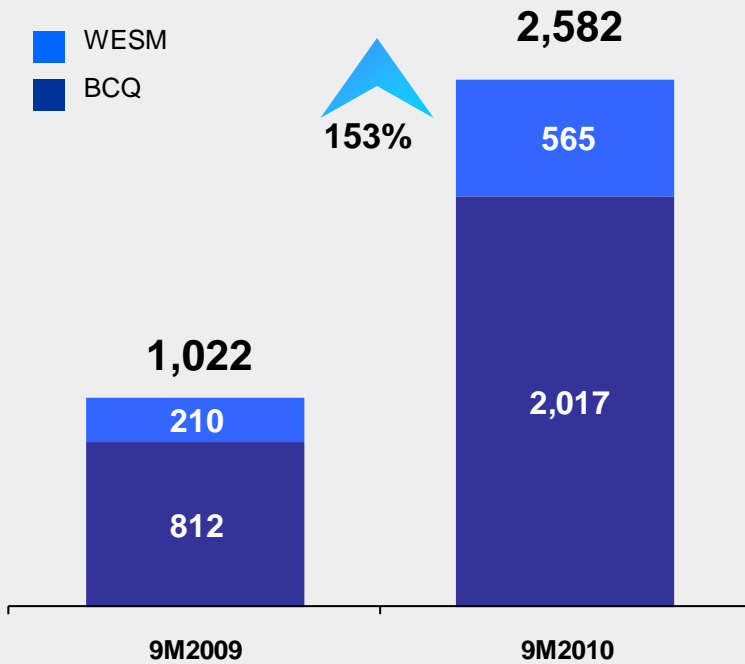
SNAP MAGAT & SNAP BENGUET ANCILLARY SERVICES



■ SNAP Magat
■ SNAP Benguet

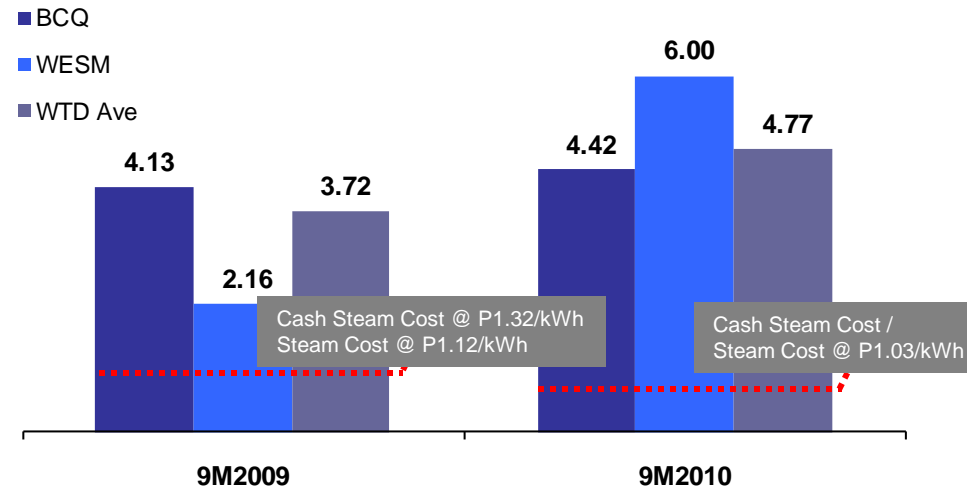
AP RENEWABLES (Tiwi-Makban)

Energy Sales (in GWh)

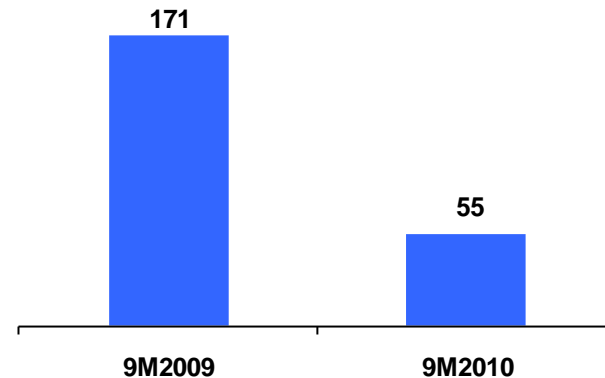


Net Capacity Factor	9M2009	9M2010
	76%	84%

Average Selling Prices (P/kWh)

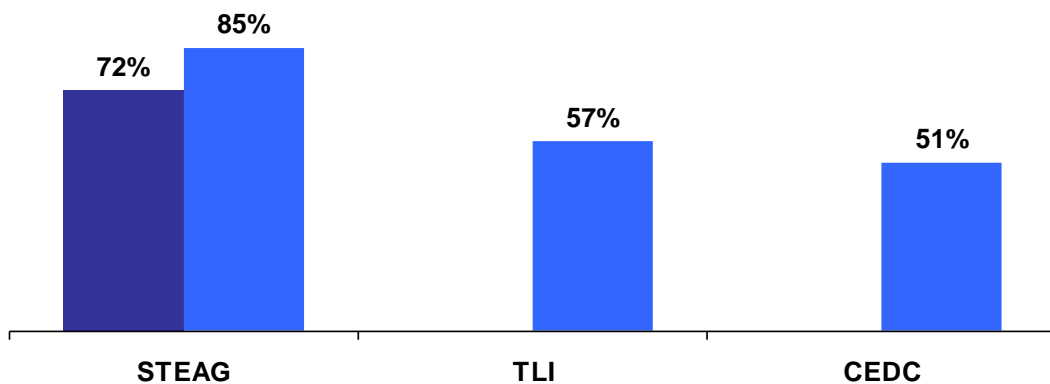
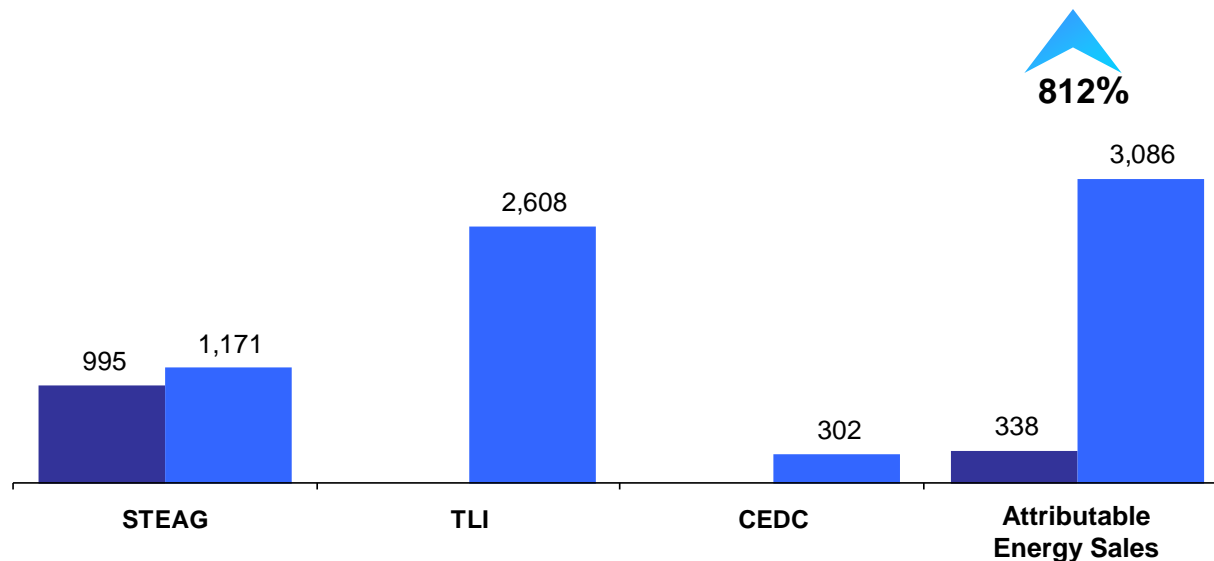


Steam Vented (GWh)



OPERATING HIGHLIGHTS – COAL

ENERGY SALES (GWh)

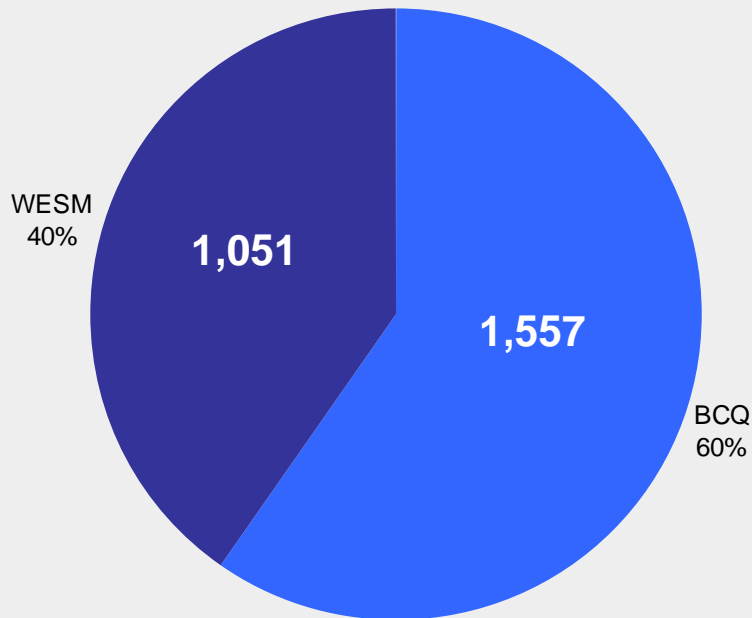


NET CAPACITY FACTOR

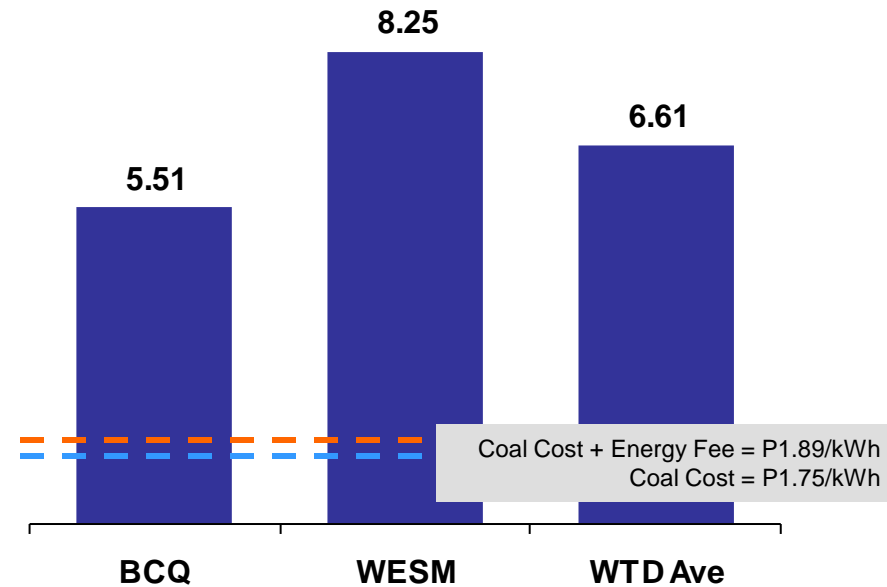
■ 9M2009
■ 9M2010

THERMA LUZON (Pagbilao)

9M2010 Energy Sales
Total = 2,608 GWh



Average Selling Price
P/kWh

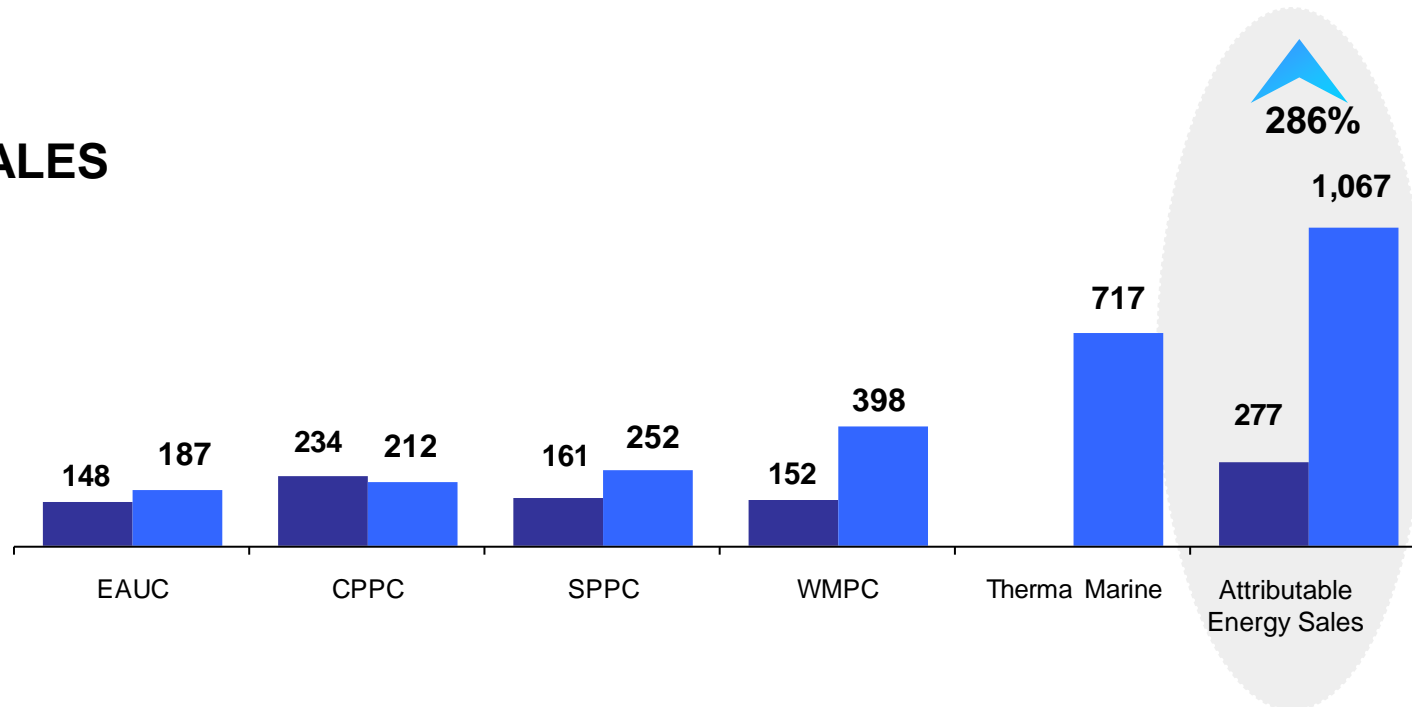


OPERATING HIGHLIGHTS – OIL

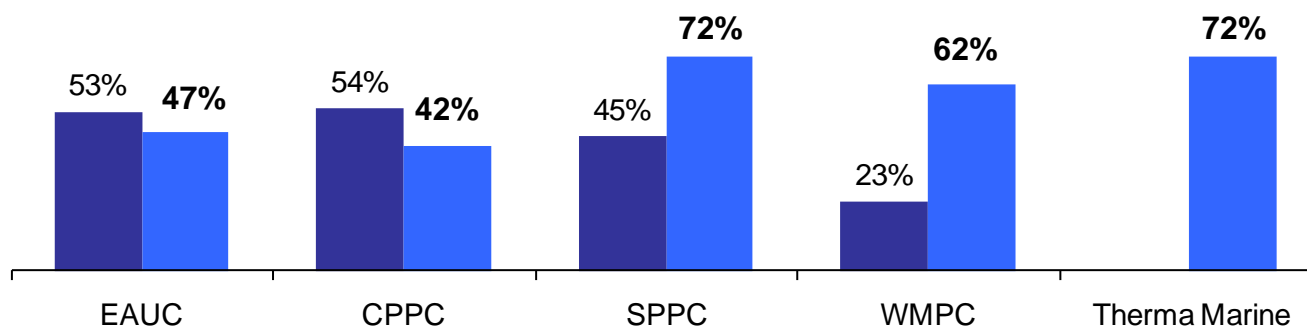


AboitizPower

ENERGY SALES (GWh)



NET CAPACITY FACTOR

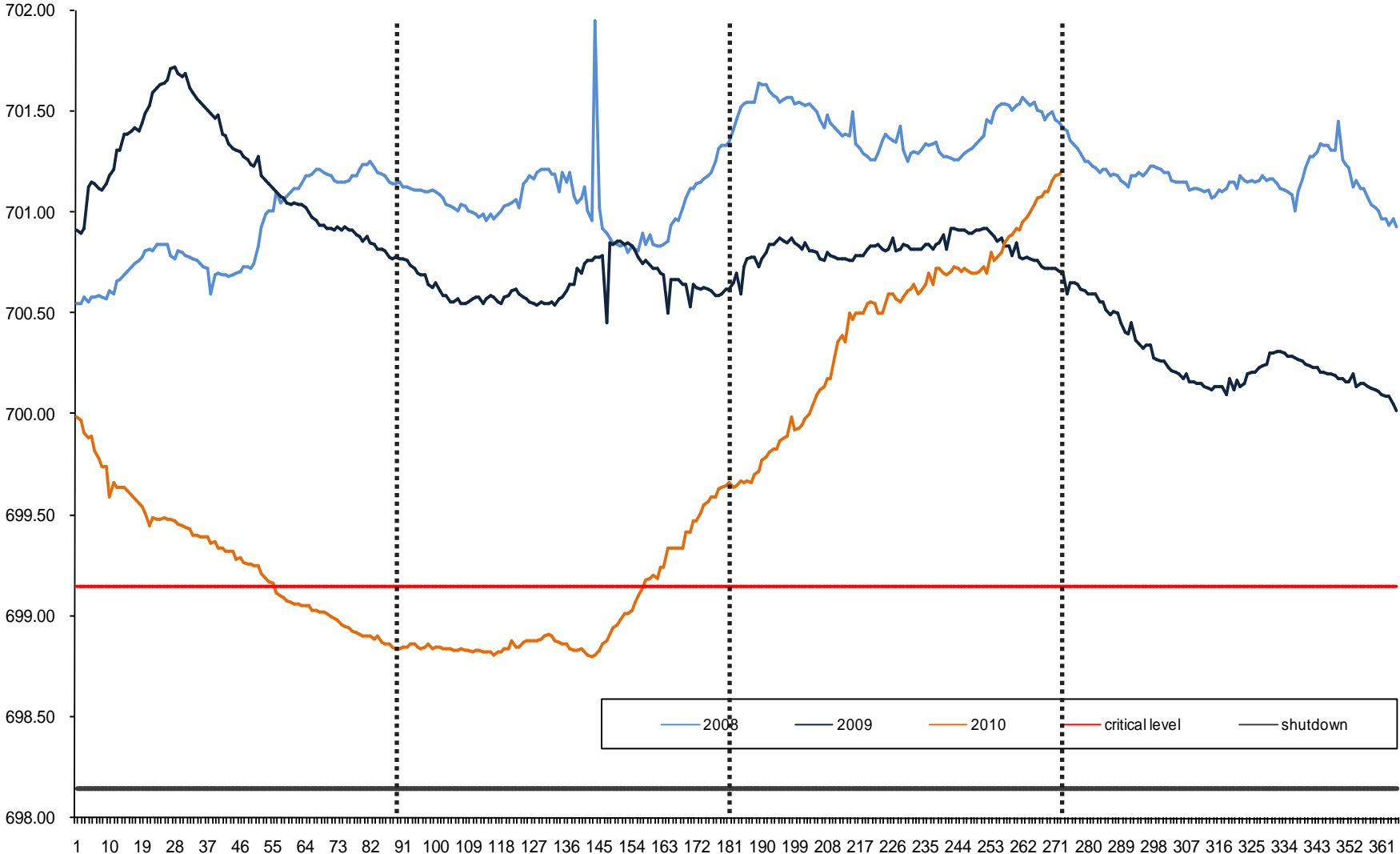


■ 9M2009
■ 9M2010

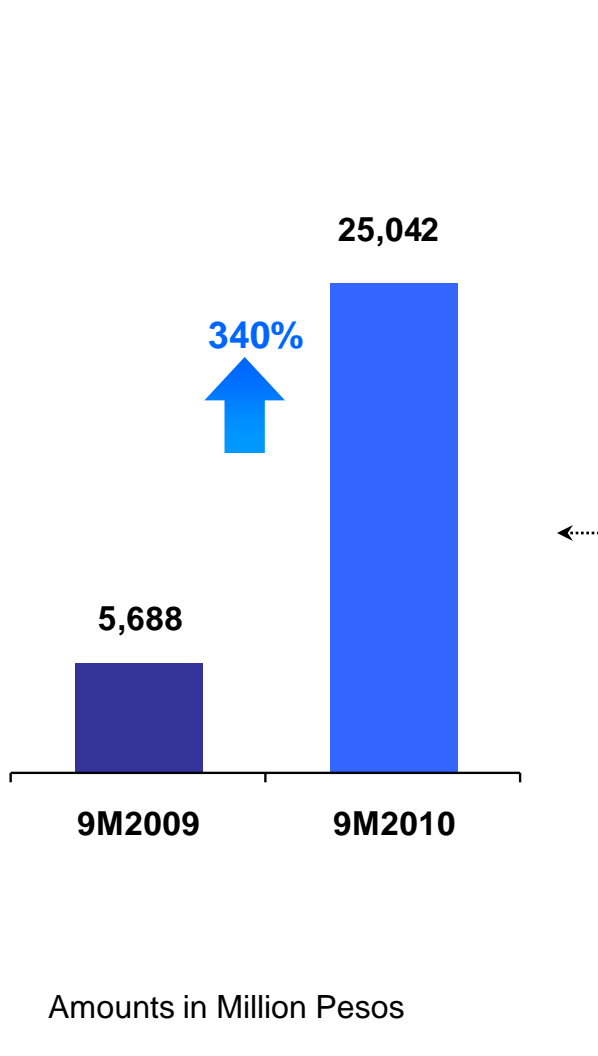
OPERATING HIGHLIGHTS – OIL



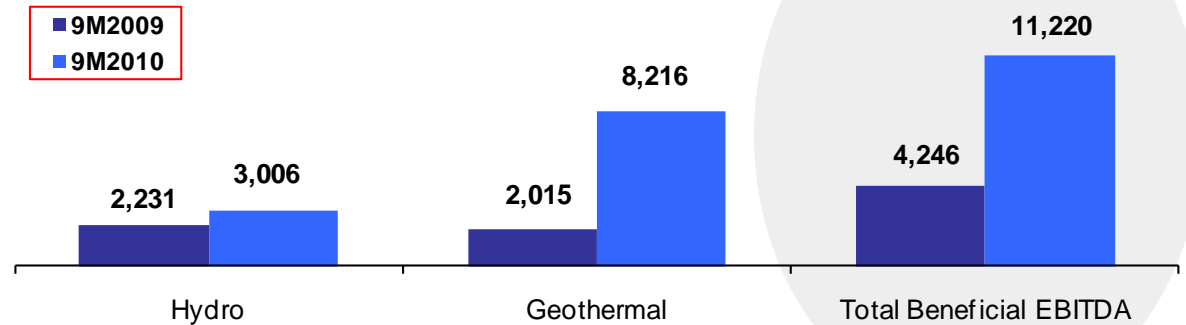
LAKE LANA O WATER LEVEL (in MASL)



