

COVER SHEET

C 1 9 9 8 0 0 1 3 4

S.E.C. Registration Number

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

(Company's Full Name)

A B O I T I Z C O R P O R A T E C E N T E R
 G O V . M A N U E L A . C U E N C O A V E N U E ,
 K A S A M B A G A N , C E B U C I T Y

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

M. JASMINE S. OPORTO

Contact Person

032-411-1801

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

3rd Monday of May

0 5 2 1

Month Day

Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

530

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier


STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **March 5, 2013**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **C199800134** 3. BIR TIN **200-652-460**
4. **ABOITIZ POWER CORPORATION**
Exact name of registrant as specified in its charter
5. **Cebu City, Philippines** 6. 
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City** **6000**
Address of principal office Postal Code
8. **(032) 411-1800**
Registrant's telephone number, including area code
9. **N.A.**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding
(as of September 30, 2012) |
|-----------------------------------|--|
| Common Stock P1 Par Value | 7,358,604,307 |
| Amount of Debt Outstanding | P68,347,270,000.00 |

11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Power Corporation (AboitizPower or the Company) recorded a consolidated net income of ₱6.0 billion (bn) for the quarter ending December 31, 2012, recording an increase of 12% year-on-year (YoY). The Company registered a non-recurring gain of ₱208 million (mn) during the quarter, which were mainly driven by foreign exchange gains resulting from the revaluation of consolidated dollar-denominated loans and placements and the recognition of a one-time, non-recurring expense at the parent level due to the write-off of deferred tax assets related to the expiring net operating loss carryover (NOLCO) and expiring minimum corporate income tax (MCIT). All these bring AboitizPower's core net income for the fourth quarter of 2012 to ₱5.8 bn, which is 5% higher YoY.

On a full year basis, AboitizPower's bottomline performance registered a 13% YoY increase, from ₱21.6 bn to ₱24.4 bn. This translated to earnings per share of ₱3.32. The Company registered a non-recurring gain of ₱705 mn in 2012. Major contributors were

foreign exchange gains resulting from the revaluation of consolidated dollar-denominated loans and placements amounting to ₱1.5 bn, which was then offset by the recognition of one-time expenses due to following: (1) higher fuel cost booked by its geothermal assets due to reimbursement made to its steam supplier for expenses incurred from previous years; (2) the downward revenue adjustment of a wholly-owned subsidiary as a result of an Energy Regulatory Commission (ERC) ruling regarding its ancillary services contract; (3) the debt prepayment cost incurred at parent level; and (4) the recognition of a one-time, non-recurring expense at the parent level due to the write-off of deferred tax assets related to the expiring NOLCO and expiring MCIT. Adjusting for these one-offs, AboitizPower's core net income for 2012 amounted to ₱23.7 bn, up by 12% YoY.

Business Segments

Power Generation

For the quarter ending December 31, 2012, the power generation business recorded a 10% YoY increase in earnings contribution, from ₱5.1 bn to ₱5.6 bn. The net generation level grew by 23% YoY to 2,757 GWh from 2,245 GWh the previous year. With ancillary volumes dropping by 52% during the quarter due to the lower acceptance rate by the National Grid Corporation of the Philippines (NGCP), SN Aboitiz Power Group sold more energy over the spot market as capacity sold was switched from the ancillary market to the energy market. The growth in net generation was also driven by the 26% increase in sales through bilateral contracts. When adjusted for one-off items, the group's core net income amounted to ₱5.3 bn, which is 2% higher than last year.

On a full year basis, the generation business accounted for 89% of earnings contributions from AboitizPower's business segments, recording an income share of ₱22.8 bn for the year, reflecting a YoY growth of 11% YoY. Netting out one-off items, AboitizPower's generation business shored in ₱21.7 bn, 9% higher than last year.

The group's average price for its power increased by 3% YoY during the year. This was on the back of a 40% YoY rise in average selling price of electricity sold to the spot market as a result of the combination a tight supply situation brought about by higher outage levels and an increase in demand due to the hotter climate and increased economic activity during the year.

AboitizPower's net generation for 2012 registered a 13% YoY increase from 9,422 GWh to 10,660 GWh. This was mainly accounted for by the 17% YoY expansion in power sales through bilateral contracts. On a capacity basis, the Company's attributable sales increased by 9% YoY, from 1,413 MW to 1,547 MW, given the rising capacity sales through bilateral contracts. Capacity sold factors in general rose during the year, with the coal, geothermal and oil plants registering at 74%, 85%, and 93% respectively.

On the other hand, billed ancillary dropped by 19% due to the lower acceptance rate of the grid operator. While the average price for ancillary services grew by 16% during the period in review, this was not enough to compensate for the huge drop in volume. Thus, ancillary revenues for the whole of 2012 registered a 7% decrease as compared to the same period last year. As a result, the capacity sold factor of the large hydros was lower than expected, registering at 86% by the end of 2012.

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

Power Distribution

AboitizPower's attributable electricity sales for the quarter ending December 31, 2012 was at 1,000 GWh, a 4% increase from last year's 964 GWh. The growth was primarily driven by higher electricity sales across all customer segments, with the industrial segment registering a 4% increase in electricity sales YoY. However, a 32% increase in operating costs in the fourth quarter of 2012 versus the same period last year resulted in the power distribution group registering a 6% YoY decrease in its income contribution, from P654 mn to P615 mn. The growth in operating costs was mainly due to Davao Light & Power Company, Inc.'s (Davao Light) running its back-up power plant due to the shortfall in electricity supply in Mindanao.

For full year 2012, the power distribution group registered a 16% YoY earnings expansion, from P2.4 bn to P2.8 bn. This was on the back of increased electricity sales and improved average gross margin. For the year ending December 31, 2012, total attributable electricity sales increased by 6% YoY, from 3,727 GWh to 3,934 GWh. With economic activity in the country increasing, the industrial segment posted a 6% YoY growth in sales, followed by the residential segment at 5%. Meanwhile the commercial segment also posted modest growth at 3% YoY. The group's average gross margin for 2012 improved by 11% YoY to P1.60/kWh, mainly due to the implementation of the distribution utilities' approved rates under the Performance Based Regulation (PBR) scheme. Another driver for the group's enhanced gross margin was the reduced systems loss, with Visayan Electric Company, Inc. (VECO) and Cotabato Light & Power Company (Cotabato Light) in particular reducing their level of system loss by 0.8 and 0.9 percentage points, respectively, as a result of initiatives implemented during the period in review. The improvement in gross margins helped offset the 16% rise in operating costs during the year.

Financial Condition

As of December 31, 2012, the Company's total consolidated assets amounted to P164.1 bn, 7% higher than the year-end 2011 level of P153.5 bn. The Company's consolidated Cash and Cash Equivalents was at P30.7 bn, while total consolidated interest-bearing loans was at P66.9 bn. Equity Attributable to Equity Holders of the Parent increased by 19% to P81.5 bn from year-end 2011. Current ratio as of year-end 2012 was at 2.6x (versus year-end 2011's 3.5x), while net debt-to-equity ratio was at 0.4x (versus year-end 2011's 0.7x).

SIGNATURE (S)

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

ABOITIZ POWER CORPORATION

By



M. JASMINE S. OPORTO

Corporate Secretary

Dated: March 5, 2013