



100 YEARS OF ADVANCING BUSINESS AND COMMUNITIES

May 28, 2020

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Markets and Securities Regulation Department

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
37/F Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas, Makati City

ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head – Issuer Compliance and Disclosure Department

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report 2020) of Aboitiz Equity Ventures Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.

By:

A blue ink signature of Manuel Alberto R. Colayco, written in a cursive style.

MANUEL ALBERTO R. COLAYCO
Corporate Secretary ^{SAS}

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8 886-2338

Company Telephone Number

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Month Day

Fiscal Year

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FORM TYPE

4th Monday of April

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Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

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Total No. of Stockholders

x

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2020
2. Commission identification number CEO2536 3. BIR Tax Identification No. 003-828-269-V
4. Exact name of issuer as specified in its charter

ABOITIZ EQUITY VENTURES INC.

5. Province, country or other jurisdiction of incorporation or organization

Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines 1634

8. Issuer's telephone number, including area code

(02) 8 886-2800

9. Former name, former address and former fiscal year, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Stock P1 Par Value</u>	<u>5,630,225,457</u>
<u>Amount of Debt Outstanding (March 31, 2020)</u>	<u>P340,463,330,000.00</u>

11. Are any or all of the securities listed on a Stock Exchange?

Yes [☒] No [☐]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

Common

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

Item 2. Management's Discussion and Analysis or Plan of Action of Financial Condition and Results of Operations

Management's Discussion and Analysis or Plan of Action of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of Aboitiz Equity Ventures Inc. (AEV, the "Company", or the "Parent Company") and its Subsidiaries should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying disclosures set forth elsewhere in this report.

TOP FIVE KEY PERFORMANCE INDICATORS

Management uses the following indicators to evaluate the performance of AEV and its subsidiaries (AEV and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. EQUITY IN NET EARNINGS OF INVESTEEES

Equity in net earnings (losses) of investees represents the Group's share in the undistributed earnings or losses of its Associates and Joint Ventures (JVs) for each reporting period subsequent to the acquisition of the said investment. This account reflects the result of the operating performance of an Associate or a JV and indicates its contribution to the Group's consolidated net income.

Manner of Computation: Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)

The Company computes EBITDA as earnings before extraordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for

determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts and to finance its capital expenditure and working capital requirements.

3. CASH FLOW GENERATED

Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. CURRENT RATIO

Current Ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt-paying ability. The higher the ratio, the more liquid the Group.

5. DEBT-TO-EQUITY RATIO

Debt-to-Equity Ratio indicates how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

KEY PERFORMANCE INDICATORS (KPI)

(Amounts in thousands except financial ratio data)

	JAN-MAR 2020	JAN-MAR 2019
EQUITY IN NET EARNINGS OF INVESTEEES	₱1,820,405	₱1,566,722
EBITDA	11,756,047	12,388,943
CASH FLOW GENERATED:		
Net cash flows from operating activities	11,226,371	8,939,098
Net cash flows used in investing activities	(4,123,779)	(3,460,013)
Net cash flows from (used in) financing activities	23,343,829	(745,895)
Net Increase (Decrease) in Cash & Cash Equivalents	30,446,421	4,553,191
Cash & Cash Equivalents, Beginning	46,424,663	59,033,029
Cash & Cash Equivalents, End	76,796,662	63,588,378
	MAR 31, 2020	DEC 31, 2019
CURRENT RATIO	1.30	1.27
DEBT-TO-EQUITY RATIO	1.95	1.71

Consolidated EBITDA translated into substantial cash inflows coming from subsidiaries' operations. This coupled with dividend payments of associates and JVs are the main source of internally-generated funds, which were then used to finance capital expenditures, additional investments into associates, and debt service payments.

With the debt growing while equity slightly decreased during the first quarter of 2020, debt-to-equity ratio moved up to 1.95x (compared to end-2019's 1.71x). Current ratio increased to 1.30x (compared to end-2019's 1.27x) as the growth in current assets outpaced the growth in current liabilities.

REVIEW OF JANUARY-MARCH 2020 OPERATIONS COMPARED TO JANUARY-MARCH 2019

RESULTS OF OPERATIONS

For the period ended March 31, 2020, AEV and its Subsidiaries posted a net income attributable to the equity holders of parent Company ("Net Income to Equity Holders of AEV") of ₱2.03 billion (bn), a 42% decrease year-on-year (YoY). This translated to earnings per share of ₱0.36 for the period. The Power Group accounted for 55% of the income contributions to AEV at 55%, followed by the Banking and Financial Services, Food, Infrastructure and Real Estate Groups at 46%, 2%, 1%, and -4%, respectively.

During the first quarter of 2020, the Group generated non-recurring losses of ₱262.2 million (mn) (compared to ₱333.9 mn in non-recurring losses in for the corresponding period in 2019), representing net unrealized foreign exchange (forex) losses from the revaluation of dollar-denominated assets. Without these one-off losses, the Group's core net income for the first quarter of 2020 was ₱2.29 bn, 41% lower YoY. AEV recorded a 5% decrease in consolidated EBITDA for the first quarter of 2020 compared to the same period 2019, from ₱12.39 bn to ₱11.76 bn.

MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME

The following discussion describes material changes in the line items of the Company's statement of income and of comprehensive income for the three months ended 31 March 2020 compared to the three months ended 31 March 2019.

Revenues

Sale of Power

The Group's revenue from sale of power decreased by 4% or ₱1.19 bn, from ₱29.03 bn in the three months ended 31 March 2019 to ₱27.83 bn in the three months ended 31 March 2020. The decrease was primarily attributable to outages in Therma South, Inc.'s (TSI) and GNPowder Mariveles Coal Plant Ltd. Co.'s (GMCP) during the period. These decreases were partly offset by fresh revenue contributions from Therma Visayas, Inc. (TVI). The Group's sale of power comprised 61% and 57% as a percentage of total revenues in the three months ended 31 March 2019 and 31 March 2020, respectively.

Sale of Goods

The Group's revenue from sale of goods increased by 17% or ₱2.95 bn, from ₱16.94 bn in the three months ended 31 March 2019 to ₱19.89 bn in the three months ended 31 March 2020. The increase was primarily attributable to the increased revenue contribution of the Gold Coin Group resulting from higher volume and selling prices. The Group's sale of goods comprised 36% and 41% as a percentage of total revenues in the three months ended 31 March 2019 and 31 March 2020, respectively.

Real Estate

The Group's revenue from real estate decreased by 24% or ₱162.5 mn, from ₱670.7 mn in the three months ended 31 March 2019 to ₱508.2 mn in the three months ended 31 March 2020. The decrease was primarily attributable to higher forfeitures and lower construction progress resulting from the eruption of the Taal Volcano at the start of the quarter, and the enhanced community

quarantine towards the end of the quarter. As a percentage of total revenues, the Group's revenue from real estate comprised 1% in the three months ended 31 March 2019 and 31 March 2020.

Other Revenues

The Group's combined revenue from fair value of swine, service fees and other sources decreased by 51% or ₱392.1 mn, from ₱769.3 mn in the three months ended 31 March 2019 to ₱377.1 mn in the three months ended 31 March 2020. The decrease was primarily attributable to lower swine sales resulting from the African Swine Fever (ASF) spread in Luzon and lower service fees. As a percentage of total revenues, the Group's other revenues comprised 2% and 1% in the three months ended 31 March 2019 and 31 March 2020, respectively.

Costs and Expenses

Cost of Generated and Purchased Power

The Group's cost of generated and purchased power decreased by 7% or ₱1.26 bn, from ₱16.91 bn in the three months ended 31 March 2019 to ₱15.65 bn in the three months ended 31 March 2020. The decrease was primarily attributable to lower fuel costs due to outages, and lower purchased power cost resulting from lower WESM rates. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 42% and 37% in the three months ended 31 March 2019 and 31 March 2020, respectively.

Cost of Goods Sold

The Group's cost of goods sold increased by 15% or ₱2.29 bn, from ₱15.06 bn in the three months ended 31 March 2019 to ₱17.35 bn in the three months ended 31 March 2020. The increase was primarily attributable to the higher costs of Gold Coin Management Holdings Limited and its Subsidiaries (the "Gold Coin Group") from increased volume and higher feeds cost of the Farms segment. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 37% and 41% in the three months ended 31 March 2019 and 31 March 2020, respectively.

Operating Expenses

The Group's operating expenses increased by 6% or ₱461.3 mn, from ₱8.24 bn in the three months ended 31 March 2019 to ₱8.70 bn in the three months ended 31 March 2020. The increase was primarily attributable to higher operating expenses of the Gold Coin Group and the increase in operating expenses of the Aboitiz Power Corporation and Subsidiaries (the "AboitizPower Group") due to the start of operations of TVI. As a percentage of total costs and expenses, the Group's operating expenses comprised 20% and 21% in the three months ended 31 March 2019 and 31 March 2020, respectively.

Other Costs and Expenses

The Group's other costs and expenses, comprising cost of real estate sales and overhead expenses, decreased by 24% or ₱108.8 mn, from ₱452.7 mn in the three months ended 31 March 2019 to ₱343.9 mn in the three months ended 31 March 2020. The decrease was primarily attributable to lower real estate sales cost and lower overhead costs incurred by AEV Aviation. As a percentage of total costs and expenses, the Group's other costs and expenses comprised 1% in both the three months ended 31 March 2019 and 31 March 2020.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by 3% or ₱172.3 mn, from ₱6.74 bn in the three months ended 31 March 2019 to ₱6.56 bn in the three months ended 31 March 2020.

Income Before Income Tax

The Group's income before income tax decreased by 35% or ₱2.08 bn, from ₱6.02 bn in the three months ended 31 March 2019 to ₱3.93 bn in the three months ended 31 March 2020. The decrease was due to the income from the Generation Rate Adjustment Mechanism (GRAM) and Incremental Currency Exchange Rate Adjustment (ICERA) in 2019 that was no longer present in 2020, decrease in operating profit coupled with higher net interest expense, partly offset by higher equity earnings.

Net Income

As a result of the foregoing, the Group's Net Income to Equity Holders of AEV decreased by 42% or ₱1.50 bn, from ₱3.52 bn in the three months ended 31 March 2019 to ₱2.03 bn in the three months ended 31 March 2020.

Net income attributable to non-controlling interests for the three months ended 31 March 2020 decreased to ₱970.3 mn from ₱1.54 bn in the three months ended 31 March 2019, substantially due to the decrease in consolidated net income of AboitizPower and the purchase of the remaining 25% stake of Gold Coin in the second quarter of 2019.

STRATEGIC BUSINESS UNITS

The following discussion describes the performance of the Group's SBUs for the three months ended 31 March 2020 compared to the three months ended 31 March 2019.

Power

For the three months ended 31 March 2020, Aboitiz Power Corporation (AboitizPower) and its Subsidiaries' contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, for the three months ended March 31, 2020 is ₱1.59 bn, a 43% decrease from ₱2.79 bn in the three months ended 31 March 2019.

Before elimination of transactions within the Group, the combined contribution of AboitizPower's Power Generation and Retail Electricity Supply businesses to Net Income to Equity Holders of AEV decreased by 44%, from ₱2.60 bn in the three months ended 31 March 2019 to ₱1.46 bn in the three months ended 31 March 2020. The variance was primarily due to income from the GRAM and ICERA that was recognized in the three months ended 31 March 2019. AboitizPower's performance during the three months ended 31 March 2020 was also affected by outages in Therma South, Inc. (TSI) and GN Power Mariveles Coal Plant Ltd. Co. (GMCP), and by lower selling prices. These offset the fresh contributions of Therma Visayas, Inc. and the decreased purchased power costs.

Capacity sold increased from 2,947 MW for the three months ended 31 March 2019 to 3,445 MW for the three months ended 31 March 2020.

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV of AboitizPower's Power Distribution Group increased by 8% from ₱726.9 mn for the three months ended 31 March 2019 to ₱788.6 mn for the three months ended 31 March 2020. This increase was mainly driven by higher energy consumption from residential and commercial customer segments, and growth in the number of customers from the industrial segment. Energy sales increased by 6% to 1,429 gigawatt-hours (GWh) during the three months ended 31 March 2020 from 1,343 GWh in the three months ended 31 March 2019.

Banking & Financial Services

Union Bank of the Philippines' (UnionBank) contribution to Net Income to Equity Holders of AEV increased by 23% YoY, from ₱1.07 bn in the three months ended 31 March 2019 to ₱1.32 bn in the three months ended 31 March 2020.

On a stand-alone basis, UnionBank recorded a net income of ₱2.67 bn for the three months ended 31 March 2020, an increase of 23% compared to the same period in 2019. The increase was primarily due to revenue growth from the increase in net interest income, which grew to ₱6.8 bn, 47% higher YoY.

Food

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group decreased by 56% to ₱60.4 mn for the three months ended 31 March 2020, compared to ₱137.2 mn for the three months ended 31 March 2019.

For the three months ended 31 March 2020, the Food Group's Philippine Subsidiaries reported a net loss of ₱29.0 mn compared to ₱124 mn net income for the three months ended 31 March 2019. This was mainly due to decreased selling prices and volume of the Farms business resulting from the ASF spread in Luzon. This was partly offset by reduced raw materials and financing costs of the Feeds business, and higher margins and volume of the Flour business.

