

November 16, 2020

via electronic mail

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
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

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

Gentlemen:

Please see enclosed SEC Form 17-Q (3rd Quarterly Report 2020) of Aboitiz Power Corporation.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:



MANUEL ALBERTO R. COLAYCO^{FCA}

Corporate Secretary

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)

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L A

P H I L I P P I N E S

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8-886-2338

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

3rd Quarterly Report 2020

1 7 - Q

FORM TYPE

4th Monday of April

0 4 2 7

Month Day Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

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 AND 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 September 30, 2020
2. Commission identification number C199800134 3.BIR Tax Identification No. 200-652-460-000

4. Exact name of issuer as specified in its charter

ABOITIZ POWER CORPORATION

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 (as of September 30, 2020)
<u>Common Stock P1 Par Value</u>	<u>7,358,604,307</u>
<u>Amount of Debt Outstanding</u>	<u>P232,747,382,000.00</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 of Financial Condition and Results of Operations.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Aboitiz Power Corporation's (AboitizPower, Parent, or the Company) consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report.

Top Five Key Performance Indicators

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

1. **Share in Net Earnings of Associates and Joint Ventures.** This represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to the acquisition of said investment, net of goodwill impairment cost, if any. It also indicates the profitability of the investment and investees' contribution to the Group's net income.

Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of acquisition.

Manner of Computation:

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

2. **Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA).** The Company calculates 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.
3. **Cash Flow Generated.** Using the Consolidated 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 liabilities by stockholders' equity.

Nine-Month Period Ended September 30, 2020 versus Nine-Month Period Ended September 30, 2019

The table below shows the comparative figures of the key performance indicators for the nine (9) months of 2020 and 2019 and as of December 31, 2019:

Key Performance Indicators	September 2020 (INTERIM)	September 2019 (INTERIM)	December 2019
<i>Amounts in thousands of ₱s, except for financial ratios</i>			
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	1,709,968	2,812,358	3,813,962
EBITDA	30,449,053	34,707,402	45,005,022
CASH FLOW GENERATED:			
Net cash flows from operating activities	23,593,695	31,520,771	39,356,962
Net cash flows used in investing activities	(4,805,451)	(29,553,681)	(34,060,584)
Net cash flows used in financing activities	(18,418,649)	(17,358,201)	(14,376,055)
Net (Decrease)/Increase in Cash & Cash Equivalents	369,595	(15,391,111)	(9,079,677)
Cash & Cash Equivalents, Beginning	37,433,929	46,343,041	46,343,041
Cash & Cash Equivalents, End	38,039,586	31,478,303	37,433,929
CURRENT RATIO	1.28		1.50
DEBT-TO-EQUITY RATIO	2.14		2.07

- Share in net earnings in associates and joint ventures for the first nine months of 2020 decreased by 39% compared to the same period last year. The decrease was mainly due to lower income contribution from SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat) resulting from a reduction in volume sold caused by reduced water levels.
- EBITDA for the first nine months of 2020 decreased by 12%. This was due to lower demand resulting from the imposition of COVID-19 related quarantine measures. EBITDA was also affected by plant outages during the period, which were partly offset by lower purchased power cost and additional new capacities from Therma Visayas, Inc. (TVI).
- Cash and cash equivalents as of 30 September 2020 increased by ₱606.00 million (mn) compared to the amount as of end-2019. This was mainly due to Company's retail bond issuance in June 2020 which was partly offset by principal payments made on existing loans.
- Current Ratio as of September 30, 2020 was at 1.28x, compared to 1.50x as of December 31, 2019. The decline was primarily due to maturing bonds of the Company that were reclassified from non-current, as well as additional short-term loans availed of by Subsidiaries during the first nine months of 2020.

- Debt-to-Equity Ratio as of September 30, 2020 was at 2.14x, higher than the 2.07x recorded at the end of 2019.

Results of Operations

The Company reported net income for the first nine months of 2020 of ₱7.01 bn, which was 48% lower than the ₱13.45 bn reported for the same period in 2019. This translated to earnings per share of ₱0.95 for the period. The Company recognized non-recurring net gains of ₱528 mn during the relevant period, compared to non-recurring net losses of ₱220 mn during the corresponding period last year, due to net foreign exchange gains on the revaluation of dollar denominated liabilities. Without these one-off gains, the Company's core net income for the first nine months of 2020 was ₱6.5 bn, 53% lower than the ₱13.7 bn recorded during the same period last year. This was due to a decline in EBITDA resulting from lower demand caused by the enforcement of COVID-related community quarantines, as well as lower water inflow. The Company also recorded additional tax expenses during the first nine months of 2020 following the expiration of the income tax holiday (ITH) incentives of Therma South, Inc. (TSI) and GNPowder Mariveles Energy Center Ltd. Co. (GMEC, formerly GNPowder Mariveles Coal Plant Ltd. Co.), as well as additional interest expenses from the Company's bonds and loans that were availed of during the fourth quarter of 2019.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱24.9 bn during the first nine months of 2020, 13% lower than the ₱28.7 bn recorded during the corresponding period last year. The variance was primarily due to reduced demand resulting from the enforcement of COVID-related community quarantines and to lower water inflow.

Capacity sold for the first three quarters of 2020 increased by 9% to 3,394 megawatts (MW) from 3,123 MW in the same period in 2019. This was due to increased contracting levels from the new capacity of TVI and additional portfolio contracts. Despite the increase in contracting levels, the reduced demand brought about by the COVID-19 pandemic and the prolonged outage of TSI resulted in an 8% decline in energy sold during the first nine months of 2020 to 16,689 gigawatt-hours (GWh), compared to from 18,083 GWh during the same period in 2019.

Power Distribution

For the first nine months of 2020, AboitizPower's distribution business recorded EBITDA of ₱5.8 bn, 3% lower than the ₱6.0 bn recorded during the same period in 2019. Energy sales decreased by 8% to 3,994 GWh during the first three quarters of 2020, compared to 4,341 GWh during the corresponding period in 2019. This was driven by lower energy consumption from the Commercial and Industrial customer segments resulting from the enforcement of the COVID-related community quarantines.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Net income attributable to equity holders of the Parent Company decreased by ₱6.45 bn, or 48%. The various movements in line items are shown below to account for the decrease:

Net Income Attributable to Equity Holders of the Parent (January - September 2019)	₱13,454,956
Decrease in operating revenues	(14,318,485)
Decrease in operating expenses	10,266,297
Decrease in interest income	(520,216)
Increase in interest expense	(366,859)
Decrease in share in net earnings of associates and joint ventures	(1,102,390)
Increase in other income	1,309,948
Increase in provision for taxes	(2,277,078)
Decrease in income attributable to non-controlling interests	559,528
Total	<u>(6,449,255)</u>
Net Income Attributable to Equity Holders of the Parent (January - September 2020)	<u>₱7,005,701</u>

Operating Revenues

(15% decrease from ₱94.68 bn to ₱80.36 bn)

The decrease in operating revenues was primarily due to lower demand brought about by the COVID-19 pandemic and resulting community quarantines, lower spot prices and indices, and lower contract rates.

These were partially offset by new capacities from TVI which went online in 2020.

Operating Expenses

(14% decrease from ₱72.45 bn to ₱62.18 bn)

The decrease in operating expenses was mainly due to the lower cost of purchased power and of generated power during the first half of 2020 brought about by COVID-19.

Interest Income

(49% decrease from ₱1.06 bn to ₱540.00 mn)

The decrease in interest income during the first nine months of 2020 compared to the same period in 2019 was primarily due to lower interest rates on placements.

Interest Expense and other financing costs

(4% increase from ₱10.25 bn to ₱10.61 bn)

Interest expense increased during the first nine months of 2020 compared to the same period in 2019 due to the interest and financing costs on AboitizPower's ₱7.25 bn and ₱9.55 bn retail bonds issued in October 2019 and July 2020 respectively, as well as from additional short-term loan availments during the relevant period.

Share in Net Earnings of Associates and Joint Ventures

(39% decrease from ₱2.81 bn to ₱1.71 bn)

Share in net earnings in associates and joint ventures for the first nine months of 2020 decreased by 39% compared to the same period in 2019. The decrease was mainly due to lower income contributions from SN Aboitiz Power-Magat. This was primarily driven by a reduction in volume sold due to reduced water levels.

Other Income (Expenses) – net

(57% increase from ₱2.30 bn to ₱3.61 bn other income)

The increase in other income during the first nine months of 2020 compared to the same period in 2019 was mainly due to foreign exchange gains on US Dollar denominated liabilities resulting from the weakening of the US Dollar as against the Philippine Peso.

Provision for Taxes

(91% increase from ₱2.51 bn to ₱4.79 bn)

The increase in provision for taxes was due to the additional taxes following the expiration of the ITH incentives of TSI and GMEC.

