



November 25, 2019

Securities and Exchange Commission
SEC Building, Mandaluyong City

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

The Philippine Stock Exchange, Inc.
6/F Philippine Stock Exchange Tower
5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Philippine Dealing and Exchange Corporation
29/F BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: **Ms. Vina Vanessa S. Salonga**
Head, Issuer Compliance and Disclosure Department

Mesdames/Gentlemen:

AC Energy, Inc., ("AC Energy"), Ayala Corporation's energy platform, has announced a mandate to BPI Capital as Sole Global Coordinator and BPI Capital, CLSA, Credit Suisse and UBS as Joint Lead Managers and Joint Bookrunners in relation to the proposed offering of fixed for life (non-deferrable) senior perpetual non-call 3-year green notes (the "Notes"), subject to market conditions. The Notes will be issued by AC Energy Finance International Limited, a wholly-owned subsidiary of AC Energy, and will be guaranteed by AC Energy.

As a requirement for the Notes, AC Energy will be submitting its Pro-forma Financial Information as at September 30, 2019 and for the Nine-Month Period Ended September 30, 2019 and Year Ended December 31, 2018 (a copy of which is attached hereto) as part of the offering circular.

Very truly yours,

A handwritten signature in black ink, appearing to read 'PFB', followed by a horizontal line.

PAOLO MAXIMO F. BORROMEEO
Managing Director

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
Nov 25, 2019
2. SEC Identification Number
34218
3. BIR Tax Identification No.
000-153-610-000
4. Exact name of issuer as specified in its charter
AYALA CORPORATION
5. Province, country or other jurisdiction of incorporation
PHILIPPINES
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City
Postal Code
1226
8. Issuer's telephone number, including area code
(02)7908-3000
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	627,340,946
Preferred B Series 1 Shares	20,000,000
Preferred B Series 2 Shares	27,000,000
Voting Preferred Shares	200,000,000

11. Indicate the item numbers reported herein
item 9

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Ayala Corporation AC

PSE Disclosure Form 4-30 - Material Information/Transactions References: SRC Rule 17 (SEC Form 17-C) and Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

AC Energy announces mandate for notes offering

Background/Description of the Disclosure

AC Energy, Inc., ("AC Energy"), Ayala Corporation's energy platform, has announced a mandate to BPI Capital as Sole Global Coordinator and BPI Capital, CLSA, Credit Suisse and UBS as Joint Lead Managers and Joint Bookrunners in relation to the proposed offering of fixed for life (non-deferrable) senior perpetual non-call 3-year green notes (the "Notes"), subject to market conditions. The Notes will be issued by AC Energy Finance International Limited, a wholly-owned subsidiary of AC Energy, and will be guaranteed by AC Energy.

As a requirement for the Notes, AC Energy will be submitting its Pro-forma Financial Information as at September 30, 2019 and for the Nine-Month Period Ended September 30, 2019 and Year Ended December 31, 2018 (a copy of which is attached hereto) as part of the offering circular.

Other Relevant Information

AC Energy is the energy platform of Ayala, one of the largest business groups in the Philippines. AC Energy is one of the fastest growing energy companies with over \$1 billion of invested and committed equity in renewable and thermal energy in the Philippines and around the region. The company aspires to exceed 5 GW of attributable capacity and generate at least fifty percent of energy from renewables by 2025.

These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or in any other jurisdiction where it is unlawful to do so. The securities to which these materials relate have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state of the United States or other jurisdiction and may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act), except pursuant to registration or an exemption from the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

The Notes are not and will not be registered with the Philippine Securities and Exchange Commission. Any future offer or sale of the securities in the Philippines is subject to the registration requirements under the Philippine Securities Regulation Code, unless such offer or sale qualifies as a transaction exempt from these requirements.

Filed on behalf by:

Name	Celeste Jovenir
Designation	Investor Relations Head

AC Energy, Inc. and Subsidiaries

Pro Forma Condensed Consolidated
Financial Information
As at September 30, 2019
and for the Nine-Month Period Ended
September 30, 2019 and Year Ended
December 31, 2018

and

Report on Review of
Pro Forma Condensed Consolidated
Financial Information



**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON
THE COMPILATION OF THE PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS**

The Stockholders and the Board of Directors
AC Energy, Inc. and Subsidiaries

We have completed our assurance engagement to report on the compilation of the pro forma condensed consolidated financial information of AC Energy, Inc. and its subsidiaries by the Company's management. The pro forma condensed consolidated financial information consists of the pro forma consolidated statement of financial position as at September 30, 2019, the pro forma consolidated statements of comprehensive income, pro forma consolidated statements of changes in equity, and pro forma consolidated statements of cash flows for the nine-month period ended September 30, 2019 and year ended December 31, 2018, and related notes. The applicable criteria on the basis of which the Company's management has compiled the pro forma condensed financial information are described in Note 2 to the pro forma condensed consolidated financial information.