Before elimination of transactions within the Group, Pilmico International Pte. Ltd. (Pilmico International) and its Subsidiaries, recorded net income of ₱297.4 mn for the three months ended 31 March 2020, a 116% increase compared to the three months ended 31 March 2019. This was due to the increase in income contribution of Gold Coin Management Holdings Limited (Gold Coin) resulting from the increase in Pilmico International's equity ownership, and increased volumes from Gold Coin's China, Vietnam, Malaysia, and Sri Lanka operations. During the three months ended 31 March 2020, the Food SBU's international subsidiaries reported a consolidated net income of ₱89.4 mn from the ₱297.4 mn contribution of Pilmico International, which was offset by the ₱208.0 mn in financing costs.

Real Estate

The contribution of AboitizLand, Inc. (AboitizLand) to Net Income to Equity Holders of AEV for the three months ended 31 March 2020, before elimination of transactions within the Group, amounted to a loss of ₱110.5 mn, from ₱43.9 mn loss for the three months ended 31 March 2019. This decrease was due to higher forfeitures and lower construction progress resulting from the eruption of the Taal Volcano at the start of the quarter, and the enhanced community quarantine towards the end of the quarter. Operating costs were also higher compared to the same period in 2019.

Infrastructure

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Infrastructure Group increased by ₱82.2 mn to ₱33.9 mn for the three months ended 31 March 2020, compared to a loss of ₱48.2 mn for the three months ended 31 March 2019. This mainly came from the contribution of the Republic Cement Group which increased from a loss of ₱32.1 mn in the three months ended 31 March 2019 to ₱61.1 mn income in the three months ended 31 March 2020. This was mainly due to a strong demand growth during the first two months of the year and tempered by the slowdown in construction activities in March 2020 due to the Luzon-wide enhanced community quarantine.

CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

Assets

Consolidated assets (as of 31 March 2020 compared to 31 December 2019) increased by 6% to ₱621.71 bn, due to the following:

- Cash & Cash Equivalents increased by 65% (₱76.80 bn as of 31 March 2020 compared to ₱46.42 bn as of 31 December 2019) as the proceeds from the issuance of USD bonds of AEV International and funds generated from operations exceeded the funds used for investments, capital expenditures, and debt servicing.
- Investments in and Advances to Associates and JVs increased by ₱1.22 bn (₱141.57 bn as of 31 March 2020 compared to ₱140.35 bn as of 31 December 2019) mainly due to AboitizPower's ₱1.27 bn additional infusion into GNPD, Aboitizland's ₱200.0 mn infusion into Cebu Homegrown, and the recording of ₱1.82 bn share in net earnings of associates and JVs. This increase was partially reduced by the ₱2.13 bn dividends from associates and JVs during the period.
- Deferred Income Tax Assets increased by 11% (₱3.48 bn as of 31 March 2020 compared to ₱3.13 bn as of 31 December 2019) mainly due to deferred tax benefits recognized by subsidiaries on its net operating loss
- Other Current Assets (OCA) increased by 8% (₱21.03 bn as of 31 March 2020 compared to ₱19.41 bn as of 31 December 2019) primarily due to the reclassification of VAT inputs previously classified as Other Non-Current Assets (ONCA) to OCA. With power plants on commercial operations, these inputs are expected to be used within the next 12 months.

The above increases were tempered by the following decreases:

- A ₱1.48 bn combined decrease in Property Plant and Equipment (PPE) and Investment Properties (IP) which was mainly due to ₱3.03 bn attributed to depreciation & amortization, partly offset by the following: (i) ₱1.00 bn additions to AboitizPower from generation and distribution assets (ii) ₱230.1 mn additions to Food group; and (iii) ₱307.3 mn additions to Real Estate.
- Derivative Assets (current and noncurrent) decreased to nil as of 31 March 2020 compared to ₱133.4 mn as of 31 December 2019 mainly due to mark-to-market losses recognized on derivative instruments.

Liabilities

Total Liabilities (as of 31 March 2020 compared to 31 December 2019) increased by ₱39.63 bn, or 11%, due to the following:

- Short-term bank loans increased by 53% (₱39.23 bn as of 31 March 2020 compared to ₱25.72 bn as of 31 December 2019) mainly due to short-term debt availments made by Power and Food Groups, and AEV Parent.
- Long-term debt, which includes both current and non-current portions, increased by 7% (₱257.22 bn as of 31 March 2020 compared to ₱239.78 bn as of 31 December 2019) due to the following: (i) issuance of USD bonds by AEV International Pte Ltd. amounting to ₱20.24 bn, and (ii) additional ₱497.5 mn availment by Apo Agua Infraestructura, Inc. This was partly offset by the settlement of maturing loans.
- Trade and other payables, inclusive of noncurrent portion, increased by 23% (₱44.93 bn as of 31 March 2020 compared to ₱36.44 bn as of 31 December 2019) mainly due to accrual of the cash dividends declared on 6 March 2020 (₱7.32 bn). Without this, trade and other payables increase is only 3%.
- Income tax payable increased by 92%, from ₱776.6 mn as of 31 December 2019 to ₱1.49 bn as of 31 March 2020, mainly due to increased tax provision in the Power Group during the period.
- Derivative liabilities (current and noncurrent) increased from ₱2.47 bn as of 31 December 2019 to ₱2.95 bn as of 31 March 2020. This was mainly due to the Power Group's hedging losses.
- Pension liability (₱574.1 mn), net of pension asset (₱193.8 mn), decreased by 15%, from ₱448.9 mn as of 31 December 2019 to ₱380.3 mn as of 31 March 2020 mainly on account of retirement contributions made by AEV and subsidiaries during the current period.

Equity

Equity attributable to equity holders of the parent (as of March 31, 2020 compared to December 31, 2019) decreased by 3% from ₱176.48 bn to ₱170.48 bn, due to the following:

- ₱7.32 bn cash dividends declared on March 6, 2020;
- a negative ₱622 mn movement in cumulative translation adjustments mainly from hedging losses; and
- partly offset by the ₱2.03 bn net income recorded during the period.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the three months ended 31 March 2020, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from associates.

Compared to the cash inflow in the three months ended 31 March 2019, consolidated cash generated from operating activities in the three months ended 31 March 2020 increased by ₱2.29 bn to ₱11.23 bn. This was mainly due to lower working capital requirements despite the decline in earnings before interest, depreciation and amortization.

As of 31 March 2020, ₱4.12 bn net cash was used in investing activities compared to ₱3.64 bn during the three months ended 31 March 2019. This was mainly due to higher cash used on additional investments in associates.

Net cash from financing activities was ₱23.34 bn for the three months ended 31 March 2020 compared to ₱745.9 mn used in the three months ended 31 March 2019. The increase was largely attributed to availment of short-term loans and the issuance of USD bonds of AEV International in the first quarter of 2020.

For the three months ended 31 March 2020, net cash inflows surpassed cash outflows, resulting in a 65% increase in cash and cash equivalents from ₱46.42 bn as of year-end 2019 to ₱76.80 bn as of 31 March 2020.

FINANCIAL RATIOS

Financial ratios remained healthy. Current Ratio stood at 1.30x as of 31 March 2020 from year-end 2019's 1.27x as current assets increased more than current liabilities. Debt-to-equity ratio increased from year-end 2019's 1.71:1 to 1.95:1 as of 31 March 2020 as total liabilities grew while equity decreased.

Outlook for the Upcoming Year/Known Trends, Events, and Uncertainties Which May Have Material Impact on Registrant

Based on the information provided by Union Bank of the Philippines, Inc. ("UnionBank" or the "Bank") Economic Research Unit, Aboitiz Equity Ventures Inc. (the "Company" or "AEV ") has two possible scenarios that gauge the potential impact of the COVID-19 pandemic on the Philippine economy: (i) an optimistic forecast of 0.7% economic growth for 2020, or (ii) Second, an economic contraction of about -3.4%, as the worst case scenario. These scenarios may change as the effects of the pandemic continue to unfold in the coming months.

Power SBU

AboitizPower is focused on addressing the needs of its markets, namely: (1) reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. The Company believes that there is no single technology that completely addresses the country's energy requirements; and that to address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

Despite increased competition in the power generation market, AboitizPower believes that it has built the foundation to sustain its long-term growth, as seen in its pipeline of new power generation projects (Naga Power Plant Complex project and GNPower Dinginin project).

For the Naga Power Plant Complex Project in Cebu, the six diesel engine units passed the grid compliance tests of the National Grid Corporation of the Philippines and were successfully

rehabilitated in January 2020. The units have demonstrated a combined net capacity of 39 MW. The issuance of a Certificate of Compliance (CoC) and a Provisional Authority to Operate (PAO) are both pending from the Energy Regulatory Commission (ERC). The plant is expected to go into commercial operations once either a PAO or a final CoC is obtained.

The GNPowder Dinginin project is in the final stages of construction but continues to face numerous challenges due to the COVID-19 pandemic and the imposition of the travel ban on China. Construction has slowed down because of the preventive measures taken to ensure the safety of workers on-site. As previously disclosed, the travel ban prevented the return of a number of its EPC Contractor's workers from their Lunar New Year holiday, as well as the arrival of technicians critical to the commissioning of Unit 1. As a result, commissioning works are ongoing only in areas where the presence of technical field assistants from China is not required. Due to these circumstances, Unit 1 is now expected to synchronize and earn commissioning revenues by the fourth quarter of 2020 and to commence commercial operations by the first quarter of 2021. On the other hand, Unit 2 is expected to synchronize and earn commissioning revenues by the first quarter of 2021 and to commence commercial operations by the second quarter of 2021.

By 2020, is on track to meet its 2020 target of 4,000 MW net attributable capacity. By year end, AboitizPower will own 4,432 MW of attributable capacity, with the entry of GNPD, both units of which are under construction.

AboitizPower is committed to growing its attributable capacity to 9,300 MW by 2029, which it expects will be sourced from a portfolio of renewables and selective baseload builds. In terms of renewable energy, the AboitizPower aims to maximize opportunities from the implementation of the Renewable Portfolio Standards (RPS) by the Department of Energy (DOE) starting this year. In line with DOE's aspirational goal of a 35% share in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supplies from renewable energy facilities. AboitizPower will continue to pursue its international aspirations with a continued focus on renewable energy projects in the ASEAN region. With all of these combined, it is expected that the AboitizPower's portfolio ratio will be close to a 50:50 Cleanenergy (renewable energy) and thermal capacity mix by the end of the current decade.

AboitizPower believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. AboitizPower expects its financial condition to give it the agility to create or acquire additional generating capacity over the next few years.

AboitizPower, together with its partners, had initially budgeted ₱41 bn in capital expenditures for 2020 but is currently reviewing its capex program for the year in order to take into consideration the impact of COVID-19.

Despite the challenges posed by the global pandemic and the unusual business situation, the AboitizPower continues to operate with its business continuity plans in force, in accordance with the protocols and guidelines of the government's community quarantine. It will continue to provide the country with the much-needed power supply for the hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities.

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement (e.g. for an extensive discussion on regulatory issues, see Effects of Existing or Probable Government Regulations on the Business on page 91 of the Company's 2020 Definitive Information Statement).

Banking & Financial Services SBU

UnionBank is continuing with its 10-year business transformation roadmap - FOCUS 2020 - with the goal of becoming one of the country's leading universal banks. This involves a focus on providing financial value to stakeholders, operational excellence, customer franchise/share of wallet, unique customer experience, and delivering superior and innovative products and services, rather than traditional metrics such as asset size or branch network.

Now that the Bank is close to concluding its FOCUS 2020 strategic plan, it will shift to becoming one of the country's leading retail banks. Its objectives are to increase its core earning asset base, attain a balanced source of revenues, and shift towards a recurring income business model as it fortifies its balance sheet. At present, a majority of the Bank's revenues are already recurring in nature as its loans continue to grow above-industry. Likewise, the retail segment already accounts for a significant portion of the Bank's revenues.

UnionBank continues to leverage its core strengths to drive its performance. In order to provide stable returns and predictability in the growth of shareholder value, the Bank utilizes its capital as it shifts from trading to building recurring income by: (i) transforming its branches and building the competence of its sales force to cater to changing customer expectations; (ii) strengthening corporate relationships by providing innovative cash management solutions to anchor clients; (iii) improving processes specifically in building the foundation of the Bank's automation and digital transformation initiatives; (iv) building synergies with its partners in order to expand customer reach, products, and services; (v) leveraging on having a unique UnionBank DNA, focused on building the right culture and organizational capabilities; and (vi) capitalizing on its subsidiaries, such as City Savings Bank, Inc. (CitySavings), as avenues to further capture the underserved segment for inclusive prosperity.

UnionBank has also implemented its Dual Transformation Strategy in order to improve its current and future competitive advantages. Through the use of the latest and emerging technology and platforms, the Bank intends to:

- (i) reposition itself as a Digital Bank - widening its scope into adjacent markets and acquire new skills in key segments; and
- (ii) search for new business models of the future where banking may become embedded in people's day-to-day lives - to integrate its financial services into ecosystems as part of the customer's digital experience, and not merely a transaction choice.

Beginning in 2020, the Bank's digital transformation will focus on scaling up its digital customer touchpoints through the following: (i) the launch of enhanced features in the UnionBank Online mobile app for retail customers and The Portal for corporate clients, (ii) the roll out of more Arks and self-service branches, and (iii) the launch of the Bank's SME Business Banking app for SME customers.

