

abotiz

Equity Ventures



SUSTAINING

LEADERSHIP

2015 ANNUAL REPORT





SUSTAINING LEADERSHIP

Sustaining Leadership is our organization's commitment as we move forward in our growth journey, focused on creating shared value in every community, sector and society that we serve. We will pursue growth in our core businesses of power, banking and financial services, food, land, and infrastructure, while at the same time aiming to drive economic and social development together.

We will set a new benchmark for diversification and sustainable growth, just like what the first generation of Aboitiz leaders did when they established our standards over a century ago.

Our brand of leadership is driven by the Aboitiz BetterWorld mindset. As we build our bench strength, we nurture leaders from among our ranks who will lead by example, mentor and foster teamwork, speak what's on their mind, and deliver results for sustainable growth. As we prepare our future leaders, we are all united in our goal to build a sustainable enterprise that we can entrust to future generations. Today and in the future, the Aboitiz story will be told by our own people and our stakeholders highlighted by the good that we create for society.

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The Aboitiz Way

For over a hundred years of doing business, we in the Aboitiz Group have nurtured and strengthened our core values and beliefs that guide us to be the best at what we do, and embolden us to uphold our mission of creating long-term value for all our stakeholders.

We refer to this comprehensive system of values and beliefs as The Aboitiz Way, the distinctly unique way we do things.

- **We keep alive our passion for better ways.**
- **Driven is what we are...driven to lead, driven to excel, and driven to serve.**
- **We are guided by our time-honored values of integrity, teamwork, innovation, and responsibility.**
- **We value our fellow team members and celebrate our successes.**
- **Our leaders lead by example, mentor and foster teamwork, speak what's on their mind, and deliver results for sustainable growth.**



Integrity



Teamwork



Innovation



Responsibility



Power

AboitizPower's Generation Business Group is one of the largest private power producers in the Philippines. The company operates 45 generation facilities across the country, harnessing power from a right mix portfolio of renewable (hydro, geothermal and solar) and non-renewable (coal and oil) energy sources. The Group ensures that its generated power is available and reliable, with facilities operating efficiently at the lowest possible cost, and with the least adverse effects on the environment and their host communities.

The Distribution Business Group is composed of eight utilities, including the nation's second and third largest, which supply electricity to high-growth areas in Central Luzon, Visayas and Mindanao. The Group continues to implement innovative and efficient ways to serve the growing needs of about 882,000 customers.



Banking and Financial Services

UnionBank ranks 8th largest in resources & loans, 7th in deposits, and 6th in capital as of end 2015. It offers a wide range of quality financial products and services to retail customers, middle market and corporate clients, as well as major government institutions. The bank distinguishes itself through superior technology, a unique branch sales and service culture, and centralized backroom operations.

UnionBank's acquisition of thrift bank **City Savings Bank** from AEV in January 2013, is aligned with its FOCUS 2020 strategy of becoming a great retail bank. CitySavings specializes in granting salary loans to teachers.

PETNET is the country's largest Western Union agent network, which includes over 300 company-owned locations and 1,800 sub-agents located in banks, pawnshops, business centers, money changers, and supermarkets. AEV acquired a 51% stake in the local remittance firm in June 2015.



Food

Pilmico is among the top three flour milling companies in the Philippines, and is also a major player in the animal feeds and swine production sectors. Pilmico is committed to ensuring the highest level of quality in its products and throughout all aspects of its operation; thereby guaranteeing market competitiveness and increased customer satisfaction. In 2014, the Pilmico International acquired Vinh Hoan Feeds, an aqua feeds plant in Vietnam, marking Pilmico's entry in the international market.



Land

AboitizLand is engaged in the design and development of distinct communities for residential, industrial, and commercial use. As a national player in the land sector, it continues to expand geographically in key growth areas. In 2014, AboitizLand acquired LiMA Land, the developer of the 549-hectare LiMA Technology Center in Batangas.



Infrastructure

The **Republic Cement Group**, AEV's partnership with CRH plc, is the country's second largest local cement manufacturing and distribution company. It operates six cement facilities across Luzon, Visayas, and Mindanao.

Apo Agua, a joint venture between AEV and J.V. Angeles Construction Corporation, will develop, build, and operate the country's second largest private bulk water treatment facility in Davao. In March 2015, the company signed a supply agreement with the Davao City Water District for the delivery of 300 million liters per day of potable water to the city's residents.