The pro forma financial information has been compiled by the Company's management to illustrate the impact of the transaction set out in Note 3 on the Group's financial position as at September 30, 2019 as if the transactions had taken place as of those dates, and the Group's financial performance and cash flows for the nine-month period ended September 30, 2019 and year ended December 31, 2018, as if the transactions had taken place at January 1, the beginning of the periods presented. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by Company's management from the Group's audited financial statements for the year December 31, 2018 for which an audit report has been issued on February 28, 2019 and interim condensed consolidated financial statements for the nine-month period ended September 30, 2019, on which a review report has been issued on November 21, 2019.

Responsibility for the Pro Forma Condensed Financial Information

The Company's management is responsible for compiling the pro forma condensed consolidated financial information on the basis of the applicable criteria set out in Note 2 to the pro forma condensed consolidated financial information.

Auditor's Responsibilities

Our responsibility is to express an opinion, as required by Section 8, Part II of the Securities Regulation Code 68, As Amended (SRC Rule 68), about whether the pro forma condensed consolidated financial information has been compiled, in all material respects, by the Company's management on the basis of the applicable criteria set out in Note 2 to the pro forma condensed consolidated financial information.



We conducted our engagement in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro forma condensed consolidated financial information on the basis of the applicable criteria set out in Note 2 on the pro forma condensed consolidated financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma condensed consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma condensed consolidated financial information.

The purpose of pro forma condensed consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at September 30, 2019 or as the beginning of each period presented, would have been as presented.

As reasonable assurance engagement to report on whether the pro forma condensed consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's management in the compilation of the pro forma condensed consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma condensed consolidated financial information reflects the proper application of those

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Group, the event or transaction in respect of which the pro forma condensed consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma condensed consolidated financial information.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the pro forma condensed consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 to the pro forma condensed consolidated financial information.

SYCIP GORRES VELAYO & CO.



John T. Villa

Partner

CPA Certificate No. 94065

SEC Accreditation No. 1729-A (Group A),

December 18, 2018, valid until December 17, 2021

Tax Identification No. 901-617-005

BIR Accreditation No. 08-001998-76-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 7332628, January 3, 2019, Makati City

November 21, 2019



AC ENERGY, INC. AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.I)	Pro Forma Balances (Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	₱20,819,896,913	₱—	₱20,819,896,913
Financial assets at fair value through profit or loss	759,217,484	—	759,217,484
Current portion of receivables	5,213,954,900	—	5,213,954,900
Input value-added taxes	154,997,288	—	154,997,288
Other current assets	1,508,843,029	—	1,508,843,029
	28,456,909,614	—	28,456,909,614
Assets held for sale (Note 3, I)	60,641,658,357	(60,641,658,357)	—
Total Current Assets	89,098,567,971	(60,641,658,357)	28,456,909,614
Noncurrent Assets			
Investments in:			
Equity instruments at fair value through other comprehensive income	21,621,378,211	—	21,621,378,211
Associates and joint ventures	24,702,720,022	—	24,702,720,022
Redeemable preferred shares	1,655,428,016	—	1,655,428,016
Property, plant and equipment:			
Property, plant and equipment	30,735,464,831	—	30,735,464,831
Project development cost	224,663,733	—	224,663,733
Right-of-use assets	1,395,303,208	—	1,395,303,208
Investment property	233,430,247	—	233,430,247
Receivables - net of current portion (Note 3, I)	5,298,620,198	18,244,030,017	23,542,650,215
Input value-added-tax - net of current portion	335,759,255	—	335,759,255
Deposits	119,323,797	—	119,323,797
Intangible assets:			
Goodwill	1,860,169,887	—	1,860,169,887
Intangible assets other than goodwill	108,978,425	—	108,978,425
Deferred tax assets – net	1,257,219,719	—	1,257,219,719
Other noncurrent assets	928,180,783	—	928,180,783
Total Noncurrent Assets	90,476,640,332	18,244,030,017	108,720,670,349
	₱179,575,208,303	(₱42,397,628,340)	₱137,177,579,963

LIABILITIES AND EQUITY

Current Liabilities			
Accounts and other payables	₱5,482,836,373	₱—	₱5,482,836,373
Current portion of loans payable	1,599,907,717	—	1,599,907,717
Other current liabilities	331,114,881	—	331,114,881
	7,413,858,971	—	7,413,858,971
Liabilities held for sale (Note 3, I)	41,669,879,868	(41,669,879,868)	—
Total Current Liabilities	49,083,738,839	(41,669,879,868)	7,413,858,971

(Forward)



	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.I)	Pro Forma Balances (Unaudited)
Noncurrent Liabilities			
Deferred tax liability - net	₱775,729,472	₱—	₱775,729,472
Notes payable	21,132,221,249	—	21,132,221,249
Loans payable - net of current portion	20,543,589,710	—	20,543,589,710
Other noncurrent liabilities	4,601,042,250	—	4,601,042,250
Total Noncurrent Liabilities	47,052,582,681	—	47,052,582,681
Total Liabilities	96,136,321,520	(41,669,879,868)	54,466,441,652
Equity			
Attributable to equity holders of Parent Company:			
Paid-in capital	24,374,720,900	—	24,374,720,900
Deposits on future stock subscription	3,412,500,000	—	3,412,500,000
Cumulative translation adjustments (Note 3, I)	178,637,627	(625,737,260)	(447,099,633)
Equity reserves	30,786,116	—	30,786,116
Net unrealized gain on equity instruments at fair value through other comprehensive income	(163,022,157)	—	(163,022,157)
Remeasurement gain on defined benefit obligation - net of tax	4,087,334	—	4,087,334
Retained earnings (Note 3, I)	28,457,950,209	4,422,051,582	32,880,001,791
	56,295,660,029	3,796,314,322	60,091,974,351
Non-controlling interests (Note 3, I)	27,143,226,754	(4,524,062,794)	22,619,163,960
	83,438,886,783	(727,748,472)	82,711,138,311
	₱179,575,208,303	(₱42,397,628,340)	₱137,177,579,963