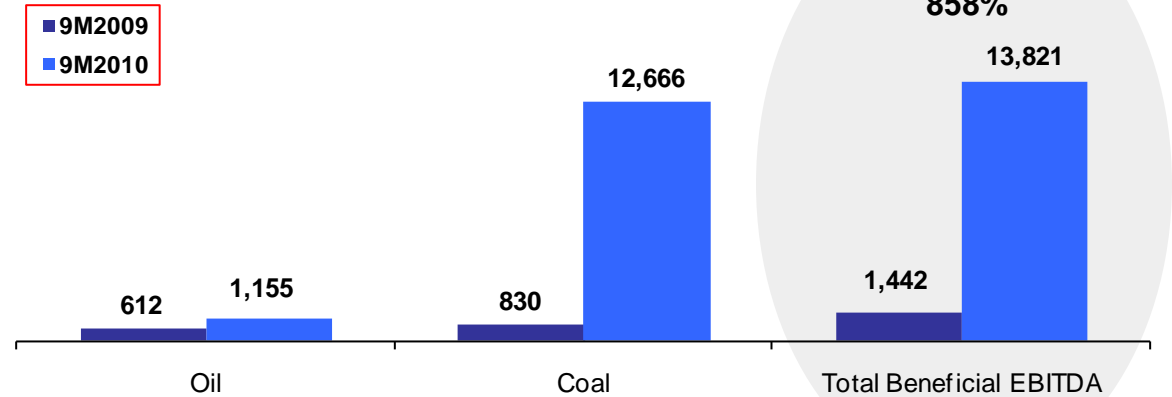
PF BENEFICIAL EBITDA



RENEWABLE PLANTS

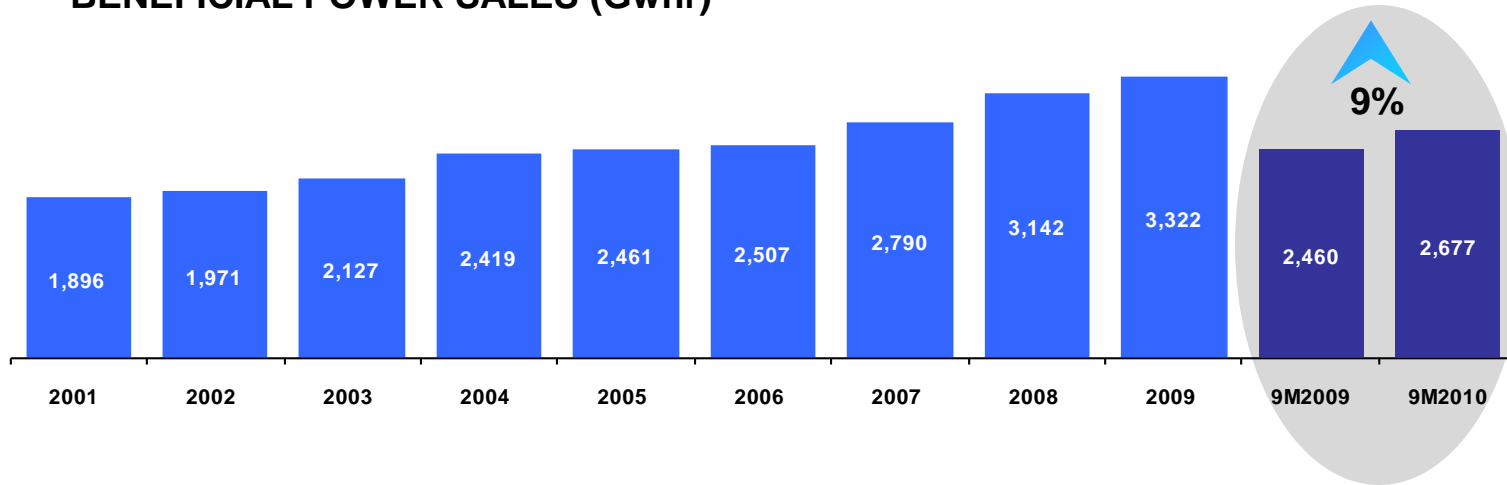


THERMAL PLANTS

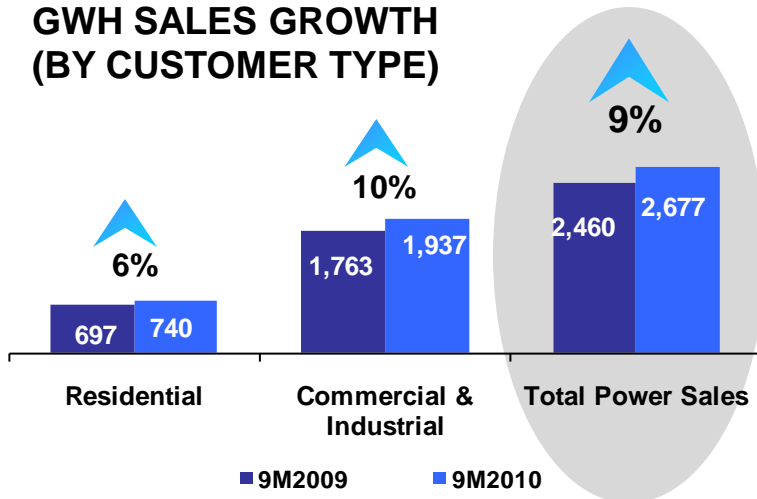


OPERATING HIGHLIGHTS – DISTRIBUTION

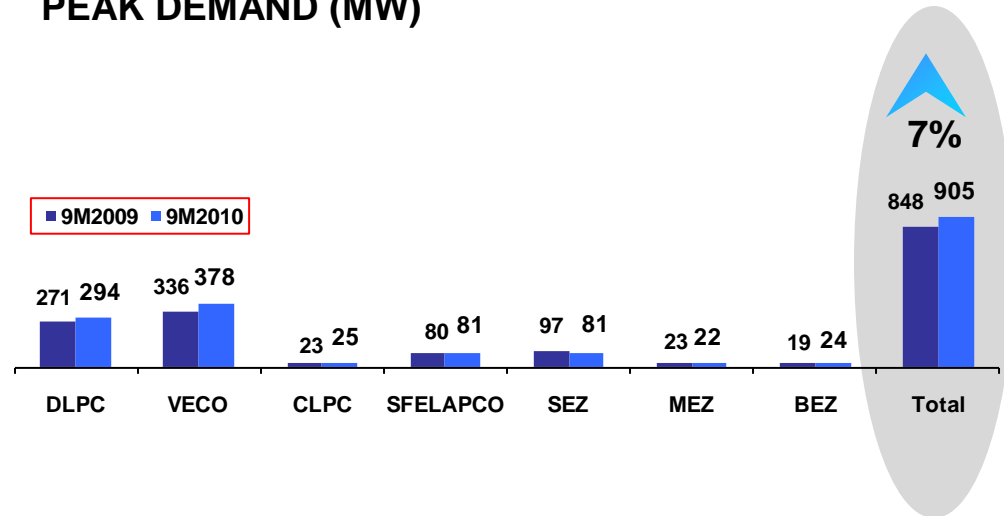
BENEFICIAL POWER SALES (Gwhr)



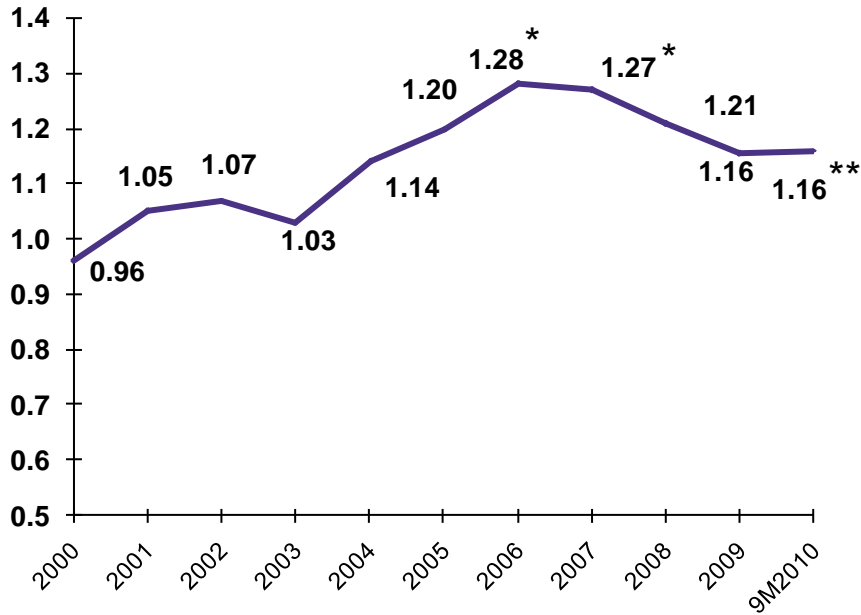
BENEFICIAL GWH SALES GROWTH (BY CUSTOMER TYPE)



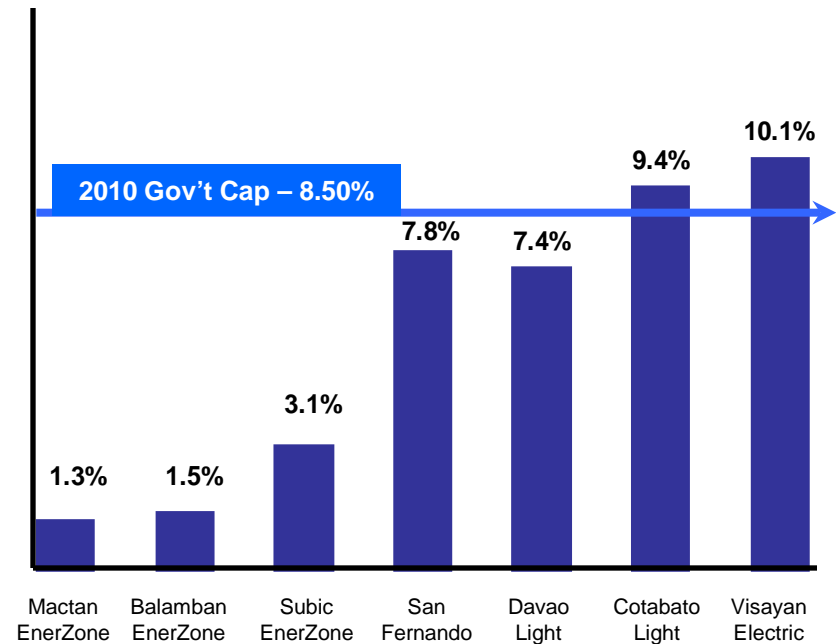
PEAK DEMAND (MW)



GROSS MARGIN / KWH SALE



9M2010 SYSTEMS LOSS

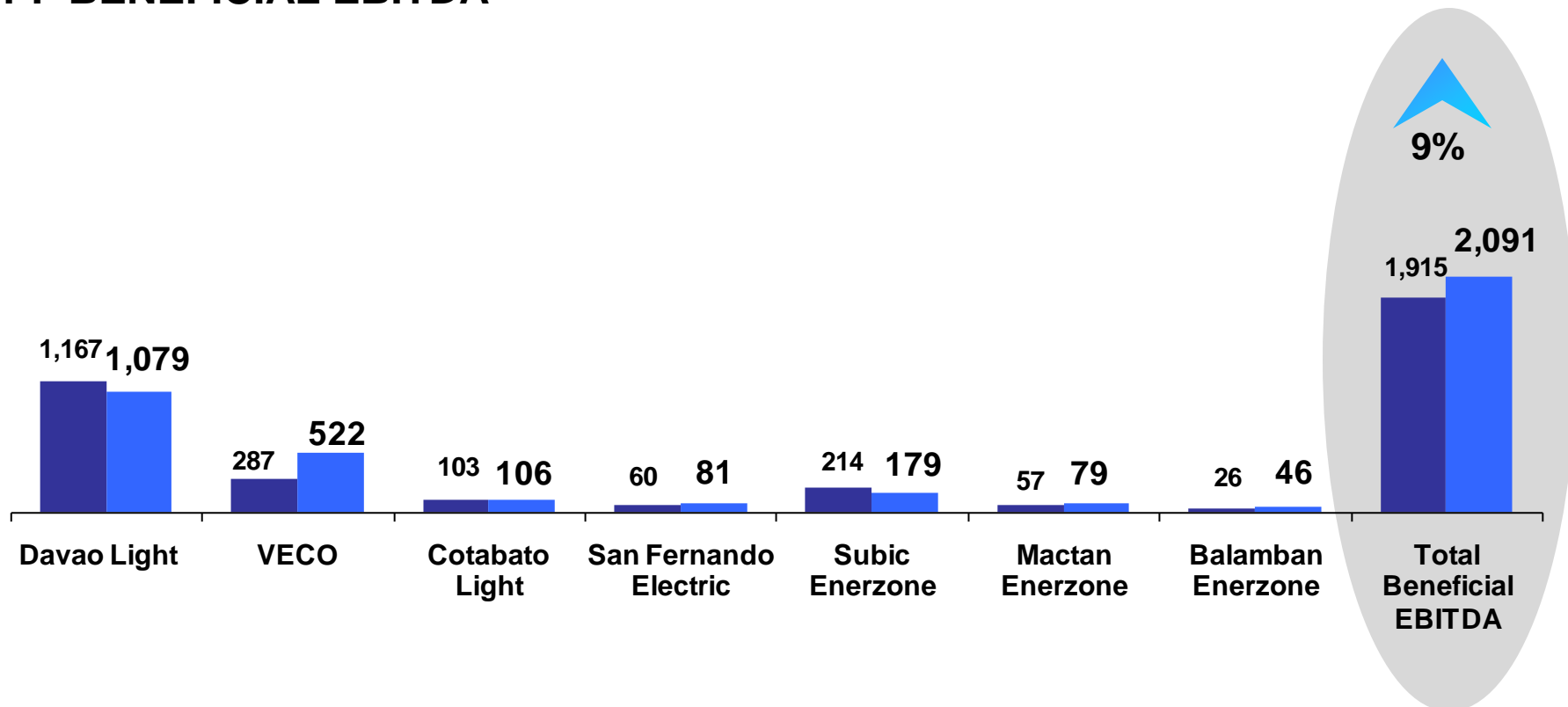


* Adjusted for timing of transmission charge recovery

** 12 month average

OPERATING HIGHLIGHTS – DISTRIBUTION

PF BENEFICIAL EBITDA



Amounts in Million Pesos

9M2009 ■
9M2010 ■

FINANCIAL CONDITION



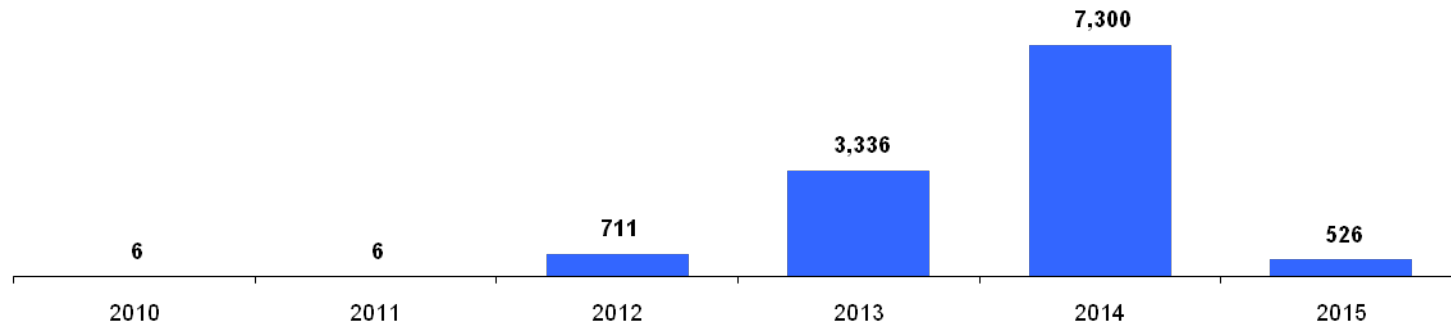
BALANCE SHEET (In million Pesos)	PARENT		CONSOLIDATED	
	YE2009	9M2010	YE2009	9M2010
Cash and Equivalents	75	3,528	3,815	10,293
Investments and Advances	42,786	33,713	24,800	27,753
Total Assets	43,195	37,599	111,341	126,088
Total Interest Bearing Debt	16,565	11,782	67,755	64,325
Total Liabilities	17,824	14,254	76,294	74,812
Net Debt	16,490	7,571	63,940	54,032
Total Equity	25,371	23,346	35,047	51,276
Current Ratio	3.89	7.30	0.68	1.44
Net Debt to Equity	0.65	0.32	1.82	1.05

DEBT PROFILE – AP PARENT



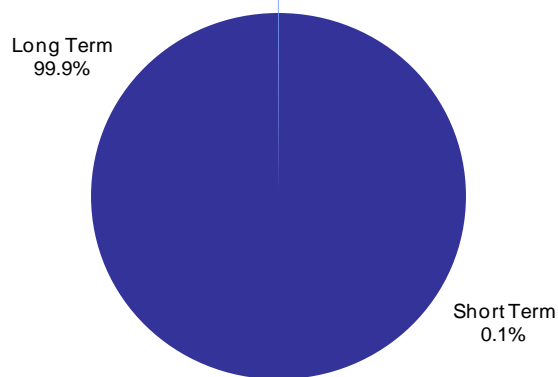
Maturity Profile - PhPM

(As of September 2010)



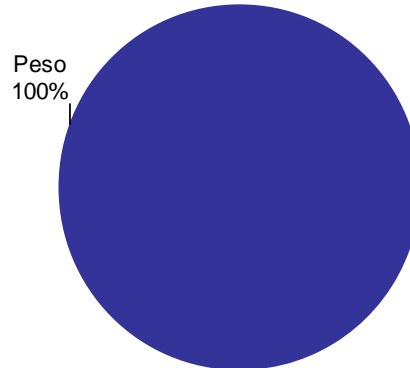
Breakdown by Tenor

(As of Sept 2010)



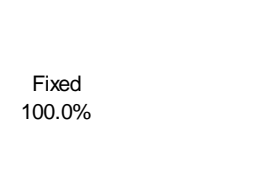
Breakdown by Currency

(As of Sept 2010)



Breakdown by Interest Rate

(As of Sept 2010)



246 MW CEBU COAL

- Broke ground in January 2008.
Completion dates as follows:
 - Unit 1 in March 2010
 - Unit 2 in May 2010
 - Unit 3 in December 2010
- Contracted capacity at 184 MW
 - 105 MW with VECO
 - 79 MW with various parties, for ERC approval
- Estimated capex as of end-September 2010 at P16.3 billion



AMBUKLAO-BINGA REHABILITATION

- Total combined project cost of \$280 million
 - \$189 million for 75 MW Ambuklao + \$10 million for new headrace tunnel
 - \$81 million for 100 MW Binga
- Target completion dates for Ambuklao
 - All three units by 4Q2011
 - To increase capacity to 105 MW
- Target completion dates for Binga
 - Unit 1: 2011
 - Unit 2: 2012
 - Unit 3: 2013
 - Unit 4: 2014
 - To increase capacity to 120 MW
- Capex spent as of end-September 2010 at \$205 million