Changes in Registrant’s Resources, Liabilities and Shareholders’ Equity**Assets**

Total assets as of September 30, 2020 (compared to December 31, 2019) decreased by ₱6.36 bn, or 2%. The major movements of the accounts leading to the decrease were as follows:

- i. Cash and cash equivalents increased by ₱606.00 mn, or 2% (from ₱37.43 bn to ₱38.04 bn). This was due to the additional loan availments by the Group.
- ii. Trade and other receivables increased by ₱484.00 mn, or 2% (from ₱21.75 bn to ₱22.23 bn), primarily due to the impact of the extension of bill payments as per Energy Regulatory Commission (ERC) and Department of Energy (DOE) advisories.
- iii. Inventories decreased by ₱82.00 mn or 1% (from ₱6.63 bn to ₱6.55 bn). This was mainly driven by a decrease in Coal inventory.
- iv. Other current assets increased by ₱4.10 bn, or 37% (from ₱11.08 bn to ₱15.19 bn). This was mainly driven by the reclassification of TVI’s restricted cash from Other noncurrent assets.
- v. Investments and advances increased by ₱2.82 bn, or 5% (from ₱60.88 bn to ₱63.70 bn). This was mainly driven by new capital contributions to GN Power Dinginin Ltd. Co.
- vi. Property, plant and equipment decreased by ₱5.01 bn, or 2% (from ₱209.52 bn to ₱204.51 bn). This was primarily due to the depreciation of existing assets.
- vii. Intangible assets decreased by ₱1.96 bn, or 4% (from ₱46.71 bn to ₱44.75 bn). This was primarily due to the amortization of existing assets.
- viii. Financial assets at fair value through profit or loss increased by ₱5 mn, or 135% (from ₱4 mn to ₱9 mn). This was mainly due to mark-to-market valuations.
- ix. Deferred income tax assets decreased by ₱1.06 bn, or 38% (from ₱2.79 bn to ₱1.73 bn). This was mainly due to the reduction of the deferred tax benefits recognized by Therma Luzon, Inc. (TLI) on its net operating loss.
- x. Other noncurrent assets decreased by ₱6.18 bn, or 46% (from ₱13.52 bn to ₱7.34 bn). This was mainly due to the decrease in Input VAT, regular reduction in Power Sector Assets and Liabilities Management Corporation (PSALM) deferred adjustments, and the reclassification of TVI’s restricted cash to Other current assets.

Liabilities

Compared to December 31, 2019, total liabilities as of September 30, 2020 decreased by ₱1.40 bn, or 1%. The major movements of accounts leading to the decrease were as follows:

- i. Short-term loans increased by ₱3.16 bn, or 31% (from ₱10.34 bn to ₱13.49 bn). This was mainly due to new loans availed of by the Group for working capital purposes.
- ii. Trade and other payables increased by ₱1.66 bn, or 7% (from ₱22.38 bn to ₱24.03 bn). This was primarily due to the reclassification of TVI's Other noncurrent liabilities to current. These were partly offset by the reduction of trade payables and accrued expenses.
- iii. Income tax payable increased by ₱685.00 mn, or 134% (from ₱510.00 mn to ₱1.19 bn). This was mainly due to the expiration of the ITH incentives of TSI and GMEC.
- iv. Decommissioning liability increased by ₱899.00 mn, or 25% (from ₱3.57 bn to ₱4.47 bn). This was mainly due to the recognition of additional decommissioning provisions on power plant assets.
- v. Long-term debt (current and non-current portions) increased by ₱770.00 mn (from ₱177.97 bn to ₱178.74 bn). This was mainly due to Company's retail bond issuance in June 2020, which was partly offset by principal payments made on existing loans.
- vi. Lease liabilities (current and noncurrent portions) decreased by ₱4.28 bn (from ₱44.79 bn to ₱40.51 bn), as TLI made timely payments on its obligation to PSALM.
- vii. Long-term obligation on power distribution system (current and noncurrent portions) increased by ₱18.00 mn, or 9% (from ₱199.00 mn to ₱217.00 mn), as interest accretion was regularly recognized.
- viii. Net derivative liabilities increased by ₱737.00 mn (from ₱2.39 bn to ₱3.12 bn) during the first nine months of 2020 due to hedging losses.
- ix. Deferred income tax liabilities increased by ₱58.00 mn, or 7% (from ₱848.00 mn to ₱906.00 mn), mainly due to fair value changes of the Group's foreign currency denominated assets and liabilities.
- x. Other noncurrent liabilities decreased by ₱5.28 bn, or 78% (from ₱6.81 bn to ₱1.53 bn), mainly due to the regular payments of PSALM deferred adjustments and the reclassification of TVI's Other noncurrent liabilities to current.

Equity

Equity attributable to equity shareholders of the Parent Company decreased by 3% (from ₱125.54 bn at the end of 2019 to ₱121.24 bn as of September 30, 2020) after the declaration of dividends in March 2020, net of comprehensive income recognized during the first nine months of 2020. Cumulative translation adjustments decreased by ₱2.37 bn, due to the downward net adjustment in the fair value of the Group's foreign currency forward and commodity swap contracts designated as cash flow hedges, as well as the net assets translation effect of GMEC and Luzon Hydro Corporation during the period.

Material Changes in Liquidity and Cash Reserves of Registrant

As of September 30, 2020, the Group's cash and cash equivalents increased by 2% to ₱38.04 bn, from ₱37.43 bn as of December 31, 2019.

The reduction in demand for power brought about by COVID-19 related community quarantines contributed to lower cash generated from operations during the first nine months of 2020 by ₱7.93 bn, which was a 25% decrease compared to the same period in 2019.

Net cash flows used in investing activities decreased to ₱4.81 bn during the first nine months of 2020, compared to ₱29.55 bn for the same period in 2019, which was mainly due to the ₱24.95 bn AA Thermal acquisition taken up during 2019.

The net cash flows used in financing activities as of September 30, 2020 increased by ₱1.06 bn compared to the same period in 2019, primarily due to payments by the Group of principal amortizations on various loans.

Financial Ratios

As of September 30, 2020, current assets increased by 7% and current liabilities increased by 25% compared to the 31 December 2019. The current ratio as of September 30, 2020 was at 1.28x compared to 1.50x as of December 31, 2019.

Consolidated debt to equity ratio as of September 30, 2020 was at 2.14x, higher than the 2.07x recorded at the end of 2019. This was due to a 1% decrease in total liabilities during the first nine months of 2020, coupled with a 4% decrease in equity during the same period.

Outlook for the Upcoming Year/ Known Trends, Events, and Uncertainties which may have Material Impact on the Registrant

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, the Company believes that it has built the foundation to sustain its long term growth, as seen in its pipeline of six new power generation projects: (1) the Naga Power Plant Complex project; (2) the GNPowder Dinginin project; (3) the SNAP Magat Floating Solar project; (4) the APRI steam drilling project; (5) the TMI Hybrid Battery Energy Storage System ("BESS") project; and (6) the SN Aboitiz Power-Magat BESS project.

The Naga Power Plant Complex's six diesel engine units have all passed the grid compliance tests of the National Grid Corporation of the Philippines (NGCP) and were successfully rehabilitated in January 2020. The units have demonstrated a combined net capacity of 39 MW, almost twice the output of the units prior to Therma Power Visayas, Inc. (TPVI) taking over the complex. During the second quarter of 2020, TPVI obtained a Provisional Authority to Operate from the ERC which allowed TPVI to commence commercial operations. The plant began commercial operations on August 7, 2020 and was first dispatched based on an offer into the Wholesale Electricity Spot Market (WESM) on August 26, 2020. The plant is scheduled for NGCP ASPA testing this November 2020.

The GNPowder Dinginin project is in the final stages of construction but continues to face challenges due to the COVID-19 pandemic and the imposition of the travel ban from China. Project timelines have been impacted due to the imposition of travel restrictions and delays in the delivery of materials. However, with the strict COVID-19 measures implemented on the site, key technical personnel and materials mobilization have now been largely achieved. Due to these circumstances, Unit 1 is now scheduled to commence commercial operations by the second quarter of 2021. Unit 2 is expected to commence commercial operations by the third quarter of 2021.

In June 2019, SN Aboitiz Power-Magat switched on its first 200kW floating solar project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of SNAP, which was looking at other renewables and complementary technologies to expand its portfolio. The SN Aboitiz Power-Magat floating solar project has proven its viability, both technical and commercial. On October 21, 2020, the SNAP Board approved for the project to proceed to engineering design for 67 MW.

In relation to AboitizPower's existing capacity, the steam field operator for AP Renewables Inc. (APRI) has commenced the drilling of 12 new wells, which are expected to result in a minimum 50 MW of additional steam capacity by 2022. For Tiwi, the first well drilled was commissioned in December 2019 and was tested at 12.11 MW in January 2020. For MakBan, the first make-up well is targeted by January 2021 with a capacity of 5 to 7 MW. The Company expects to complete the drilling for incremental steam capacity by 2022. The drilling project is significant as it will allow the Company to optimize APRI's current net sellable capacity of 290 MW.

In November 2020, AboitizPower announced its two battery projects. The TMI Hybrid BESS project ("TMI BESS") is located in Maco, Compostela Valley. It has a storage capacity of 49 MW and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with Therma Marine's Maco oil barge. The TMI BESS project is targeted to commence commercial operations in 2022. The SN Aboitiz Power-Magat BESS project ("SNAP BESS") is located in Ramon, Isabela. It has a storage capacity of 20 MW and will be used to provide ancillary services. The project is currently in the pre-construction phase, with the next step being the engagement of a preferred EPC contractor for early works. The SNAP BESS project is targeted to commence commercial operations in 2023.