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.II)	Pro Forma Balances (Unaudited)
REVENUE			
Rendering of services	₱5,054,320,502	₱—	₱5,054,320,502
Equity in net income of associates and joint ventures	901,807,625	—	901,807,625
Other revenues (Note 3, II)	2,210,711,410	(1,735,234,210)	475,477,200
	8,166,839,537	(1,735,234,210)	6,431,605,327
OTHER INCOME			
Gains on acquisition and disposal of investments	25,319,328,163	—	25,319,328,163
Interest income	903,559,026	(858,716)	902,700,310
Mark-to-market gains (Note 3, II)	201,222,630	(364,519,950)	(163,297,320)
Other income	471,442,269	—	471,442,269
	26,895,552,088	(365,378,666)	26,530,173,422
COST AND EXPENSES			
Cost of power operations	4,428,851,446	—	4,428,851,446
Interest expense	1,495,676,293	(59,286,012)	1,436,390,281
Salaries, wages and employee benefits (Note 3, II)	1,264,434,997	(161,884,414)	1,102,550,583
Professional fees	880,524,423	—	880,524,423
Taxes and licenses	475,314,961	(34,918,086)	440,396,875
Provision for impairment losses	535,000,000	—	535,000,000
Mark-to-market losses	276,562,698	—	276,562,698
Depreciation and amortization	162,171,696	(36,811,184)	125,360,512
Management fee	88,564,374	(53,058,910)	35,505,464
Transportation and travel	53,875,093	(16,673,963)	37,201,130
Supplies	22,418,105	(15,485,407)	6,932,698
Repairs and maintenance	18,449,850	—	18,449,850
Postal and communication	11,322,865	(9,808,041)	1,514,824
Retirement benefits expense	7,967,539	—	7,967,539
Entertainment, amusement and recreation	5,671,030	(884,529)	4,786,501
Miscellaneous	203,206,428	(43,670,421)	159,536,007
	9,930,011,798	(432,480,967)	9,497,530,831
INCOME BEFORE INCOME TAX	25,132,379,827	(1,668,131,909)	23,464,247,918
PROVISION FOR INCOME TAX (Note 3, II)	204,828,872	45,676,249	250,505,121
NET INCOME	24,927,550,955	(1,713,808,158)	23,213,742,797
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustments (Note 3, II)	(1,302,636,263)	208,741,515	(1,093,894,748)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized fair value loss on investments at fair value through other comprehensive income	(184,698,287)	—	(184,698,287)
TOTAL COMPREHENSIVE INCOME	₱23,440,216,405	(₱1,505,066,643)	₱21,935,149,762

(Forward)



	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.II)	Pro Forma Balances (Unaudited)
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱24,468,248,723	(₱1,469,071,554)	₱22,999,177,169
Non-controlling interests	459,302,232	(244,736,604)	214,565,628
	₱24,927,550,955	(₱1,713,808,158)	₱23,213,742,797
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱22,980,914,173	(₱1,260,330,039)	₱21,720,584,134
Non-controlling interests	459,302,232	(244,736,604)	214,565,628
	₱23,440,216,405	(₱1,505,066,643)	₱21,935,149,762

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

	AC Energy, Inc. and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3. II)	Pro Forma Balances (Unaudited)
REVENUE			
Rendering of services	₱4,657,934,920	₱–	₱4,657,934,920
Equity in net income of associates and joint ventures	2,729,758,452	–	2,729,758,452
Others (Note 3, II)	2,671,674,705	(1,918,845,608)	752,829,097
	10,059,368,077	(1,918,845,608)	8,140,522,469
OTHER INCOME			
Interest income	768,665,493	(1,140,377)	767,525,116
Mark-to-market gains (Note 3, II)	45,034,709	(45,030,045)	4,664
	813,700,202	(46,170,422)	767,529,780
COST AND EXPENSES			
Cost of power operations	3,626,939,372	–	3,626,939,372
Interest expense	397,473,722	(6,839,712)	390,634,010
Salaries, wages and employee benefits (Note 3, II)	373,812,909	(148,699,794)	225,113,115
Taxes and licenses	327,904,841	(56,476,191)	271,428,650
Professional fees	317,092,549	(59,765,296)	257,327,253
Depreciation and amortization	202,295,584	(32,686,947)	169,608,637
Management fee	168,025,909	–	168,025,909
Foreign exchange losses – net	78,428,360	61,941,269	140,369,629
Transportation and travel	52,302,309	(22,205,622)	30,096,687
Repairs and maintenance	31,167,669	–	31,167,669
Postal and communication	19,677,320	(11,185,746)	8,491,574
Retirement expense	17,249,531	–	17,249,531
Mark-to-market loss	15,700,000	–	15,700,000
Provision for impairment losses	14,806,769	–	14,806,769
Supplies	14,475,670	(7,657,481)	6,818,189
Entertainment, amusement and recreation	10,584,707	(1,260,368)	9,324,339
Miscellaneous	59,820,713	(33,611,848)	26,208,865
	5,727,757,934	(318,447,736)	5,409,310,198
INCOME BEFORE INCOME TAX	5,145,310,345	(1,646,568,294)	3,498,742,051
PROVISION FOR INCOME TAX (Note 3, II)	862,169,518	(779,434,922)	82,734,596
NET INCOME	4,283,140,827	(867,133,372)	3,416,007,455
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustment (Note 3, II)	271,216,119	(521,636,304)	(250,420,185)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized fair value gain on investments at fair value through other comprehensive income	21,676,130	–	21,676,130
Remeasurement gain on defined benefit obligation - net of tax	1,094,589	–	1,094,589
TOTAL COMPREHENSIVE INCOME	₱4,577,127,665	(₱1,388,769,676)	₱3,188,357,989