BROWN/GREENFIELD

LUZON GRID

- Binga Hydro 20 MW
- Magat Hydro 90 MW
- Subic Coal 300 MW
- Pagbilao Coal 350 MW

MINDANAO GRID

- Tamugan Hydro 15 MW
- Upper/Downstream Sibulan 15 MW
- Mindanao Coal Expansion
 - Davao 150 MW
 - STEAG 150 MW (MOU signed)

PRIVATIZATION

IPP Administrator (IPPA) Contracts

- Unified Leyte Geothermal plants (EDC) 550 MW, Visayas Grid

Earliest by July 2011

- IPPA: Caliraya-Botokan-Kalayaan (J Power) 728 MW, Luzon Grid
- Asset sale: Agus Hydro 727 MW & Pulangi Hydro 255 MW, Mindanao Grid
 - Restricted capacity per EPIRA

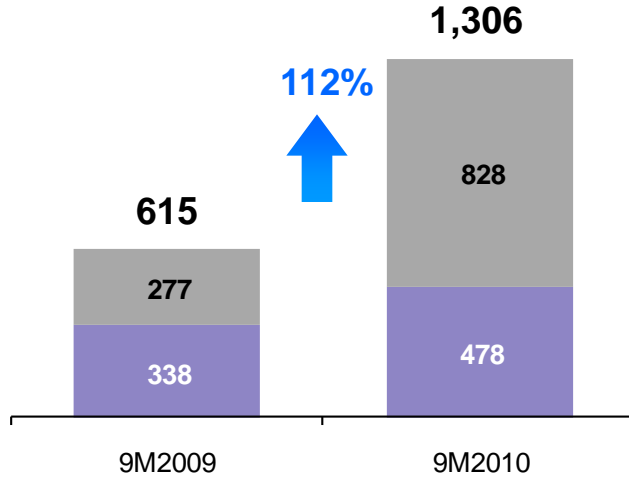
Annex A: EARNINGS BREAKDOWN



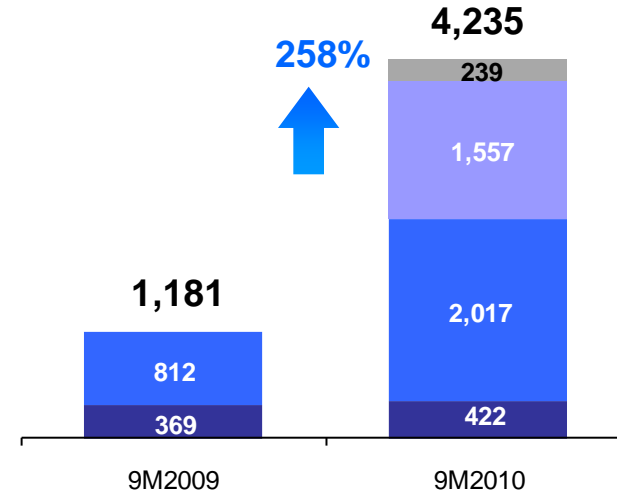
(in million pesos)	YEAR - TO - DATE		FOR THE QUARTER	
	ACTUAL 2010	ACTUAL 2009	ACTUAL 2010	ACTUAL 2009
Parent & Others	(988)	(286)	(332)	(199)
Power Generation Group:				
HEDCOR, INC.	31	161	164	113
HEDCOR SIBULAN	165	(0)	125	0
LUZON HYDRO	118	218	93	123
SNAP - MAGAT	962	436	894	258
SNAP - BENGUET	489	(44)	422	33
SOUTHERN PHILS. POWER	34	25	11	9
WESTERN. MINDANAO POWER	135	81	28	30
CEBU PRIVATE POWER CORP.	142	173	41	49
EAST ASIA UTILITIES CORP.	126	107	43	52
THERMA MARINE	405	0	(49)	0
STEAG	238	762	(173)	194
ABOVANT	56	2	41	0
THERMA LUZON	7,951	0	1,447	0
AP RENEWABLES, INC.	7,424	1,007	2,427	1,000
OTHERS	10	40	(12)	56
Sub-Total Power Generation	18,285	2,967	5,502	1,920
Power Distribution Group:				
COTABATO LIGHT & POWER	54	47	22	20
DAVAO LIGHT & POWER	650	697	442	299
VISAYAN ELECTRIC CO.	286	130	106	61
SFELAPCO	38	27	17	14
SUBIC ENERZONE	104	138	31	54
MACTAN ENERZONE	72	52	26	20
BALAMBAN ENERZONE	38	22	10	8
Sub-Total Power Distribution	1,241	1,114	654	477
TOTAL NET INCOME	18,538	3,795	5,824	2,198
NET INCOME TO COMMON	18,538	3,795	5,824	2,198
% increase (decrease)		388%		165%
CORE NET INCOME	18,003	3,967	5,132	2,101
% increase (decrease)		354%		144%
CORE NET INCOME bef Finance Lease Acctg	21,794	3,967	6,415	2,101
% increase (decrease)		449%		205%

Annex B: OPERATING HIGHLIGHTS - GENERATION

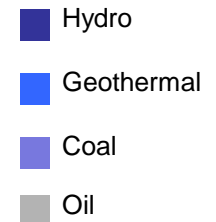
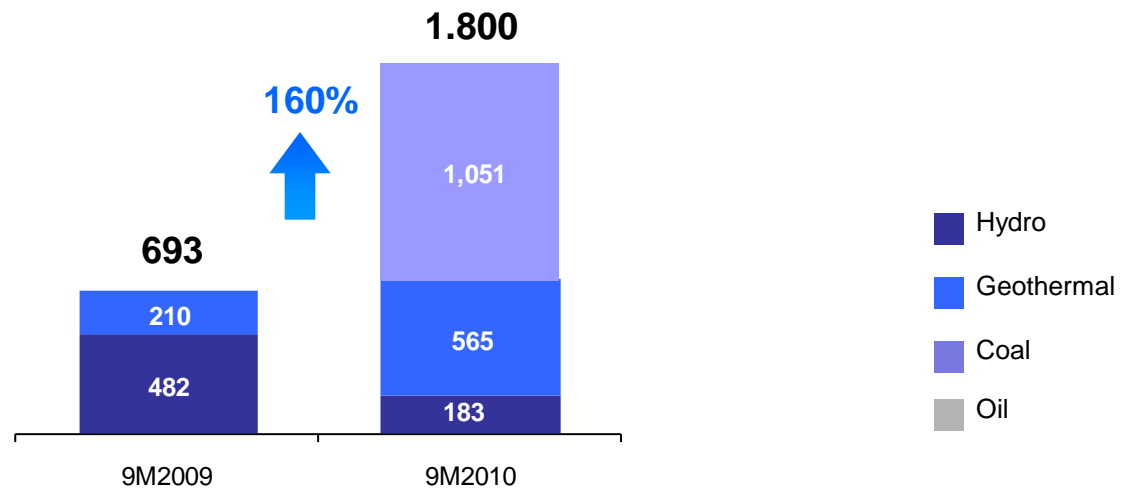
CONTRACTED (CAPACITY)



CONTRACTED (ENERGY)



SPOT MARKET



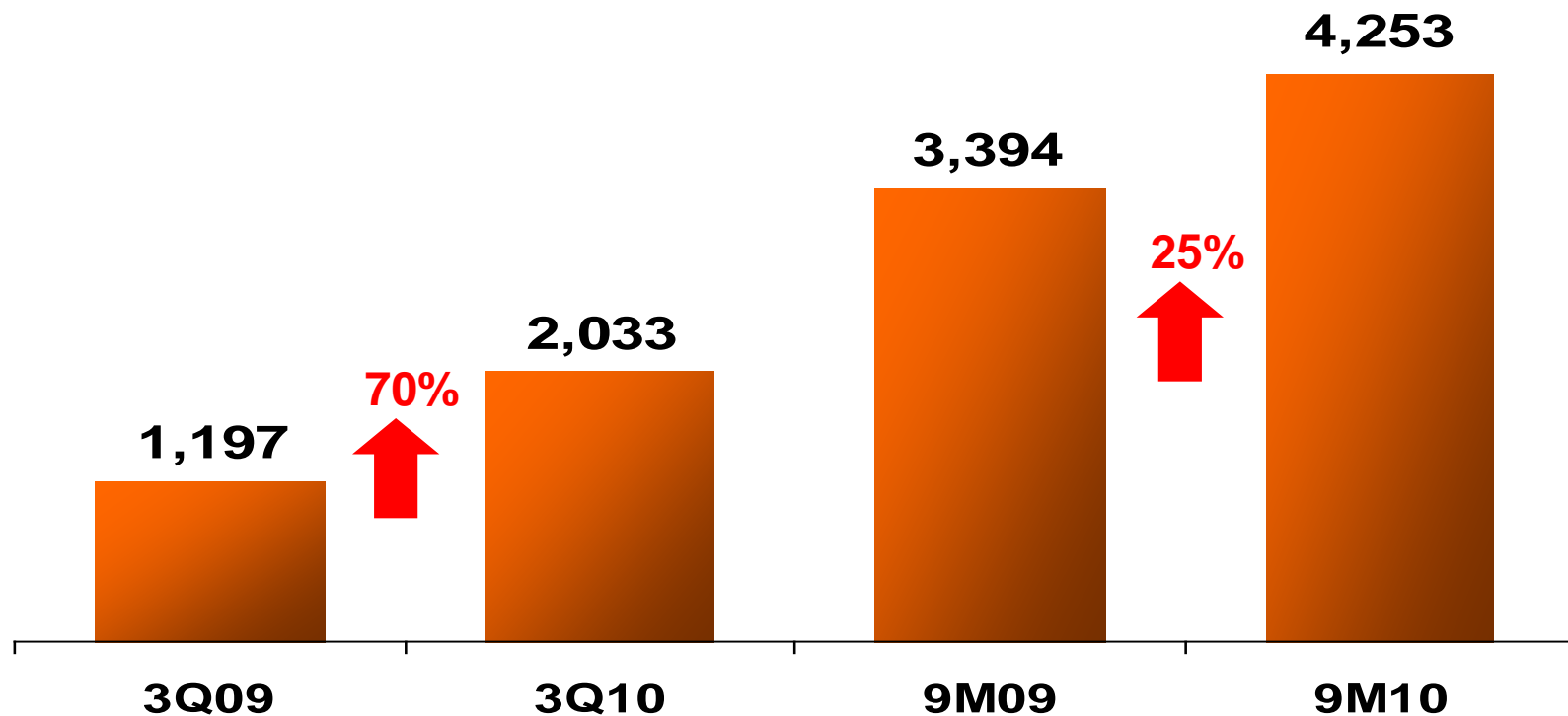
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- **Review of Business Units**
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 - Union Bank of the Philippines
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- **Q&A**



FOCUS 2020
The Beginning

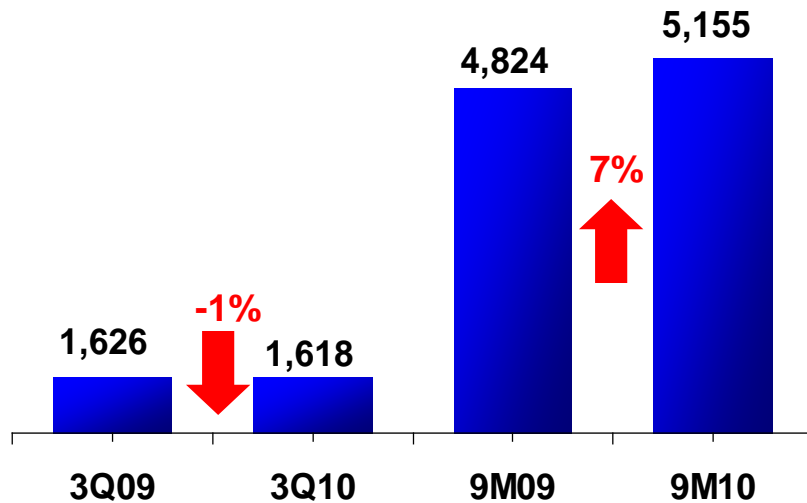
Sustained growth in net income,
notwithstanding decline in asset yields

Net income
(in million pesos)

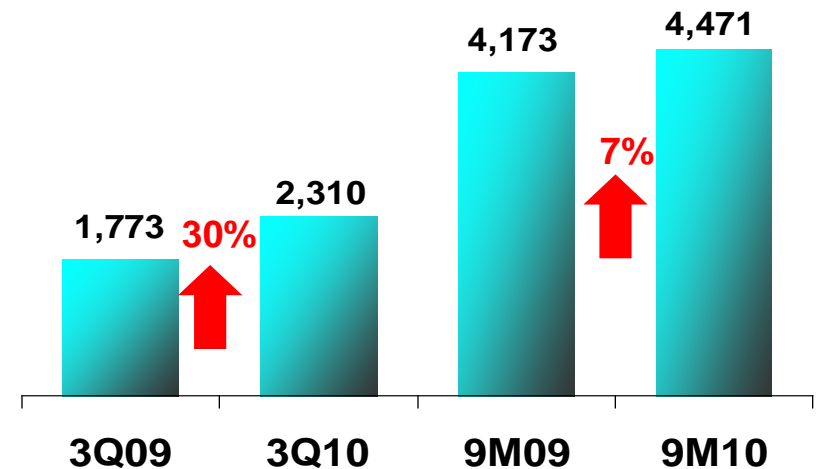


Lower funding cost coupled with higher securities trading gains

Net Interest income (in million pesos)

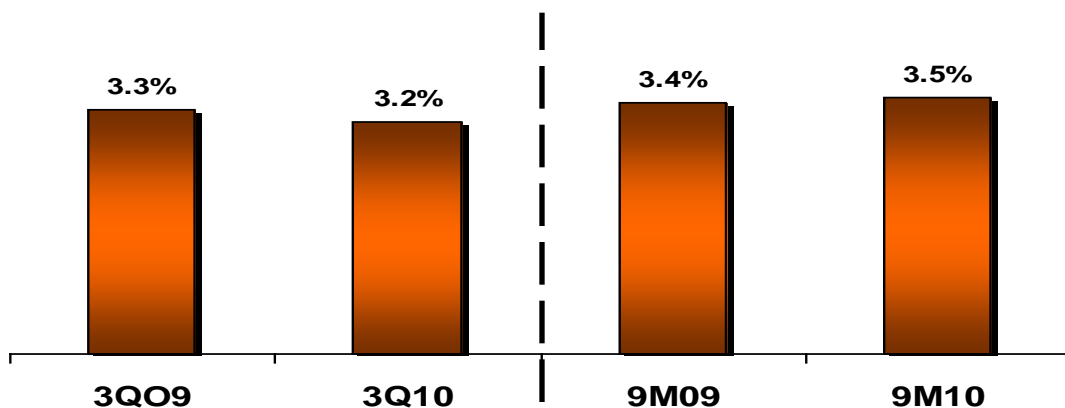


Non-Interest Income (in million pesos)

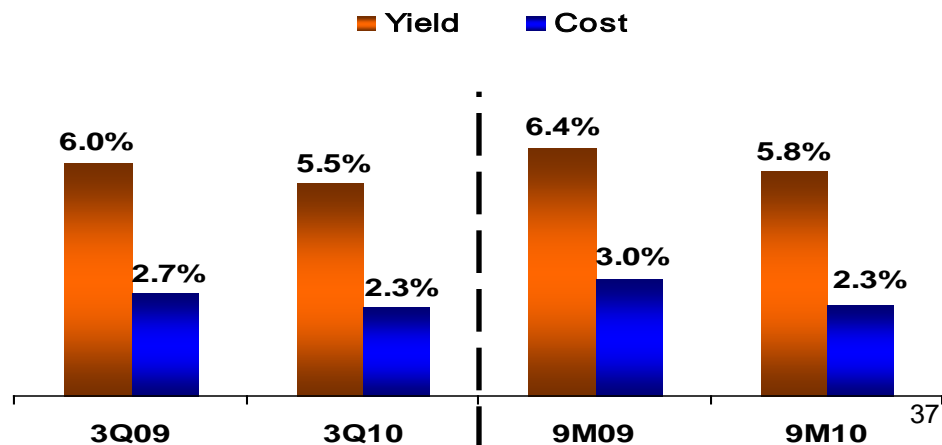


Margin widened on higher drop in average funding cost

Net Interest Margin

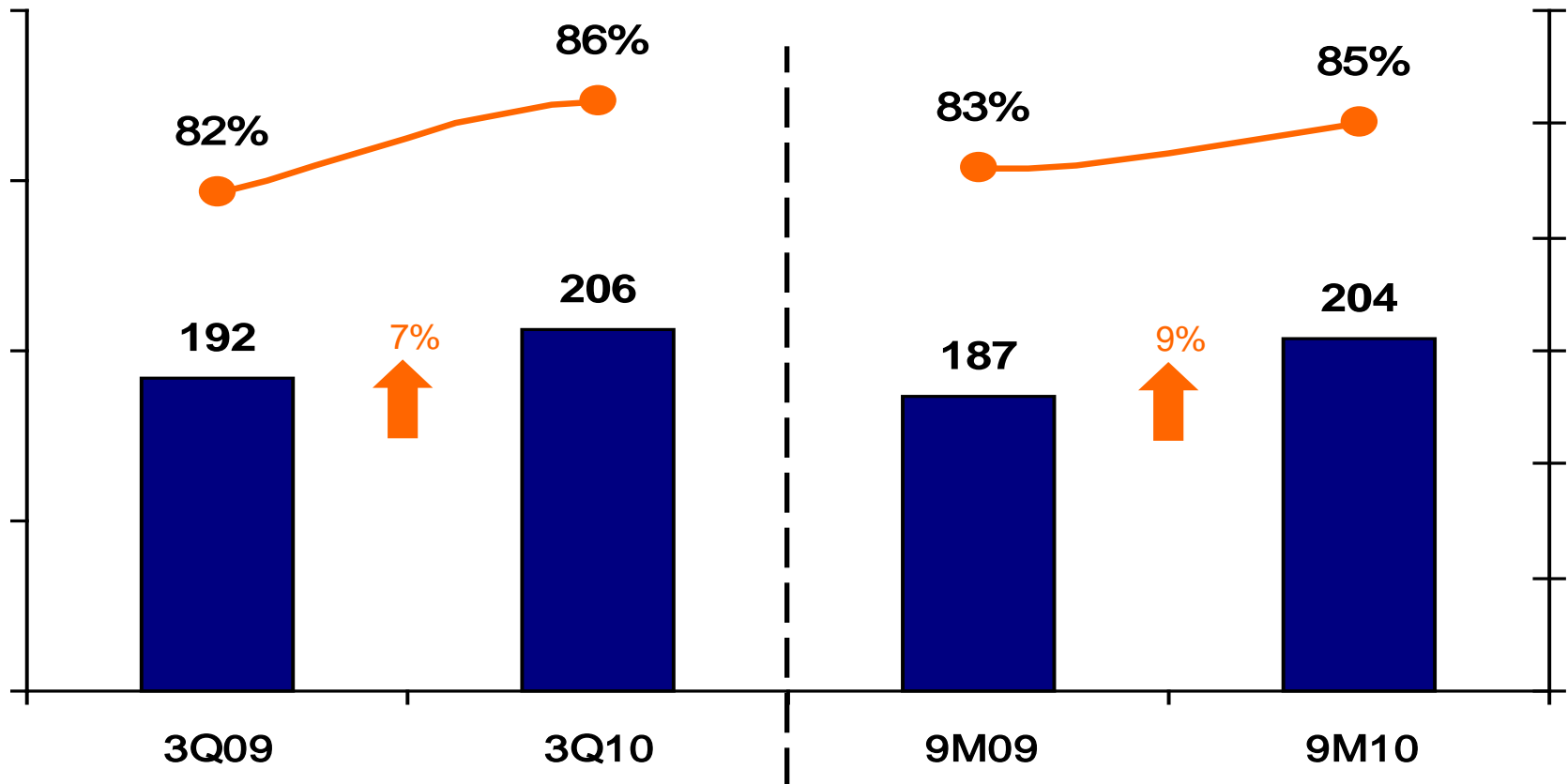


Average Yield – Average Cost



Growing earning assets

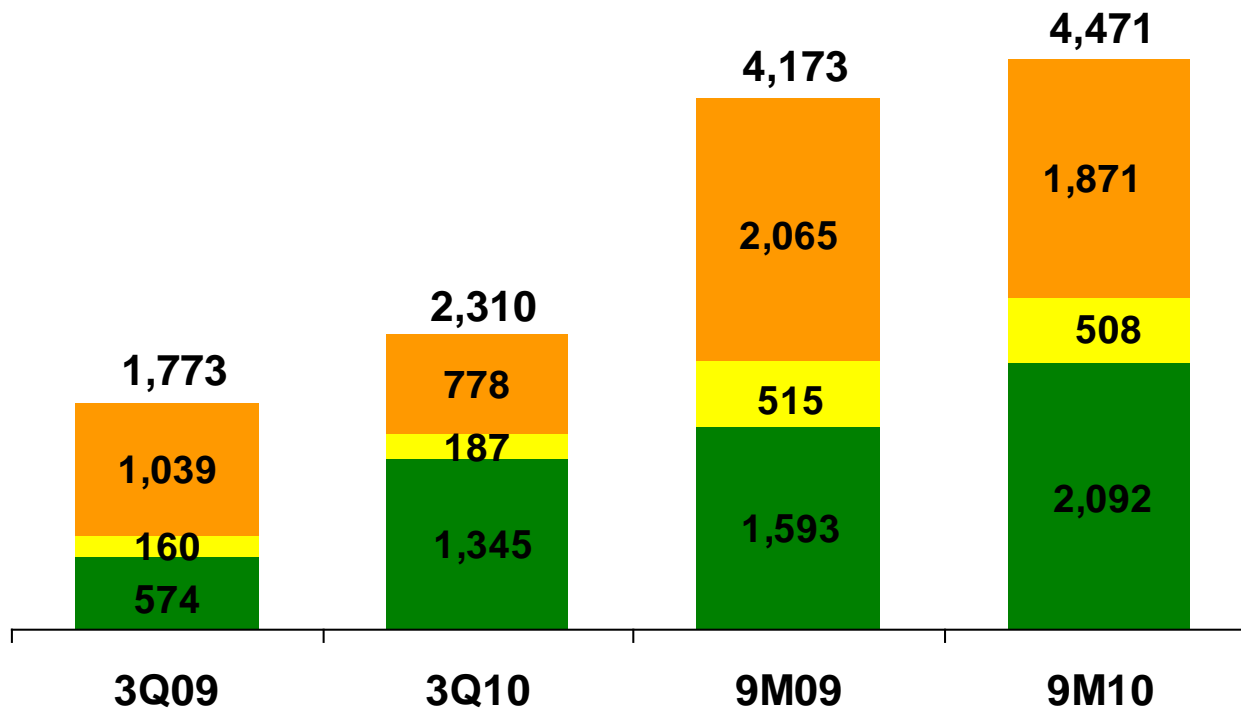
■ Earning assets (ADB in billion pesos) —●— % to Total assets