UBX, the Bank's innovation company and venture capital firm which focuses on fintech investments, providing tech services to its clients and building ecosystems and platforms, is also ramping up operations with its flagship platforms, namely: Project i2i (financial platform for rural banks); Sentro (an online business-to-business marketplace for the SME ecosystem with business solutions such as BUX, a payment and logistics fulfillment platform for online merchants); and SeekCap (developed in partnership with OneConnect – Ping An's fintech arm – which is an SME lending marketplace that offers affordable financing options and faster approvals).

With these channels and platforms in place, the Bank intends to accelerate customer acquisition efforts and deepen its engagement across all digital channels, in order to realize the benefits of digital transformation for both the Bank and its customers.

The advent of the COVID-19 pandemic is unprecedented and has caused uncertainty in terms of its impact to the economy. Similar to past crises, a slowdown in economic activity is expected and such would also adversely affect the banking industry.

Despite these challenges, UnionBank believes it is well-positioned to withstand the impact of COVID-19 due to its capitalization and its low non-performing loans (NPL) ratio. In light of the COVID-19 crisis and its potential impact on the Bank's credit portfolio, the Bank will also, as a matter of prudent banking practice, set aside higher provision for loan losses. For the first quarter of 2020, the provision for loan losses increased to ₱1.3 bn, up by 7.6 times than last year.

UnionBank is committed to support the economy and its customers by ensuring access to liquidity and other financial needs. And with the Bank's digital channels and capabilities, it is capable of delivering full banking services to its customers during the COVID-19 crisis.

UnionBank had initially budgeted ₱2.0 bn for capital expenditures in 2020. However, the Bank is currently reviewing the schedule of its capital expenditures to manage the impact of COVID-19.

Food SBU

The Food Group, composed of AEV's non-listed multinational food subsidiaries, is an integrated regional agribusiness and food company based in the Philippines and Singapore. Its businesses in the Philippines include flour milling, feed milling, livestock farming, and commodity trading. It remains one of the Philippines' top flour, feeds and farm market participants and has a nationwide presence.

The Food Group operates in the ASEAN and across the Asia-Pacific regions through Pilmico International Pte. Ltd. and its subsidiaries - which includes Gold Coin Management Holdings Limited (Gold Coin) and is well-positioned in the Asia Pacific as a manufacturer and producer. Given the trend of rising protein consumption globally, it intends to build a comprehensive animal nutrition platform in Asia. This requires having a good base of products and services that facilitates creation of a portfolio of offerings that will serve both existing and future customers and markets. Similar to the Company's other business segments, the Food Group utilizes a strategy of sustaining and strengthening the profitability of existing businesses as it looks to build new businesses.

The acquisition of Gold Coin and its subsidiaries (the "Gold Coin Group") has allowed the Food Group to expand its customer base and geographic reach. The Food Group is now the fourth largest animal feed manufacturer in Southeast Asia, and its presence in 11 countries across the Asia-Pacific region allows the Food Group to explore opportunities down the value chain in these markets. Geographic expansion also provides the Food Group and the rest of AEV's businesses access to local or regional information for potential expansion opportunities. The Food Group looks forward to harnessing synergies in distribution, localized operations, cross-selling, research and development, and raw materials and logistics costs.

The current year is also the Food Group's first full year under new leadership. Hubert de Roquefeuil, who was initially onboarded as the President & CEO of Gold Coin Management Holdings Limited, has assumed the role of President & CEO of the entire Food Group and will be supported by the President & CEO of Pilmico Foods Corporation, Tristan Roberto Aboitiz.

Starting 2020, Food Group will pursue a strategy of “Balance, Optimize, and Develop.” Establishing a balanced portfolio will maximize opportunities and minimize associated risks. This will be optimized through execution excellence founded on harmonized processes and systems of the entire Food Group. Furthermore, the Food Group will continue to build and develop capabilities to innovate and expand the business. Overall, this approach will serve as the compass in steering the Food Group to achieve its growth targets in the next ten years.

The Flour business will employ a two-pronged market strategy of: (i) maximizing growth potential in the Visayas region and Mindanao island, while (ii) building and developing new channels in Luzon through continuous sales efforts. The Flour business likewise intends to move forward in the value chain as it continues selling value-added flour products and potentially expanding into a more diversified product portfolio.

The Farms business has recalibrated the planned expansions in the Northern Luzon but has started exploration of farms opportunities in the Visayas and Mindanao regions. By exercising extreme caution on the spread of the African Swine Fever (ASF), risks of material losses will be avoided. Despite ASF and COVID-19 challenges, the capacity is still expected to reach a sow-level of 50,000 heads by 2029. The increase in volume comes with opportunities to unlock more distribution channels and to push forward integration in the value chain. In 2020, the Food Group will operationalize its meat fabrication and processing plant and the year is also expected to provide more stability in profitability through an increased focus on higher-margin products as compared to live hog selling. Meanwhile, the layers business will expand to house 1.3mn ready-to-lay hens. This surge in layers capacity (8x from today’s level) is expected to result in a monthly production of 27 million eggs by 2025.

Feeds Philippines will continuously expand its market position through additional feedmill capacity to be in place in the Visayas & Mindanao region in the next 5-years. By the third quarter of 2020, Feeds Philippines expects to operationalize its new feed mill capacity in Iligan, which has been delayed by four months due to the disruptions caused by the COVID-19 crisis. This new plant will serve the growing requirements of its Visayas and Mindanao customers. Strategic geographical and product positioning will be key in securing new and existing customers in the competitive market. The Food Group is also exploring the inclusion of Pet Food and Specialty Nutrition products as part of its portfolio. Moreover, Feeds Philippines employs platform improvements in logistics to provide operational agility and improve customer experience.

Likewise, Aqua Feeds Vietnam is expected to take advantage of emerging opportunities for fingerling feeds in the Vietnam region.

The Gold Coin Group aims to boost capacity utilization by pursuing opportunities for cross-selling, maximize knowledge and expertise by sharing platforms across countries, particularly in China and Vietnam. In 2020, the Gold Coin Group will balance its portfolio by deploying multi-specie strategy, accelerate businesses in Fish and Shrimp feeds, and Specialty Nutrition throughout the countries

Furthermore, with increased opportunities in aquaculture production emerging, particularly Shrimp and Tilapia, the Gold Coin Group will explore diversifying into the Shrimp and Fish businesses in China, Vietnam, and Malaysia. There are two additional fish feed lines located in Vietnam (Ha Nam, North Vietnam) and China (Dongguan, Southern China). Each plant provided an incremental 5 tons per hour (TPH) capacity and both commenced commercial operation in April 2020.

Pet Food and Feed Additives are also seen to grow in the years to come and the Food Group intends to integrate this to China, Vietnam, Indonesia and Malaysia. Thailand on the other hand can be improved by utilizing its current capacity.

In terms of operations, the Food Group continues to find synergies between Pilmico and Gold Coin through intercountry trade, group purchasing, optimization of IT shared services and mitigating foreign exchange risk to trim expenses. All these strategies mentioned are expected to increase profits and boost bottom line figures.

The spread of COVID-19 around the world has caused several challenges in the countries that Food Group operates in. However, the Food Group believes it has prepared for the crisis by ensuring that it has sufficient raw materials to cover its full operations until the end of June 2020 and by maintaining good relationships with its suppliers.

Customer demand remains high in the midst of the COVID-19 crisis due to food being a basic necessity. Governments of various countries that the Food Group operates allow the free movement of skeleton workforce as its businesses are deemed essential during COVID-19 disruption. On the logistics aspect, the Food Group has modified its supply chain to adapt to the changes in delivering and transporting its goods.

The Food Group has boosted its collections facilities to ensure that each customer is being actively managed by its sales personnel and collecting agents. In addition, the Food Group was able to obtain reasonable credit extensions by its top local suppliers. Abaqa International, its central purchasing arm has provided flexible working capital arrangements to achieve synergies in payments and inventory.

The planned expansion for Aqua Feeds in Vietnam has been deferred and this business will remain at a capacity of 234 TPH in 2020.

The expansion target for the 20,000 Sow Level Capacity will be deferred to 2022.

The Food Group had initially budgeted ₱3.0 bn for capital expenditures in 2020. However, it is currently reviewing the schedule of its capital expenditures to manage the impact of COVID-19.

Infrastructure SBU

Aboitiz InfraCapital, Inc (AIC or “Aboitiz InfraCapital”)

AIC remains committed to participating in the Philippine infrastructure space and contributing to the nation’s development.

Airports and Other Infrastructure

Aboitiz InfraCapital is a member of the NAIA Consortium, which was granted Original Proponent Status by the Department of Transportation (DOTr) for its unsolicited proposal on September 10, 2018. The consortium looks forward to being able to provide the much-needed upgrades to the Ninoy Aquino International Airport (NAIA) and complement government efforts to enhance overall passenger experience and improve operational efficiency at the nation’s primary gateway.

Aboitiz InfraCapital was also granted Original Proponent Status by the DOTr for its unsolicited proposal to operate and maintain the new Bohol-Panglao International Airport (BPIA) on September 3, 2018. The new international airport located in the island of Panglao has significant growth prospects given Bohol’s strong tourism potential, especially with the international market. The airport was inaugurated last November 28, 2018 and has an estimated capacity of 2 mn passengers per annum.

On November 6, 2019, Aboitiz InfraCapital received Investment Coordination Committee-Cabinet Committee (ICC-CabCom) approval on the proposal for BPIA.

On November 29, 2019, Aboitiz InfraCapital and the NAIA Consortium obtained approvals of the NEDA Board for the Bohol and NAIA unsolicited proposals, respectively. Aboitiz InfraCapital and the NAIA Consortium are now working with the government on next steps before commencing the swiss challenge.

On August 10, 2018, Aboitiz InfraCapital also submitted an unsolicited proposal for the operations, maintenance, and expansion of the Laguindingan Airport in Misamis Oriental, which is the gateway to the Northern Mindanao Development Corridor. On February 26, 2019, Aboitiz InfraCapital was granted Original Proponent Status by the Civil Aviation Authority of the Philippines for its unsolicited proposal on Laguindingan Airport. The airport has been operating since 2013 with a design capacity of 1.6 mn passengers per annum. In 2018, passengers are estimated to have already reached 2 mn. On December 20, 2019, Aboitiz InfraCapital received Investment Coordination Committee-Cabinet Committee (ICC-CabCom) approval on the proposal for Laguindingan Airport. The next step is to get the NEDA Board's approval.

These airport projects are aligned with AIC's objective to support regional development centers outside of Manila.

Prior to ECQ, Aboitiz InfraCapital was in the process of finalizing the terms of its proposal for Bohol-Panglao International Airport as well as for the NAIAI Project. It remains ready to continue discussions with the government for these proposals once the ECQ has been lifted.

Aboitiz InfraCapital remains interested in pursuing its airport proposals as it believes that these are vital infrastructure projects that the country needs. These projects will play a huge role in reviving the economy post-ECQ and post-COVID.

On February 7, 2019, Aboitiz InfraCapital signed a Memorandum of Understanding (MOU) with the Department of Information and Communications Technology. The MOU recognized Aboitiz InfraCapital as a potential common tower provider with the necessary financial and operational capability to build and efficiently power its cell sites, and will also allow Aboitiz InfraCapital to secure contracts with mobile network operators. To date, Aboitiz InfraCapital has signed separate MOUs with Globe Telecom, Smart Communications, and Dito Telecommunity, and are now in discussions on the lease of build-to-suit tower sites and other passive telecommunications infrastructure. Negotiations are still ongoing with these mobile network operators, although progress has slowed down due to COVID-19.

Water

Apo Agua Infraestructura, Inc. (Apo Agua)

Apo Agua is the project company owned by AEV and J.V. Angeles Construction Corp. (JVACC), organized to design, construct and operate a hydroelectric powered-raw water treatment facility and a conveyance system which will deliver a minimum contracted annual volume of 109.5 mn cubic meters (equivalent to 300 mn liters per day) of treated bulk water to Davao City over a 30-year period.

On March 17, 2015, Apo Agua signed the Contractual Joint Venture Agreement and Bulk Water Purchase Agreement (BWPA) with the Davao City Water District (DCWD) for the financing, design, construction, and operations of the Davao City Bulk Water Supply Project (DCBWSP).

On March 21, 2018, Apo Agua started the preliminary construction works particularly the detailed design, geotechnical survey and soil condition testing.

On November 29, 2018, Apo Agua signed a ₱9.0 bn Omnibus Notes Facility and Security Agreement with a consortium of lender-banks, arranged by BPI Capital Corporation, to finance the construction phase of the DCBWSP.

In February 2019, physical construction has commenced on major project sites such as the hydroelectric power plant and the water treatment plant, the intake facilities in Tamugan River and the raw water pipelines.

At the start of 2020, Apo Agua has commenced treated water pipeline works. A total of around 60 kms of pipes of varying sizes will be laid down going to 8 off-take points of the DCWD.

The construction was suspended upon the declaration of Davao City's ECQ. Aboitiz InfraCapital is working proactively with its Engineering, Procurement, and Construction (EPC) contractor to ensure implementation of a viable recovery plan for the eventual lifting of quarantine conditions.

LIMA Water Corporation (LWC)

LWC is the exclusive water and wastewater services provider in Lima Technology Park, one of the Philippines' largest industrial parks. LWC is currently building its capability to fully support the expansion plans of Lima Technology Center, which is expected to experience healthy growth in the coming years.