Corporate Social Responsibility

The **Aboitiz Foundation** is the corporate foundation of the Aboitiz Group. Established in 1988, it implements corporate social responsibility interventions especially in communities where Aboitiz companies operate. The Foundation focuses its efforts on education, enterprise development, environment, and health & well-being.

WeatherPhilippines provides the country with a premier weather sensing and forecasting system made possible by technology, inclusive partnerships, and communication. Founded in 2012 by the Aboitiz Foundation, UnionBank, and MeteoGroup, it delivers free, more localized, and accurate weather information accessed through weather.com.ph. WeatherPhilippines complements government's nationwide efforts on disaster risk reduction, and aims to help build a #WeatherWiser nation.

2015 Performance Highlights

We continue to make significant headways in our sustainability journey in 2015. This is reflected in these figures that highlight our performance in support of our triple bottom line.



People

Goal:
Partner with our stakeholders
to create shared value



31,132 TMs

2014 28,518 TMs

9% increase in team members (TMs) employed group-wide



922 Individuals

2014 860 individuals

7% increase in the no. of individuals who participated in capacity-building trainings



36,167 Hrs

2014 35,133 hrs

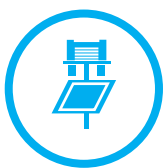
3% increase in TMs' volunteered hours



P 415 M

2014 P 610 M

32% decrease in CSR fund allocation



777 AWS

2014 750 AWS

4% increase in deployed automated weather stations (AWS)



738 CSR Projects

2014 742 projects

1% decrease in CSR projects



507,086 Beneficiaries

2014 114,449 beneficiaries

In 2015, the scope expanded to include beneficiaries from Business Units' Direct CSR Initiatives



Planet

Goal:
Minimize our environmental impact



3.8 M Trees

2014 3.4 M trees

42% of the 9 million trees target



1,558,956 tCO₂e

Greenhouse Gas (GHG) emissions
In 2015, the scope of our GHG emissions monitoring expanded.



1,217 MW

2014 1,189 MW

2% increase in renewable energy (RE) net sellable capacity



7 Group Initiatives

2014 7 Group Initiatives

Waste management group initiatives



Profit

Goal:
Grow profitably



P 17.7 B

2014 P 18.4 B

4% decrease from previous year's Net Income After Tax



17%

2014 20%

15% decrease from previous year's ROE



12% (5 years)

2014 46% (5 years)

Total Return to Shareholder per year compounded annually



P 40.2 B

2014 P 38.4 B

4% increase from previous year's EBITDA

Apo Agua signs country's second largest private bulk water supply deal

Apo Agua Infraestructura Inc., a joint venture between Aboitiz Equity Ventures, Inc. and J.V. Angeles Construction Corporation, enters into a P12-billion bulk water supply agreement, the second largest deal in the country to date, with the Davao City Water District (DCWD). It will supply DCWD 300 million liters per day of potable water to benefit Davao City's one million residents.



Aboitiz acquires PETNET

AEV acquired a 51% stake in local remittance firm PETNET, the largest Western Union agent network in the country. It has over 300-owned branches and 1,800 sub-agent branches nationwide. Together with the Aboitiz Group, PETNET has a big potential for growth and development in distributing complementary products.

UnionBank launches Lumina Pandit II

UnionBank partners with the University of Sto. Tomas (UST) for the heritage preservation project Lumina Pandit II: Unending Light. The project aims to restore, preserve, and digitize 30,000 rare historic books and documents housed at UST's Miguel de Benavides Library and University Archives.

Republic Cement Group is created

AEV partners with CRH plc, a global leader in building materials, to acquire a majority stake in the operations of Lafarge in the Philippines, paving the way for the creation of Republic Cement Group. Its network includes six manufacturing plants located in Bulacan, Rizal, Batangas, Northern Cebu, Iligan, and Lanao de Norte, as well as Republic Cement Services, Inc., Republic Cement Iligan, Inc., and Republic Cement Mindanao, Inc.

AEV lists P24-billion fixed rate bonds at PDEX

Following the bond-listing in 2013, AEV returned to the local debt market in 2015 with the listing of its P24-billion fixed rate bonds on the Philippine Dealing and Exchange Corporation. The listing is the largest corporate bond issuance in 2015.

Solar power project construction begins

AboitizPower expands its renewable energy portfolio with the 59-MWp solar power plant project in San Carlos City, Negros Occidental. It started the plant construction in September 2015 and went online in March 2016.