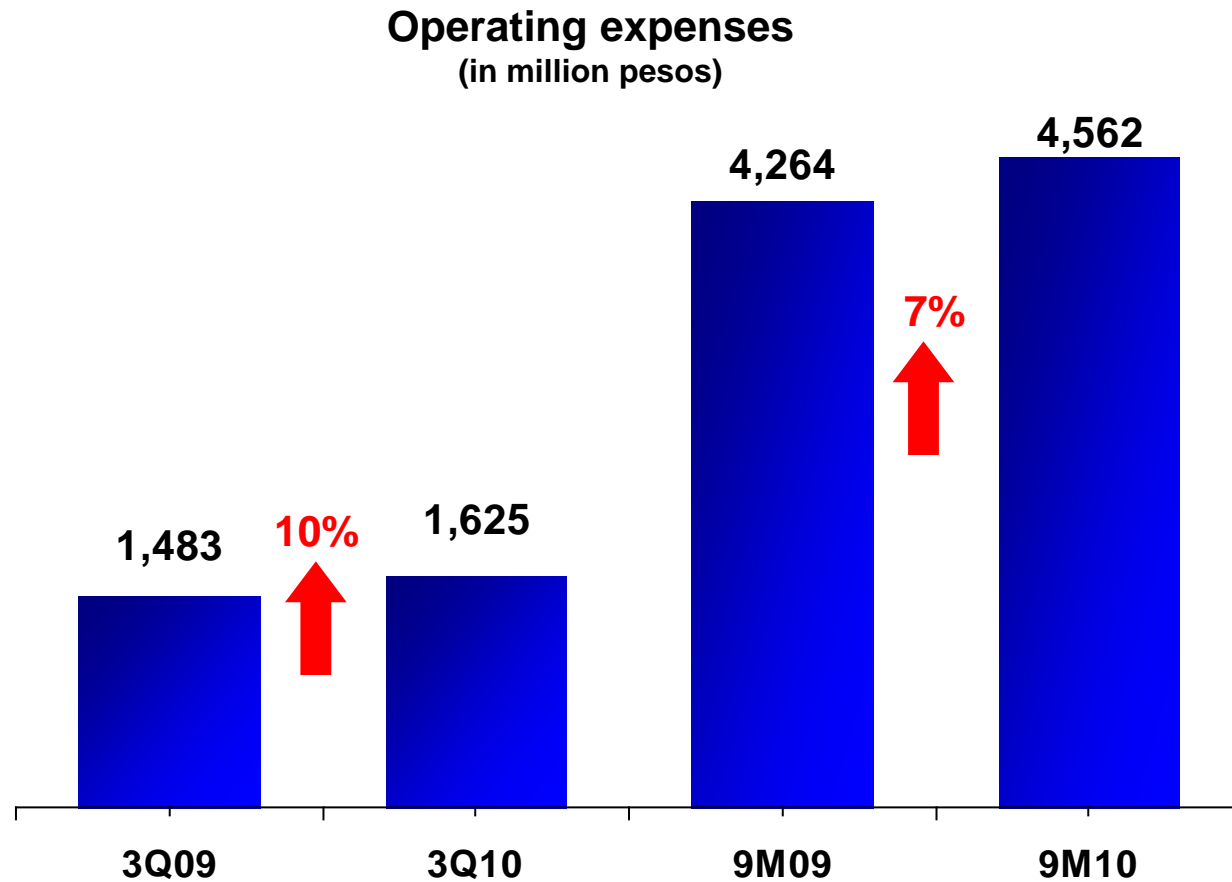
Strong treasury performance

Non-interest income (in million pesos)

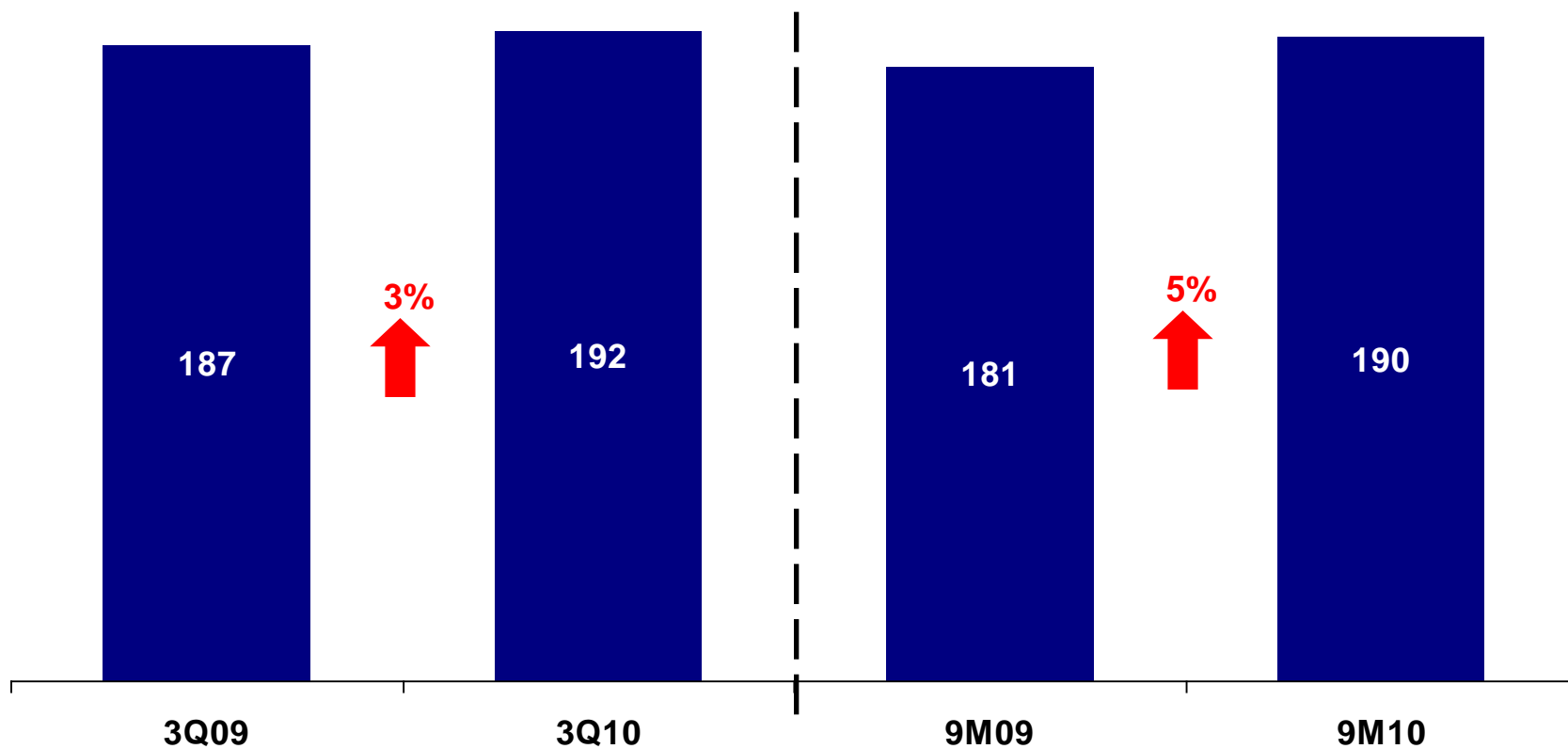
■ Trading gain - net ■ Service charges, fees & commissions ■ Miscellaneous



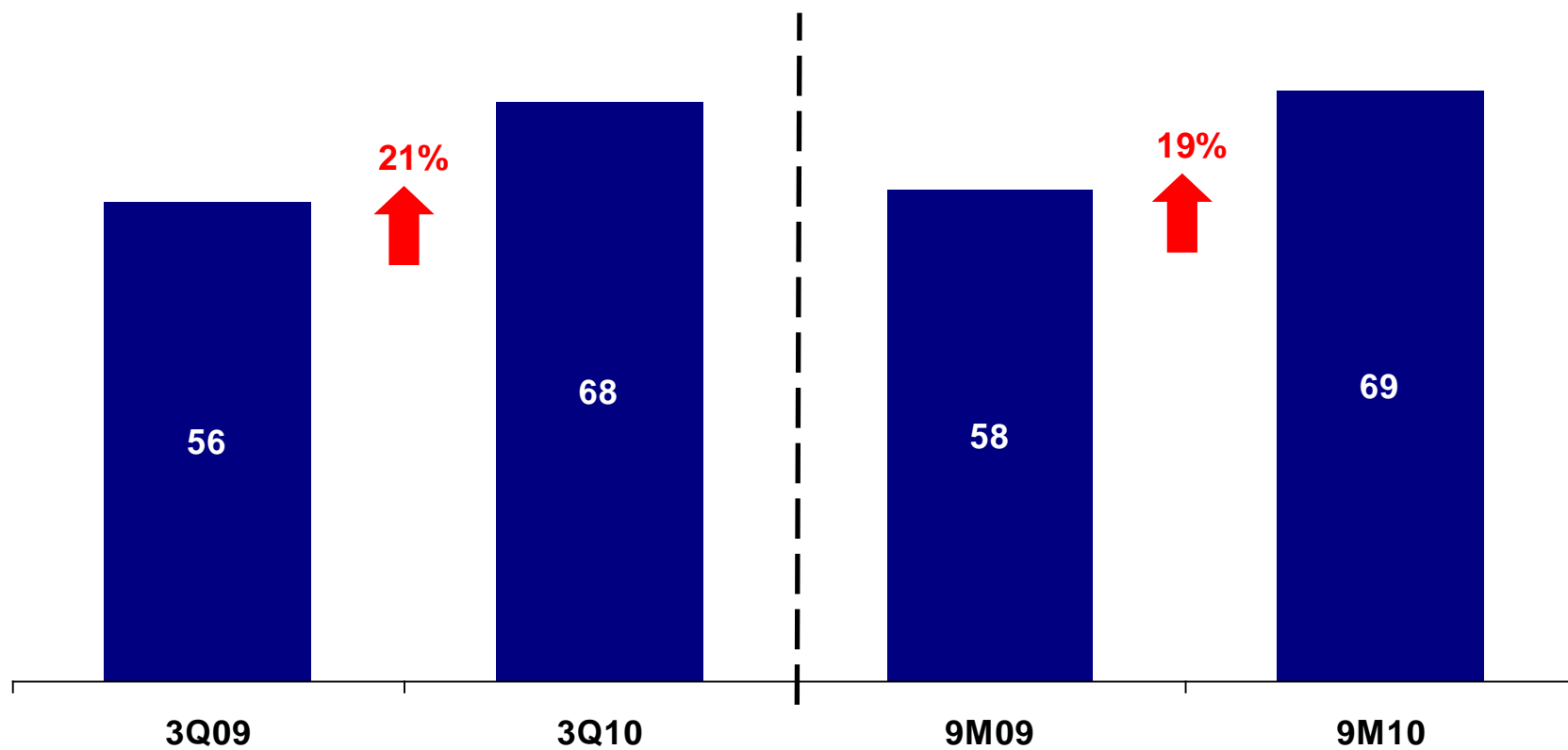
Operational expenses increased from business expansion



Moderate deposit growth

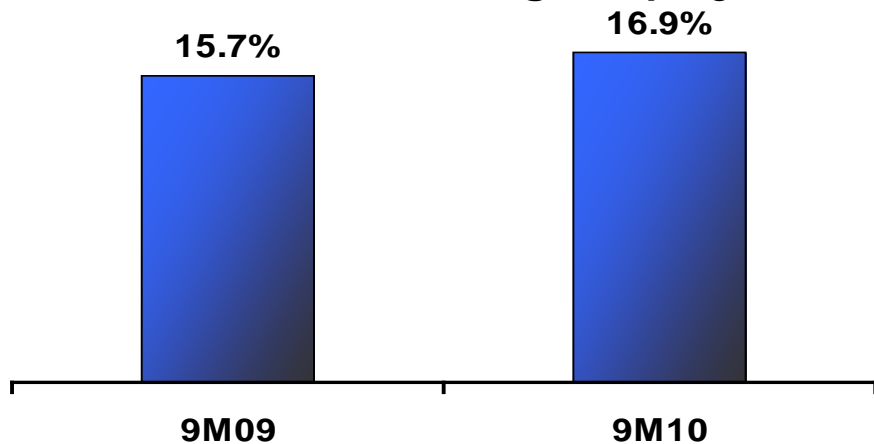
Deposits
(ADB in billion pesos)

Expanding credit portfolio

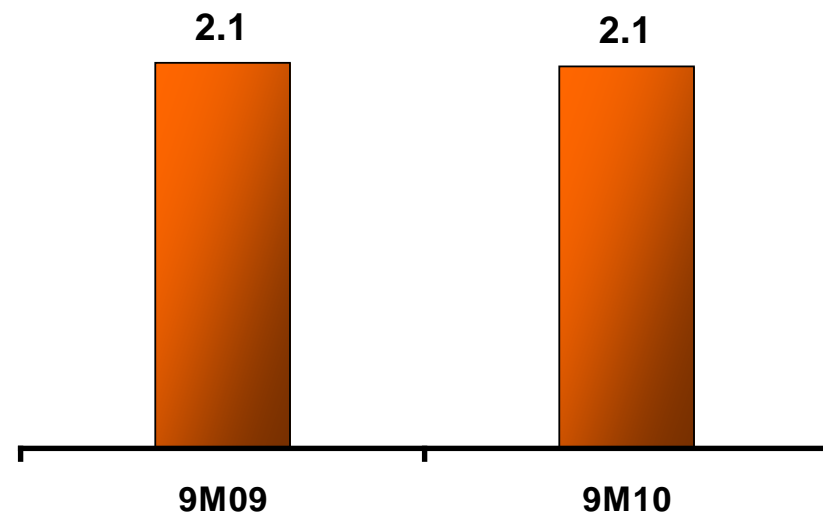
Loans + Preferreds
(ADB in billion pesos)

Key financial ratios strengthened

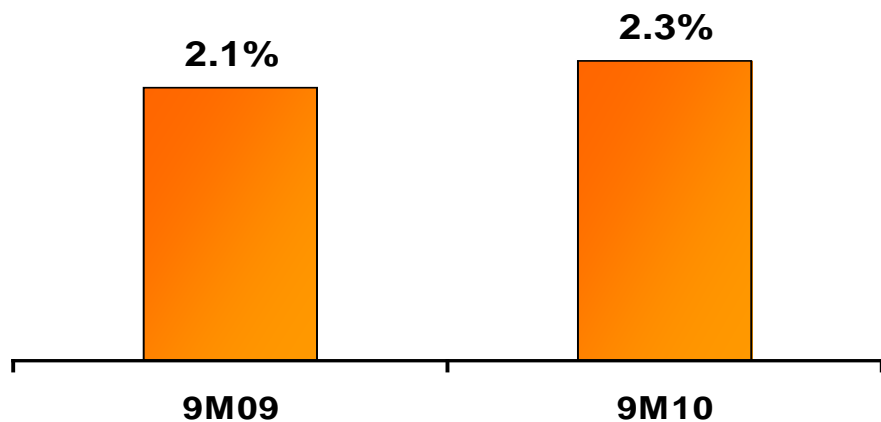
Return on average equity



Revenue to expense

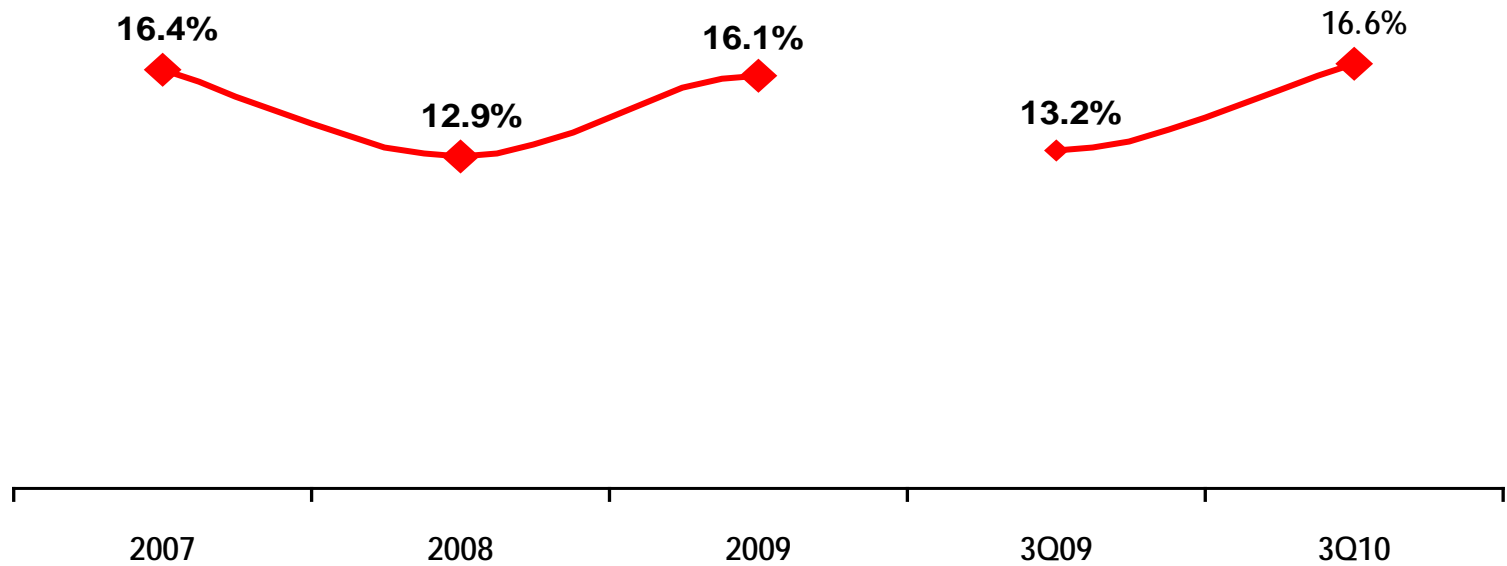


Return on average assets



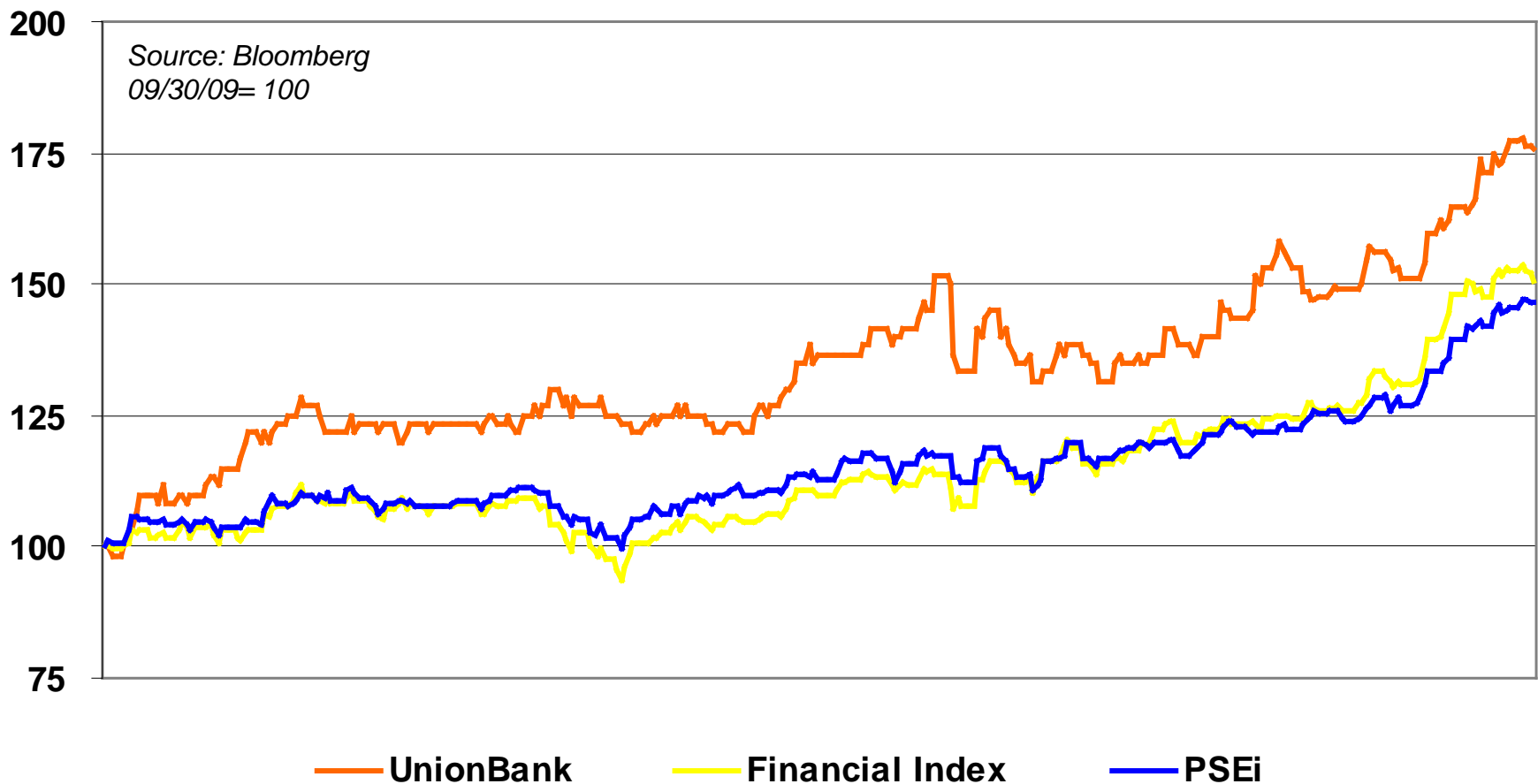
Capital adequacy ratio remains sound, supportive of growth