LWC implemented its business continuity plan (BCP) to address the impact of COVID-19 and ensure the continuity of operations given the Luzon-wide ECQ scenario. This allowed LWC to quickly execute the necessary operational adjustments to support the demand sustained from the park's residential and commercial areas. LWC continues to assess and adjust its BCP based on regulatory developments.

Aboitiz InfraCapital intends to use its current water portfolio (which also includes a 16% stake in Balibago Waterworks System, Inc.) as a strategic platform to build the Group's water business. It will look into unserved highly-urbanized cities for opportunities to expand its footprint in the water space across the country.

Republic Cement and Building Materials, Inc. (RCBM)

Construction is among the industries affected heavily by the COVID-19 crisis. Coming from a strong January and February in 2020, construction activities in Luzon stopped mid-March following the imposition of the ECQ. Slowdown has also been observed in Visayas and Mindanao, as private and public sectors take precautionary measures against COVID-19. Post-ECQ, public construction is expected to contract versus last year, as the national and local government units are shifting funds and prioritizing the war against the virus. Private construction will also be impacted by declining OFW remittances and BPO revenues, increasing unemployment rate, decreasing disposable income and general sentiment to hold on to cash in order to bounce back from the crisis. After the crisis, the government is expected to launch a stimulus package which will hopefully enable the economy to recover quickly.

RCBM is putting in place rigid post ECQ procedures to mitigate against the spread of COVID-19. These include health screening of employees and workers, social distancing at work, sanitation of work areas and strict observance of PPE including face masks.

RCBM remains focused on serving its key markets throughout the country with high-quality products, while improving efficiencies and reducing costs. Production costs are anticipated to remain in control following the implementation of operational excellence initiatives.

The infrastructure group had initially budgeted ₱16.0 bn for capital expenditures in 2020 across all its businesses. However, the Infrastructure Group is currently reviewing the schedule of its capital expenditures to manage the impact of COVID-19.

Land SBU

Aboitiz Land, Inc. (AboitizLand)

As the Philippine real estate industry is positioned for robust growth, the Aboitiz Group remains optimistic in the fundamentals of the industry as AboitizLand positions itself to seize opportunities in the market.

In light of the current issues affecting the country, AboitizLand will continue to offer its master-planned residential and industrial communities as well as curated commercial spaces that will remain steadfast through the complexities that the industry may face.

Despite the subdued investment environment, AboitizLand remains confident about its residential business moving forward. Anticipating its buyers' changing needs, it implemented a contactless, end-to-end home-buying system. The *BetteratHome* system guides the buyers starting with virtual tours of its developments, to payment and submission of requirements, all from the comfort of their own homes.

AboitizLand will fortify its ownership of the industrial-anchored township segment by introducing world class master-planned designs and concepts into its existing developments.

AboitizLand will also strengthen the mixed-use concept in its existing communities by building complementary projects that promote a safe live-work-play environment.

Finally, AboitizLand will further explore various real estate formats that will help maximize the value of current land assets, and generate cash through the disposal of non-core assets.

In compliance with the ECQ, construction activity has been put on hold for all projects except Foressa Mountain Town in Balamban, and Amoa in Compostela, Cebu. Construction activity for these two projects has continued at about 40-60% manpower capacity due to travel restrictions imposed on construction personnel. As a result, delays are expected for all projects. In anticipation of the quarantine being lifted, strict back-to-work construction guidelines have been developed which aim to ensure the safety of AboitizLand's employees, contractors, and the communities where its projects are located.

AboitizLand had initially budgeted ₱11.0 bn for capital expenditures in 2020. However, AboitizLand is currently reviewing the schedule of its capital expenditures to manage the impact of COVID-19.

PART II--OTHER INFORMATION

There is no significant information on the company which requires disclosure herein and/or were not included in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	ABOITIZ EQUITY VENTURES INC.
Principal Accounting Officer	 Marita M. Villacampa
Signature and Title	First Vice President and Comptroller
Date	May 28, 2020
Authorized Officer of the Issuer	 Manuel Alberto R. Colayco
Signature and Title	Senior Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer
Date	May 28, 2020

Aboitiz Equity Ventures, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

As of March 31, 2020 (with Comparative Figures as of December 31, 2019) and

For the Three-Month Periods Ended March 31, 2020 and 2019

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS****(With Comparative Figures as of December 31, 2018)****(Amounts in Thousands)**

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱76,796,662	₱46,424,663
Trade and other receivables	35,037,435	35,195,594
Inventories	21,569,286	20,776,828
Land and improvements	2,630,545	2,570,892
Derivative asset	–	51,060
Other current assets	21,026,122	19,406,255
Total Current Assets	157,060,050	124,425,292
Noncurrent Assets		
Property, plant and equipment	223,793,029	225,558,765
Investments and advances	141,570,148	140,351,748
Intangible assets	67,747,054	66,801,095
Investment properties	11,582,480	11,291,880
Deferred income tax assets	3,478,083	3,127,072
Trade and other receivables - net of current portion	2,166,292	2,423,038
Derivative asset - net of current portion	–	82,327
Net pension assets	193,825	190,243
Other noncurrent assets	14,115,016	14,134,641
Total Noncurrent Assets	464,645,927	463,960,809
TOTAL ASSETS	₱621,705,977	₱588,386,101
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	₱44,927,676	₱36,440,163
Bank loans	39,230,438	25,717,137
Current portions of:		
Long-term debts	27,305,386	27,126,918
Long-term obligation on Power Distribution System (PDS)	40,000	40,000
Lease liabilities	5,677,508	5,656,226
Derivative liability	2,271,947	2,255,736
Income tax payable	1,492,512	776,596
Total Current Liabilities	120,945,467	98,012,776

(Forward)

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts	₱229,712,428	₱212,452,620
Lease liabilities	38,537,569	39,637,536
Trade and other payables	7,259,501	7,206,837
Long-term obligation on PDS	165,372	159,350
Customers' deposits	6,845,750	6,721,156
Decommissioning liability	3,613,849	3,567,492
Deferred income tax liabilities	2,488,460	2,581,511
Net pension liability	574,082	639,155
Derivative liability - net of current portion	674,932	212,588
Total Noncurrent Liabilities	289,871,943	273,178,245
Total Liabilities	410,817,410	371,191,021
Equity Attributable to Equity Holders of the Parent		
Capital stock	5,694,600	5,694,600
Additional paid-in capital	13,013,197	13,013,197
Other equity reserves:		
Gain on dilution	5,043,152	5,043,152
Excess of book value over acquisition cost of an acquired subsidiary	469,540	469,540
Acquisition of non-controlling interests	(11,590,375)	(11,590,375)
Accumulated other comprehensive income	(3,274,672)	(2,648,022)
Retained earnings		
Appropriated	9,200,000	4,200,000
Unappropriated	152,571,072	162,864,330
Treasury stock at cost	(647,672)	(565,246)
	170,478,842	176,481,176
Non-controlling Interests	40,409,725	40,713,904
Total Equity	210,888,567	217,195,080
TOTAL LIABILITIES AND EQUITY	₱621,705,977	₱588,386,101

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Jan-Mar 2020	Jan-Mar 2019
REVENUES	₱48,608,113	₱47,404,754
COSTS AND EXPENSES	42,044,555	40,668,931
FINANCIAL INCOME (EXPENSE)		
Interest income	342,661	536,066
Interest expense	(4,681,418)	(3,977,620)
	(4,338,757)	(3,441,554)
OTHER INCOME - NET		
Share in net earnings of associates and joint ventures	1,820,405	1,566,722
Other income (expense) - net	(111,113)	1,155,120
	1,709,293	2,721,842
INCOME BEFORE INCOME TAX	3,934,093	6,016,111
PROVISION FOR INCOME TAX	935,828	948,062
NET INCOME	₱2,998,265	₱5,068,049
ATTRIBUTABLE TO:		
Equity holders of the parent	₱2,028,009	₱3,523,783
Non-controlling interests	970,256	1,544,266
	₱2,998,265	₱5,068,049
EARNINGS PER SHARE (Note)		
Basic and diluted, for net income for the year attributable to ordinary equity holders of the parent	₱0.360	₱0.626

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands)**

	Jan-Mar 2020	Jan-Mar 2019
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱2,028,009	₱3,523,783
Non-controlling interests	970,256	1,544,266
	₱2,998,265	₱5,068,049
OTHER COMPREHENSIVE INCOME		
<i>Items that may be reclassified to consolidated statements of income:</i>		
Movement in cumulative translation adjustments, net of tax	(701,756)	(420,633)
Share in movement in cumulative translation adjustments of associates and joint ventures	36,850	(370,754)
Share in movement in net unrealized mark-to-market gains (losses) on FVOCI investments of associates	2	103,972
Movement in net unrealized mark-to-market losses on FVOCI investments	(5,196)	(7,580)
	(670,100)	(694,995)
<i>Items that will not be reclassified to consolidated statements of income:</i>		
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	654	(40,223)
Movement in actuarial gains (losses) on defined benefit plans, net of tax	–	(3,616)
	654	(43,839)
TOTAL COMPREHENSIVE INCOME	₱2,328,819	₱4,329,215
ATTRIBUTABLE TO:		
Equity holders of the parent	₱1,401,358	₱2,994,711
Non-controlling interests	927,461	1,334,504
	₱2,328,819	₱4,329,215

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED MARCH 31, 2020 AND 2019

(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent										Non-controlling Interest	Total
	Capital Stock: Common (Note 22)	Additional Paid-in Capital (Note 22)	Gain on Dilution (Note 2)	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary (Note 9)	Acquisition of Non- controlling Interest (Note 2)	Accumulated Other Comprehensive Income (Note 10)	Retained Earnings					
							Appropriated (Note 23)	Unappropriated (Note 23)	Treasury Stock (Note 22)			
										Total		Total
Balances at January 1, 2020	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	(₱11,590,375)	(₱2,648,022)	₱4,200,000	₱162,864,330	(₱565,246)	₱176,481,176	₱40,713,904	₱217,195,080
Net income for the year	–	–	–	–	–	–	–	2,028,009	–	2,028,009	970,256	2,998,265
Other comprehensive loss	–	–	–	–	–	(626,650)	–	–	–	(626,650)	(42,796)	(669,446)
Total comprehensive income (loss) for the year	–	–	–	–	–	(626,650)	–	2,028,009	–	1,401,359	927,460	2,328,819
Cash dividends - ₱1.30 per share	–	–	–	–	–	–	–	(7,321,269)	–	(7,321,269)	–	(7,321,269)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(3,261,080)	(3,261,080)
Acquisition of treasury shares	–	–	–	–	–	–	–	–	(82,426)	(82,426)	–	(82,426)
Appropriation during the year	–	–	–	–	–	–	5,000,000	(5,000,000)	–	–	–	–
Changes in non-controlling interests	–	–	–	–	–	–	–	–	–	–	(82,445)	(82,445)
Balances at March 31, 2020	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	(₱11,590,375)	(₱3,274,672)	₱9,200,000	₱152,571,070	(₱647,672)	₱170,478,840	₱40,409,727	₱210,888,567
Balances at January 1, 2019	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	(₱1,679,549)	(₱12,464)	₱4,200,000	₱148,541,910	(₱565,246)	₱174,705,140	₱42,558,391	₱217,263,531
Net income for the year	–	–	–	–	–	–	–	3,523,783	–	3,523,783	1,544,266	5,068,049
Other comprehensive income	–	–	–	–	–	(529,071)	–	–	–	(529,071)	(209,763)	(738,834)
Total comprehensive income for the year	–	–	–	–	–	(529,071)	–	3,523,783	–	2,994,712	1,334,503	4,329,215
Cash dividends - ₱1.32 per share	–	–	–	–	–	–	–	(7,435,286)	–	(7,435,286)	–	(7,435,286)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,523,666)	(1,523,666)
Acquisition of non-controlling interests	–	–	–	–	(19,811)	–	–	–	–	(19,811)	–	(19,811)
Changes in non-controlling interests	–	–	–	–	–	–	–	–	–	–	(218,051)	(218,051)
Balances at March 31, 2019	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	(₱1,699,360)	(₱541,535)	₱4,200,000	₱144,630,407	(₱565,246)	₱170,244,755	₱42,151,177	₱212,395,932

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Jan-Mar 2020	Jan-Mar 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱3,934,093	₱6,016,111
Adjustments for:		
Interest expense	4,681,418	3,977,620
Depreciation and amortization	3,048,044	2,532,192
Net unrealized foreign exchange (gains) losses	90,658	(39,088)
Write-off of project costs and other assets	-	8,506
Loss (gain) on sale/disposal of:		
Property, plant and equipment	47,075	272,804
FVTPL and FVOCI investments	145	5,143
Investment in a subsidiary	-	(4,382)
Unrealized mark-to-market losses (gains) on derivatives	18,767	5,201
Unrealized mark-to-market losses on FVTPL investments	99,031	(18,033)
Dividend income	(1,193)	(1,015)
Interest income	(342,661)	(536,066)
Share in net earnings of associates and joint ventures	(1,820,405)	(1,566,723)
Unrealized excess of fair value over historical acquisition cost	-	(3,036)
Operating income before working capital changes	9,754,972	10,649,234
Decrease (increase) in:	44,525	2,159,986
Increase (decrease) in:	1,874,022	(3,349,302)
Net cash generated from operations	11,673,519	9,459,918
Income and final taxes paid	(447,148)	(520,820)
Net cash flows from operating activities	11,226,371	8,939,098
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	2,579,525	1,955,686
Interest received	322,739	498,484
Proceeds from sale of FVTPL and FVOCI investments	110,034	-
Additions to:		
FVTPL and FVOCI investments	-	(247,611)
Property, plant and equipment and investment properties	(735,887)	(2,481,335)
Investments in and advances to associates	(1,488,820)	(1,140,232)
Increase in intangible assets	(765,752)	(1,319,422)
Decrease (increase) in other noncurrent assets	(4,145,618)	(905,583)
Net cash flows used in investing activities	(4,123,779)	(3,640,013)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (payments of) long-term debts	17,345,513	(369,114)
Net proceeds from bank loans	13,513,302	7,050,153
Acquisition of treasury shares	(44,114)	-
Cash dividends paid and other changes to non-controlling interest	(1,149,193)	(1,523,666)
Interest paid	(4,085,111)	(3,645,279)
Payments of lease liabilities	(2,198,256)	(2,257,988)
Net cash flows used in financing activities	23,343,829	(745,894)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,446,421	4,553,191
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(74,422)	2,158
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	46,424,663	59,033,029
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱76,796,662	₱63,588,378

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Earnings per Share and Exchange Rate Data and When Otherwise Indicated)

1. Corporate Information

The Company and its subsidiaries (collectively referred to as the “Group”) are engaged in various business activities mainly in the Philippines, including power generation, retail electricity supply and power distribution, food manufacturing, banking and financial services, real estate development, and infrastructure. The Company is the publicly-listed holding and management company of the Group. The parent and the ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

The registered office address of the Company is 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines.