(Forward)



	AC Energy, Inc. and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3. II)	Pro Forma Balances (Unaudited)
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱4,070,401,583	(₱751,608,969)	₱3,318,792,614
Non-controlling interests	212,739,244	(115,524,403)	97,214,841
	₱4,283,140,827	(₱867,133,372)	₱3,416,007,455
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱4,364,388,421	(₱1,273,245,273)	₱3,091,143,148
Non-controlling interests	212,739,244	(115,524,403)	97,214,841
	₱4,577,127,665	(₱1,388,769,676)	₱3,188,357,989

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND THE YEAR ENDED DECEMBER 31, 2018

	Capital Stock	Paid-in Capital Subscription Receivable	Redeemable Common Stock	Deposit for Future Stock Subscription	Equity Reserves	Remeasurement Gains on Defined Benefit Obligation	Net unrealized gain on equity instruments at FVOCI	Cummulative Translation Adjustment	Retained Earnings (Note 3.III)	Total	Non-controlling Interests	Total Equity
BALANCES AT JANUARY 1, 2019, AS PREVIOUSLY REPORTED	₱15,986,599,300	(₱1,687,500,000)	₱8,388,121,600	₱—	₱30,786,116	₱4,087,334	₱21,676,130	₱1,481,273,890	₱11,557,438,020	₱35,782,482,390	₱19,035,073,564	₱54,817,555,954
Effect of adoption of PFRS 16	—	—	—	—	—	—	—	—	(137,644,393)	(137,644,393)	—	(137,644,393)
BALANCES AT JANUARY 1, 2019, AS ADJUSTED	15,986,599,300	(1,687,500,000)	8,388,121,600	—	30,786,116	4,087,334	21,676,130	1,481,273,890	11,419,793,627	35,644,837,997	19,035,073,564	54,679,911,561
Pro forma net income	—	—	—	—	—	—	—	—	22,999,177,169	22,999,177,169	214,565,628	23,213,742,797
Other comprehensive loss	—	—	—	—	—	—	(184,698,287)	(1,093,894,748)	—	(1,278,593,035)	—	(1,278,593,035)
Total pro forma comprehensive income	—	—	—	—	—	—	(184,698,287)	(1,093,894,748)	22,999,177,169	21,720,584,134	214,565,628	21,935,149,762
Acquisition through business combination	—	—	—	—	—	—	—	—	—	—	3,041,430,370	3,041,430,370
Dividends	—	—	—	—	—	—	—	—	(7,430,092,141)	(7,430,092,141)	—	(7,430,092,141)
Collection of subscription receivable	—	1,687,500,000	—	—	—	—	—	—	—	1,687,500,000	—	1,687,500,000
Deposit for future stock subscription	—	—	—	3,412,500,000	—	—	—	—	—	3,412,500,000	—	3,412,500,000
Additional infusions	—	—	—	—	—	—	—	—	—	—	4,602,534,539	4,602,534,539
Pro forma adjustments (Note 3.III)	—	—	—	—	—	—	—	(834,478,775)	5,891,123,136	5,056,644,361	(4,274,440,141)	782,204,220
PRO FORMA BALANCES AT SEPTEMBER 30, 2019 (UNAUDITED)	₱15,986,599,300	₱—	₱8,388,121,600	₱3,412,500,000	₱30,786,116	₱4,087,334	(₱163,022,157)	(₱447,099,633)	₱32,880,001,791	₱60,091,974,351	₱22,619,163,960	₱82,711,138,311
BALANCES AT JANUARY 1, 2018	₱15,986,599,300	(₱1,687,500,000)	₱8,388,121,600	₱—	₱29,288,207	₱2,992,745	₱—	₱1,210,057,771	₱7,487,036,437	₱31,416,596,060	₱11,422,965,429	₱42,839,561,489
Pro forma net income	—	—	—	—	—	—	—	—	3,318,792,614	3,318,792,614	97,214,841	3,416,007,455
Other comprehensive gain (loss)	—	—	—	—	—	1,094,589	21,676,130	(250,420,185)	—	(227,649,466)	—	(227,649,466)
Total pro forma comprehensive income (loss)	—	—	—	—	—	1,094,589	21,676,130	(250,420,185)	3,318,792,614	3,091,143,148	97,214,841	3,188,357,989
Additional infusions	—	—	—	—	—	—	—	—	—	—	7,399,368,891	7,399,368,891
Equity reserves	—	—	—	—	1,497,909	—	—	—	—	1,497,909	—	1,497,909
Pro forma adjustments (Note 3.III)	—	—	—	—	—	—	—	(312,842,471)	343,268,352	30,425,881	(3,160,583,726)	(3,130,157,845)
PRO FORMA BALANCES AT DECEMBER 31, 2018 (UNAUDITED)	₱15,986,599,300	(₱1,687,500,000)	₱8,388,121,600	₱—	₱30,786,116	₱4,087,334	₱21,676,130	₱646,795,115	₱11,149,097,403	₱34,539,662,998	₱15,758,965,435	₱50,298,628,433