The TMI BESS and SNAP BESS projects are of strategic significance to AboitizPower as they optimize the capacity of the Company's energy portfolio and build its capability to meet the energy demands of the future, as well as serving as a model for its future battery investments.

As of September 2020, AboitizPower owns 4,435 MW of net attributable capacity, of which 3,499 MW is currently operating.

AboitizPower fully supports the DOE's coal moratorium efforts to make the Philippine energy system more flexible, resilient, and sustainable. The Company has been a pioneer of renewable energy in the country and its diversification into thermal technologies was primarily driven by the country's need for a reliable, accessible, and affordable power supply.

AboitizPower remains committed to growing its attributable capacity, which it expects will be sourced from a portfolio consisting of both renewables and selective baseload builds. In terms of renewable energy, the Company aims to maximize opportunities from the implementation of the Renewable Portfolio Standards ("RPS") by the 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. The Company will continue to pursue its international aspirations, with a continued focus on renewable energy projects in wind, hydro, solar, and gas in the ASEAN region. With all of these combined, it is expected that the Company'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. The Company expects its financial condition to give it the agility to create or acquire additional generating capacity over the next few years.

Despite the challenges posed by the global pandemic and the currently challenging business situation, the Company continues to operate with its business continuity plans in force, in accordance with the

protocols and guidelines of the government's community quarantine. The Company will continue to provide the country with the much-needed power supply for 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 80 of the Company's 2020 Definitive Information Statement).

PART II--OTHER INFORMATION

There are 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 POWER CORPORATION <hr/>
	
Principal Accounting Officer	Myla M. Espineda <hr/>
Signature and Title	AVP – Divisional Operating Profit Management and Special Projects <hr/>
Date	November 16, 2020 <hr/>
	
Authorized Officer of the Issuer	Manuel Alberto R. Colayco <hr/>
Signature and Title	Corporate Secretary <hr/>
Date	November 16, 2020 <hr/>

Aboitiz Power Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
As of September 30, 2020 (with Comparative Figures as of December 31, 2019)
and For the Nine-Month Periods Ended September 30, 2020 and 2019

ABOITIZ POWER CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET**

(With Comparative Figures as of December 31, 2019)

(Amounts in Thousands)

	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱38,039,586	₱37,433,929
Trade and other receivables (Note 6)	22,231,114	21,747,422
Inventories	6,549,766	6,632,029
Other current assets (Note 7)	15,187,130	11,083,405
Total Current Assets	82,007,596	76,896,785
Noncurrent Assets		
Investments and advances (Note 8)	63,697,307	60,878,541
Property, plant and equipment	204,507,338	209,521,466
Intangible assets (Note 10)	44,754,747	46,712,501
Derivative assets - net of current portion (Note 20)	—	82,327
Financial assets at fair value through profit or loss (FVTPL)	9,160	3,906
Net pension assets	68,209	68,209
Deferred income tax assets	1,727,856	2,786,310
Other noncurrent assets	7,335,385	13,519,312
Total Noncurrent Assets	322,100,002	333,572,572
TOTAL ASSETS	₱404,107,598	₱410,469,357

LIABILITIES AND EQUITY**Current Liabilities**

Short-term loans (Note 12)	₱13,491,814	₱10,335,420
Current portions of:		
Long-term debts (Note 13)	16,591,674	10,386,311
Lease liabilities (Note 21)	6,540,210	5,486,745
Long-term obligation on power distribution system	40,000	40,000
Derivative liabilities (Note 20)	2,114,547	2,255,736
Trade and other payables (Note 11)	24,033,901	22,376,120
Income tax	1,194,953	510,137
Total Current Liabilities	64,007,099	51,390,469

(Forward)

ABOITIZ POWER CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET**

(With Comparative Figures as of December 31, 2019)

(Amounts in Thousands)

	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 13)	₱162,150,173	₱167,585,311
Lease liabilities (Note 21)	33,973,511	39,302,899
Long-term obligation on power distribution system	177,414	159,350
Derivative liabilities - net of current portion (Note 20)	1,008,948	212,588
Customers' deposits	6,780,255	6,521,469
Decommissioning liability	4,466,892	3,567,492
Deferred income tax liabilities	906,056	848,471
Net pension liabilities	426,047	426,047
Other noncurrent liabilities	1,528,599	6,812,250
Total Noncurrent Liabilities	211,417,895	225,435,877
Total Liabilities	275,424,994	276,826,346
Equity Attributable to Equity Holders of the Parent		
Paid-in capital	19,947,498	19,947,498
Share in net unrealized valuation gain on fair value through other comprehensive income (FVOCI) of an associate (Note 8)	98,602	101,727
Cumulative translation adjustments	(3,368,137)	(994,253)
Share in cumulative translation adjustments of associates and joint ventures (Note 8)	(406,560)	(153,485)
Actuarial losses on defined benefit plans	(923,833)	(923,833)
Share in actuarial gains on defined benefit plans of associates and joint ventures (Note 8)	(13,079)	(14,299)
Acquisition of non-controlling interests	(6,321,325)	(6,321,325)
Excess of cost over net assets of investments	(421,260)	(421,260)
Loss on dilution	(433,157)	(433,157)
Retained earnings (Note 22)		
Appropriated	33,660,000	33,660,000
Unappropriated	79,417,925	81,095,377
	121,236,674	125,542,990
Non-controlling Interests	7,445,930	8,100,021
Total Equity	128,682,604	133,643,011
TOTAL LIABILITIES AND EQUITY	₱404,107,598	₱410,469,357

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Jan - Sep 2020	Jan - Sep 2019	Jul - Sep 2020	Jul - Sep 2019
OPERATING REVENUES (Note 18)	₱80,362,549	₱94,681,034	₱27,330,695	₱30,722,270
OPERATING EXPENSES (Note 15)	62,181,499	72,447,796	20,185,169	22,480,282
FINANCIAL INCOME (EXPENSES)				
Interest income	540,235	1,060,451	134,940	295,776
Interest expense and other financing costs (Note 19)	(10,614,840)	(10,247,981)	(3,417,717)	(3,684,712)
	(10,074,605)	(9,187,530)	(3,282,777)	(3,388,936)
OTHER INCOME (EXPENSES)				
Share in net earnings of associates and joint ventures	1,709,968	2,812,358	730,150	1,767,429
Other income (expenses) - net (Note 16)	3,613,739	2,303,791	2,186,023	241,553
	5,323,707	5,116,149	2,916,173	2,008,982
INCOME BEFORE INCOME TAX	13,430,152	18,161,857	6,778,922	6,862,034
PROVISION FOR INCOME TAX	4,785,682	2,508,604	2,903,173	1,335,516
NET INCOME	₱8,644,470	₱15,653,253	₱3,875,749	₱5,526,518
ATTRIBUTABLE TO:				
Equity holders of the parent	₱7,005,701	₱13,454,956	₱3,268,761	₱4,806,586
Non-controlling interests	1,638,769	2,198,297	606,988	719,932
	₱8,644,470	₱15,653,253	₱3,875,749	₱5,526,518
EARNINGS PER COMMON SHARE (Note 17)				
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱0.95	₱1.83	₱0.44	₱0.65

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Jan - Sep 2020	Jan - Sep 2019	Jul - Sep 2020	Jul - Sep 2019
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	₱7,005,701	₱13,454,956	₱3,268,761	₱4,806,586
Non-controlling interests	1,638,769	2,198,297	606,988	719,932
	8,644,470	15,653,253	3,875,749	5,526,518
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Share in net unrealized valuation gains (losses) on AFS investments of an associate (Note 8)	(3,125)	—	—	—
Movement in cumulative translation	(2,917,314)	(2,270,151)	(1,344,191)	(1,175,871)
Share in movement in cumulative translation adjustment of associates and joint ventures (Note 8)	(253,075)	(422,043)	(297,262)	(273,631)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(3,173,514)	(2,692,194)	(1,641,453)	(1,449,502)
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>				
Share in actuarial gains on defined benefit plans of associates and joint ventures, net of tax (Note 8)	1,220	(16)	—	—
Net other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent	1,220	(16)	—	—
Total other comprehensive loss for the period, net of tax	(3,172,294)	(2,692,210)	(1,641,453)	(1,449,502)
TOTAL COMPREHENSIVE INCOME	₱5,472,176	₱12,961,043	₱2,234,296	₱4,077,016
ATTRIBUTABLE TO:				
Equity holders of the parent	₱4,376,837	₱11,232,966	₱2,053,850	₱3,827,306
Non-controlling interests	1,095,339	1,728,077	180,446	249,710
	₱5,472,176	₱12,961,043	₱2,234,296	₱4,077,016

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
(Amounts in Thousands, Except Dividends Per Share Amounts)**