2. Group Information, Basis of Preparation and Summary of Significant Accounting Policies

a. Group Information

The consolidated financial statements comprise the financial statements of the Company, subsidiaries controlled by the Company and a joint operation that is subject to joint control (collectively referred to as the Group).

The following are the subsidiaries as of March 31, 2020 and December 31, 2019:

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			March 31, 2020		December 31, 2019	
			Direct	Indirect	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	Power	Philippines	77.00	–	76.98	–
AboitizPower International Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Aboitiz Energy Solutions, Inc. (AESI)	Power	Philippines	–	100.00	–	100.00
Adventenergy, Inc. (AI)	Power	Philippines	–	100.00	–	100.00
Balamban Enerzone Corporation (BEZ)	Power	Philippines	–	100.00	–	100.00
Mactan Enerzone Corporation (MEZ)	Power	Philippines	–	100.00	–	100.00
Malvar Enerzone Corporation (MVEZ)	Power	Philippines	–	100.00	–	100.00
East Asia Utilities Corporation (EAUC)	Power	Philippines	–	100.00	–	100.00
Lima Enerzone Corporation (LEZ)	Power	Philippines	–	100.00	–	100.00
Subic Enerzone Corporation (SEZ)	Power	Philippines	–	100.00	–	100.00
Cotabato Light & Power Co., Inc. (CLP)	Power	Philippines	–	99.94	–	99.94
Cotabato Ice Plant, Inc.	Manufacturing	Philippines	–	100.00	–	100.00
Davao Light & Power Co., Inc. (DLP)	Power	Philippines	–	99.93	–	99.93
Maaraw Holdings San Carlos, Inc. (MHSCI, see Note 9)	Holding	Philippines	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacason, see Note 9)	Power	Philippines	–	100.00	–	100.00
AboitizPower International B.V. (see Note 9)	Holding	Netherlands	–	100.00	–	100.00
Cebu Private Power Corporation (CPPC)	Power	Philippines	–	60.00	–	60.00
Prism Energy, Inc. (PEI)	Power	Philippines	–	60.00	–	60.00
Visayan Electric Co., Inc. (VECO)	Power	Philippines	–	55.26	–	55.26
Aboitiz Renewables Inc. (ARI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
AP Renewables, Inc. (APRI)	Power	Philippines	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power	Philippines	–	100.00	–	100.00
Hedcor Mt. Province, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power	Philippines	–	100.00	–	100.00

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			March 31, 2020		December 31, 2019	
			Direct	Indirect	Direct	Indirect
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power	Philippines	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power	Philippines	–	100.00	–	100.00
PV Sinag Power, Inc. (formerly Hedcor Ifugao, Inc.)*	Power	Philippines	–	100.00	–	100.00
Amihan Power, Inc. (formerly Hedcor Kalinga, Inc.)*	Power	Philippines	–	100.00	–	100.00
Aboitiz Solar Power, Inc. (formerly Hedcor Itogon Inc.)*	Power	Philippines	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power	Philippines	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power	Philippines	–	100.00	–	100.00
Hedcor Tamugan, Inc. *	Power	Philippines	–	100.00	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power	Philippines	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power	Philippines	–	100.00	–	100.00
Mt. Apo Geopower, Inc. *	Power	Philippines	–	100.00	–	100.00
Cleanergy, Inc. (CI)*	Power	Philippines	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power	Philippines	–	99.97	–	99.97
Luzon Hydro Corporation (LHC)	Power	Philippines	–	100.00	–	100.00
Bakun Power Line Corporation*	Power	Philippines	–	100.00	–	100.00
AP Solar Tiwi, Inc.*	Power	Philippines	–	100.00	–	100.00
Retensol, Inc. *	Power	Philippines	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power	Philippines	–	100.00	–	100.00
Cordillera Hydro Corporation (CHC)*	Power	Philippines	–	100.00	–	100.00
Negron Cuadrado Geopower, Inc.*	Power	Philippines	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power	Philippines	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power	Philippines	–	100.00	–	100.00
Therma Power, Inc. (TPI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
Mindanao Sustainable Solutions, Inc. *	Services	Philippines	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power	Philippines	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power	Philippines	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power	Philippines	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power	Philippines	–	100.00	–	100.00
Therma Power-Visayas, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Central Visayas, Inc. *	Power	Philippines	–	100.00	–	100.00
Therma Subic, Inc. *	Power	Philippines	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
GNPower Mariveles Coal Plant Ltd. Co. (GMCP)	Power	Philippines	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power	Philippines	–	80.00	–	80.00
Abovant Holdings, Inc.	Holding	Philippines	–	60.00	–	60.00
Pilmico Foods Corporation (PFC) and Subsidiaries	Food manufacturing	Philippines	100.00	–	100.00	–
Filagri Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Pilmico Animal Nutrition Corporation (PANC)	Food manufacturing	Philippines	–	100.00	–	100.00
Filagri, Inc.	Food manufacturing	Philippines	–	100.00	–	100.00
AboitizLand, Inc. (AboitizLand) and Subsidiaries	Real estate	Philippines	100.00	–	100.00	–
Lima Land, Inc. (LLI)	Real estate	Philippines	–	100.00	–	100.00
Propriedad del Norte, Inc. (PDNI)	Real estate	Philippines	–	100.00	–	100.00
Cebu Industrial Park Developers, Inc. (CIPDI)	Real estate	Philippines	–	60.00	–	60.00
Cebu Industrial Park Services, Inc.	Services	Philippines	–	100.00	–	100.00
Misamis Oriental Land Development Corporation	Real estate	Philippines	–	60.00	–	60.00
A2 Airports, Inc. (A2) and Subsidiaries	Real estate	Philippines	–	50.00	–	50.00
78 Point Blue, Inc.	Real estate	Philippines	–	100.00	–	100.00
Triplecrown Properties, Inc. (TCP)	Real estate	Philippines	–	100.00	–	100.00
Firmwall Systems, Inc.	Real estate	Philippines	–	100.00	–	100.00
AEV International Pte. Ltd. (AEV International)	Holding	Singapore	–	100.00	–	100.00
Pilmico International Pte. Ltd. (PIPL)	Holding	Singapore	–	100.00	–	100.00
Pilmico Vietnam Company Limited (formerly, Pilmico Vietnam Feeds Joint Stock Company)	Food manufacturing	Vietnam	–	100.00	–	100.00

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			March 31, 2020		December 31, 2019	
			Direct	Indirect	Direct	Indirect
Gold Coin Management Holdings Ltd. (GCMH) (E)	Holding	British Virgin Island	–	100.00	–	100.00
GC Investment Holdings Limited	Holding	Hong Kong	–	100.00	–	100.00
Gold Coin (ZhangJiang) Company Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin (Zhangzhou) Company Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin (Zhuhai) Company Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin Feedmill (Kunming) Co. Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin Feedmill (Dongguan) Co. Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin Management (Shenzhen) Co. Ltd.	Holding	China	–	100.00	–	100.00
Gold Coin Sabah Sdn. Bhd.	Holding	Malaysia	–	100.00	–	100.00
Gold Coin Feedmill (Dong Nai) Co. Ltd.	Feedmills	Vietnam	–	100.00	–	100.00
American Feeds Company Limited	Feedmills	Vietnam	–	100.00	–	100.00
Gold Coin Feedmill Ha Nam Co. Ltd.	Feedmills	Vietnam	–	100.00	–	100.00
Gold Coin Feed Mills (Lanka) Ltd.	Feedmills	Sri Lanka	–	60.00	–	60.00
Comfez Limited	Trading	Hong Kong	–	100.00	–	100.00
Gold Coin Group Limited	Holding	Hong Kong	–	100.00	–	100.00
Gold Coin Holdings Sdn Bhd	Holding	Malaysia	–	100.00	–	100.00
Gold Coin Services Singapore Pte Limited (GCSS)	Holding	Singapore	–	100.00	–	100.00
Gold Coin Feedmill Bing Duong Company (formerly, Pilmico Animal Nutrition Joint Stock Company (PAN JSC), see Note 9)	Feedmills	Vietnam	–	100.00	–	100.00
Comfez Pte. Ltd. (CPL)	Trading	Singapore	–	100.00	–	100.00
Myanmar Gold Coin International Co. Ltd.	Feedmills	Myanmar	–	100.00	–	100.00
KLEAN Greentech Co. Ltd.	Feedmills	Thailand	–	49.00	–	49.00
Gold Coin Vietnam Holdings Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Gold Coin Aqua Feed Incorporated (formerly, Syaqua Group Incorporated)	Holding	British Virgin Island	–	100.00	–	100.00
Gold Coin Aqua Feed (Hong Kong) Ltd. (formerly, Syaqua Holdings (Hong Kong) Ltd)	Holding	Hong Kong	–	100.00	–	100.00
Gold Coin Aqua Feed (Singapore) Pte. Ltd. (formerly, SYAQUA Singapore Pte Ltd)	Holding	Singapore	–	100.00	–	100.00
Gold Coin Specialities Sdn. Bhd.	Feedmills	Malaysia	–	70.00	–	70.00
Gold Coin Specialities (Thailand) Co. Ltd.	Feedmills	Thailand	–	93.90	–	93.90
P.T. Gold Coin Trading Indonesia	Feedmills	Indonesia	–	100.00	–	100.00
P.T. Gold Coin Indonesia	Feedmills	Indonesia	–	100.00	–	100.00
P.T. Gold Coin Specialities	Feedmills	Indonesia	–	99.90	–	99.90
PT Ayam Unggul	Feedmills	Indonesia	–	60.00	–	60.00
FEZ Animal Nutrition Pte Ltd	Holding	Singapore	–	100.00	–	100.00
FEZ Animal Nutrition Philippines, Inc.	Holding	Philippines	–	40.00	–	40.00
FEZ Animal Nutrition Pakistan (Private Limited)	Holding	Pakistan	–	100.00	–	100.00
FEZ Animal Nutrition (Malaysia) Sdn. Bhd.	Holding	Malaysia	–	100.00	–	100.00
Gold Coin Malaysia Group Sdn. Bhd.	Holding	Malaysia	–	70.00	–	70.00
Gold Coin Feedmills (Malaysia) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Feedmill (Sabah) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Sarawak Sdn. Bhd.	Feedmills	Malaysia	–	72.80	–	72.80
Bintawa Fishmeal Factory Sdn. Bhd.	Feedmills	Malaysia	–	72.80	–	72.80
Golden Livestock Sdn Bhd.	Holding	Malaysia	–	100.00	–	100.00
Archipelago Insurance Pte Ltd (AIPL)	Insurance	Singapore	100.00	–	100.00	–
AEV Aviation, Inc. (AEV Aviation)	Service	Philippines	73.31	26.69	73.31	26.69
AEV Properties, Inc.*	Real estate	Philippines	100.00	–	100.00	–
Cebu Praedia Development Corporation (CPDC)	Real estate	Philippines	100.00	–	100.00	–
Aboitiz Infracapital, Inc. (Aboitiz Infracapital)	Holding	Philippines	100.00	–	100.00	–
Lima Water Corporation (LWC)	Water Infrastructure	Philippines	–	100.00	–	100.00
Apo Agua Infraestructura, Inc. (Apo Agua)*	Water Infrastructure	Philippines	22.22	47.78	22.22	47.78

* No commercial operations as of March 31, 2020.

Interest in Joint Operations

On May 15, 2014, the Group entered into a shareholders' agreement with TPEC Holdings Corporation (TPEC) for the development, construction and operation of the 400 MW Pagbilao Unit III in Pagbilao, Quezon through PEC. TPI and TPEC both agreed to provide their respective capital contributions and subscribe to common shares such that each stockholder owns 50% of the issued and outstanding shares of stock of PEC.

The financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis.

b. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments, investments in certain debt and equity securities, and investment properties which are measured at fair value, and agricultural produce and biological assets which are measured at fair value less estimated costs to sell. The unaudited condensed consolidated financial statements are presented in Philippine peso, which is the Company's functional currency, and all values are rounded to the nearest thousands, except for earnings per share and exchange rates and as otherwise indicated.