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED

STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.IV)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱25,132,379,827	(₱1,668,131,905)	₱23,464,247,922
Adjustment for:			
Interest expense	1,495,676,293	(59,286,012)	1,436,390,281
Depreciation and amortization	363,506,221	(36,811,184)	326,695,037
Mark-to-market losses	276,562,698	—	276,562,698
Provision for impairment losses	535,000,000	—	535,000,000
Retirement benefits expense	7,967,539	—	7,967,539
Dividend income	(25,942,190)	—	(25,942,190)
Interest income	(903,559,026)	858,716	(902,700,310)
Equity in net income of associates and joint ventures	(901,807,625)	—	(901,807,625)
Mark-to-market gains (losses) (Note 3, II)	(201,222,630)	364,519,950	163,297,320
Gains on sale of property, plant and equipment	(292,160,000)	—	(292,160,000)
Gains on acquisition and disposal of investments	(25,319,328,163)	—	(25,319,328,163)
Operating income before working capital changes	167,072,944	(1,398,850,435)	(1,231,777,491)
Decrease (increase) in:			
Receivables (Note 3, IV)	(3,233,559,339)	939,088,591	(2,294,470,748)
Input value-added taxes	(227,153,605)	—	(227,153,605)
Prepayments and other assets	(2,102,812,461)	81,166,996	(2,021,645,465)
Increase (decrease) in:			
Accounts and other payables	(4,480,133,957)	40,444,124	(4,439,689,833)
Other liabilities	1,571,366,073	—	1,571,366,073
Net cash used in operating activities	(8,305,220,345)	(338,150,724)	(8,643,371,069)
Interest received	279,509,061	(855,302)	278,653,759
Income tax paid (Note 3, IV)	(354,936,779)	283,352,954	(71,583,825)
Net cash used in operating activities	(8,380,648,063)	(55,653,072)	(8,436,301,135)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of subsidiary	30,167,158,003	—	30,167,158,003
Proceeds from sale of property, plant and equipment	334,320,000	—	334,320,000
Dividends received from:			
Investments in associates and joint ventures	590,875,859	—	590,875,859
Equity instruments at FVOCI	25,942,190	—	25,942,190
Acquisition through business combination - net of cash acquired	(1,231,073,857)	—	(1,231,073,857)
Investments in associates and joint ventures	(1,658,565,267)	—	(1,658,565,267)
Investments in redeemable preferred shares	101,008,239	—	101,008,239
Additions to financial assets at FVOCI	(21,186,745,895)	—	(21,186,745,895)
Additions to financial assets at FVTPL	(759,217,484)	—	(759,217,484)
Cash outflows giving rise to receivables	(3,889,649,897)	—	(3,889,649,897)
Acquisitions of property, plant and equipment	(4,283,948,643)	36,811,184	(4,247,137,459)
Additions to other noncurrent assets	(1,683,406,389)	—	(1,683,406,389)
Net cash used in investing activities	(3,473,303,141)	36,811,184	(3,436,491,957)

(Forward)



	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.IV)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Issuance of notes	₱21,373,928,695	₱—	₱21,373,928,695
Availment of loans	7,008,356,257	—	7,008,356,257
Collection of subscription receivable	1,687,500,000	—	1,687,500,000
Capital infusion of non-controlling interests in a subsidiary	4,602,534,539	—	4,602,534,539
Deposit for future stock subscriptions	3,412,500,000	—	3,412,500,000
Payments of:			
Loans	(7,959,238,146)	—	(7,959,238,146)
Interest	(1,187,427,602)	18,841,888	(1,168,585,714)
Dividends	(7,430,092,141)	—	(7,430,092,141)
Lease obligation	(103,377,176)	—	(103,377,176)
Net cash provided by financing activities	21,404,684,426	18,841,888	21,423,526,314
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,550,733,222	—	9,550,733,222
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,269,163,691	—	11,269,163,691
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱20,819,896,913	₱—	₱20,819,896,913

See accompanying Notes to Pro forma Condensed Consolidated Financial Information.