	Attributable to Equity Holders of the Parent												Total
	Paid-in Capital	Unrealized Valuation Gain on FVOCI Investments of an Associate (Note 8)	Cumulative Translation Adjustments (Note 8)	Cumulative Translation Adjustments of Associates and Joint Ventures (Note 8)	Actuarial Gains (Losses) on Defined Benefit Plans	Gains (Losses) on Defined Benefit Plans of Associates and Joint Ventures (Note 8)	Acquisition of Non-controlling Interests	Excess of cost over net assets of investment (Note 9)	Loss on Dilution	Retained Earnings (Note 22)		Non-controlling Interests	
										Appropriated	Unappropriated		
Balances at January 1, 2020	₱19,947,498	₱101,727	(₱994,253)	(₱153,485)	(₱923,833)	(₱14,299)	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱81,095,377	₱8,100,021	₱133,643,011
Net income for the period	—	—	—	—	—	—	—	—	—	—	7,005,701	1,638,769	8,644,470
Other comprehensive income	—	(3,125)	(2,373,884)	(253,075)	—	1,220	—	—	—	—	—	(543,430)	(3,172,294)
Total comprehensive income (loss)	—	(3,125)	(2,373,884)	(253,075)	—	1,220	—	—	—	—	7,005,701	1,095,339	5,472,176
Cash dividends - 1.18 per share (Note 22)	—	—	—	—	—	—	—	—	—	—	(8,683,153)	—	(8,683,153)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(1,446,981)	(1,446,981)
Change in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(302,449)	(302,449)
Balances at September 30, 2020	₱19,947,498	₱98,602	(₱3,368,137)	(₱406,560)	(₱923,833)	(₱13,079)	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱79,417,925	₱7,445,930	₱128,682,604
Balances at January 1, 2019	₱19,947,498	₱101,727	₱525,916	₱321,139	(₱587,267)	₱29,729	(₱259,147)	(₱421,260)	(₱433,157)	₱34,060,000	₱74,427,738	₱8,863,751	₱136,576,667
Effect of adoption - PFRS 16	—	—	—	—	—	—	—	—	—	—	(237,889)	(40,070)	(277,959)
Balances at January 1, 2019, as restated	19,947,498	101,727	525,916	321,139	(587,267)	29,729	(259,147)	(421,260)	(433,157)	34,060,000	74,189,849	8,823,681	136,298,708
Net income for the period	—	—	—	—	—	—	—	—	—	—	13,454,957	2,198,297	15,653,254
Other comprehensive income	—	—	(1,799,930)	(422,043)	—	(16)	—	—	—	—	—	(470,221)	(2,692,210)
Total comprehensive income (loss)	—	—	(1,799,930)	(422,043)	—	(16)	—	—	—	—	13,454,957	1,728,076	12,961,044
Cash dividends - 1.47 per share (Note 22)	—	—	—	—	—	—	—	—	—	—	(10,817,148)	—	(10,817,148)
Reversal of appropriation	—	—	—	—	—	—	—	—	—	(12,300,000)	12,300,000	—	—
Appropriations during the period	—	—	—	—	—	—	—	—	—	11,900,000	(11,900,000)	—	—
Acquisition of non-controlling interest	—	—	—	—	—	—	(6,062,178)	—	—	—	—	(710,830)	(6,773,008)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(2,395,870)	(2,395,870)
Change in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	125,104	125,104
Balances at September 30, 2019	₱19,947,498	₱101,727	(₱1,274,014)	(₱100,904)	(₱587,267)	₱29,713	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱77,227,658	₱7,570,161	₱129,398,830

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Jan - Sep 2020	Jan - Sep 2019	Jul - Sep 2020	Jul - Sep 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱13,430,152	₱18,161,857	₱6,778,922	₱6,862,034
Adjustments for:				
Interest expense and other financing costs (Note 19)	10,614,840	10,247,981	3,417,717	3,684,712
Depreciation and amortization	8,124,636	7,216,561	2,786,413	2,599,650
Loss (Gain) on disposal of property, plant and equipment	66,992	267,261	22,082	(2,205)
Unrealized fair valuation loss on derivatives and financial assets at FVTPL (Note 20)	226,406	19,838	195,978	22,229
Share in net earnings of associates and joint ventures (Note 8)	(1,709,968)	(2,812,358)	(730,150)	(1,767,429)
Interest income (Note 5)	(540,235)	(1,060,451)	(134,940)	(295,776)
Net unrealized foreign exchange gains	(1,753,018)	(953,960)	(1,034,825)	324,660
Write-off of project costs and other assets	7,240	9,812	7,240	1,306
Operating income before working capital changes	28,467,045	31,096,541	11,308,437	11,429,181
Decrease (increase) in:				
Trade and other receivables	(1,686,773)	222,321	1,771,691	3,743,307
Inventories	82,263	(977,013)	(205,226)	(1,127,371)
Other current assets	(2,623,132)	2,901,340	(3,376,748)	892,177
Increase (decrease) in:				
Trade and other payables	2,441,136	41,025	867,765	(1,038,192)
Customers' deposits	258,786	318,287	44,538	82,830
Net cash generated from operations	26,939,325	33,602,501	10,410,457	13,981,932
Income and final taxes paid	(3,345,630)	(2,081,731)	(1,572,155)	(624,855)
Net cash flows from operating activities	23,593,695	31,520,770	8,838,302	13,357,077
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash dividends received (Note 8)	2,097,127	1,857,905	855,188	40,180
Interest received	544,248	1,115,153	132,251	302,545
Proceeds from redemption of shares	6,939	5,340	—	—
Decrease (Increase) in other noncurrent assets	(1,756,909)	910,201	(2,442,531)	415,151
Net collection of advances	(15,789)	—	—	—
Disposal of assets at FVTPL	(5,254)	81,208	1,306	34
Additions to:				
Property, plant and equipment	(3,365,818)	(6,983,315)	(1,545,436)	(3,482,160)
Intangible assets - service concession rights (Note 10)	(57,008)	(40,212)	(10,200)	(20,389)
Additional investments (Note 8)	(2,252,987)	(26,499,960)	(719,569)	(1,272,797)
Net cash flows used in investing activities	(4,805,451)	(29,553,680)	(3,728,991)	(4,017,436)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from (payments of) long-term debt (Note 13)	3,921,619	9,773,840	7,061,716	(3,110,453)
Net availments of short-term loans (Note 12)	3,156,394	7,642,783	(9,516,520)	(518,061)
Cash dividends paid (Note 22)	(8,682,746)	(10,817,148)	—	—
Payments of:				
Lease liabilities (Note 21)	(6,428,396)	(7,027,989)	(2,624,668)	(2,350,369)
Acquisition of non-controlling interest (Note 23)	—	(6,773,008)	—	—
Changes in non-controlling interests	(1,446,981)	(2,395,870)	(299,200)	(329,317)
Interest paid	(8,938,539)	(7,760,809)	(3,728,013)	(3,457,406)
Net cash flows used in financing activities	(18,418,649)	(17,358,201)	(9,106,685)	(9,765,606)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	369,595	(15,391,111)	(3,997,374)	(425,965)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	236,062	526,373	106,056	126,512
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	37,433,929	46,343,041	41,930,904	31,777,756
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱38,039,586	₱31,478,303	₱38,039,586	₱31,478,303

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED NOTES TO FINANCIAL STATEMENTS

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

1. Corporate Information

Aboitiz Power Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on February 13, 1998. The Company is a publicly-listed holding company of the entities engaged in power generation and power distribution in the Aboitiz Group. As of September 30, 2020, Aboitiz Equity Ventures, Inc. (AEV, also incorporated in the Philippines) owns 76.98% of the Company. 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.

2. Group Information

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Company, subsidiaries controlled by the Company and joint operation that are subject to joint control (collectively referred to as “the Group”).

The following are the subsidiaries as of September 30, 2020 and December 31, 2019:

	Nature of Business	September 30, 2020		December 31, 2019	
		Direct	Indirect	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries	Power generation	100.00	–	100.00	–
AP Renewables, Inc. (APRI)	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power generation	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power generation	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	–	100.00	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power generation	–	100.00	–	100.00
Luzon Hydro Corporation (LHC)	Power generation	–	100.00	–	100.00
AP Solar Tiwi, Inc.*	Power generation	–	100.00	–	100.00
Retensol, Inc.*	Power generation	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power generation	–	100.00	–	100.00
Bakun Power Line Corporation*	Power generation	–	100.00	–	100.00
Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
Cordillera Hydro Corporation*	Power generation	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power generation	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power generation	–	100.00	–	100.00
PV Sinag Power, Inc. (former Hedcor Ifugao, Inc.)*	Power generation	–	100.00	–	100.00
Amihan Power, Inc. (former Hedcor Kalinga, Inc.)*	Power generation	–	100.00	–	100.00
Aboitiz Solar Power, Inc. (former Hedcor Itogon Inc.)*	Power generation	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Mt. Province, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power generation	–	100.00	–	100.00