Capital adequacy ratio (%)



Outperformed stock market and financial sector indices price gain

RE-BASED STOCK PRICE PERFORMANCE (09/30/09 - 09/30/10)

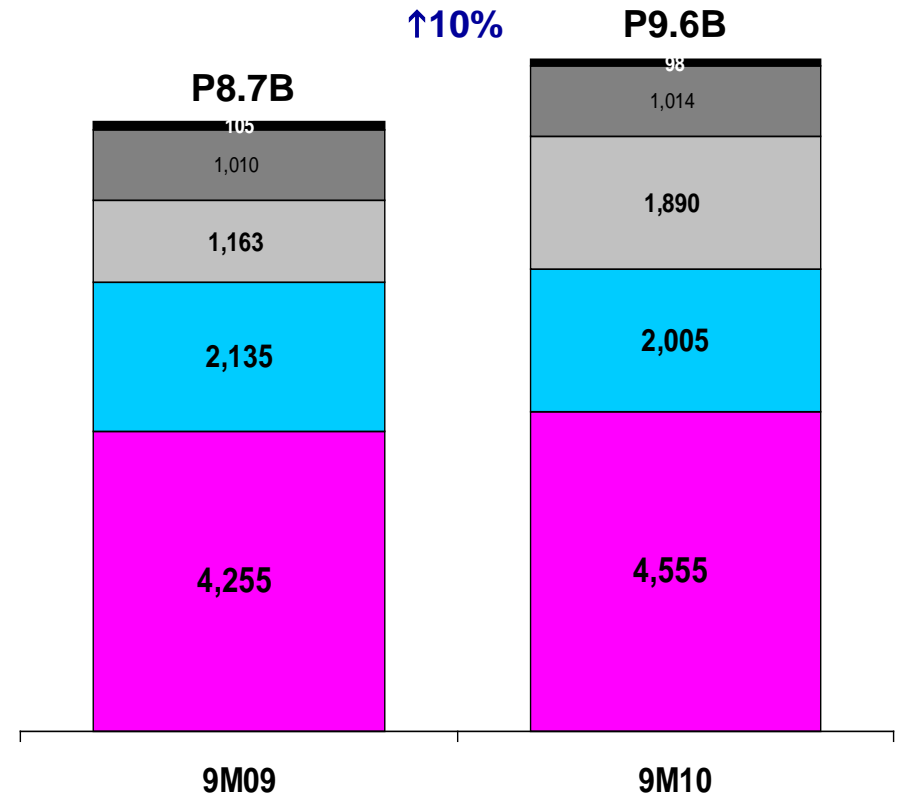
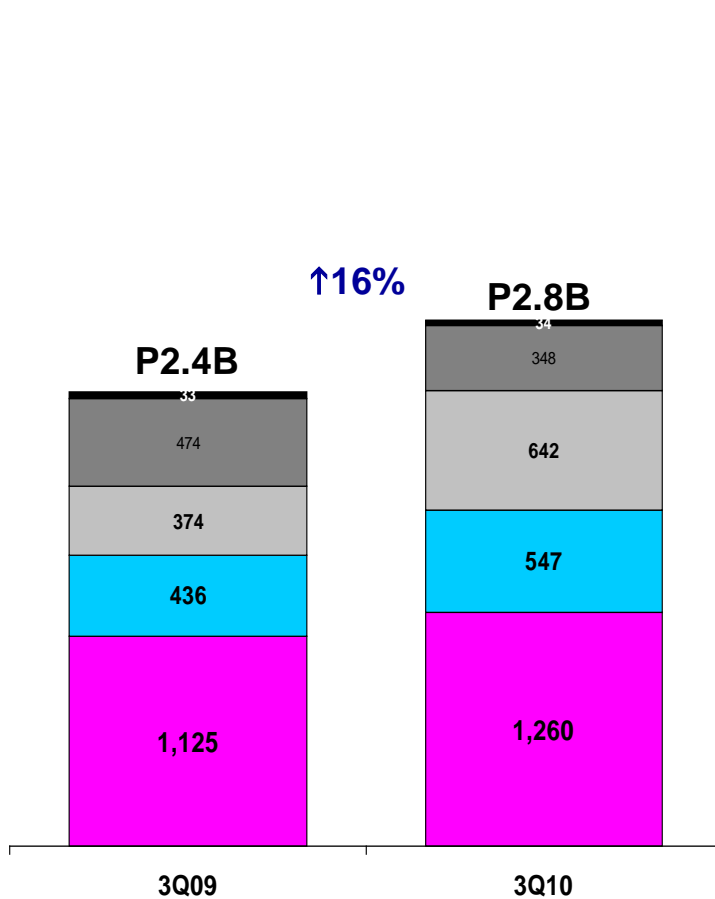


- **Overview**
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REVENUES



- Higher overall value-added business
- Lower local freight and passenger business

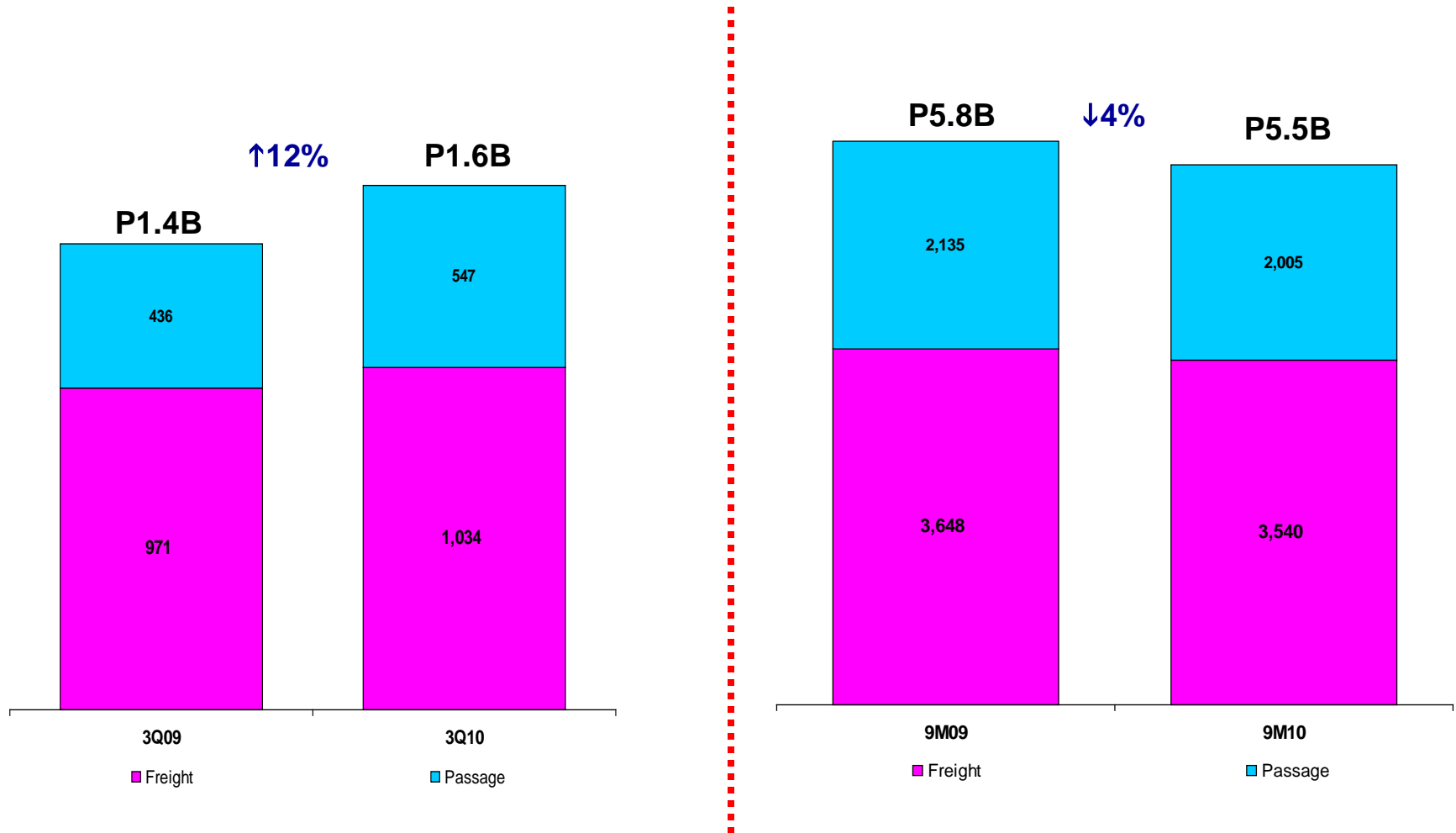


■ Freight
 ■ Passage
 ■ AODI & SOI
 ■ Service Fees
 ■ Other Revenue

REVENUES



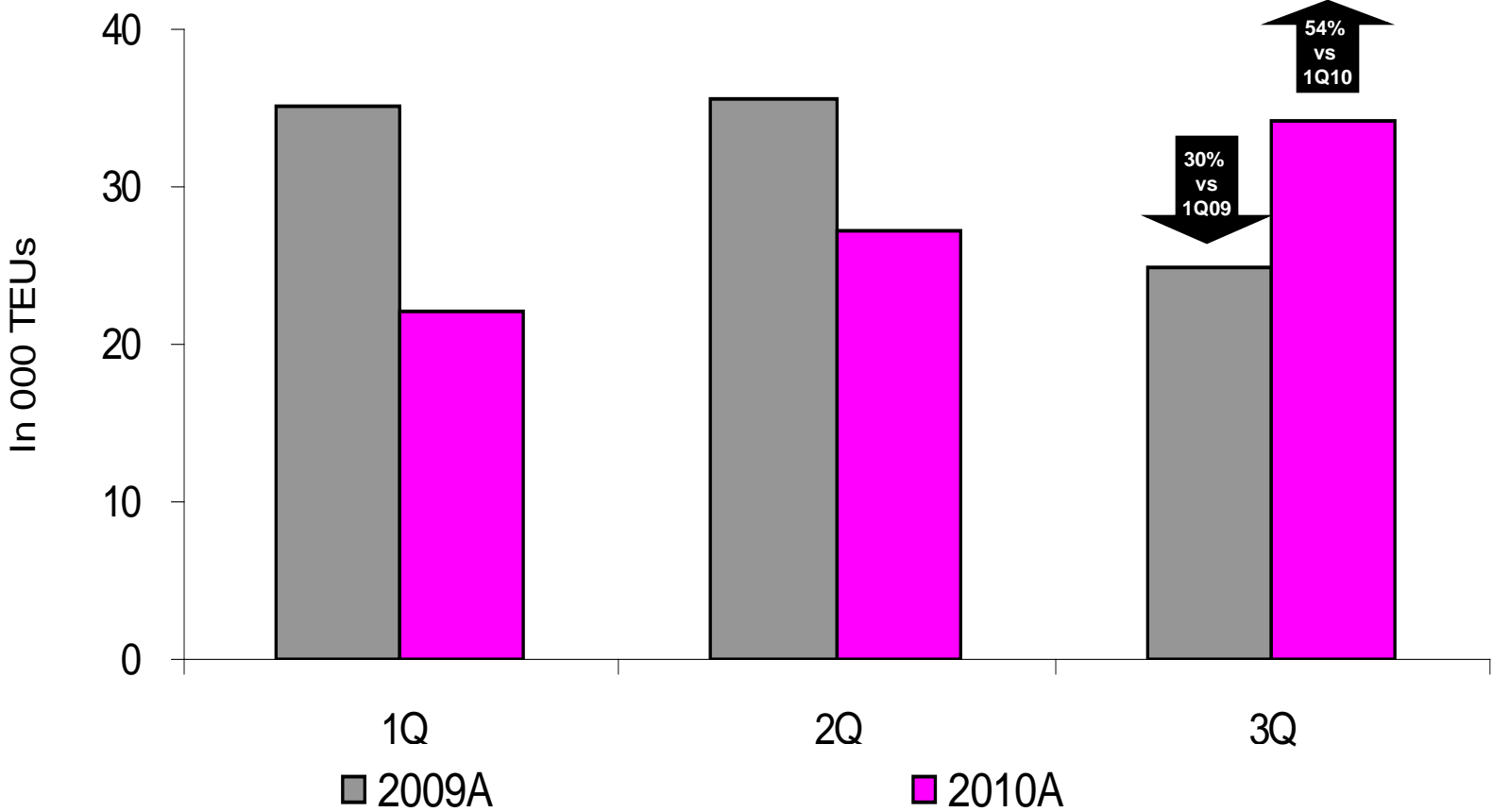
- Lower operating capacity from larger income generating SuperFerry vessels
- 9 vessels on Drydock : 5 of SuperFerry, 2 CebuFerries and 2 freighter vessels



FREIGHT VOLUME



- 54% higher volume from 1Q10 on SuperFerry Vessels

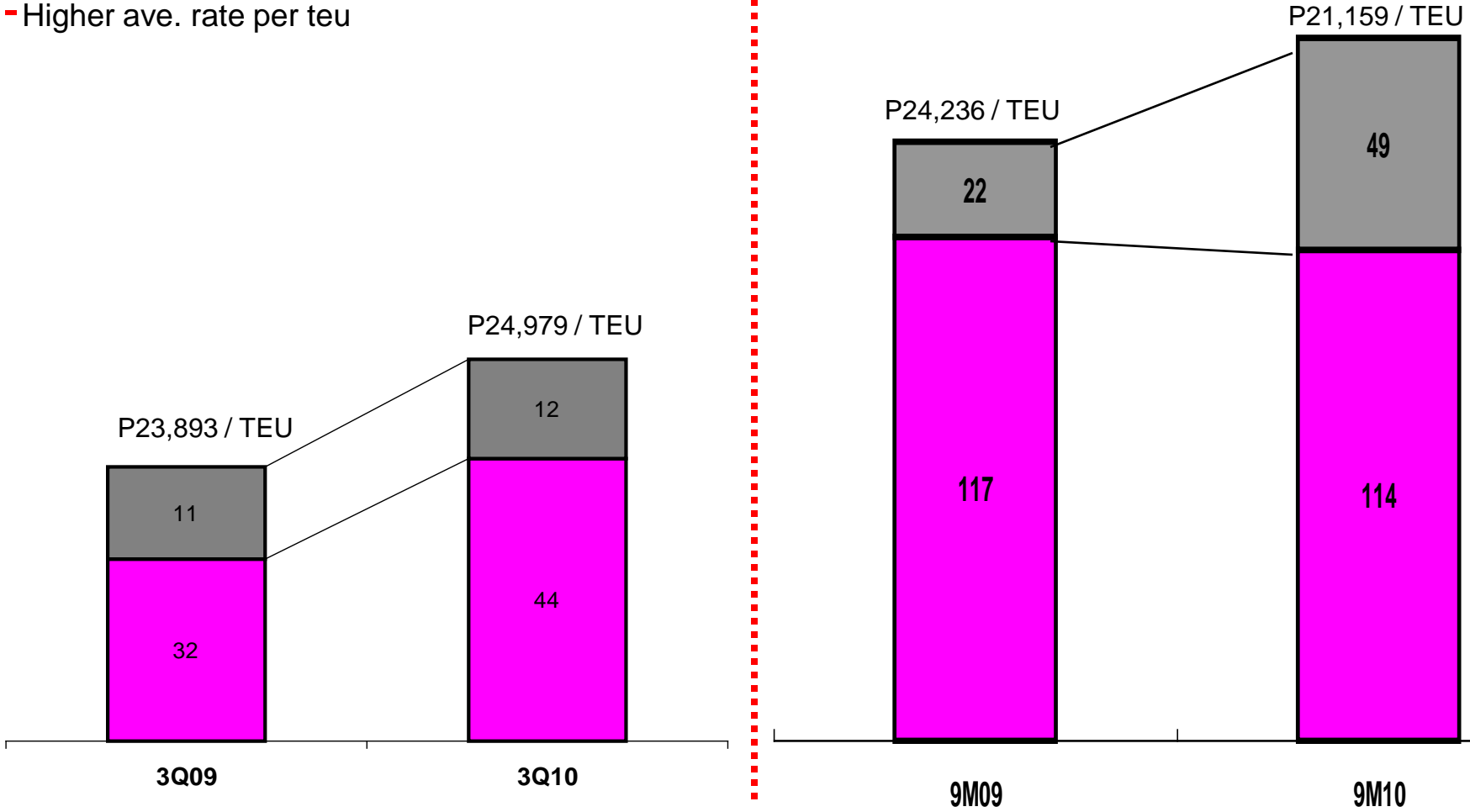


FREIGHT



9M10

- Higher freighter volume
- Higher ave. rate per teu



Ropax Volume in 000 TEUs
 Freighter Volume in 000 TEUs

PASSENGER



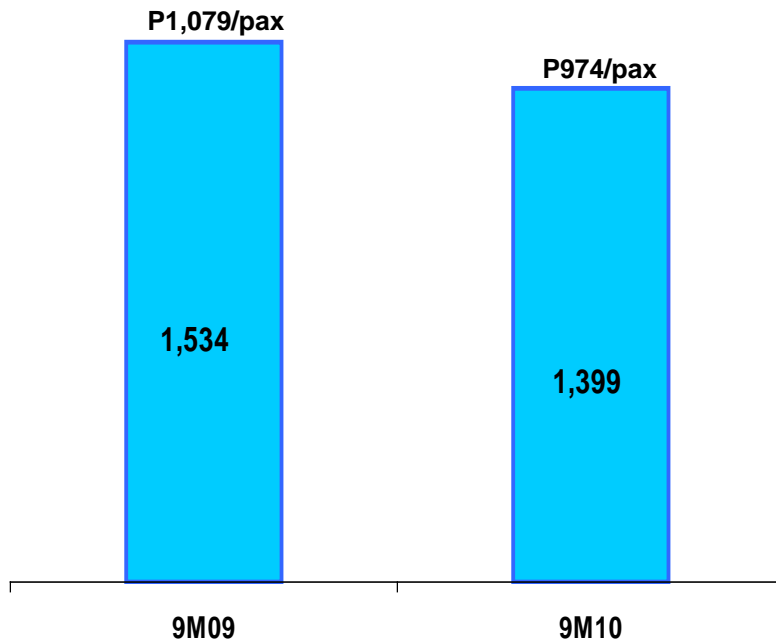
ROPAX

- 9% lower volume
- 3% lower cash per pax

(In P'000)