AC ENERGY, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

	AC Energy, Inc. and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3.IV)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱5,145,310,345	(₱1,646,568,294)	₱3,498,742,051
Adjustment for:			
Depreciation and amortization	429,047,536	(32,686,947)	396,360,589
Interest expense	397,473,722	(6,839,712)	390,634,010
Retirement expense	17,249,531	—	17,249,531
Mark-to-market losses	15,700,000	—	15,700,000
Provision for impairment losses	14,806,769	—	14,806,769
Unrealized foreign exchange gain – net	(18,162,626)	61,941,269	43,778,643
Mark-to-market gains (Note 3, II)	(45,034,709)	45,030,045	(4,664)
Dividend income	(20,822,835)	—	(20,822,835)
Interest income	(768,665,493)	1,140,377	(767,525,116)
Equity in net income of associates and joint ventures	(2,729,758,452)	—	(2,729,758,452)
Operating income before working capital changes	2,437,143,788	(1,577,983,262)	859,160,526
Decrease (increase) in:			
Receivables (Note 3, IV)	(1,138,362,868)	2,372,245,017	1,233,882,149
Input value-added taxes (Note 3, IV)	(1,484,069,273)	1,349,446,668	(134,622,605)
Prepayments and other current assets	(205,370,919)	—	(205,370,919)
Increase (decrease) in:			
Accounts and other payables (Note 3, IV)	(1,010,771,927)	813,871,192	(196,900,735)
Other liabilities	217,635,720	—	217,635,720
Net cash provided by (used in) operating activities	(1,183,795,479)	2,957,579,615	1,773,784,136
Interest received	189,881,444	(1,141,349)	188,740,095
Income tax paid	(215,992,783)	11,565,054	(204,427,729)
Net cash flows provided by (used in) operating activities	(1,209,906,818)	2,968,003,320	1,758,096,502
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition through business combination - net of cash acquired	(110,613,036)	—	(110,613,036)
Increase in receivables - noncurrent portion	(788,700,000)	—	(788,700,000)
Investments in associates and joint ventures	(8,354,990,269)	—	(8,354,990,269)
Investments in redeemable preferred shares	(151,411,175)	—	(151,411,175)
Cash outflows for deposits	(19,363,935)	—	(19,363,935)
Cash outflows for project development cost	134,603	—	134,603
Acquisitions of property, plant and equipment (Note 3, IV)	(5,579,362,037)	4,719,586,578	(859,775,459)
Cash outflows for right of way	(14,520,641)	—	(14,520,641)
Acquisitions of other noncurrent assets	(7,836,100)	23,087,735	15,251,635
Proceeds from:			
Sale of property, plant and equipment	43,879,240	—	43,879,240
Return of capital	754,438,666	—	754,438,666
Dividends received	2,677,339,779	—	2,677,339,779
Net cash used in investing activities	(11,551,004,905)	4,742,674,313	(6,808,330,592)

(Forward)



	AC Energy, Inc. and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3.VII)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of long-term loans payable (Note 3, IV)	₱11,199,826,601	(₱6,715,587,737)	₱4,484,238,864
Availment of short-term loans payable	4,521,880,000	—	4,521,880,000
Capital infusion of non-controlling interests in subsidiaries (Note 3, IV)	7,399,368,891	(2,205,659,263)	5,193,709,628
Payments of:			
Interest including capitalized borrowing cost (Note 3, IV)	(1,948,992,994)	2,420,867,020	471,874,026
Long-term loans payable and debt issue cost	(3,110,178,293)	—	(3,110,178,293)
Net cash provided by financing activities	18,061,904,205	(6,500,379,980)	11,561,524,225
EFFECTS OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATE ON CASH AND CASH EQUIVALENTS			
	18,162,626	31,889,893	50,052,519
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,319,155,108	1,242,187,546	6,561,342,654
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,950,008,583	(2,580,612,280)	3,369,396,303
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱11,269,163,691	(₱1,338,424,734)	₱9,930,738,957

See accompanying Notes to Pro forma Condensed Consolidated Financial Information.



AC ENERGY, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General Information

Corporate Information

AC Energy, Inc. (the Parent Company or ACEI) was incorporated on December 13, 2005 and is domiciled in the Philippines. The Parent Company and its subsidiaries (collectively, the Group) were organized primarily to purchase, exchange, hold, own, use investments, capital stock or other securities and exercise all the rights, powers, and privileges of ownership to the extent permitted by law, as well as to engage in the purchase, retail, supply and delivery of electricity and in such other activities related thereto.

The Parent Company is a wholly owned subsidiary of Ayala Corporation (AC), a publicly-listed company which is 47.28% owned by Mermac, Inc. (ultimate parent company), and the rest by the public. AC is an entity incorporated in the Philippines.

The Parent Company's registered office address is 4th Floor 6750 Ayala Avenue Office Tower, Makati City.

Authorization for Issuance of the Pro Forma Condensed Consolidated Financial Information

The accompanying pro forma condensed consolidated financial information includes the consolidated balances of the Group and the pro forma adjustments relating to the sale of the Group's interest in the GN Power Kauswagan Project (GNPK, a subsidiary), which is to occur subsequent to September 30, 2019.