Statement of Compliance

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2019, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On April 29, 2020, the Audit Committee of the Board of Directors (BOD) of the Company approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of the Group.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the new and revised standards and Philippine Interpretations which were applied starting January 1, 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Except as otherwise indicated, adoption of the following new and amended standards and interpretations did not have any significant impact on the Group's consolidated financial statements:

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments do not have an impact on the consolidated financial statements but will be applied to future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

These amendments do not have an impact on the consolidated financial statements.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's unaudited condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual financial statements.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Nonconsolidation of certain investees

The Group has 83.33% interest in Manila-Oslo Renewable Enterprise, Inc. (MORE) which has a 60% ownership interest in SN Aboitiz Power-Magat, Inc., SN Aboitiz Power-Benguet, Inc., SN Aboitiz Power-RES, Inc., and SN Aboitiz Power-Generation, Inc.

The Group has 60% and 72.5% interest in AA Thermal and GNPD respectively.

The Group does not consolidate MORE, AA Thermal and GNPD since it does not have the ability to direct the relevant activities which most significantly affect the returns of MORE and its investees, AA Thermal and GNPD, and their respective investees. This is a result of the partnership and shareholders' agreements which, among others, stipulate the management and operation of MORE, AA Thermal and GNPD. Management of MORE, AA Thermal and GNPD are vested in their respective BOD or "Management Committee" and the affirmative vote of the other shareholder or partners is required for the approval of certain company actions which include financial and operating undertakings.

The Group has 60% interest in AEV CRH Holdings, Inc. (AEV CRH) which has 99.09% ownership interest in Republic Cement and Building Materials, Inc., 99.63% ownership interest in Republic Cement Mindanao, Inc., 94.63% ownership interest in Republic Cement Iligan, Inc. and 100% ownership interest in Luzon Continental Land Corporation.

The Group does not consolidate AEV CRH since it does not have the ability to direct the relevant activities which most significantly affect the returns of AEV CRH and its investees. This is a result of the contractual arrangements that give the other party the power to direct the relevant non-nationalized activities of the subsidiaries of AEV CRH. Consequently, the Group recognizes AEV CRH and MORE as associates that are accounted for using the equity method in the consolidated financial statements.

Determining a joint operation

The Group has 50% interest in PEC. The Group assessed that the joint arrangement is a joint operation as the financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

4. Cash and Cash Equivalents

	March 31, 2020	December 31, 2019
Cash on hand and in banks	₱34,864,630	₱18,151,459
Short-term deposits	41,932,032	28,273,204
	₱76,796,662	₱46,424,663

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

5. Trade and Other Receivables

	March 31, 2020	December 31, 2019
Trade receivables		
Power	₱16,074,056	₱14,931,949
Food manufacturing	7,801,694	7,492,861
Real estate	4,878,205	5,196,331
Holding and others	1,154,786	1,222,026
	29,908,741	28,843,167
Nontrade receivables	5,116,530	5,926,179
Accrued revenues	2,920,865	3,463,904
Dividends receivable	748,000	1,199,068
Advances to contractors	289,338	63,339
Others	1,474,544	901,201
	40,458,018	40,396,858
Less allowance for expected credit losses	3,254,291	2,778,226
	37,203,727	37,618,632
Less noncurrent portion	2,166,292	2,423,038
	₱35,037,435	₱35,195,594

Trade receivables, except real estate receivables, are generally non-interest bearing and on 10 - 30 days' terms.

Non-trade receivables include advances to partners in GMCP and PSALM adjustment recoverable from the customers of distribution subsidiaries. These advances are subject to offset against any cash dividends declared by GMCP and due to the partners. Other receivables include accrued revenues and accrued interest income.

Contractual maturities of trade receivables from sale of real estate inventories range from 1 to 180 months. Current and noncurrent portion of these receivables amount to ₱4.6 billion and ₱286.8 million, respectively, as of December 31, 2019, and ₱4.9 billion and ₱282.8 million, respectively, as of December 31, 2019.

6. Other Current Assets

	March 31, 2020	December 31, 2019
Restricted cash	₱3,394,456	₱4,449,716
Prepaid expenses	4,854,058	4,874,810
Input VAT	4,912,621	2,722,595
Advances to NGCP	2,132,100	1,727,028
Biological assets	1,005,158	942,820
Insurance assets	2,905,078	2,298,702
Advances to suppliers	104,142	671,783
Deposits for land acquisition	992,584	1,107,693
Others	725,925	611,108
	₱21,026,122	₱19,406,255

Restricted cash represents proceeds from sale of power under the control of trustees of the lenders as per loan agreement. The asset will be used to pay the current portion of loans payable and interest payments in the following period.

Advances to NGCP pertain to the cost of construction and installation of substation and transmission facilities which are subject for reimbursement after completion of the project.

Prepaid expenses mainly include prepaid taxes and prepayments for insurance. "Others" include prepayments to regulatory agencies.

7. Investments and Advances

The Group's investees and the corresponding equity ownership are as follows:

	Nature of Business	Percentage of ownership	
		Mar 2020	Dec 2019
MORE ¹	Holding	83.33	83.33
GNPD**	Power generation	72.50	72.50
AEV CRH	Holding	60.00	60.00
AA Thermal Inc.(ATI) ²	Holding	60.00	60.00
Cebu District Property Enterprise, Inc. (CDPEI) ^{1 **}	Real estate	50.00	50.00
Cebu Homegrown Developers, Inc. (CHDI) ^{1 **}	Real estate	50.00	50.00
Union Bank of the Philippines (UBP)	Banking	49.34	49.34
Hijos de F. Escaño, Inc.	Holding	46.73	46.73
CRH ABOITIZ Holdings, Inc. (CRH ABOITIZ)	Holding	45.00	45.00
Mazzaraty Energy Corporation	Retail electricity supplier	44.87	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding	42.84	42.84
La Filipina Elektrika, Inc.**	Power generation	40.00	40.00
STEAG State Power Inc. (STEAG)	Power generation	34.00	34.00
Cebu Energy Development Corp. (CEDC)	Power generation	26.40	26.40
Redondo Peninsula Energy, Inc. (RP Energy) **	Power generation	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power distribution	20.00	20.00
Gold Coin Feed Mills (B) Sdn. Bhd. ***	Feedmills	20.00	20.00
Balibago Water Systems, Inc. (BWSI) ³	Water infrastructure	15.94	15.94
Singapore Life (Philippines), Inc. ^{3 **}	Insurance	15.00	15.00

¹Joint ventures.

²Economic interest.

³Significant influence by virtue of the board seat held by the Group

**No commercial operations as of March 31, 2020.

***Registered in Malaysia and is part of GCMH Group

Unless otherwise indicated, the principal place of business and country of incorporation of the Group's associates and joint ventures are in the Philippines.

The detailed carrying values of investees, which are accounted for under the equity method, follow:

	March 31, 2020	December 31, 2019
UBP	₱51,055,486	₱51,837,773
AEV CRH	23,853,892	23,853,892
GNPD/ATI	42,438,885	41,257,477
MORE	10,445,492	10,180,552
STEAG	4,088,660	4,032,405
CEDC	3,640,760	3,447,491
CDPEI	1,437,884	1,443,212
CRH ABOITIZ	1,446,695	1,411,852
SFELAPCO/PEVI	922,923	881,812
BWSI	575,331	567,451
RP Energy	525,298	525,769
CHDI	424,548	230,000
WMPC	161,747	142,577
SPPC	58,180	61,497
Others	456,015	455,426
	₱141,531,796	₱140,329,186

	March 31, 2020	December 31, 2019
Acquisition cost:		
Balance at beginning of year	₱99,669,607	₱71,388,350
Additions during the year	1,473,030	28,281,257
Balance at end of year	101,142,637	99,669,607
Accumulated share in net earnings:		
Balances at beginning of year, as previously reported	₱41,228,330	₱35,214,517
Cumulative share in adoption of new standards by associates	-	(18,692)
Balances at beginning of year, as restated	41,228,330	35,195,825
Share in net earnings for the year	1,820,405	11,502,090
Cash dividends received and receivable	(2,128,331)	(5,469,585)
Balance at end of year, as restated	40,920,404	41,228,330
Gain on dilution	1,014,136	1,014,136
Share in net unrealized mark-to-market gains on FVOCI investments of associates:	135,729	135,728
Share in cumulative translation adjustments of associates and joint ventures	(149,022)	(185,872)
Share in actuarial losses on retirement benefit plan of associates and joint ventures	(851,357)	(852,012)
	142,212,527	141,009,917
Less allowance for impairment losses	680,731	680,731
	141,531,796	140,329,186
Advances to associates	38,352	22,562
	₱141,570,148	₱140,351,748

8. Intangible Assets

March 31, 2020

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of year	₱56,322,732	₱9,585,872	₱3,078,431	₱911,600	₱99,746	₱867,829	₱70,866,210
Additions during the year	–	765,752	–	101,386	–	–	867,138
Exchange differences/others	49,739	(4,810)	–	–	–	95,813	140,742
Balances at end of year	56,372,471	10,346,814	3,078,431	1,012,986	99,746	963,642	71,874,090
Accumulated amortization:							
Balances at beginning of year	–	3,050,596	506,659	–	84,867	422,993	4,065,115
Amortization	–	15,791	19,240	–	992	25,898	61,921
Balances at end of year	–	3,066,387	525,899	–	85,859	448,891	4,127,036
Net book values	₱56,372,471	₱7,280,427	₱2,552,532	₱1,012,986	₱13,887	₱514,751	₱67,747,054

9. Other Noncurrent Assets

	March 31, 2020	December 31, 2019
Restricted cash	₱4,723,652	₱4,672,031
Input VAT and tax credit receivable	4,417,947	4,501,086
Financial assets at FVTPL	717,549	731,797
Financial assets at FVOCI	–	176,479
Debt investments at amortized cost	310,321	234,968
Prepaid rent and other deposits	436,360	1,291,152
Advances to contractors and projects	1,707,129	1,452,272
Biological assets	84,397	140,304
Others	1,717,661	934,552
	₱14,115,016	₱14,134,641

Restricted cash pertains to the amount drawn by TVI on June 11, 2019 on the performance securities under its Engineering, Procurement and Construction agreement with the contractors. The contractors have disputed the draw on the securities in dispute resolution proceedings.

10. Bank Loans

	March 31, 2020	December 31, 2019
Philippine peso loans	₱36,598,000	₱23,026,701
Chinese yuan loans	1,192,727	1,175,412
Vietnamese dong loans	616,154	715,950
US dollar loans	522,004	455,715
Indonesia rupia loans	–	25,876
Other foreign currency-denominated loans	301,553	317,483
	₱39,230,438	₱25,717,137

The bank loans are unsecured short-term notes payable obtained from local banks with annual interest rates ranging from 1.61% to 11.35% and 2.69% to 8.55% in 2020 and 2019, respectively. These loans will mature on various dates within 12 months after each balance sheet date.

11. Trade and Other Payables

	March 31, 2020	December 31, 2019
Trade payables	₱19,703,041	₱19,517,546
Dividends payable	7,321,269	–
Nontrade and other payables	3,146,259	3,252,202
Accrued expenses		
Interest	2,158,272	2,735,860
Taxes and fees	1,027,995	1,288,214
Energy fees and fuel purchase	988,722	1,508,801
Others	1,649,299	1,677,452
Output VAT	4,711,723	3,129,901
Amounts due to contractors and other third parties	8,514,440	7,312,999
PSALM deferred adjustment	2,922,373	3,183,080
Unearned revenue	43,784	40,945
	52,187,177	43,647,000
Less noncurrent portion	7,259,501	7,206,837
	₱44,927,676	₱36,440,163

Trade payables are non-interest bearing and are usually on 30-90 days' terms.

Other payables represent withholding taxes, insurance liabilities and other accrual of expenses arising in the ordinary course of business and are generally payable within 12 months from the balance sheet date.

Accrued expenses include interest on borrowings, fuel and lubricant costs, taxes and licenses, freight expense, materials and supplies, and energy fees that are due within 12 months.

Amounts due to contractors and other third parties include liabilities arising from construction projects.