Mt. Apo Geopower, Inc.*	Power generation	–	100.00	–	100.00
Negron Cuadrado Geopower, Inc. *	Power generation	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power generation	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power generation	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power generation	–	99.97	–	99.97
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	100.00	–	100.00	–
Mindanao Sustainable Solutions, Inc.*	Services	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power generation	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power generation	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)*	Power generation	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Subic, Inc.*	Power generation	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding company	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (former GNPower Mariveles Coal Plant) (GMEC)	Power generation	–	78.33	–	78.33
Therma Dinginin Holding Cooperatief U.A.	Holding company	–	100.00	–	100.00
Therma Dinginin B.V.	Holding company	–	100.00	–	100.00
Therma Dinginin Holdings, Inc.	Holding company	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power generation	–	80.00	–	80.00
Abovant Holdings, Inc. (Abovant)	Holding company	–	60.00	–	60.00
AboitizPower International Pte. Ltd. (API)	Holding company	100.00	–	100.00	–
Aboitiz Energy Solutions, Inc. (AESI)	supplier	100.00	–	100.00	–
Adventenergy, Inc. (AI)	supplier	100.00	–	100.00	–
Balamban Enerzone Corporation (BEZ)	Power distribution	100.00	–	100.00	–
Lima Enerzone Corporation (LEZ)	Power distribution	100.00	–	100.00	–
Mactan Enerzone Corporation (MEZ)	Power distribution	100.00	–	100.00	–
Malvar Enerzone Corporation	Power distribution	100.00	–	100.00	–
East Asia Utilities Corporation (EAUC)	Power generation	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	99.94	–	99.94	–
Cotabato Ice Plant, Inc.	Manufacturing	–	100.00	–	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	99.93	–	99.93	–
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding company	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasun)	Power generation	–	100.00	–	100.00
AboitizPower International B.V.	Holding company	–	100.00	–	100.00
Subic Enerzone Corporation (SEZ)	Power distribution	65.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	60.00	–	60.00	–
Prism Energy, Inc. (PEI)	supplier	60.00	–	60.00	–
Visayan Electric Company (VECO)	Power distribution	55.26	–	55.26	–

* No commercial operations as of September 30, 2020

3. Basis of Financial Statement Preparation and Changes in Accounting Policies

Basis of Financial Statement Preparation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited 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).

The unaudited interim condensed consolidated financial statements of the Group are presented in Philippine peso, the Company's functional currency, and rounded to the nearest thousands except for earnings per share and exchange rates and when otherwise indicated.

On October 28, 2020, the Audit Committee of the Board of Directors (BOD) approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of the Group.

Changes in Accounting Policies

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.

- 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 will apply on 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 provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments did not have an impact in the unaudited interim condensed consolidated financial statements as the Group's practice is generally align with the amendments.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments did not have an impact in the unaudited interim condensed consolidated financial statements.

- *Conceptual Framework for Financial Reporting issued on March 29, 2018*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The Group adopted the amendments beginning January 1, 2020. These amendments did not have an impact in the unaudited interim condensed consolidated financial statements.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance),

regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The adoption of the new standard is not expected to have an impact on the unaudited interim condensed consolidated financial statements of the Group as the Group is not into the business of providing insurance contracts.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's unaudited interim 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 disclosures of contingent liabilities. However, uncertainty about these assumptions 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.

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 audited consolidated financial statements.

5. Cash and Cash Equivalents

	September 30, 2020	December 31, 2019
Cash on hand and in banks	₱14,508,649	₱14,177,919
Short-term deposits	23,530,937	23,256,010
	₱38,039,586	₱37,433,929

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 deposits rates.

6. Trade and Other Receivables

	September 30, 2020	December 31, 2019
Trade receivables - net of allowance for expected credit losses	₱17,127,127	₱16,420,952
Others		
Dividends receivable	—	1,199,068
Advances to contractors	204,645	63,339
Non-trade receivable	3,811,828	2,972,536
Interest receivable	44,653	48,666
PSALM deferred adjustment	1,042,861	1,042,861
	₱22,231,114	₱21,747,422

Trade and other receivables are non-interest bearing and are generally on 10 - 30 days' term.

Advances to contractors refer to non-interest bearing advance payments made for project mobilization which are offset against progress billings to be made by the contractors.

Non-trade receivable relates mostly to advances to partners in GMEC which are subject to offset against any cash dividends declared by GMEC and due to the partners.

7. Other Current Assets

	September 30, 2020	December 31, 2019
Restricted cash	₱8,513,507	₱4,449,716
Input VAT	1,793,405	2,049,496
Prepaid tax	1,486,227	1,854,792
Advances to National Grid Corporation of the Philippines (NGCP)	2,132,100	1,727,028
Prepaid expenses	1,012,576	610,426
Others	249,315	391,947
	₱15,187,130	₱11,083,405

Restricted cash represents proceeds from sale of power under the control of trustees of TSI's 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 prepayments for insurance.

8. Investments and Advances

	September 30, 2020	December 31, 2019
Acquisition cost:		
Balance at beginning of the year	₱58,144,997	₱30,559,245
Additions during the period	2,252,987	27,591,092
Redemptions during the period	(6,939)	(5,340)
Balance at end of period	60,391,045	58,144,997
Accumulated equity in net earnings:		
Balance at beginning of the year	3,345,164	3,867,849
Share in net earnings	1,709,968	3,813,962
Transition adjustment	—	(18,691)
Dividends received or receivable	(898,059)	(4,317,956)
Balance at end of period	4,157,073	3,345,164
Share in net unrealized valuation gain on FVOCI investment of an associate	98,602	101,727
Share in actuarial gains on defined benefit plans of associates and joint ventures	(13,079)	(14,299)
Share in cumulative translation adjustments of associates and joint ventures	(406,560)	(153,485)
	64,227,081	61,424,104
Less allowance for impairment losses	568,125	568,125
Investments at equity	63,658,956	60,855,979
Advances	38,351	22,562
	₱63,697,307	₱60,878,541

2020

In 2020, the Group, through TPI and ATI, made capital contributions to GNPD amounting to ₱2.25 billion.

The Group's associates and joint ventures and the corresponding equity ownership as of September 30, 2020 are as follows:

	Nature of Business	Percentage of ownership
Manila-Oslo Renewable Enterprise, Inc. (MORE) ¹	Holding company	83.33
GNPower Dinginin Ltd. Co. (GNPD)* (Note 23)	Power generation	70.00
Hijos de F. Escaño, Inc. (Hijos)	Holding company	46.73
Mazzaraty Energy Corporation (MEC)	Retail electricity supplier	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78
AA Thermal, Inc. (AA THERMAL) (Note 23)	Holding company	60.00
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	42.84
La Filipina Elektrika, Inc.*	Power generation	40.00
STEAG State Power, Inc. (STEAG)	Power generation	34.00
AEV Aviation, Inc. (AAI)	Service	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	26.40
Redondo Peninsula Energy, Inc. (RPEI)*	Power generation	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00

¹ Joint venture.

* No commercial operations as of September 30, 2020

The principal place of business and country of incorporation of the Group's associates and joint venture are in the Philippines.

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

	September 30, 2020	December 31, 2019
ATI	₱24,314,535	₱24,084,947
GNPD	18,141,634	17,172,530
MORE	11,286,200	10,180,552
STEAG	3,803,936	4,032,405
CEDC	4,006,231	3,447,491
RPEI	523,779	525,769
PEVI	606,487	508,895
SFELAPCO	423,280	372,917
Hijos	198,102	176,037
WMPC	156,749	142,577
SPPC	53,687	61,497
Others	144,336	150,362
	₱63,658,956	₱60,855,979

9. Joint Operations

Name of Joint Operation	Nature of Business	Percentage of Ownership
		September 30, 2020
Pagbilao Energy Corporation (PEC)	Power generation	50%

* PEC's principal place of business and country of incorporation is the Philippines;

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 unaudited interim condensed consolidated financial statements on a line-by-line basis.

10. Intangible Assets

September 30, 2020

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of year	₱40,876,082	₱5,456,916	₱3,078,431	₱622,491	₱60,068	₱468,123	₱50,562,111
Additions	—	57,008	—	69,784	—	(10,603)	116,189
Impairment	—	—	—	(7,240)	—	—	(7,240)
Exchange differences	(1,690,395)	(90,394)	—	—	—	55,042	(1,725,747)
Balances at end of year	39,185,687	5,423,530	3,078,431	685,035	60,068	512,562	48,945,313
Accumulated amortization:							
Balances at beginning of year	—	3,050,596	506,659	—	60,068	232,287	3,849,610
Amortization	—	255,249	57,721	—	—	27,986	340,956
Balances at end of year	—	3,305,845	564,380	—	60,068	260,273	4,190,566
Net book values	₱39,185,687	₱2,117,685	₱2,514,051	₱685,035	₱—	₱252,289	₱44,754,747

11. Trade and Other Payables

	September 30, 2020	December 31, 2019
Trade payables	₱9,850,794	₱10,885,721
Output VAT	3,034,196	3,022,048
Amounts due to contractors and other third parties	882,821	1,159,984
PSALM deferred adjustment	1,042,861	1,042,861
Accrued expenses:		
Interest	1,567,049	2,350,811
Materials and supplies cost	66,087	470,588
Taxes and fees	713,805	1,246,863
Claims conversion costs	96,137	102,808
Insurance	18,453	18,437
Dividends payable (see Note 22)	111,666	94,976
Unearned revenues	37,574	37,425
Customers' deposit	29,939	19,360
Nontrade	6,459,172	1,270,946
Others	123,347	653,292
	₱24,033,901	₱22,376,120

Trade payables are non-interest bearing and generally on 30-day terms.