The pro forma condensed consolidated financial information as at September 30, 2019 and for the nine-month period ended September 30, 2019 and year ended December 31, 2018 were authorized for issue by the BOD on November 21, 2019.

2. Basis of Preparing Pro Forma Condensed Consolidated Financial Information

The pro forma condensed consolidated financial information has been prepared in accordance with Section 8, Part II of the Securities Regulation Code 68, As Amended (SRC Rule 68).

The pro forma condensed consolidated financial information has been prepared solely for the inclusion in the Offering Circular prepared by the Group in connection with its planned capital-raising activity on November 25, 2019 and for no other purpose. The pro forma condensed consolidated financial information should be read in conjunction with the condensed consolidated financial statements as at and for the nine-month period ended September 30, 2019 and the audited consolidated financial statements as at and for the year ended December 31, 2018.

The objective of this pro forma condensed consolidated financial information is to show the effects of the transaction described below on the historical financial information of the Group had it occurred at an earlier date. However, the pro forma condensed consolidated financial information is not necessarily indicative of the results of operations or related effects on the consolidated financial statements that would have been attained had the transaction described below actually occurred at an earlier date. The pro forma condensed consolidated financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRS).



The pro forma condensed consolidated information has not been prepared in accordance to the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

Significant Transaction

The following significant transaction is expected to occur after September 30, 2019:

Sale of Interest in GNPk

On July 1, 2019, the Group and Power Partners Ltd Co. (PP) executed a term sheet for the acquisition by PP of the Group's indirect partnership interest in GN Power Kauswagan Ltd. Co. (GNPK). The completion of the transaction will result to PP gaining control over GNPk's coal plant project. The closing of the sale transaction is subject to conditions precedent (including the approval by the Philippine Competition Commission (PCC) that was obtained on September 30, 2019) which are still to occur as of the date of authorization for issue of the pro forma condensed consolidated financial information.

After the transaction, the Group will completely divest its investment in GNPk, a subsidiary as of September 30, 2019. The final transfer price for the sale of the investment in GNPk is still to be determined at a later date after taking into account adjustments that may be further agreed upon by the parties under conditions indicated in the term sheet. Estimated proceeds are collectible over a period of time. The proforma adjustment on receivables (see Note 3) is based on an assumed and reasonably determinable selling price under the term sheet.

3. Pro Forma Adjustments

The pro forma condensed consolidated financial information is based on the historical information of the Group as shown in the condensed consolidated financial statements of the Group for the nine-month period ended September 30, 2019 and the year ended December 31, 2018 and after giving effect to certain assumptions and pro forma adjustments described in the succeeding paragraphs. The pro forma adjustments are based on available information and certain assumptions that the Group believes are reasonable under the circumstances.

The pro forma condensed consolidated financial information does not purport to represent what the results of operations and financial position of the Group would have been had the significant transaction discussed in the succeeding paragraphs occurred as at September 30, 2019 or as at January 1 of each of the periods presented or as the case may be, nor does it purport to project the results of operations of the Group for any future period or date, since the closing and completion of the significant transaction is still subject to the satisfaction of certain conditions precedent. This has been prepared for illustration purposes only and on the assumption that all relevant conditions precedent have been satisfied.

For the purpose of the pro forma consolidated statements of comprehensive income, changes in equity and cash flows, the transaction is assumed to have occurred on January 1, the beginning of the periods presented. For the purpose of the pro forma consolidated statement of financial position as at September 30, 2019, the transaction is assumed to have occurred on September 30, 2019, the end of the period presented.

Prior to the preparation of the pro forma condensed consolidated financial information, the Group has already reclassified the assets and liabilities of GNPk into "Assets held for sale" and "Liabilities held for sale", respectively. The statement of comprehensive income balances of GNPk remain consolidated with the Group as transfer of control over GNPk has not yet occurred as of September 30, 2019 in spite of the imminence of the sale and meeting of the requirements of PFRS 5,



Non-current Assets Held for Sale and Discontinued Operations. Also, the sale of GNPK did not qualify as a discontinued operation as of September 30, 2019.

I. Pro forma adjustments in the pro forma condensed consolidated statement of financial position as of September 30, 2019

For the purpose of the pro forma condensed consolidated statement of financial position as at September 30, 2019, the significant transaction is assumed to have occurred on September 30, 2019.

The following pro forma adjustments have been made in relation to the recognition of receivable arising from the sale, and the derecognition of assets and liabilities held for sale:

1. Recognition of receivable from the sale discounted using 10% at ₱18,244.03 million.
2. Derecognition of assets held for sale and liabilities held for sale amounting to ₱60,641.66 million and ₱41,669.88 million, respectively.
3. Derecognition of non-controlling interest on investment in GNPK amounting to ₱4,524.06 million.
4. Derecognition of cumulative translation adjustment relating to GNPK amounting to ₱625.74 million.
5. As indicated in Note 2, the pro forma adjustment to retained earnings of ₱4,422.05 million is based on an assumed selling price based on the term sheet, that is still to be finalized at a later date after taking into account adjustments that may be agreed upon by the parties, and the net book value of the investment to be disposed as of September 30, 2019. As the sale will be done offshore, the effect on taxes is assumed not material.