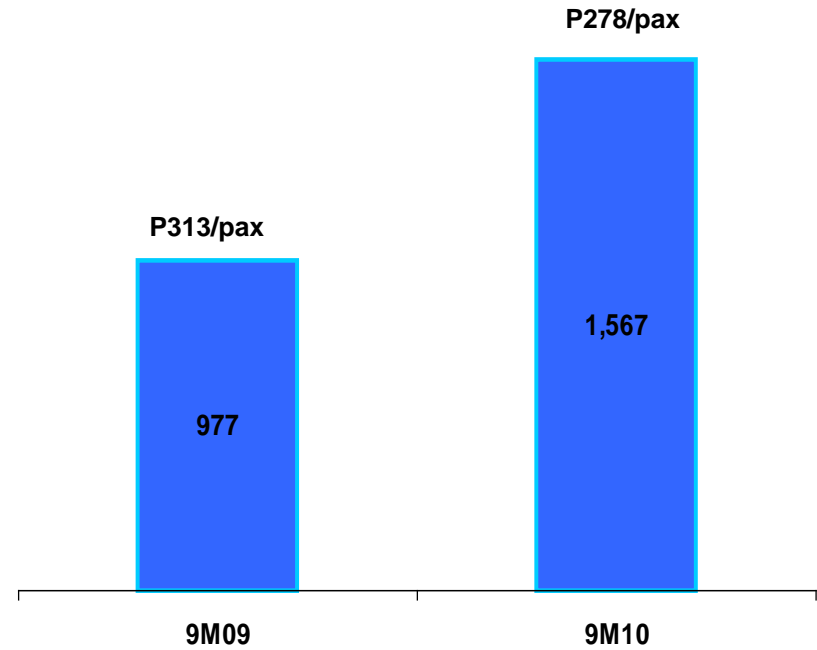
Revenue per Pax
Ancillary per Pax

CASH PER PAX	
9M09	9M10
1,323	1,212
216	280
1,539	1,492



FASTCRAFT

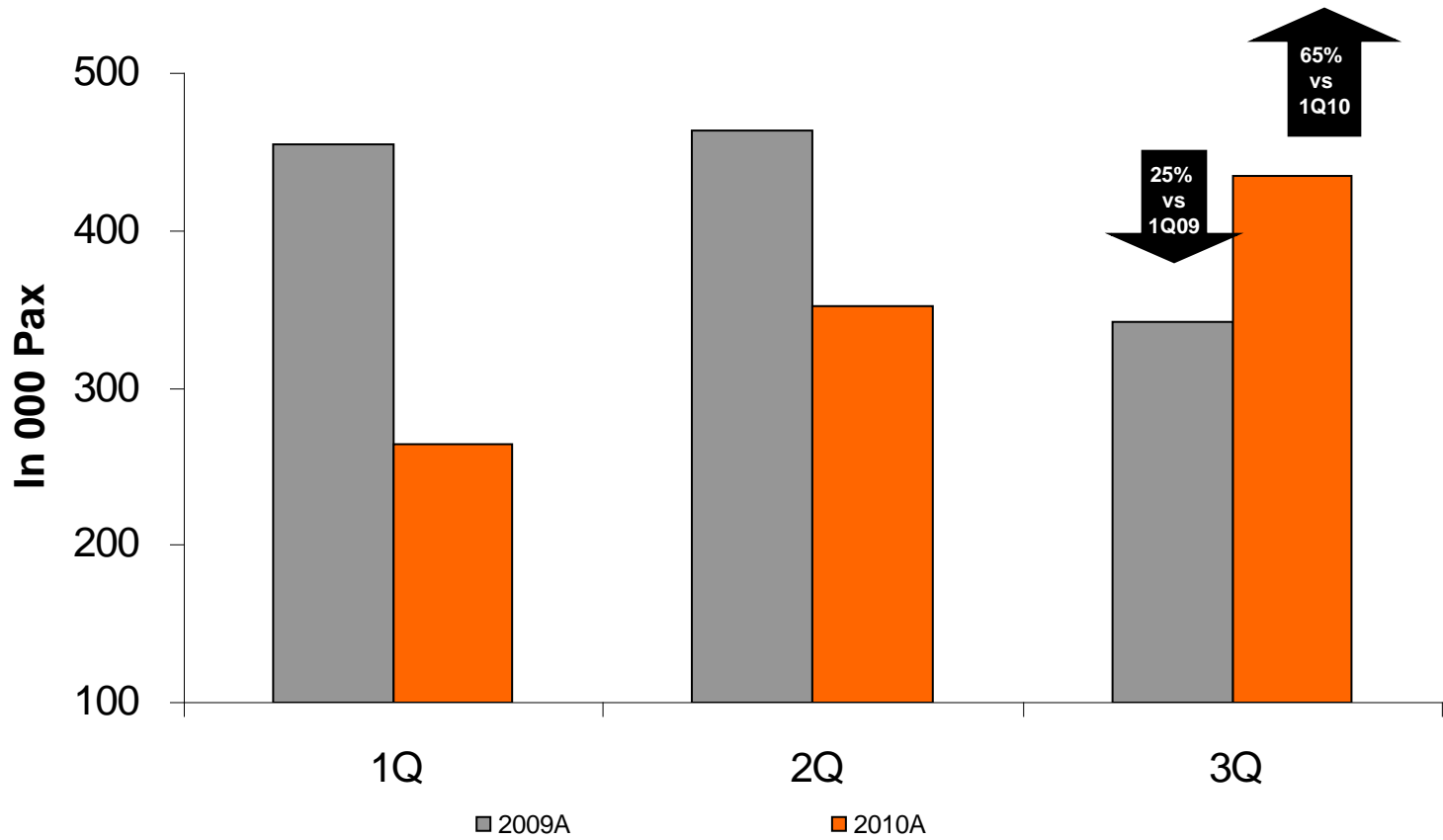
- 60% higher volume
- 11% lower rate due to entrance of new ports (Bacolod)



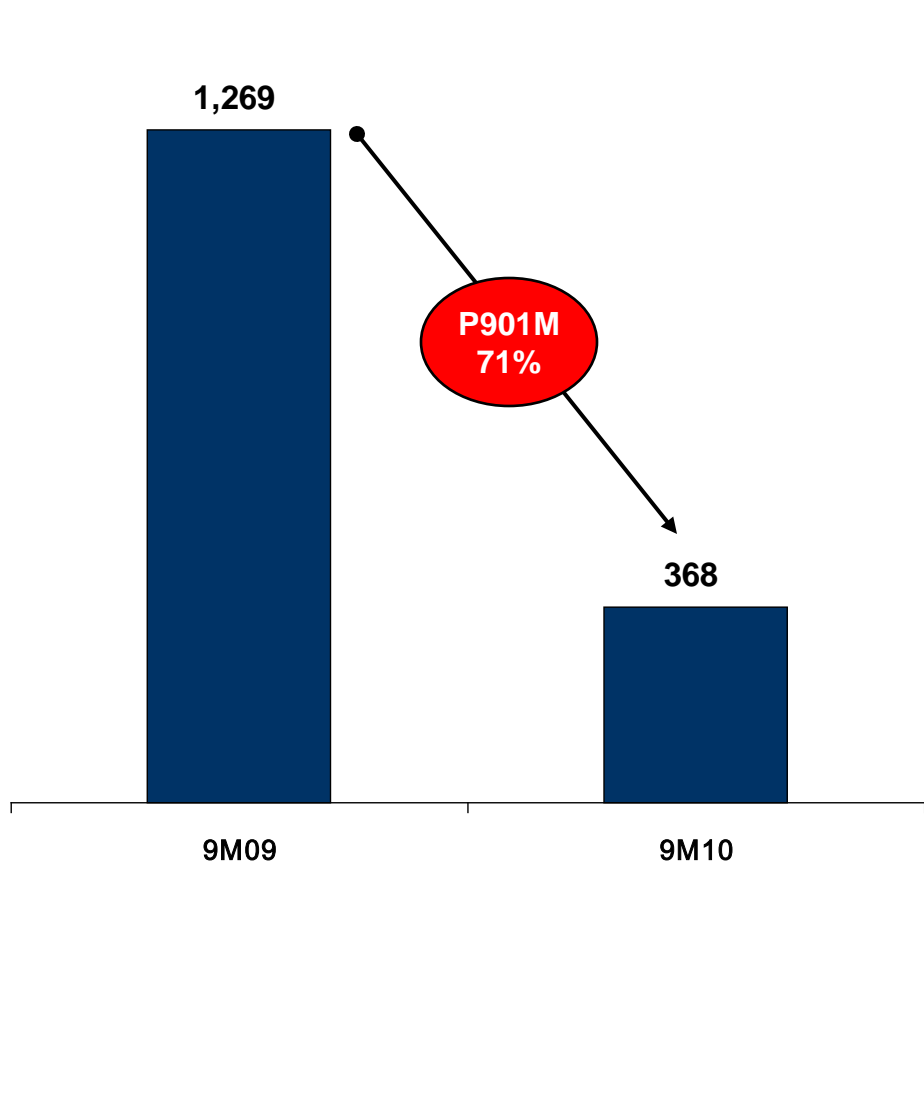
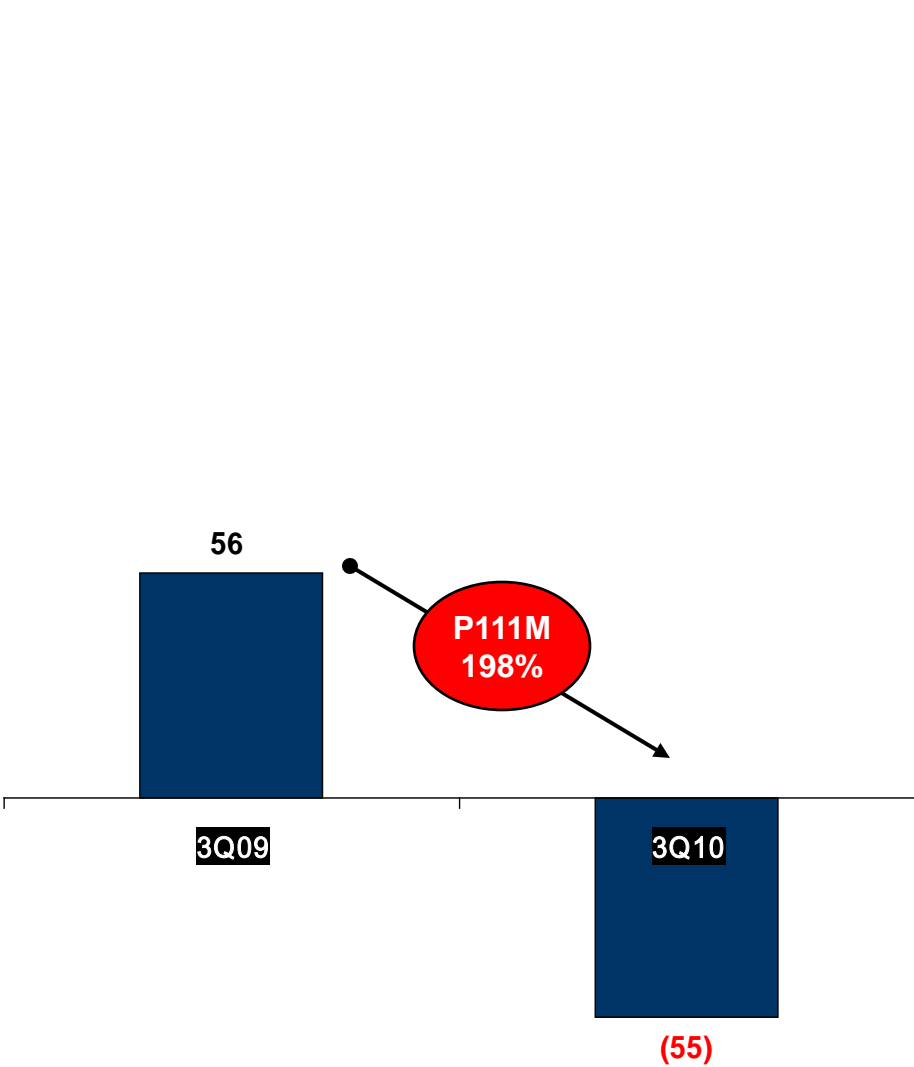
■ Pax volume in Ropax ■ Pax volume in Fast craft

Amounts in Thousand

SuperFerry Capacity



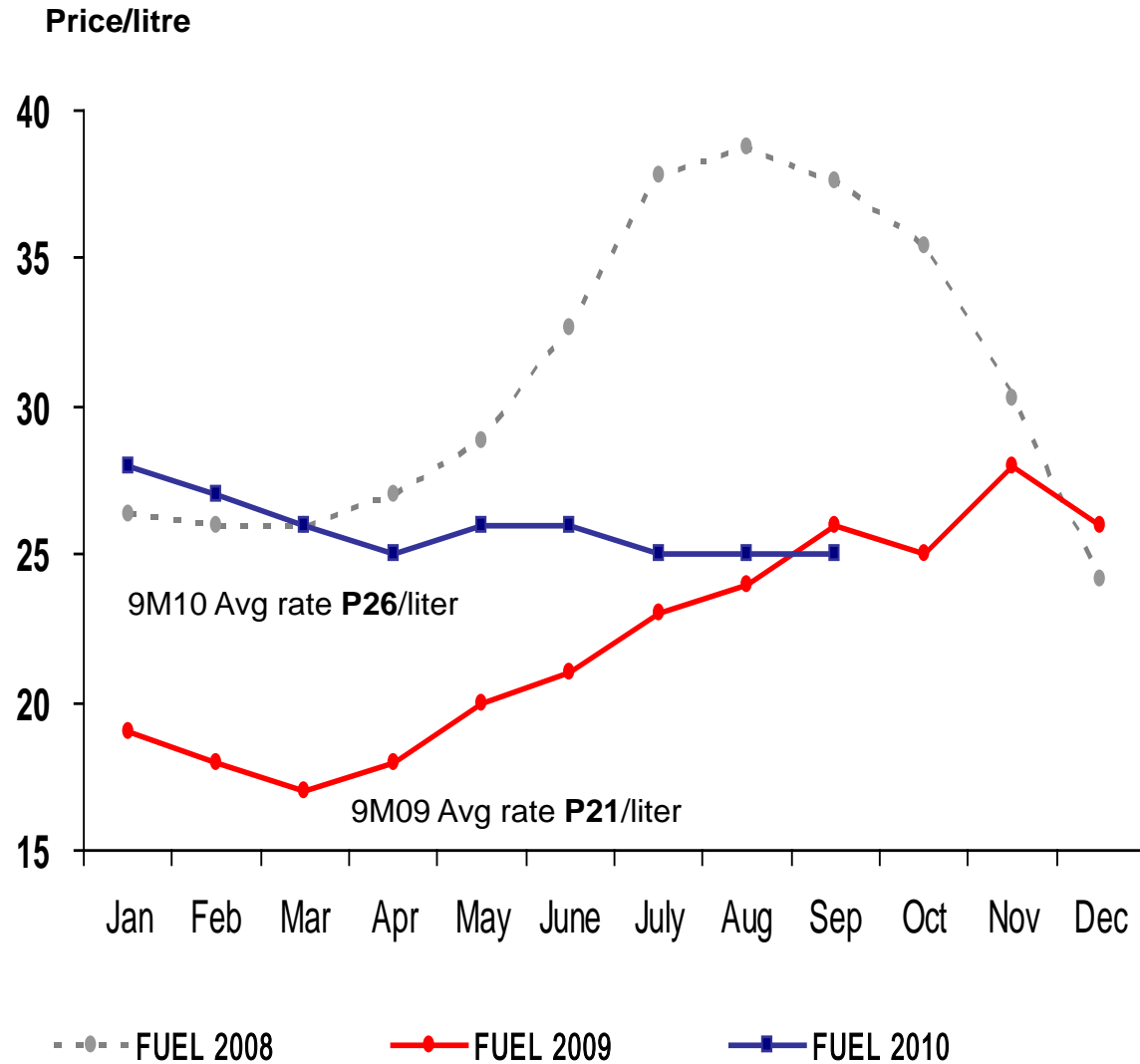
EBITDA



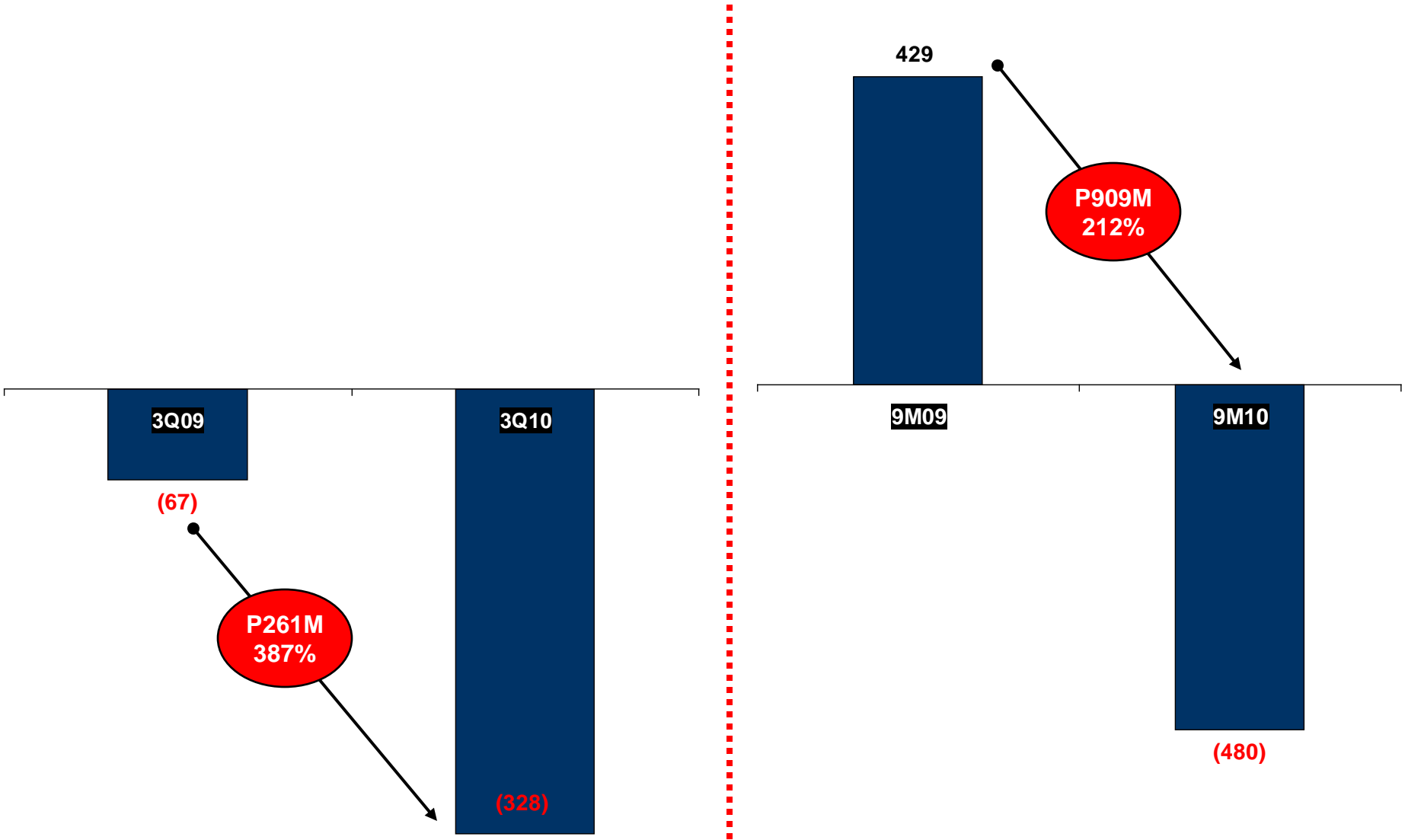
VESSEL FUEL COSTS



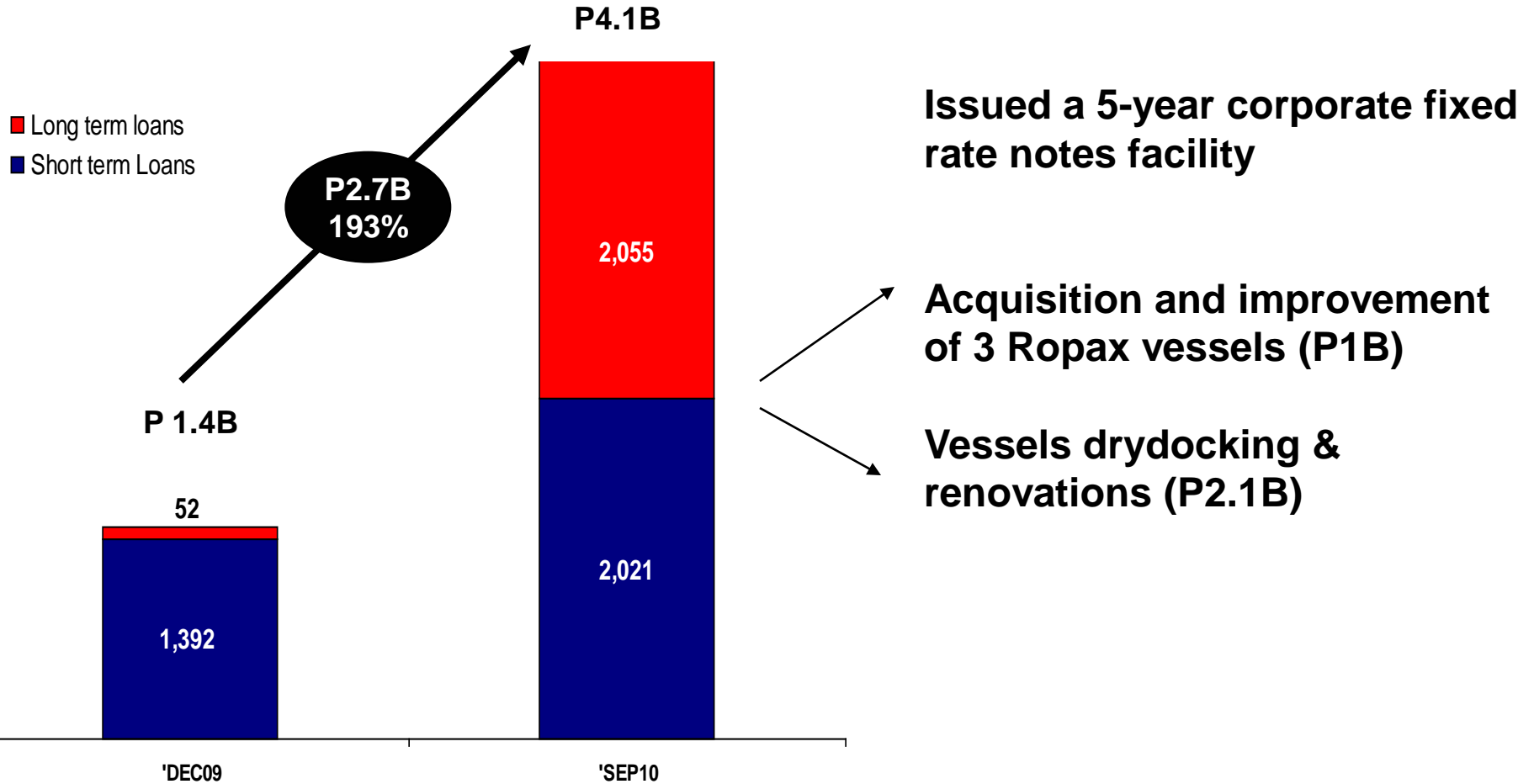
- Total vessel fuel cost is P2.0B, 35% higher vs 9M09
- 26% higher average fuel price per litre