Accrued taxes and fees represent accrual of real property tax, transfer tax and other fees.

Amounts due to contractors and other third parties include liabilities arising from the power plant construction.

Nontrade payables include amounts due to PSALM pertaining to Generation Rate Adjustment Mechanism (GRAM), Incremental Currency Exchange Rate Adjustment (ICERA), and Universal Charges.

Others include withholding taxes and other accrued expenses and are generally payable within 12 months from the balance sheet date.

12. Short-term Loans

	September 30, 2020	December 31, 2019
Peso loans - financial institutions -	2.00% - 4.92% in 2020	
unsecured	2.68% - 4.95% in 2019	
	₱12,882,000	₱9,727,800
Temporary advances	609,814	607,620
	₱13,491,814	₱10,335,420

The bank loans are unsecured short-term notes payable obtained from local banks. These loans are covered by the respective borrower's existing credit lines with the banks and are not subject to any significant covenants and warranties.

13. Long-term Debts

	2020 Interest Rate	September 30, 2020	December 31, 2019
Company (see Note 14):			
Bonds due 2024	7.51%	₱7,700,000	₱7,700,000
Bonds due 2026	5.28%	7,250,000	7,250,000
Bonds due 2021	5.21%	6,600,000	6,600,000
Bonds due 2026	6.10%	3,400,000	3,400,000
Bonds due 2027	5.34%	3,000,000	3,000,000
Bonds due 2025	8.51%	3,050,000	2,500,000
Bonds due 2022	3.13%	9,000,000	—
Financial institutions - unsecured	5.28%	5,000,000	5,000,000
Financial institutions - unsecured	LIBOR + 1.20%	14,548,500	15,190,500
Subsidiaries:			
GMEC			
Financial institutions - unsecured	LIBOR + 1.7% - 4.00%	33,752,172	37,247,830
TVI			
Financial institutions - secured	5.56% to 9.00%	29,418,667	31,520,000
AESI			
Financial institutions - secured	5.026% to 5.42%	600,000	—
TSI			
Financial institutions - secured	5.05%-5.70%	19,384,195	20,039,365
APRI			
Financial institutions - secured	4.48% - 5.20%	6,873,920	8,124,160
Hedcor Bukidnon			
Financial institutions - secured	4.75% - 7.36%	9,315,000	9,416,666
TPVI			
Financial institutions - unsecured	3.32%-5.06%	1,488,750	1,300,000
Hedcor Sibulan			
Fixed rate corporate notes - unsecured	4.53% - 5.42%	3,801,400	3,801,400
HI			
Financial institution - secured	7.41%	423,000	423,000
Financial institution - secured	7.87%	1,207,000	1,327,000
VECO			
Financial institution - unsecured	4.70% - 4.92%	776,000	776,000
LHC			
Financial institutions - secured	2.94%	434,030	564,580
DLP			
Financial institution - unsecured	4.68% to 4.92%	582,000	582,000
AI			
AEV - unsecured	4.00%	300,000	300,000
SEZ			
Financial institution - unsecured	5.00%	56,500	113,000
CLP			
Financial institution - unsecured	4.69% to 4.92%	116,400	116,400
Joint operation (see Note 9)			
Financial institutions - secured	5.50% - 8.31%	12,251,259	13,380,097
		180,328,793	179,671,998
Less deferred financing costs		1,586,946	1,700,376
		178,741,847	177,971,622
Less current portion - net of deferred financing costs		16,591,674	10,386,311
		₱162,150,173	₱167,585,311

Loan covenants

The loan agreements on long-term debt of the Group provide for certain restriction with respect to, among others, mergers or consolidations or other material changes in their ownership, corporate set-up or management, investment and guaranties, incurrence of additional debt, disposition of mortgage of assets, payment of dividends, and maintenance of financial ratios at certain levels.

These restrictions and requirements were complied with by the Group as of September 30, 2020 and December 31, 2019.

14. Debt Securities

The Company registered and issued ₱10 billion worth of peso denominated fixed rate retail bonds on September 10, 2014.

On July 3, 2017, the Company issued the first tranche on the ₱30 billion bonds registered in June 2017.

In October 2018, the Company issued and registered a total of ₱10.20 billion bonds.

In October 2019, the Company issued and registered a total of ₱7.25 billion bonds.

In July 2020, the Company issued and registered a total of ₱9.55 billion bonds.

Terms of the bonds are as follows:

Maturity	Interest Rate (p.a.)	Amount
12-year bonds to mature on September 10, 2026	6.10%	₱3,400,000
10-year bonds to mature on September 10, 2021	5.21%	₱6,600,000
10-year bonds to mature on July 3, 2027	5.3367%	₱3,000,000
5.25-year bonds to mature on January 25, 2024	7.51%	₱7,700,000
7-year bonds to mature on October 25, 2025	8.51%	₱2,500,000
7-year bonds to mature on October 14, 2026	5.28%	₱7,250,000
2-year bonds to mature on July 6, 2022	3.13%	₱9,000,000
5-year bonds to mature on July 6, 2025	3.94%	₱550,000

15. Operating Expenses

For the period ended September 30

	2020	2019
Cost of purchased power	₱23,608,193	₱27,190,731
Cost of generated power	18,506,175	26,838,769
Depreciation and amortization	8,124,636	7,216,561
General and administrative	6,161,221	6,140,857
Operations and maintenance	5,781,274	5,060,878
	₱62,181,499	₱72,447,796

16. Other Income (Expenses)

	For the period ended September 30	
	2020	2019
Net foreign exchange gain (loss)	₱1,480,964	₱131,783
Surcharges	315,159	399,984
Non-utility operating income	887,435	118,862
Rental income	29,296	45,949
Write off of project costs and other assets	(7,240)	(18,466)
Losses on disposal of property, plant and equipment	(66,992)	(267,474)
Others - net	975,117	1,893,153
	₱3,613,739	₱2,303,791

Included in “Net foreign exchange gain (loss)” are the net gains and losses relating to currency forward transactions.

“Others” include other non-recurring items like sale of scrap and sludge oil in 2020 and reversal of APRI and TLI’s liability to PSALM pertaining to GRAM and ICERA in 2019.

17. Earnings Per Common Share

Earnings per common share amounts were computed as follows:

	For the periods ended September 30	
	2020	2019
a. Net income attributable to equity holders of the parent	₱7,005,701	₱13,455
b. Average number of outstanding shares	7,358,604,307	7,358,604,307
Earnings per share (a/b)	₱0.95	₱1.83

There are no dilutive potential common shares as of September 30, 2020 and 2019.

18. 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 Chief Operating Decision Maker (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, which is the Group’s CODM, are as follows:

- “Power Generation” segment, which is engaged in the generation and supply of power to various customers under power supply contracts, ancillary service procurement agreements and for trading in WESM;

- “Power Distribution” segment, which is engaged in the distribution and sale of electricity to the end-users; and
- “Parent Company and Others”, which includes the operations of the Company, retail electricity sales to various off takers that are considered to be eligible contestable customers and electricity related services of the Group such as installation of electrical equipment.

The power generation segment's revenue from contracts with customers is mainly from power supply contracts. Set out below is the disaggregation of the Group's revenue from contracts with customers:

January - September 2020

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱28,825,369	–	–	₱28,825,369
Revenue from distribution services	–	30,616,310	–	30,616,310
Revenue from retail electricity sales	–	–	11,696,258	11,696,258
Revenue from non-power supply contracts	9,111,632	–	–	9,111,632
Revenue from technical and management services	–	–	112,980	112,980
	₱37,937,001	₱30,616,310	₱11,809,238	₱80,362,549

January - September 2019

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱37,875,627	–	–	₱37,875,627
Revenue from distribution services	–	34,992,680	–	34,992,680
Revenue from retail electricity sales	–	–	17,961,057	17,961,057
Revenue from non-power supply contracts	3,686,681	–	–	3,686,681
Revenue from technical and management services	–	–	164,989	164,989
	₱41,562,308	₱34,992,680	₱18,126,046	₱94,681,034

The revenue from contracts with customers is consistent with the revenue with external customers presented in Segment information.