II. Pro forma adjustments in the pro forma condensed consolidated statements of comprehensive income for the nine-month period ended September 30, 2019 and the year ended December 31, 2018

For the purpose of the pro forma condensed consolidated statements of comprehensive income for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, the transactions are assumed to have occurred on January 1, which is the beginning of each of the periods presented. The pro forma condensed consolidated statements of comprehensive income do not include non-recurring charges or credits and related tax effects which result directly from the significant transaction.

Pro forma adjustments have been made to derecognize the statement of comprehensive income accounts of GNPK that are otherwise included in the condensed consolidated statements of comprehensive income referred to above.

1. Derecognition of other revenues related to GNPK amounting to ₱1,735.23 million and ₱1,918.85 million for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, respectively.
2. Derecognition of mark-to-market gains relating to GNPK amounting to ₱364.52 million and ₱45.03 million for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, respectively.
3. Derecognition of salaries and wages relating to GNPK amounting to ₱161.88 million and ₱148.70 million for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, respectively.
4. Derecognition of provision of income taxes of GNPK amounting to ₱45.68 million and ₱779.43 million for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, respectively.



5. Derecognition of cumulative translation adjustments arising from GNPk consolidation amounting to ₱208.74 million and ₱521.64 million for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, respectively.

The difference between the assumed selling price based on the term sheet, that is still to be finalized at a later date after taking into account agreed adjustments, and the net book value of the assets to be disposed as of September 30, 2019 is ₱4,422.05 million.

III. Pro forma adjustments in the pro forma condensed consolidated statements of changes in equity for the nine-month period ended September 30, 2019 and the year ended December 31, 2018

For the purpose of the pro forma consolidated statement of changes in equity for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, the transactions are assumed to have occurred on January 1, which is the beginning of each period presented.

The following are the pro forma adjustments made:

1. Pro forma adjustments have been made to present the effect on equity of the pro forma adjustments to the consolidated net income of the Group as reflected in the pro forma condensed consolidated statements of comprehensive income for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, as discussed in the preceding section.
2. Pro forma adjustments have been made to present the effect on equity of the pro forma adjustments to the consolidated statements of changes in equity to derecognize the cumulative translation adjustments relating to GNPk. For the nine-month period ended September 30, 2019 and the year ended December 31, 2018, cumulative translation adjustment was reduced by ₱834.48 million and ₱312.84 million, respectively.
3. In order to tie-up the ending balance of equity in the pro forma condensed consolidated statements of changes in equity to the amounts reflected in the pro forma condensed consolidated statement of financial position, adjustments are made and presented as “pro forma adjustments” in the pro forma condensed statements of changes in equity. Retained earnings and non-controlling interest were increased and reduced by ₱5,891.12 million and ₱4,274.44 million, respectively, for the nine-month period ended September 30, 2019. Retained earnings and non-controlling interest were increased and reduced by ₱343.27 million and ₱3,160.58, respectively, for the year ended December 31, 2018.

IV. Pro forma adjustments in the pro forma condensed consolidated statements of cash flows for the nine-month period ended September 30, 2019 and the year ended December 31, 2019

For the purpose of the pro forma condensed consolidated statements of cash flows for the nine-month period ended September 30, 2019 and the year ended December 31, 2018, the sale of GNPk is assumed to have occurred on January 1, the beginning of each period presented. The pro forma condensed consolidated statements of cash flows do not include non-recurring charges or credits and related tax effects which result directly from the significant transaction.



Pro forma adjustments have been made to reflect the deconsolidation from the proforma consolidated statements of cash flows of the Group of the cash flows of GNPk for the nine-month period ended September 30, 2019 and the year ended December 31, 2018. The following is the summary of the adjustments made (in millions):

	Nine-month period ended September 30, 2019	One year ended December 31, 2018
Operating cash flows	(P55.65)	P2,968.00
Investing cash flows	36.81	4,742.67
Financing cash flows	18.84	(6,500.38)

Below are the specific significant pro forma adjustments made for the nine-month period ended September 30, 2019 and the year ended December 31, 2018: These are the deconsolidation of the following:

2019:

1. Effect of increase in receivables amounting to P939.09 million pertaining to the increase in receivables of GNPk for the period.
2. Income taxes paid by GNPk for the period amounting to P283.35 million.

2018:

1. Effect of increase in receivables amounting to P2,372.25 million pertaining to the increase in receivables of GNPk for the year.
2. Additions to input value-added taxes of GNPk amounting to P1,349.45 million.
3. Effect of decrease in accounts and other payables amounting to P813.87 million pertaining to unpaid acquisition costs of property, plant and equipment of GNPk.
4. Acquisition of property, plant and equipment of GNPk amounting to P4,719.59 million.
5. Availment by GNPk long-term loans payable amounting to P6,715.59 million.
6. Capital infusion of non-controlling interests relating to GNPk amounting to P2,205.66 million.
7. Payment by GNPk of interest including capitalized borrowing cost amounting to P2,420.87 million.