NET INCOME



INTEREST BEARING DEBT

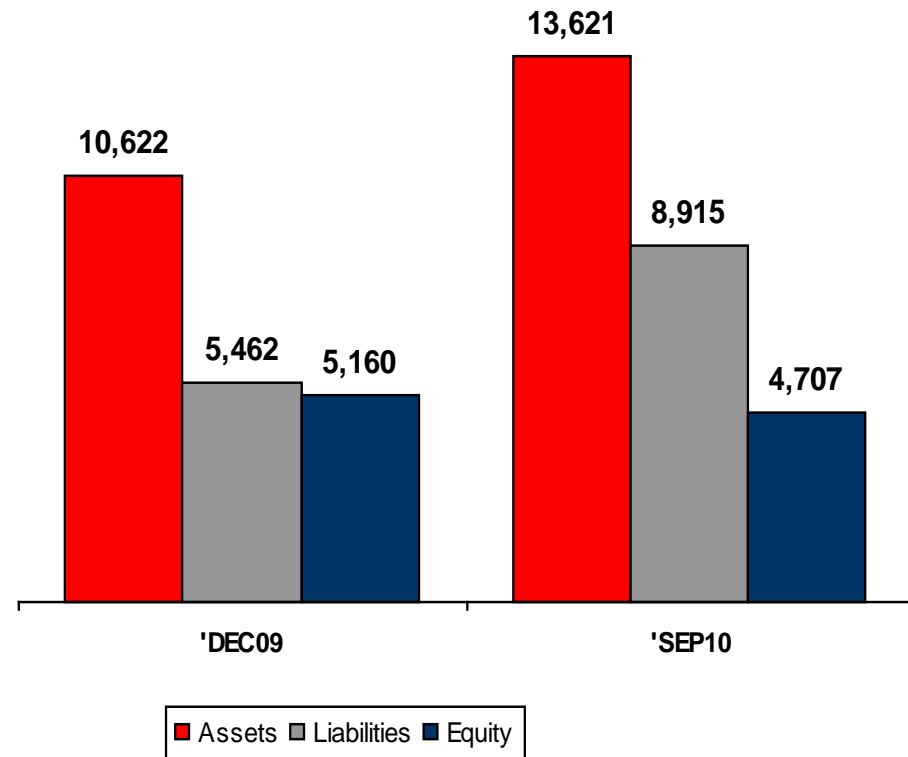


Amounts in Million Pesos

BALANCE SHEET



- Total Assets increased 28% to P13.6B
- Capital expenditures of P3.4B
- Cash & Cash Equivalents of P688M
- D/E ratio of 1.9:1.00 (Int. Bearing Debt / Equity of 0.87:1.00)



Amounts in Million Pesos

OUTLOOK

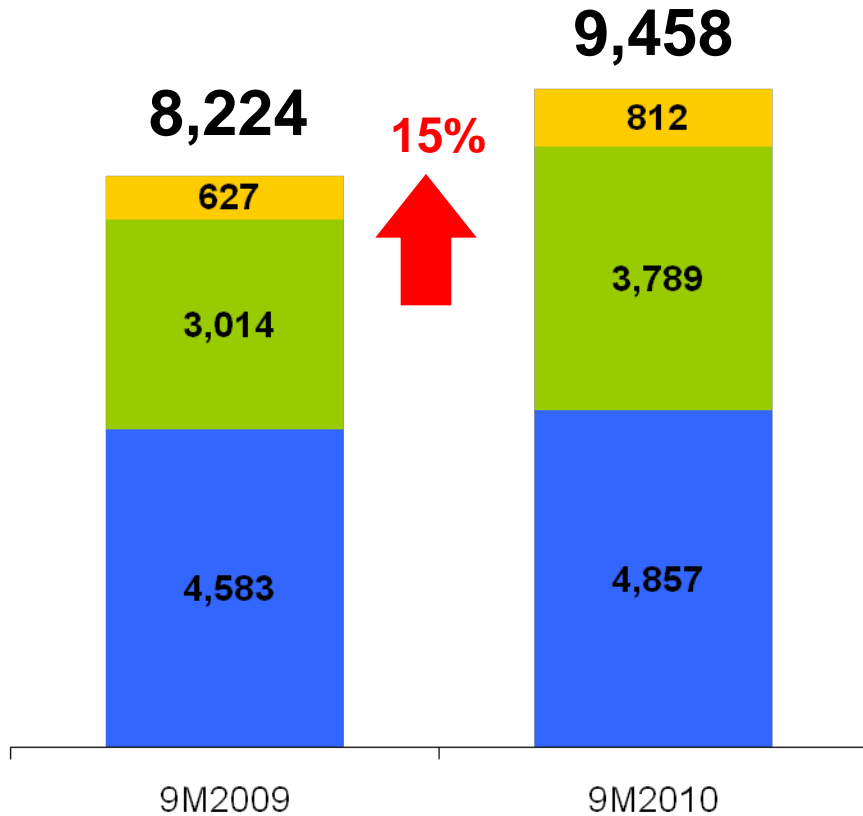
- Maximize earning capacity of assets
- Lower debt
- More frequencies, more reliability, better service
- Providing solutions to its customers at the lowest cost



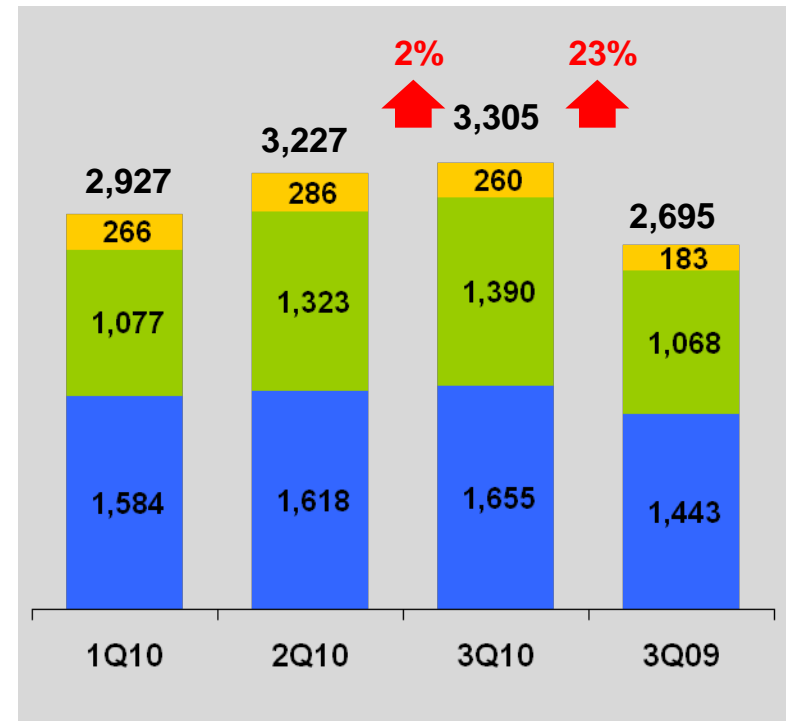
- **Overview**
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FINANCIAL HIGHLIGHTS

REVENUE (in million pesos)



QUARTERLY BREAKDOWN

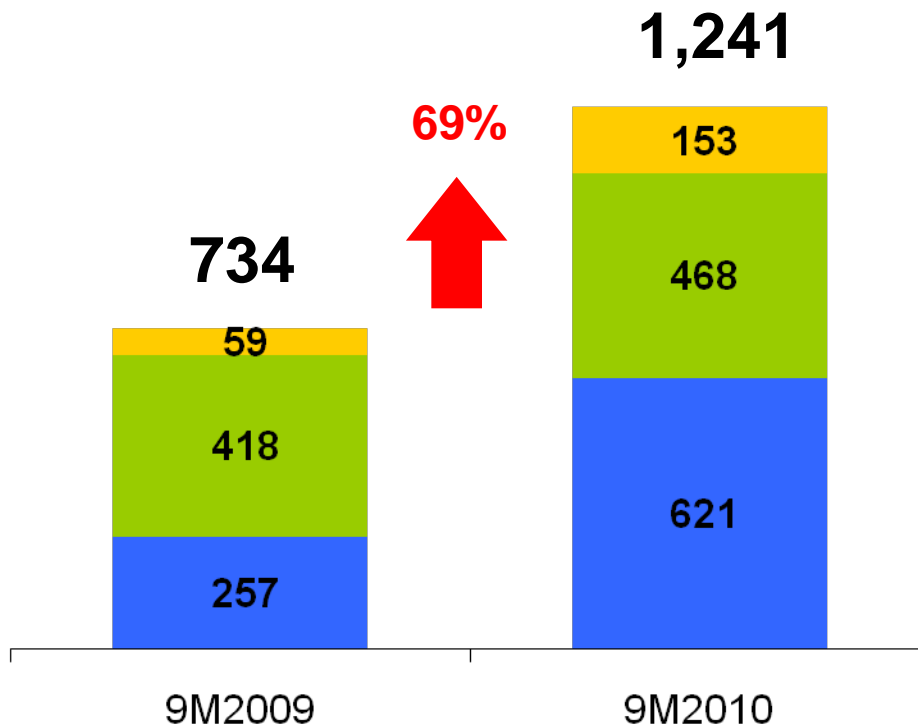


■ Flour ■ Feeds ■ Swine

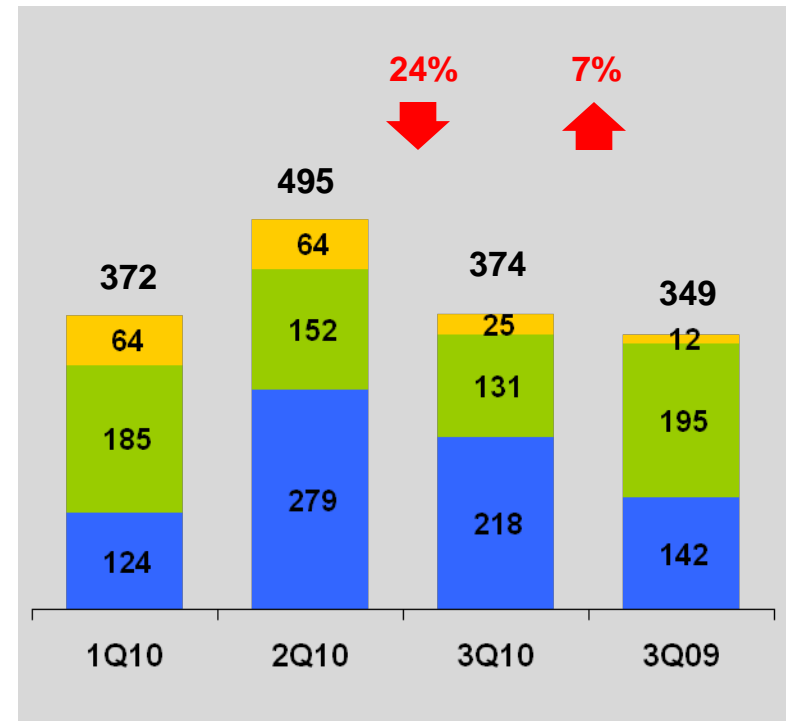
FINANCIAL HIGHLIGHTS



NET INCOME (in million pesos)



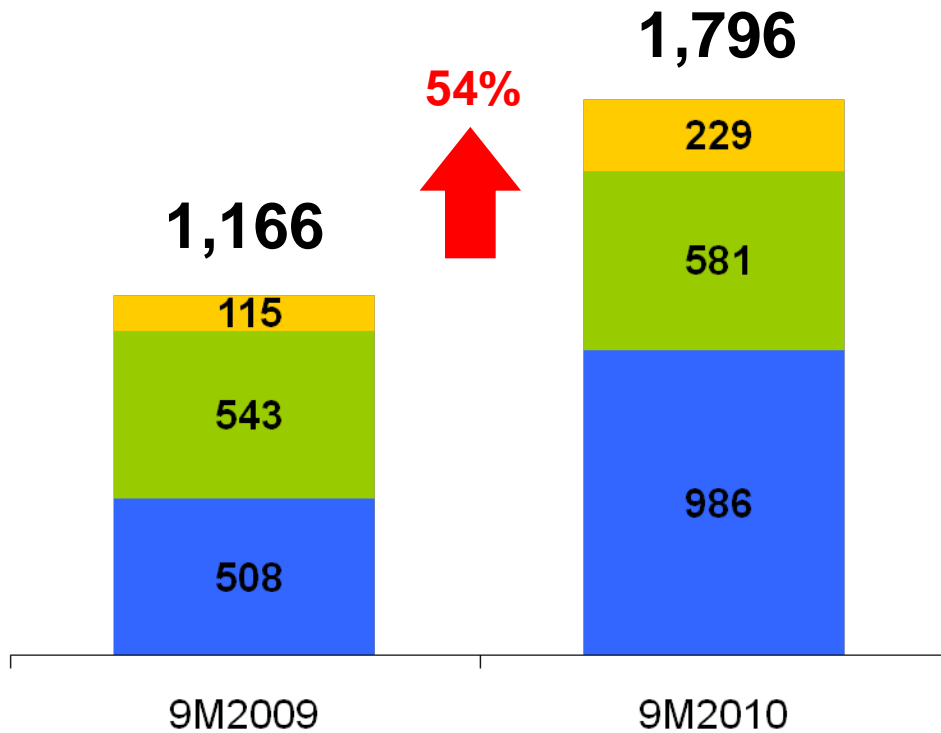
QUARTERLY BREAKDOWN



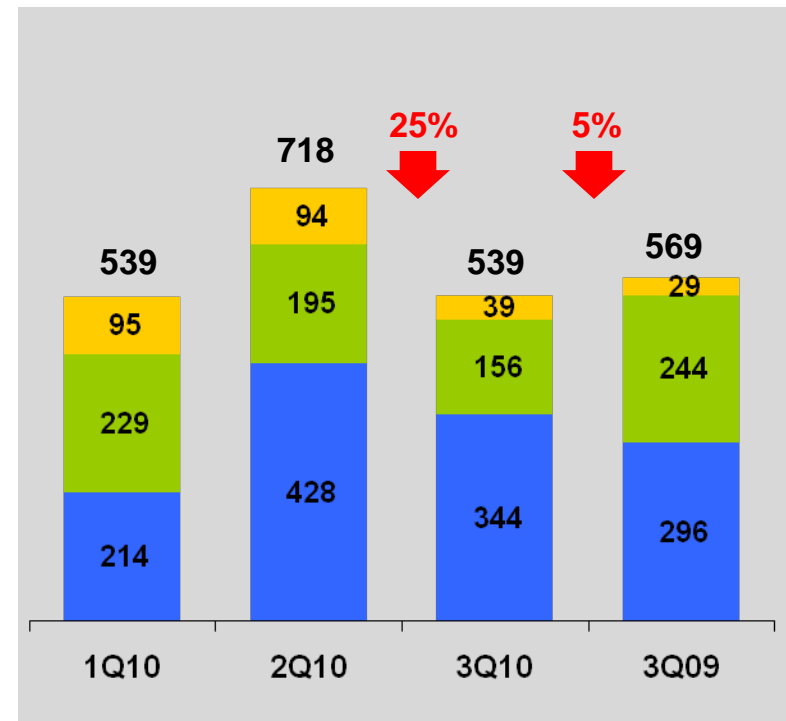
■ Flour
 ■ Feeds
 ■ Swine

FINANCIAL HIGHLIGHTS

EBITDA (in million pesos)



QUARTERLY BREAKDOWN



■ Flour ■ Feeds ■ Swine

Iligan: Feedmill 2

- Commercial operation started in October 2010
- This additional production line has an estimated annual capacity of 115,000 metric tons
- ITH-registered as expansion producer of feeds

Tarlac & Iligan Feedmill:

- Ongoing works for ISO certification of the two feedmill plants

Swine

- Undergoing site preparation for 4th grower-finisher farm. General construction work is slated first week of November 2010.
- Target completion by May 2011

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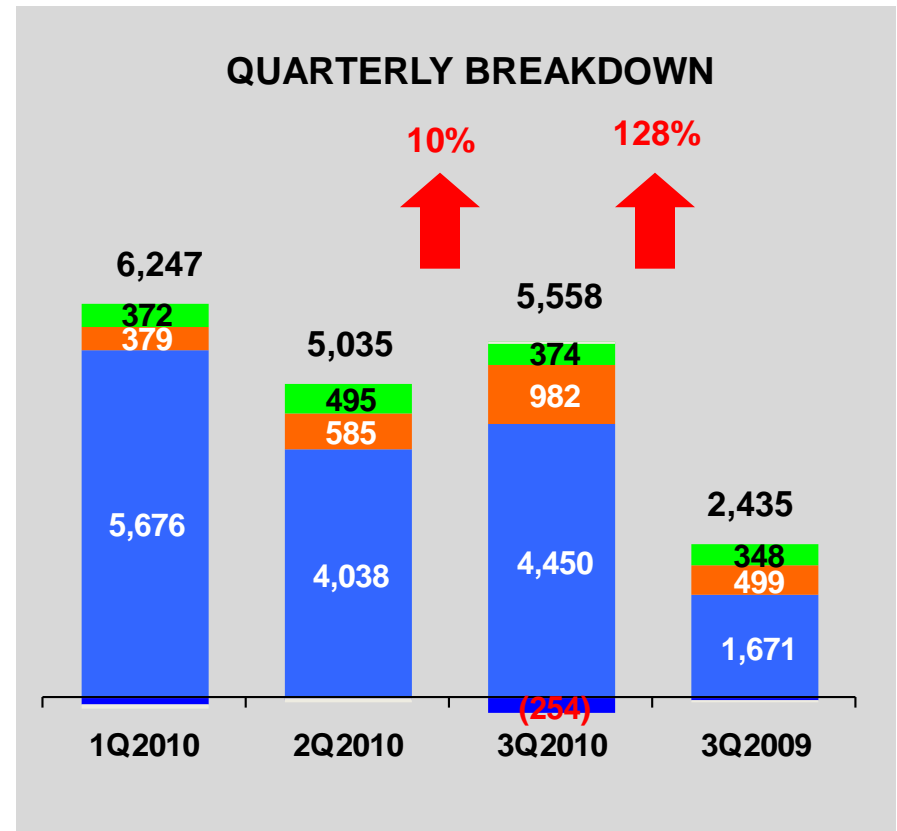
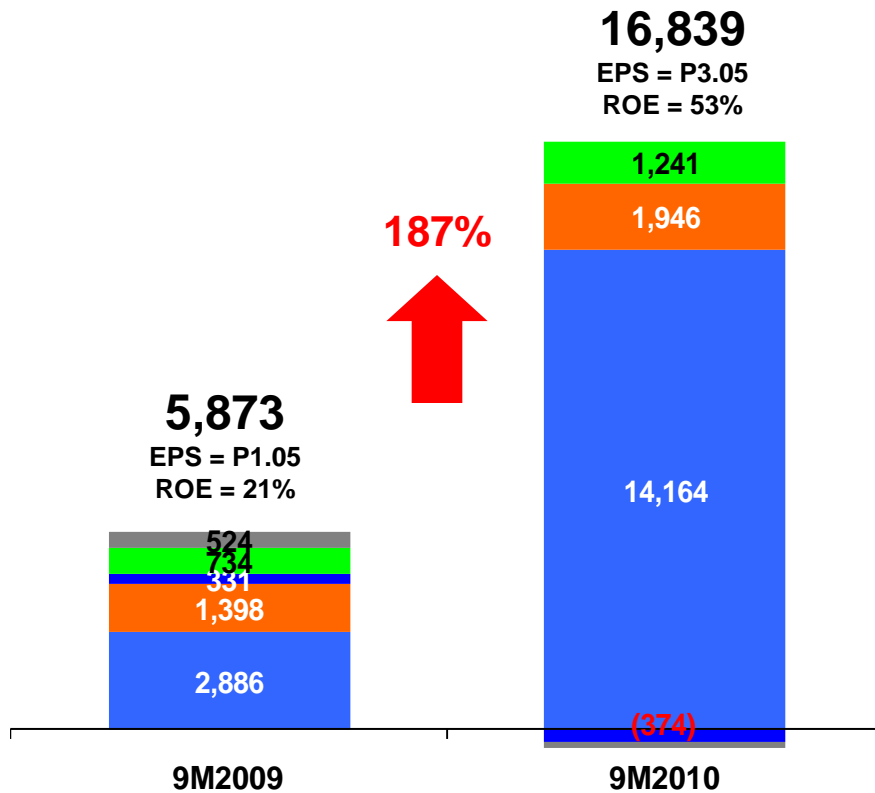
- **AEV Financials**