The Group has only one geographical segment as all 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 interim condensed consolidated statements of income. Interest expense and other financing costs, 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 which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length transaction 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. Capital expenditures consist of additions of property, plant and equipment and intangible asset - service concession rights. 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:

September 30, 2020

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱37,937,001	₱30,616,310	₱11,809,238	₱—	₱80,362,549
Inter-segment	16,966,491	824,306	1,065,694	(18,856,491)	—
Total Revenue	₱54,903,492	₱31,440,616	₱12,874,932	(₱18,856,491)	₱80,362,549
Segment Results	₱14,543,169	₱3,409,317	₱228,564	₱—	₱18,181,050
Unallocated corporate income - net	1,744,006	1,330,551	539,182	—	3,613,739
INCOME FROM OPERATIONS	16,287,175	4,739,868	767,746	—	21,794,789
Interest expense	(7,818,765)	(532,088)	(2,263,987)	—	(10,614,840)
Interest income	327,652	45,474	167,109	—	540,235
Share in net earnings of associates and joint ventures	1,499,896	187,613	8,893,393	(8,870,934)	1,709,968
Provision for income tax	(3,425,612)	(1,180,927)	(179,143)	—	(4,785,682)
NET INCOME	₱6,870,346	₱3,259,940	₱7,385,118	(₱8,870,934)	₱8,644,470
OTHER INFORMATION					
Investments	₱62,285,744	₱1,029,766	₱165,227,603	(₱164,884,157)	₱63,658,956
Segment Assets	₱295,078,044	₱35,526,173	₱198,939,476	(₱125,436,095)	₱404,107,598
Segment Liabilities	₱179,506,838	₱29,094,885	₱77,202,233	(₱10,378,962)	₱275,424,994
Depreciation and Amortization	₱7,166,476	₱815,217	₱34,179	₱108,764	₱8,124,636

September 30, 2019

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱41,562,308	₱34,992,680	₱18,126,046	₱—	₱94,681,034
Inter-segment	22,120,253	977,885	2,369,972	(25,468,110)	—
Total Revenue	₱63,682,561	₱35,970,565	₱20,496,018	(₱25,468,110)	₱94,681,034
Segment Results	₱17,313,609	₱4,283,285	₱636,344	₱—	₱22,233,238
Unallocated corporate income - net	1,782,805	739,357	(218,371)	—	2,303,791
INCOME FROM OPERATIONS	19,096,414	5,022,642	417,973	—	24,537,029
Interest expense	(7,996,060)	(388,347)	(1,863,574)	—	(10,247,981)
Interest income	774,786	31,139	254,526	—	1,060,451
Share in net earnings of associates and joint ventures	2,663,152	148,917	15,426,110	(15,425,821)	2,812,358
Provision for income tax	(1,034,615)	(1,261,956)	(212,033)	—	(2,508,604)
NET INCOME	₱13,503,677	₱3,552,395	₱14,023,002	(₱15,425,821)	₱15,653,253
OTHER INFORMATION					
Investments	₱60,763,058	₱900,270	₱161,743,862	(₱161,415,981)	₱61,991,209
Segment Assets	₱300,991,970	₱31,564,401	₱188,223,439	(₱115,994,666)	₱404,785,144
Segment Liabilities	₱188,083,182	₱25,453,487	₱73,367,939	(₱11,518,293)	₱275,386,315
Depreciation and Amortization	₱6,320,643	₱750,880	₱27,693	₱117,345	₱7,216,561

19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as trade and other receivables, investments in equity securities, short-term loans, trade and other payables, lease liabilities, long-term obligation on power distribution system and customers' deposits, which generally arise directly from its 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, credit risk, liquidity risk, commodity price risk and foreign exchange risk.

Liquidity risk

Liquidity risk is the risk of not meeting obligations as they become due because of the inability to liquidate assets or obtain adequate funding. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay any dividend declarations.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. 10.23% of the Group's debt will mature in less than one year as of September 30, 2020 (December 31, 2019: 6.97%). For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents and trade and other receivables. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following table summarizes the maturity profile of the Group's financial liabilities as of September 30, 2020 based on contractual undiscounted principal payments:

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Short-term loans	₱13,491,814	₱13,491,814	₱—	₱13,491,814	₱—	₱—
Trade and other payables*	21,776,518	21,776,518	1,965,232	18,282,689	1,528,597	—
Long-term debts	178,741,847	180,328,793	—	16,736,529	95,644,682	67,947,582
Customers' deposits	6,780,255	6,780,255	—	—	403,028	6,377,227
Lease liabilities	40,513,721	56,642,147	—	9,117,883	44,872,854	2,651,410
Long-term obligation on PDS	217,414	360,000	—	40,000	200,000	120,000
Derivative liabilities	3,123,495	3,123,495	—	2,114,547	1,008,948	—
	₱264,645,064	₱282,503,022	₱ 1,965,232	₱ 59,783,462	₱ 143,658,109	₱ 77,096,219

*Include the noncurrent portion of the PSALM deferred adjustment presented under noncurrent liabilities in the audited interim consolidated balance sheet.

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 September 30, 2020, 15% of the Group's long-term debt had annual floating interest rates ranging from 1.45% to 3.60%, and 85% have annual fixed interest rates ranging from 4.00% to 8.50%. As of December 31, 2019, 16% of the Group's long-term debt had annual floating interest rates ranging from 3.09% to 4.81%, and 84% have annual fixed interest rates ranging from 4.05% to 9.00%.

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

As of September 30, 2020

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,769,848	₱22,008,289	₱3,510,251	₱27,288,388

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings):

	Increase (decrease) in basis points	Effect on income before tax
September 2020	200	(₱545,768)
	(100)	272,884
September 2019	200	(₱586,577)
	(100)	293,289

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

The interest expense and other financing costs recognized according to source are as follows:

	For the period ended September 30	
	2020	2019
Short-term loans and long-term debt	₱8,256,917	₱6,871,346
Lease liabilities (Note 21)	2,192,202	3,136,202
Customers' deposits	940	293
Other long-term obligations	164,781	240,140
	₱10,614,840	₱10,247,981

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flows. Foreign currency denominated borrowings account for 29% and 32% of total consolidated borrowings as of September 30, 2020 and December 31, 2019.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of September 30, 2020 and December 31, 2019, translated to Philippine Peso:

	September 30, 2020		December 31, 2019	
	US Dollar	Philippine Peso equivalent ¹	US Dollar	Philippine Peso equivalent ²
Financial assets:				
Cash and cash equivalents	\$120,764	₱5,856,450	\$43,352	₱2,195,129
Trade and other receivables	4	194	18,725	948,140
Advances to associates	852	41,318	—	—
Total financial assets	121,620	5,897,962	62,077	3,143,269
Financial liabilities:				
Short-term loans	12,575	609,814	12,000	607,620
Trade and other payables	23,392	1,134,395	13,439	680,493
Long-term debt	300,000	14,548,500	300,000	15,190,500
Lease liabilities	406,959	19,735,477	443,002	22,431,406
Total financial liabilities	742,926	36,028,186	768,441	38,910,019
Total net financial liabilities	(\$621,306)	(₱30,130,224)	(\$706,364)	(₱35,766,750)

¹\$1 = 48.50

²\$1 = 50.635

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax as of September 30, 2020:

	Increase (decrease) in US Dollar	Effect on income before tax
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱1,506,511)
US Dollar denominated accounts	US Dollar weakens by 5%	1,506,511

The increase in US Dollar rate represents the depreciation of the Philippine Peso while the decrease in US Dollar rate represents appreciation of the Philippine Peso.

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

Credit risk

For its cash investments (including restricted portion), financial assets at FVTPL 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 investments. With respect to cash investments and financial assets at FVTPL, 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 only enter into transactions with 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 it has internal mechanisms 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 is summarized in the following table:

	September 30, 2020	December 31, 2019
Power distribution:		
Industrial	₱5,038,594	₱5,554,969
Residential	2,589,588	1,825,217
Commercial	838,307	437,994
City street lighting	236,672	111,570
Power generation:		
Spot market	2,582,226	1,481,760
Power supply contracts	8,468,588	5,520,439
	₱19,753,975	₱14,931,949

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.

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. The Group determines net debt as the sum of interest-bearing short-term and long-term loans (comprising long-term debt and lease liabilities) less cash and short-term deposits (including restricted cash).

Gearing ratios of the Group as of September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020	December 31, 2019
Short-term loans	₱13,491,814	₱10,335,420
Long-term obligations	219,255,568	222,761,266
Cash and cash equivalents	(38,039,586)	(37,433,929)
Restricted cash	(8,513,507)	(9,121,747)
Net debt (a)	186,194,289	186,541,010
Equity	128,682,604	133,643,011
Equity and net debt (b)	314,876,893	320,184,021
Gearing ratio (a/b)	59.13 %	58.26 %

No changes were made in the objectives, policies or processes during the periods ended September 30, 2020 and December 31, 2019.

20. 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.

	September 30, 2020		December 31, 2019	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Asset				
PSALM deferred adjustment	₱2,400,942	₱2,166,120	₱3,183,080	₱2,846,279
Financial Liabilities				
Lease liabilities	₱40,513,721	₱37,822,318	₱44,789,644	₱38,495,450
Long-term debt - fixed rate	151,453,459	157,007,069	148,642,748	152,786,437
PSALM deferred adjustment	2,400,942	2,166,120	3,183,080	2,846,279
Long-term obligation on power distribution system	217,414	289,023	199,350	320,194
	₱194,585,536	₱197,284,530	₱196,814,822	₱194,448,360

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

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.

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is done on a quarterly basis, the carrying value approximates the fair value.

Lease liabilities. The fair value of the lease liabilities was calculated by discounting future cash flows using applicable interest rates.

Long-term obligation on PDS. The fair value of the long-term obligations on power distribution system is calculated by discounting expected future cash flows at prevailing market rates.

Customers' deposits. The fair value of bill deposits approximates the 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 transformer 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 financial instruments. The fair value of forward contracts 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 fair value of the embedded prepayment options is determined using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the interest rate swap and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The Group enters into non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities and purchases.