12. Long-term Debts

	March 31, 2020		December 31, 2019	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Company:				
Financial and nonfinancial institutions - unsecured	4.41% - 6.32%	₱37,000,000	4.41% - 6.32%	₱37,000,000
Subsidiaries:				
GMCP				
Financial institutions - unsecured	LIBOR + 1.7% - 4.00%	36,382,086	LIBOR + 1.7% - 4.00%	37,247,830
TVI				
Financial institutions – secured	5.56% - 9.00%	30,469,333	5.56% - 9.00%	31,520,000
AP				
Financial and nonfinancial institutions - Philippine peso - unsecured	5.21% - 8.51%	35,450,000	5.21% - 8.51%	35,450,000
Financial and nonfinancial institutions - Foreign currency - unsecured	LIBOR + 1.20%	15,204,000	LIBOR + 1.20%	15,190,500
TSI				
Financial institutions - secured	5.05% - 5.70%	20,039,365	5.05% - 5.70%	20,039,365
APRI				
Financial institutions - secured	4.48% to 5.20%	7,499,040	4.48% to 5.20%	8,124,160
Hedcor Bukidnon				
Financial institutions - secured	4.75% - 7.36%	9,125,000	4.75% - 7.36%	9,416,666
Hedcor Sibulan				
Fixed rate corporate notes - unsecured	4.05% to 5.42%	3,801,400	4.05% to 5.42%	3,801,400
PILMICO				
Financial institutions - secured	4.18% - 5.16%	2,885,000	4.18% - 5.16%	2,885,000
PANC				
Financial institutions - secured	4.50%	2,640,000	4.50%	2,640,000
VECO				
Financial institution - unsecured	4.59% - 4.81%	776,000	4.59% - 4.81%	776,000
LHC				
Financial institutions - secured	3.94% to 4.81%	565,081	3.94% to 4.81%	564,580
DLP				
Financial institution - unsecured	4.59% - 4.81%	582,000	4.59% - 4.81%	582,000
HI				
Financial institution - secured	5.25%-7.87%	1,723,000	5.25%-7.87%	1,750,000
SEZ				
Financial institution - unsecured	5.00%	113,000	5.00%	113,000
CLP				
Financial institution - unsecured	4.59% - 4.81%	116,400	4.59% - 4.81%	116,400
TPVI				
Financial institution - unsecured	5.06% - 5.25%	1,290,250	5.06% - 5.25%	1,300,000
Apo Agua				
Financial institutions:				
Philippine peso - secured	6.50% - 8.26%	6,499,773	6.50% - 8.26%	5,999,773
AEV International				
Financial institutions:				
Foreign currency - secured	3.24% - 6.00%	13,589,051	3.24% - 6.00%	13,550,225
US dollar bonds	4.20%	20,227,461	—	—
TCP				
Financial institution - secured	7.80% - 9.18%	246,340	7.80% - 9.18%	248,680
Joint Operation - PEC				
Financial institution - secured	5.50% - 8.31%	12,867,261	5.50% - 8.31%	13,380,097
Total		259,090,841		241,695,676
Deferred financing costs		(2,073,027)		(2,116,138)
		257,017,814		239,579,538
Less current portion		27,305,386		27,126,918
Noncurrent portion		₱229,712,428		₱212,452,620

13. Debt Securities

As of March 31, 2020, AEV and Aboitiz Power Corporation (AP) registered and issued peso-denominated fixed-rate retail bonds totalling ₱67.4 billion under the following terms:

Maturity	Issuer	Annual Interest Rate	Amount
7-year bonds to mature on November 21, 2020	AEV	4.4125%	₱6,200,000
10-year bonds to mature on November 21, 2023	AEV	4.6188%	₱1,800,000
5-year bonds to mature on August 6, 2020	AEV	4.4722%	₱10,461,620
7-year bonds to mature on August 6, 2022	AEV	5.0056%	₱8,467,030
12-year bonds to mature on August 6, 2027	AEV	6.0169%	₱5,071,350
5-year bonds to mature on June 18, 2024	AEV	6.0157%	₱3,350,000
10-year bonds to mature on June 18, 2029	AEV	6.321%	₱1,650,000
12-year bonds to mature on September 10, 2026	AP	6.10%	₱3,400,000
10-year bonds to mature on September 10, 2021	AP	5.21%	₱6,600,000
10-year bonds to mature on July 3, 2027	AP	5.3367%	₱3,000,000
5.25-year bonds to mature on January 25, 2024	AP	7.51%	₱7,700,000
7-year bonds to mature on October 25, 2025	AP	8.51%	₱2,500,000
7-year bonds to mature on October 14, 2026	AP	5.28%	₱7,250,000

14. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities as of March 31, 2020 and the movements during the period:

	Right-of-use assets					Lease Liability
	Land	Building	Power Plant	Manufacturing Plant, Equipment and Others	Total	
As at January 1, 2020	₱3,242,610	₱578,432	₱33,575,200	₱187,637	₱37,583,879	₱45,293,762
Additions	737	21,735	—	—	22,472	21,652
Amortization expense	(28,357)	(41,373)	(273,628)	(23,953)	(367,311)	—
Capitalized amortization	(2,374)	—	—	—	(2,374)	—
Interest expense	—	—	—	—	—	1,127,404
Capitalized interest	—	—	—	—	—	—
Payments	—	—	—	—	—	(2,208,422)
Others	(6,719)	(12,031)	—	11,433	(7,317)	(19,319)
As at March 31, 2020	₱3,205,897	₱546,763	₱33,301,572	₱175,117	₱37,229,349	₱44,215,077

Set out below, are the amounts recognized in the consolidated statement of income for the three months ended March 31, 2020:

Amortization expense of right-of-use assets	₱ 367,311
Interest expense on lease liabilities	1,127,404
Rent expense - low value assets	7,664
Rent expense - short-term leases	13,269
	<u>₱1,515,648</u>

15. Retained Earnings

On March 6, 2020, the BOD approved the following:

- Declaration of a regular cash dividend of ₱1.30 per share (₱7.3 billion) to all stockholders of record as of March 20, 2020. These dividends will be taken out of the unrestricted retained earnings as of December 31, 2019, and will be paid on April 3, 2020..
- Appropriation of ₱5.0 billion of the retained earnings as of December 31, 2019 for the additional capital infusion into AboitizLand to finance its on-going projects.

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱129.2 billion and ₱135.2 billion as of March 31, 2020 and December 31, 2019, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements

16. Other Comprehensive Income

	March 31, 2020	December 31, 2019
Cumulative Translation Adjustments		
Balance at beginning of year	(₱944,486)	₱719,792
Movements	(652,726)	(1,664,278)
Balance at end of year	(1,597,212)	(944,486)
Actuarial Losses on Defined Benefit Plans		
Balances at beginning of year	(861,868)	(676,765)
Movements	—	(185,103)
Balance at end of year	(861,868)	(861,868)
Net Unrealized Gains (Losses) on Financial Assets at FVOCI		
At beginning of year	3,135	143
Movements	(5,196)	2,992
Balance at end of year	(2,061)	3,135
Share in Cumulative Translation Adjustments of Associates and Joint Ventures		
Balance at beginning of year	(137,020)	250,295
Movements	30,775	(387,315)
Balance at end of year	(106,245)	(137,020)
Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures		
Balance at beginning of year	(819,928)	(435,068)
Movements	494	(384,860)
Balance at end of year	(819,434)	(819,928)
Share in Fair Value Changes on Financial Assets at FVOCI of Associates and Joint Ventures		
At beginning of year	112,145	114,527
Movements	3	(2,382)
Balance at end of year	112,148	112,145
	(3,274,672)	(2,648,022)

Tax Effects Relating to Each Component of Other Comprehensive Income

	January -March 2020		
	Before Tax Amount	Tax Expense	Net of Tax Amount
Net unrealized mark-to-market losses on FVOCI investments	(P5,196)	P—	(P5,196)
Share in net unrealized mark-to-market gains on FVOCI investments of associates and joint ventures	3	—	3
Movement in cumulative translation adjustments	(701,756)	—	(701,756)
Share in movement in cumulative translation adjustment of associates and joint ventures	36,850	—	36,850
Share in actuarial gains on defined benefit plans of associates and joint ventures	934	(280)	654
Other comprehensive income for the period - net of tax	(P669,165)	(P280)	(P669,445)

	January -March 2019		
	Before Tax Amount	Tax Benefit	Net of Tax Amount
Net unrealized mark-to-market losses on FVOCI investments	(P7,579)	P—	(P7,579)
Share in net unrealized mark-to-market gains on FVOCI investments of associates and joint ventures	103,972	—	103,972
Movement in cumulative translation adjustments	(420,633)	—	(420,633)
Share in movement in cumulative translation adjustment of associates and joint ventures	(370,754)	—	(370,754)
Actuarial losses on defined benefit plans	(5,166)	1,550	(3,616)
Share in actuarial losses on defined benefit plans of associates and joint ventures	(57,462)	17,239	(40,223)
Other comprehensive income for the period - net of tax	(P757,622)	(P18,789)	(P738,833)

17. Revenues

	Jan- Mar 2020	Jan-Mar 2019
Sale of:		
Power	P27,834,442	P29,025,942
Goods	19,888,329	16,938,830
Real estate	508,216	670,717
Sale of swine at fair value	126,692	476,682
Service fees	193,208	256,421
Others	57,226	36,162
	P48,608,113	P47,404,754

18. Costs and Expenses

	Jan-Mar 2020	Jan-Mar 2019
Cost of purchased power	₱9,116,234	₱8,576,923
Cost of generated power	6,531,641	8,335,634
Cost of goods sold	17,349,725	15,061,858
Operating expenses	8,703,080	8,241,812
Cost of real estate sales	331,170	418,267
Overhead expenses	12,705	34,437
	₱42,044,555	₱40,668,931

19. Other Income (Expense) - Net

	Jan-Mar 2020	Jan-Mar 2019
Net foreign exchange gains (losses)	(₱288,421)	(₱137,094)
Unrealized valuation loss on financial assets	(99,031)	25,451
Surcharges	113,642	123,598
Non-utility income	86,669	73,374
Rental income	12,599	24,684
Dividend income	1,193	1,015
Gain (loss) on disposal of:		
Property, plant and equipment	(47,074)	(272,804)
Financial assets at FVTPL	(145)	(5,143)
Write off of project costs and other assets	—	(8,506)
Others - net	109,455	1,330,545
	(₱111,113)	₱1,155,120

“Others - net” comprise non-recurring items like sale of scrap and sludge oil, and reversal of provisions. “Others - net” also include income arising from the reversal of APRI and TLI’s liability to PSALM pertaining to GRAM/ICERA of ₱924.0 million in 2019.

20. Earnings per Common Share

Earnings per common share amounts were computed as follows:

	Jan-Mar 2020	Jan-Mar 2019
a. Net income attributable to equity holders of the parent	₱2,028,009	₱3,523,783
b. Weighted average number of common shares issued and outstanding	5,630,225	5,632,793
c. Earnings per common share (a/b)	₱0.360	₱0.626

There are no dilutive potential common shares as of March 31, 2020 and 2019.

21. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's CODM to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD, the Group's CODM, are as follows:

- power segment, which is engaged in power generation and sale of electricity;
- financial services segment, which is engaged in banking and money remittance operations;
- food manufacturing segment, which is engaged in the production of flour and feeds and swine breeding;
- real estate segment, which is engaged in real property development for sale and lease;
- infrastructure segment, which is engaged in the production of cement and other building materials and in the supply of treated bulk water; and
- the parent company and others, which include the operations of the Company and the service provider subsidiaries that cater mainly to the Group.

The Group has only one geographical segment as the bulk of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statement of income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

The Group has inter-segment revenues in the form of management fees as well as inter-segment sales of electricity and other services which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length basis.

Segment assets do not include deferred income tax assets, pension asset and other noncurrent assets. Segment liabilities do not include deferred income tax liabilities, income tax payable and pension liability. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Financial information on the operations of the various business segments are summarized as follows:

[illegible][illegible]

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents bank loans, long-term debts and lease liabilities. The main purpose of these financial instruments is to raise finances for the Group's operations and its investments in existing subsidiaries and associates and in new projects. The Group has other financial assets and liabilities such as trade and other receivables, trade and other payables and customer deposits which arise directly from operations.

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial risk committee

The Financial Risk Committee has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Treasury service group

The Treasury Service Group is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits.

The main risks arising from the Group's financial instruments are interest rate risk resulting from movements in interest rates that may have an impact on outstanding long-term debts; credit risk involving possible exposure to counter-party default on its cash and cash equivalents, FVTPL investments and trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments; and foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings.

Market Risk

The risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet) is market risk. These are influenced by foreign and domestic interest rates, foreign exchange rates and gross domestic product growth.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2020, 16.5% of the Group's long-term debt had annual floating interest rates ranging from 2.0% to 5.2%, and 83.5% are with fixed rates ranging from 4.1% to 9.0%. As of December 31, 2019, 17.8% of the Group's long-term debt

had annual floating interest rates ranging from 2.0% to 6.0%, and 82.2% are with fixed rates ranging from 4.1% to 9.0%

The following tables set out the carrying amount, by maturity, of the Group's financial instruments that are exposed to cash flow interest rate risk:

March 31, 2020

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱2,045,401	₱37,227,530	₱3,162,789	₱42,435,720

December 31, 2019

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱1,923,488	₱36,617,665	₱4,183,912	₱42,725,065

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on the other financial instruments of the Group that are not included in the above tables are either fixed-rate or non-interest bearing, and are therefore not subject to interest rate risk. Its derivative assets and liabilities are subject to fair value interest rate risk.

The interest expense recognized during the period is as follows:

	Jan-Mar 2020	Jan Mar 2019
Long-term debts	₱3,260,656	₱2,386,265
Lease liabilities	1,127,405	1,272,947
Bank loans	228,582	275,003
Other long-term obligations	63,932	35,558
Customers' deposits	843	7,847
	₱4,681,418	₱3,977,620

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) as of March 31, 2020 and 2019:

	Increase (decrease) in basis points	Effect on income before tax
March 31, 2020	200	(₱211,597)
	(100)	105,799
March 31, 2019	200	(₱144,821)
	(100)	72,410

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant during the first three months of 2020 and 2019, due to their short-term maturities and immateriality relative to the total assets and liabilities of the Group.

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

Commodity Price Risk

Commodity price risk of the Group arises from transactions on the world commodity markets to secure the supply of fuel, particularly coal, which is necessary for the generation of electricity.

The Group's objective is to minimize the impact of commodity price fluctuations and this exposure is hedged in accordance with the Group's commodity price risk management strategy.