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CONSOLIDATED PROFIT & LOSS (In Million Pesos)

	3Q2009	3Q2010	% Ch	9M2009	9M2010	% Ch
Revenues	11,571	18,014	56%	30,916	65,194	111%
Equity Earnings	1,304	2,484	90%	3,170	4,457	41%
EBITDA	4,436	9,022	103%	10,015	29,601	196%
Net Income	2,435	5,558	128%	5,873	16,839	187%
Core Net Income	2,321	5,029	117%	5,330	16,430	208%
Core Net Income (Ex Pagbilao Effect)	2,321	6,010	159%	5,330	19,327	263%

NET INCOME (In Million Pesos)



■ Power
 ■ Banking
 ■ Transport
 ■ Food
 ■ Parent & Others

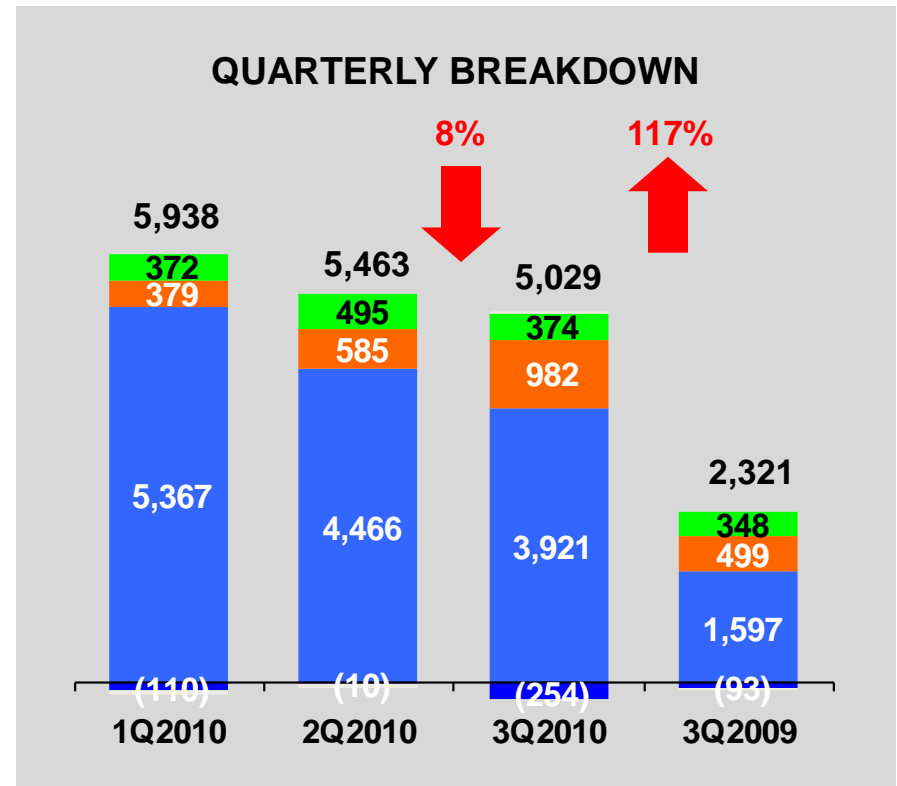
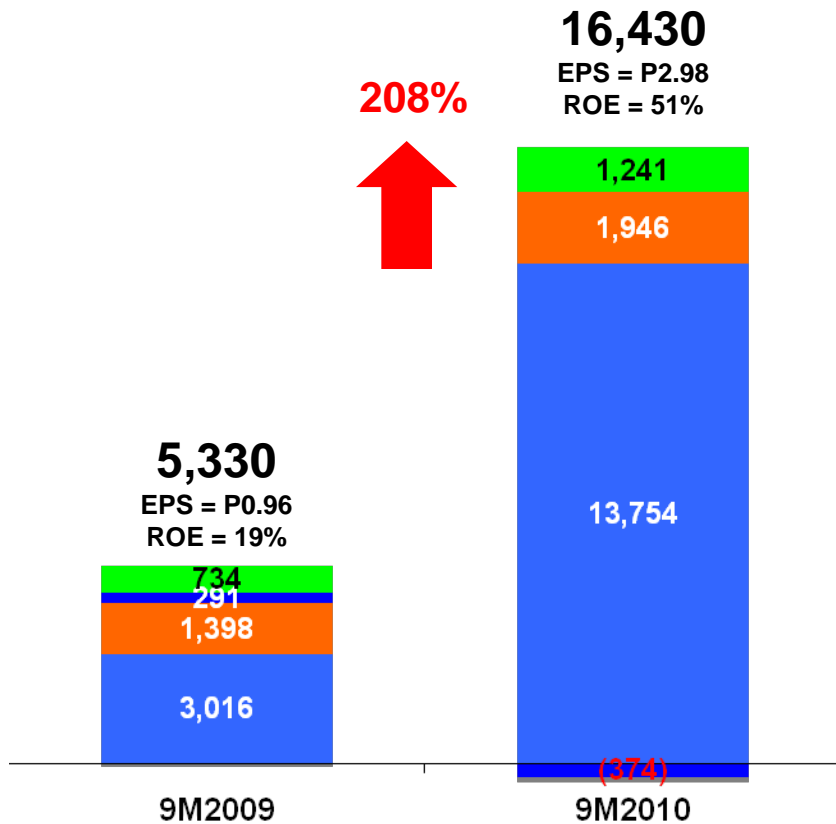
CORE NET INCOME (In Million Pesos)

Non-Recurring Items

	9M2009	9M2010
Parent	633	(1)
Power	(130)	409
Transport	41	-
Total Gains/(Losses)	543	408

Non-Recurring Items

	1Q2010	2Q2010	3Q2010	3Q2009
Parent	(0)	(0)	(0)	(0)
Power	309	(428)	529	73
Transport	-	-	-	41
Total Gains/(Losses)	308	(428)	528	114



■ Power
 ■ Banking
 ■ Transport
 ■ Food
 ■ Parent & Others

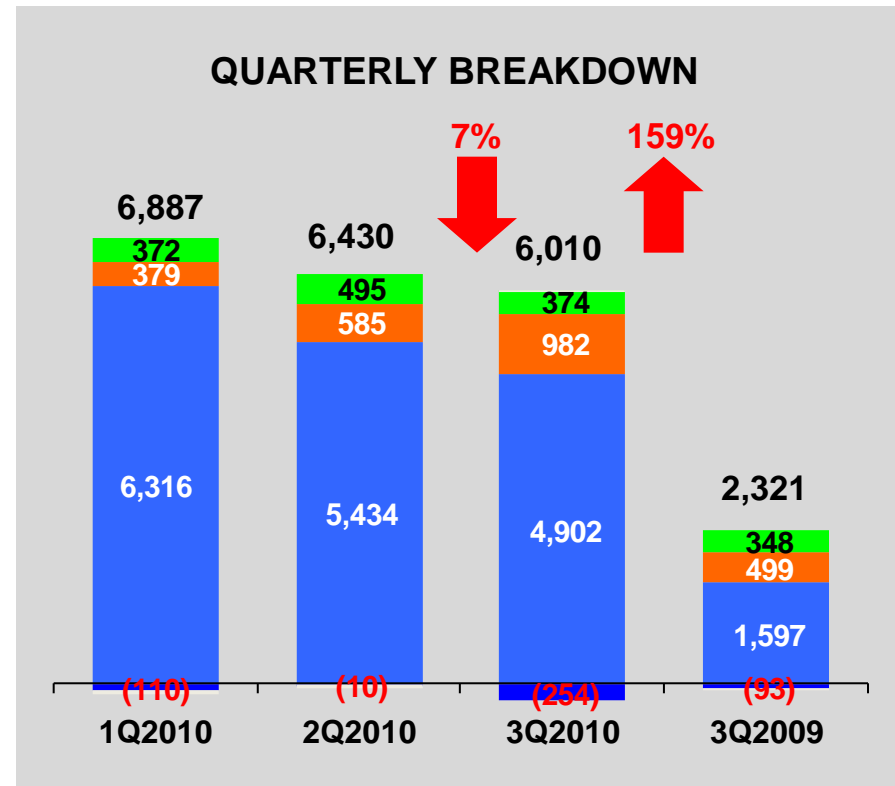
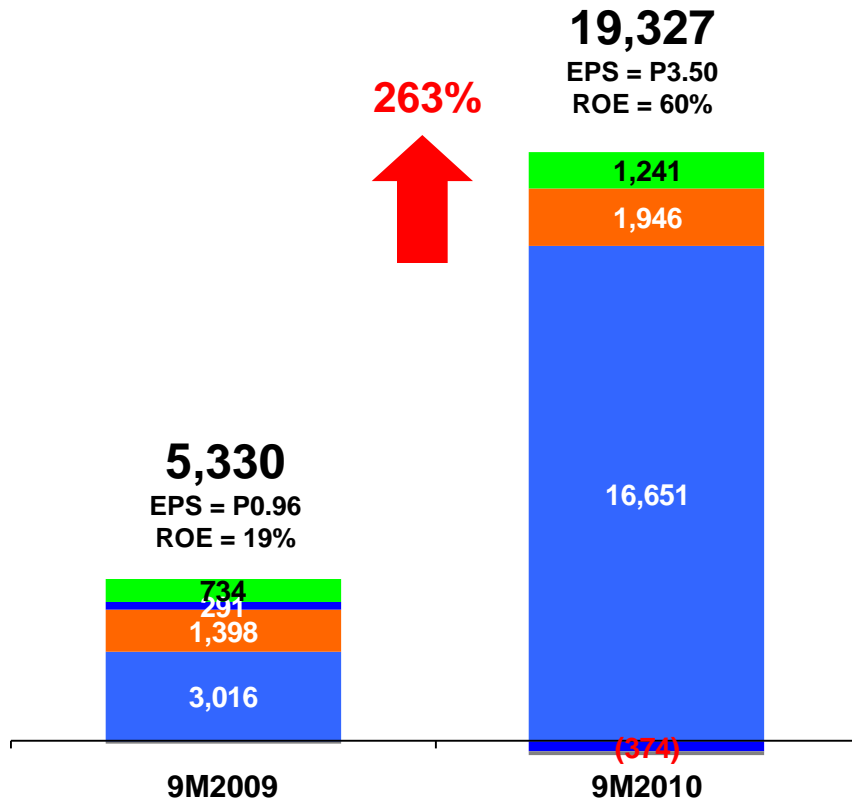
CORE NET INCOME , Ex Pagbilao Effect (In Million Pesos)

Pagbilao Finance Lease Effect

	9M2010
Accreted Interest Expense	2,914
Depreciation	627
PSALM Monthly Payments	<u>(645)</u>
	2,897

Pagbilao Finance Lease Effect

	1Q2010	2Q2010	3Q2010
Accreted Interest Expense	955	973	986
Depreciation	209	209	209
PSALM Monthly Payments	<u>(215)</u>	<u>(215)</u>	<u>(215)</u>
	949	968	980

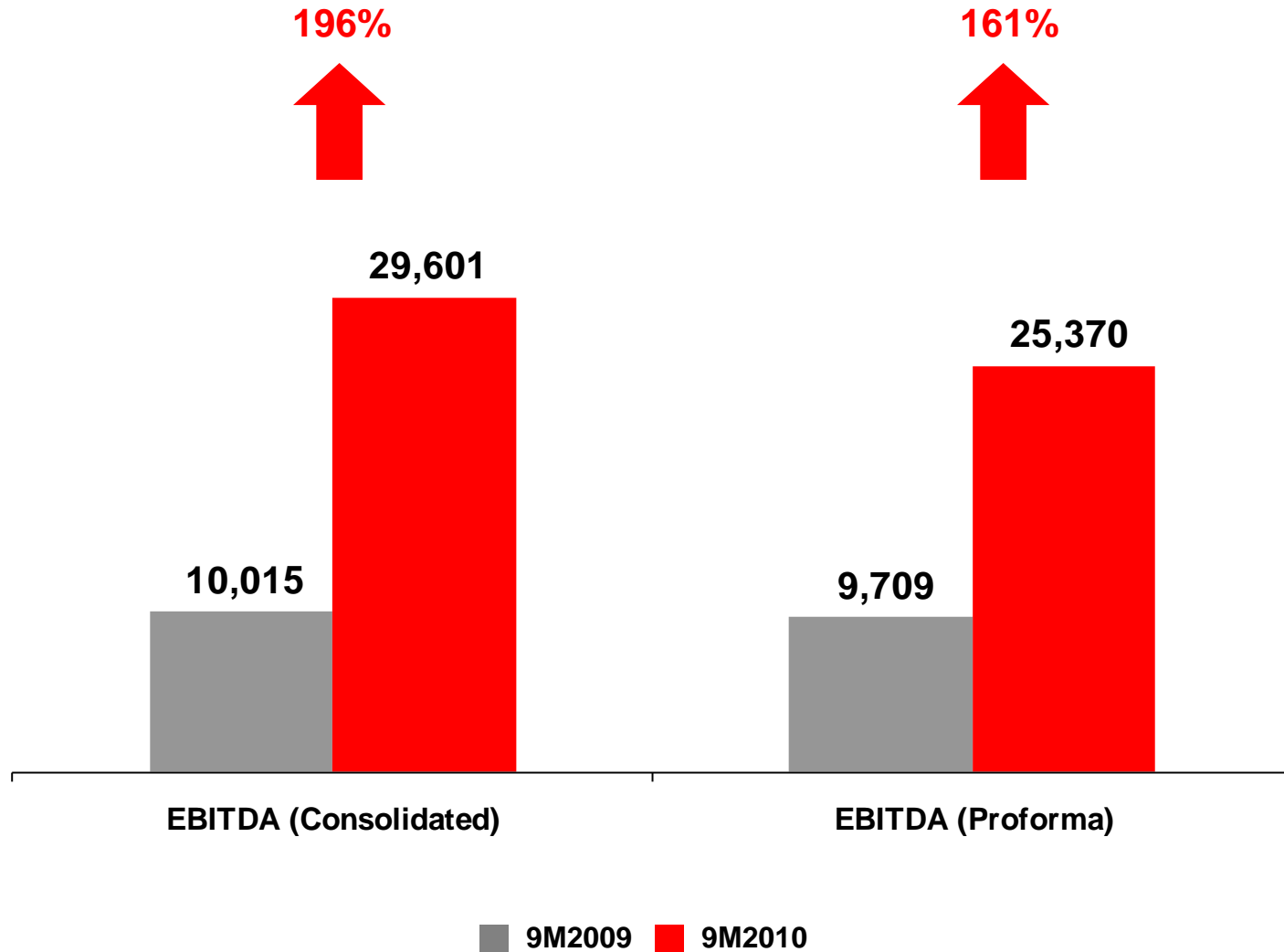


■ Power
 ■ Banking
 ■ Transport
 ■ Food
 ■ Parent & Others

EARNINGS CONTRIBUTION (In Million Pesos)

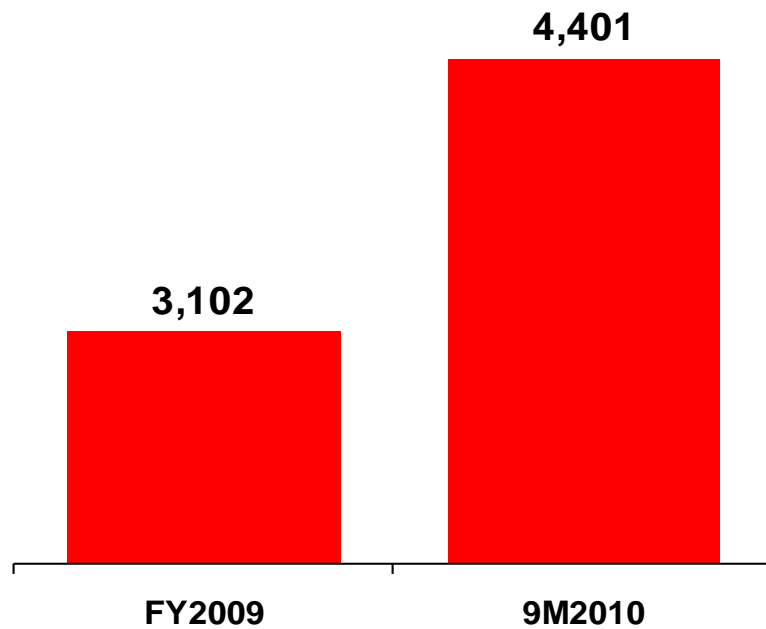
	3Q2009	3Q2010	% Ch	9M2009	9M2010	% Ch
Aboitiz Power Corp.	1,671	4,450	166%	2,886	14,164	391%
City Savings Bank	26	49	87%	56	110	97%
Union Bank	473	933	97%	1,342	1,836	37%
ATSC	(53)	(254)	-384%	331	(374)	-213%
Pilmico	348	374	7%	734	1,241	69%
Parent & Others	(31)	6	--	524	(137)	--
Net Income	2,435	5,558	128%	5,873	16,839	187%
Core Net Income	2,321	5,029	117%	5,330	16,430	208%
Core Net Income (Ex Pagbilao Effect)	2,321	6,010	159%	5,330	19,327	263%

EBITDA (In Million Pesos)

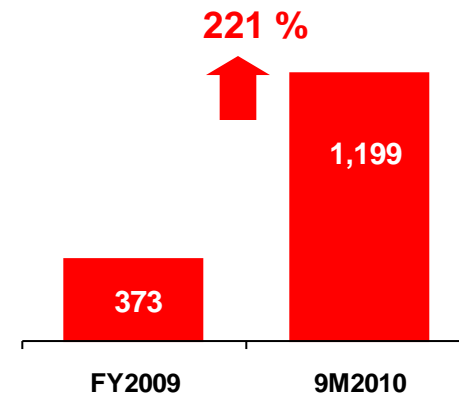


PARENT NET DEBT (In Million Pesos)

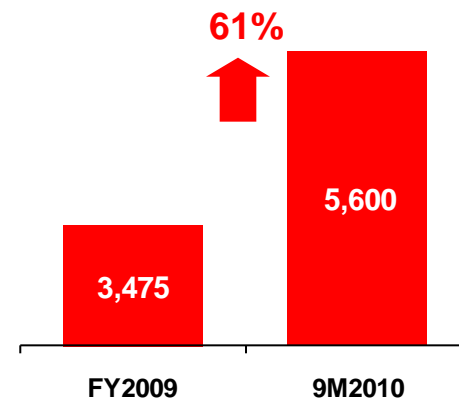
- Parent net debt increased by 42% from end-2009 level



Cash & Equivalents



Long-term Debt



CONSOLIDATED BALANCE SHEET / KEY RATIOS

(In Million Pesos, except ratios)	YE2009	9M2010	% Change
Cash and Cash Equivalents	5,582	12,118	117%
Total Assets	143,281	164,507	15%
Total Liabilities	88,639	91,593	3%
Total Equity	54,642	72,914	33%
Book Value Per Share	8.09	10.72	
Current Ratio	0.79	1.25	
Debt to Equity	1.62	1.26	
Net Debt to Equity	1.28	0.86	

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Equity Ventures

Third Quarter / YTD September 2010
Financial & Operating Results
5 November 2010