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 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 nine-month period ended September 30, 2020 and for the year ended December 31, 2019 are as follows:

	2020	2019
At beginning of year	(P2,385,997)	P132,902
Net changes in fair value of derivatives designated as cash flow hedges	(232,687)	(2,515,732)
Net changes in fair value of derivatives not designated as accounting hedges	(226,406)	(3,889)
Fair value of settled instruments	(278,405)	722
At end of period	(P3,123,495)	(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; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of September 30, 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:				
Derivative liabilities	3,123,495	–	3,123,495	–
Disclosed at fair value:				
Lease liabilities	37,822,318	–	–	37,822,318
Long-term debt - fixed rate	157,007,069	–	–	157,007,069
Long-term obligation on PDS	289,023	–	–	289,023

During the nine-month period ended September 30, 2020, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

21. Leases

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

	Land	Building	Power Plant	Equipment and Others	Total	Lease liabilities
As at January 1, 2020	₱2,730,076	₱230,234	₱33,575,200	₱117,602	₱36,653,112	₱44,789,644
Amortization expense	(74,244)	(14,374)	(820,885)	(16,079)	(925,582)	–
Interest expense	–	–	–	–	–	2,192,202
Payments	–	–	–	–	–	(6,428,396)
Others	–	–	–	–	–	(39,729)
As at September 30, 2020	₱2,655,832	₱215,860	₱32,754,315	₱101,523	₱35,727,530	₱40,513,721

Set out below, are the amounts recognized in the unaudited consolidated statements of income for the Nine months ended September 30, 2020:

Amortization expense of right-of-use assets	₱925,582
Interest expense on lease liabilities	2,192,202
Rent expense - short-term leases	58,218
	₱3,176,002

22. Retained Earnings

- On March 6, 2020, the BOD approved the declaration of regular cash dividends of ₱1.18 a share (₱8.68 billion) to all stockholders of record as of March 20, 2020. These dividends were paid on April 3, 2020.
- The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

23. Disclosures

1. 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 (6) months and imposed community quarantine 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. The government released further guidelines extending the quarantines under different levels of strictness depending on the assessment of the situation in the numerous parts of the country. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Group is operating normally but at a lower energy dispatch level because of the decreased demand during the community quarantines. In addition, because of the decrease in energy demand, market prices are down. Furthermore, collections are not expected to be made on their original due dates because of the staggered payment scheme implemented by the Energy Regulatory Commission with respect to the consumers' energy bills.

Considering the evolving nature of this outbreak, the Group will continue to monitor the situation in subsequent periods.

2. 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 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.

3. Pagbilao IPP Administration Agreement

Therma Luzon, Inc. and PSALM executed the IPP Administration Agreement wherein PSALM appointed TLI to manage the 700MW contracted capacity of NPC in the coal-fired power plant in Pagbilao, Quezon.

Under the IPP Administration Agreement, TLI has the right to receive, manage and control the capacity of the power plant for its own account and at its own cost and risk; and the right to receive the transfer of the power plant at the end of the IPP Administration Agreement for no consideration.

The IPP Administration Agreement includes the following obligations TLI would have to perform until the transfer date of the power plant (or the earlier termination of the IPP Administration Agreement):

- a. Supply and deliver all fuel for the power plant in accordance with the specifications of the original Energy Conservation Agreement (ECA); and
- b. Pay to PSALM the monthly payments (based on the bid) and energy fees (equivalent to the amount paid by NPC to the IPP).

In view of the nature of the IPP Administration Agreement, the arrangement has been considered as a finance lease. Accordingly, TLI recognized the related liability equivalent to the present value of the minimum monthly payments using TLI's incremental borrowing rates of 10% and 12% for dollar and peso payments, respectively.

The present value of the future minimum monthly dollar and peso payments under the IPP Administration Agreement as of September 30, 2020:

Present value of minimum monthly payments to PSALM	₱38,489,776
Less: Current portion	(6,451,472)
<u>Noncurrent portion of lease liability</u>	<u>₱32,038,304</u>

4. Property, Plant and Equipment

During the nine-month period ended September 30, 2020, the Group's additions to property, plant and equipment amounted to ₱3.35 billion.

5. Dividends to Non-controlling Interests

The Group's material partly-owned subsidiaries, namely GMEC and VECO, paid cash dividends amounting to ₱1.40 billion and ₱2.01 billion to non-controlling interests during the nine-month periods ended September 30, 2020 and 2019, respectively.

6. Material Events and Changes

Mekong Transaction

On April 1 2020, the Group disclosed that it was informed by AboitizPower International Pte. Ltd. ("AboitizPower Intl.") that its planned acquisition of a 100% ownership interest in Mekong Wind Pte. Ltd. from Armstrong Southeast Asia Clean Energy Fund Pte. Ltd. ("AAM") was not completed due to a condition precedent being unmet by the agreed longstop date. As a result, AboitizPower Intl. decided to hold-off the transaction.

AboitizPower Intl. is in discussions with AAM to revisit the acquisition at a future date.

The termination of the transaction has no impact to the Group's existing operations and financial performance.

Except for the above developments and as disclosed in some other portions of this report, no other significant event occurred that would have a material impact on the registrant and its subsidiaries, and no other known trend, event or uncertainty came about that had or were reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations, since the end of the most recently completed fiscal year. There were also no significant elements of income or loss that did not arise from the continuing operations of the registrant and its subsidiaries.

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 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 unaudited interim condensed 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.

9.55 billion bond issuance

The Company issued the fourth and last tranche of its 30 billion debt securities program, equivalent to 9.55 billion in July (the “Series E and F Bonds”). The Fixed Rate “Series E and F Bonds” has an interest rate of 3.125% and 3.935% per annum maturing in 2022 and 2025 respectively. The bonds have been rated PRS Aaa by PhilRatings.

7. Material Adjustments

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

8. 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 - USE OF PROCEEDS1) Ten Billion Fixed Rate Bonds issued in 2014

As of December 31, 2016, the proceeds from the 2014 bonds were fully utilized for the following projects:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
400 MW (net) Pulverised Coal-Fired Expansion Unit 3 in Pagbilao, Quezon	4,100,000	3,917,722
68 MW Manolo Fortich Hydropower Plant	3,600,000	2,253,450
300 MW Cebu Coal	500,000	527,859
300 MW Davao Coal	500,000	1,698,469
14 MW Sabangan Hydropower Plant	1,300,000	1,602,500
TOTAL	10,000,000	10,000,000

2) Series "A" of the Thirty Billion Shelf Registration issued in 2017

As of December 31, 2019 the proceeds from the 2017 bonds were fully utilized for the following projects:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Equity infusions into GNPD in 2017	2,206,373	1,255,745
Equity infusions into GNPD in 2018	764,395	1,711,317
Bond issuance costs	29,232	32,938
TOTAL	3,000,000	3,000,000

3) Series "B" and "C" of the Thirty Billion Shelf Registration issued in 2018

As of March 31, 2020 the proceeds from the 2018 bonds were fully utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Therma Power, Inc.	8,700,000	8,700,000
Bond issuance costs	118,868	121,924
General corporate purposes	1,381,132	1,378,076
TOTAL	10,200,000	10,200,000

4) Series "D" of the Thirty Billion Shelf Registration issued in 2019

As of December 31, 2019, the proceeds from the 2019 bonds were fully utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Repayment of short-term loan	7,161,972	7,250,000
Bond issuance costs	88,028	—
TOTAL	7,250,000	7,250,000

5) Series "E" and "F" of the Thirty Billion Shelf Registration issued in 2020

As of September 30, 2020, the proceeds from the 2020 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Reimburse Previous Equity Contributions to GNPD through AA Thermal and TPI	6,736,749	6,736,749
Fund Succeeding Equity Infusions in AA Thermal and TPI	2,082,873	719,569
General corporate purposes	614,889	—
Bond issuance costs	115,489	113,547
TOTAL	9,550,000	7,569,865

SCHEDULE B – RELEVANT FINANCIAL RATIOS

	Formula	Sep 30, 2020	Dec 31, 2019
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.28	1.50
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	0.94	1.15
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	2.14	2.07
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	3.14	3.07
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	1.45	1.42
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	59.13%	58.60%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	n.a	2.83
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	n.a	23%
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity}}$	n.a	14%

*Ratio marked * is deemed not applicable (n.a.) for the interim reporting period since this would not be comparable to the ratio reported in the previous period.*

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

1.) AGING OF RECEIVABLES

As of September 30, 2020

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade receivables					
Power Distribution Customers	3,820,889	1,181,918	391,622	889,238	6,283,667
Power Generation Customers	5,158,197	240,296	143,340	5,508,981	11,050,814
Management & Other Services Customers	1,644,788	106,207	110,603	557,896	2,419,494
	10,623,874	1,528,421	645,565	6,956,115	19,753,975
Less : Allowance for estimated credit losses					2,626,847
Net trade receivables					17,127,128
Non-trade receivables	5,101,683	-	-	2,303	5,103,986
Grand Total	15,725,557	1,528,421	645,565	6,958,418	22,231,114

2.) ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Collection Period
Trade	uncollected billings to customers for sale of power, goods and services	30 - 60 days
Non-Trade	claims, operating cash advances and advances to suppliers & employees	30 - 120 days

3.) NORMAL OPERATING CYCLE

Power Subsidiaries

- Distribution - 60 days
- Generation - 65 days