Based on a 36-month forecast of the required coal supply, the Group hedges the purchase price of coal using commodity swap contracts. The commodity swap contracts do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal.

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated borrowings, including lease liabilities. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. As of March 31, 2020 and December 31, 2019, foreign currency denominated borrowings account for 32% and 34%, respectively, of total consolidated borrowings.

The following table presents the Group's foreign currency denominated assets and liabilities:

	March 31, 2020		December 31, 2019	
	US dollar	Philippine peso Equivalent ¹	US dollar	Philippine peso Equivalent ²
Financial assets				
Cash and cash equivalents	\$590,173	₱29,909,989	\$123,735	₱6,265,343
Trade and other receivables	104,054	5,273,450	122,557	6,205,685
Investments in FVTPL and FVOCI	17,394	881,533	19,153	969,791
Total financial assets	711,621	36,064,972	265,445	13,440,819
Financial liabilities				
Bank loans	51,942	2,632,438	53,134	2,690,437
Trade and other payables	197,518	10,010,203	188,601	9,549,827
Long-term debts	965,886	48,951,079	566,938	28,706,917
Lease liabilities	433,466	21,968,081	731,598	37,044,441
Total financial liabilities	1,648,812	83,561,801	1,540,271	77,991,622
Net foreign currency denominated liabilities	(\$937,191)	(₱47,496,829)	(\$1,274,826)	(₱64,550,803)

¹\$1= ₱50.68

²\$1= ₱50.64

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar exchange rates, with all other variables held constant, of the Group's profit before tax as of:

	Increase (decrease) in US dollar rate against the Philippine peso	Effect on income before income tax
March 31, 2020	US dollar strengthens by 5%	(P2,374,841)
	US dollar weakens by 5%	2,374,841
March 31, 2019	US dollar strengthens by 5%	(P1,014,279)
	US dollar weakens by 5%	1,014,279

The increase in US dollar rate represents depreciation of Philippine peso while the decrease in US dollar rate represents appreciation of Philippine peso.

Equity price risk

Equity price risk is the risk that the fair value of traded equity instruments decreases as the result of the changes in the levels of equity indices and the value of the individual stock.

As of March 31, 2020 and December 31, 2019, the Group's exposure to equity price risk is minimal.

Credit Risk

For its cash investments, financial assets at FVTPL or FVOCI, derivative assets, and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. With respect to cash and financial assets at FVTPL or FVOCI, the risk is mitigated by the short-term and or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures.

Concentration risk

Credit risk concentration of the Group's receivables according to the customer category as of December 31, 2019 and 2018 is summarized in the following table:

	March 31, 2019	December 31, 2018
Power distribution:		
Industrial	P5,080,068	P5,554,969
Residential	2,034,503	1,825,217
Commercial	821,645	437,994
City street lighting	163,961	111,570
Power generation:		
Power supply contracts	7,099,458	5,520,439
Spot market	3,768,420	1,481,760
	P18,968,055	P14,931,949

Liquidity Risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations as they become due. The Group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a centralized treasury function to manage pooled business unit cash investments and borrowing requirements.

Currently, the Group is maintaining a positive cash position, conserving its cash resources through renewed focus on working capital improvement and capital reprioritization. The Group meets its financing requirements through a mixture of cash generated from its operations and short-term and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained.

The Group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The Group has sufficient undrawn borrowing facilities, which could be utilized to settle obligations.

In managing its long-term financial requirements, the policy of the Group is that not more than 25% of long-term borrowings should mature in any twelve-month period. As of March 31, 2020 and December 31, 2019, the portion of the total long-term debt, inclusive of customers' deposits, that will mature in less than one year is 10.71% and 11.24%, respectively. For its short-term funding, the policy of the Group is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Cash and cash equivalents and trade and other receivables, which are all short-term in nature, have balances of ₱76.8 billion and ₱35.0 billion as of December 31, 2019, respectively and of ₱46.4 billion and ₱35.2 billion as of December 31, 2019, respectively. These financial assets will be used to fund short-term and operational liquidity needs of the Group.

The table below analyzes the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest.

March 31, 2020

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	Less than 1 year	1-5 years	> 5 years
Financial liabilities:						
Operating						
Trade and other payables*	₱30,708,657	₱30,708,657	₱2,715,867	₱21,147,650	₱6,845,140	₱-
Customers' deposits	6,845,750	7,032,650	-	208,034	329,565	6,495,051
Financing						
Bank loans	39,230,438	39,230,438	-	39,230,438	-	-
Long-term debts	257,017,814	275,073,752	-	30,151,880	133,531,919	111,389,953
Lease liabilities	44,215,078	61,422,100	-	9,288,067	45,203,282	6,930,751
Long-term obligation on PDS	205,372	360,000	-	40,000	200,000	120,000
Others						
Dividends payable	7,321,269	7,321,269	-	7,321,269	-	-
Derivative liabilities	2,946,879	2,946,879	-	2,271,947	674,932	-
	₱388,491,258	₱424,095,745	₱2,715,867	₱109,659,285	₱186,784,838	₱124,935,755

*Excludes statutory liabilities

Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the periods ended March 31, 2020 and December 31, 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below at the consolidated level. The Group determines net debt as the sum of interest-bearing short-term and long-term obligations (comprised of long-term debts and lease liabilities) less cash and short-term deposits.

Gearing ratios of the Group as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
Bank loans	₱39,230,438	₱25,717,137
Long-term obligations	301,232,892	284,873,300
Cash and cash equivalents (including restricted cash)	(84,914,770)	(55,546,410)
Net debt (a)	255,548,560	255,044,027
Equity	210,888,564	217,195,080
Equity and net debt (b)	₱466,437,124	₱472,239,107
Gearing ratio (a/b)	54.79%	54.01%

23. Financial Instruments

Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be sold in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with no active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments whose fair values are different from their carrying amounts.

	March 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial asset:				
PSALM deferred adjustment	₱2,922,373	₱2,619,564	₱3,183,080	₱2,846,279
Financial liabilities				
Lease liabilities	₱44,215,078	₱38,810,020	₱45,293,762	₱39,046,242
Long-term debt - fixed rate	214,582,094	222,828,458	196,854,474	203,058,442
PSALM deferred adjustment	2,922,373	2,619,564	3,183,080	2,846,279
Long-term obligation on PDS	205,372	289,023	199,350	320,194
	₱261,924,917	₱264,547,065	₱245,530,666	₱245,271,157

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables and trade and other payables

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

Lease liabilities

The fair value of the lease liabilities was calculated by discounting future cash flows using applicable interest rates. The disclosed fair value is determined using Level 3 inputs.

Fixed-rate borrowings

The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans. The disclosed fair value is determined using Level 3 inputs.

Long-term obligation on PDS and PSALM deferred adjustment

The fair value of the long-term obligation is calculated by discounting expected future cash flows at prevailing market rates.

Customers' deposits

The fair value of bill deposits approximate their carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformers and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

Financial assets at FVTPL

These equity securities are carried at fair value.

Derivative asset and liabilities

The fair value is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The Group enters into

derivative financial instruments with financial institutions with investment grade credit ratings. Derivative valued using a valuation technique with market observable inputs pertains to a foreign exchange forward contract. The most applied valuation technique is forward pricing. The model incorporates various inputs including the credit quality of counterparty and foreign exchange spot and forward rates.

The Group also entered into an interest rate swap agreement to fully hedge its floating rate exposure on its foreign currency-denominated loan and par forward contracts to hedge the floating rate exposure on foreign currency-denominated payments.

The Group also entered into deliverable and non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities, purchases and highly probable forecasted purchases.

The Group also entered into commodity swap contracts to hedge the price volatility of its forecasted coal purchases.

The movements in fair value changes of all derivative instruments for the year ended March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
At beginning of year	(P2,385,997)	P132,902
Net changes in fair value of derivatives designated as cash flow hedges	(463,758)	(2,515,732)
Net changes in fair value of derivatives not designated as accounting hedges	(18,767)	(3,889)
Fair value of settled instruments	(78,357)	722
At end of year	(P2,946,879)	(P2,385,997)

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable either directly or indirectly
- Level 3: techniques that use inputs, which have a significant effect on the recorded fair value, that are not based on observable market data

As of March 31, 2020 the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Investments in financial assets:				
At FVTPL	P717,549	P717,549	P-	P-
Derivative liability	2,946,879	-	2,946,879	-
Disclosed at fair value:				
Lease liabilities	38,810,020	-	-	38,810,020
Long-term debt - fixed rate	222,828,458	-	-	222,828,458
Long-term obligation on PDS	289,023	-	-	289,023

24. Disclosures

a. Seasonality of Interim Operations

Operations of hydropower plants are generally affected by climatic seasonality. Seasonality and location have a direct effect on the level of precipitation. In Luzon where rainy and summer seasons are more pronounced, higher rainfall is normally experienced in the months of June to September. As such, the hydropower plants located in Luzon operate at their maximum capacity during this period. In contrast, the hydropower plants in Mindanao experience a well distributed rainfall throughout the year, with a slightly better precipitation during the months of December to April. This precipitation seasonality greatly affects subsidiary companies HI, HSI, Hedcor Bukidnon, Hedcor Tudaya, Hedcor Sabangan and LHC, which operate 'run-of-river' hydropower plants since these plants do not have any means to impound water.

Any unexpected change in the seasonal aspects will have no material effect on the Group's financial condition or results of operations.

b. COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, as subsequently extended to April 30, 2020. This was further extended to May 15, 2020 in selected areas including the National Capital Region. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

The economic slowdown during the ECQ has been caused by reduced consumer spending in most sectors and therefore, affects the Group's operations.

In its power segment, energy is being dispatched at a lower level, and because of the reduced energy demand, market prices are down, ultimately affecting the Group's energy trading business. In addition, delays in the collections are anticipated because of the staggered payment scheme implemented by the Energy Regulatory Commission with respect to the consumers' energy bills.

In its financial services segment, potential impact is on the expected higher rate of defaults on its loans and receivables.

COVID-19 did not have an immediate impact on the Group's food manufacturing segment. The food manufacturing sector as of March 31, 2020 has been generally unaffected negatively.

In its real estate segment, COVID-19 negatively impact the Group because of decreased construction progress upon implementation of the ECQ, effectively delaying roll-outs of new projects. In addition, a decrease in the number of real estate buyers during this period resulted to a lower sales volume.

In its infrastructure segment, the decline in construction activity resulted to lower demand for cement and construction materials.

The Group has an in-placed and extensive business continuity plan on similar risk, including the lay out of the necessary steps that will help address or minimize the Group's business exposures. However, considering the evolving nature of this outbreak, the Group will continue to monitor the situation and adjust the steps it is currently implementing in subsequent periods.

c. Dividends to Non-Controlling Interests

The Company's material partly-owned subsidiary, AP and its subsidiaries, paid cash dividends amounting to ₱1.1 billion and ₱1.5 billion to non-controlling interests during the three-month periods ended March 31, 2020 and 2019, respectively.

d. Material Events and Changes

1. In January 2020, AEV International, with the Company acting as the guarantor, issued US dollar-denominated Regulation S-only senior unsecured notes (the "Notes") with an aggregate principal amount of US\$400.0 million and a tenor of 10 years. Notes are unrated, have a fixed coupon rate of 4.2% payable semi-annually, and are unconditionally and irrevocably guaranteed by AEV as the guarantor. The Notes are listed on the Singapore Exchange.

Other than those disclosed above, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons were created during the interim period. There were also no events that would trigger substantial direct or contingent financial obligations or cause any default or acceleration of an existing obligation.

Likewise, there were no other material changes made in such items as: accounting principles and practices, estimates inherent in the preparation of financial statements, status of long-term contracts, changes in the composition of the issuer, and reporting entity resulting from business combinations or dispositions.

Lastly, there were no changes in estimates of amounts reported in prior interim period and financial year that would have a material effect in the current interim period.

e. Material Adjustments

There were no material, non-recurring adjustments made during the period that would require appropriate disclosures. All other adjustments are of a normal recurring nature.

f. Contingencies

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on the Group's financial position and operating results. It is possible, however, that the future results

of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

The Company obtained Standby Letters of Credit and is acting as surety for the benefit of certain associates and a subsidiary in connection with loans and credit accommodations.

SCHEDULE A – RELEVANT FINANCIAL RATIOS

	Formula	March 31, 2020	December 31, 2019
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.30	1.27
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	0.95	0.86
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.95	1.71
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.95	2.71
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	1.21	1.17
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	54.79%	54.01%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	2.01	3.14
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	14%	16%
Return on equity *	$\frac{\text{Net income after tax}}{\text{Total equity}}$	Not Applicable	13%

*Ratio marked * is deemed Not Applicable for the interim reporting period since this will not be comparable to the ratio reported in the previous period.*

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES**AGING OF RECEIVABLES****AS OF : MARCH 31, 2020**

(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	7,784,444	2,583,392	1,885,751	3,820,469	16,074,056
Food Manufacturing	5,884,722	396,072	251,518	1,269,382	7,801,694
Real Estate	997,878	731,740	339,899	2,808,688	4,878,205
Holding and Others	1,024,243	31,889	29,606	69,048	1,154,786
	15,691,287	3,743,093	2,506,774	7,967,587	29,908,741
Others	9,998,889	53,793	46,173	450,422	10,549,277
	25,690,176	3,796,886	2,552,947	8,418,008	40,458,018
Less Allowance for Doubtful Accounts					3,254,291
					37,203,727