Davao Light completes UDS

After VECO's successful installation of the Underground Distribution System (UDS) in Cebu City in 2014, Davao Light installs a UDS in Davao City. The newly completed facility is expected to contribute to a more robust network, and also enhance livability in the city.



Pilmico inaugurates new world-class Pier 2

This large-capacity container terminal in Iligan, which meets the standards of the International Ship and Port Facility Security (ISPS), will hasten the unloading of raw materials and will improve delivery processing for customers and key commodity suppliers.



Therma South's Unit 1 starts operations

Therma South, Inc., Mindanao's first major power plant since 2006, begins supplying the grid with reliable and cost-effective baseload power. Deemed as a long-term solution to Mindanao's power problem, the 2x150-MW power plant will supply at least 20 electric cooperatives and distribution utilities. It uses the modern circulating fluidized bed combustion technology, which increases efficient production while minimizing environmental impact. It has the first coal dome facility in Southeast Asia.

City Savings Bank opens 100th branch

In time for its 50th anniversary celebration, CitySavings opens its 100th branch in Zamboanga City. It's primary objective is to reach out to as many teachers throughout the country.

AboitizLand unveils Amoa

This 60-hectare mid-end residential project located in Compostela, Cebu will feature traditional Filipino houses fused with minimalist modern architecture.



Power Generation

- Increased attributable net energy sold by 11% to 12,550 GWh
- Started commercial operations of Therma South's Unit 1 in Davao
- Inaugurated Hedcor's 14-MW Sabangan hydro plant in Mountain Province
- Started construction of a 59-MWp solar photovoltaic power generation facility in San Carlos, Negros Occidental
- Entered into agreements with PT Medco Power Indonesia to develop a 2x55-MW geothermal plant in East Java Province, and with Energi Infransantara to develop a 127-MW hydro project in Central Sulawesi, also in Indonesia

Power Distribution

- Increased aggregate energy sales by 6% to 4,759 GWh
- Increased overall customer base by 5% to 881,944 customers
- Went live with VECO's new Meter Data Management system for Open Access and smart prepaid offering requirements
- Added 79 MVA to Davao Light's transformer while LiMA EnerZone installed 50 MVA transformers to improve distribution network reliability
- Completed the installation of Davao Light's Underground Distribution System (UDS) within Davao City

Banking and Financial Services

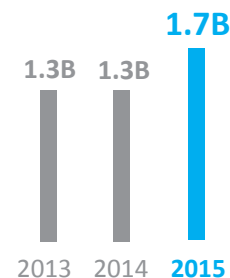
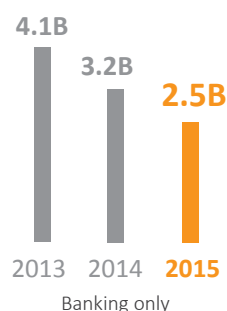
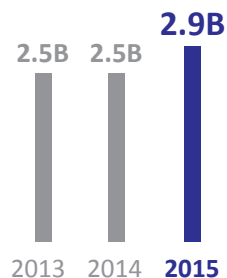
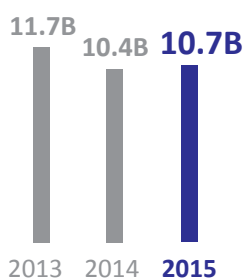
- Maintained UnionBank's total resources at P433.3 billion as the bank re-balanced its asset portfolio
- Increased UnionBank loans by 29% to P179.6 billion
- Shifted to UnionBank's accrual business model, focusing more on customer centricity and channel expansion
- Opened CitySavings' 100th branch
- Rolled out PETNET's DepEd teachers' salary loans in more than 300 company-owned branches and piloted GSIS pension loans in three outlets, on behalf of CitySavings

Food

- Posted P22.8 billion in Pilmico's revenues and recorded 14% year-on-year (YoY) increase, largely driven by the new contribution of Pilmico VHF coupled with the stellar performance of Feeds Philippines
- Completed construction of a new pier at the Iligan complex, supplementing existing international port facilities
- Started the Flour Export Program operations in Hong Kong, Vietnam, and Indonesia
- Conducted 20 Mahalin Pagkaing Atin events nationwide reaching over 15,000 partners
- Built a new breeder farm, nursery farm, 2 growing finishing farms, and its first layer farm

2015 Operating Highlights

Net Income Contribution to AEV (in Php)



2016 Outlook

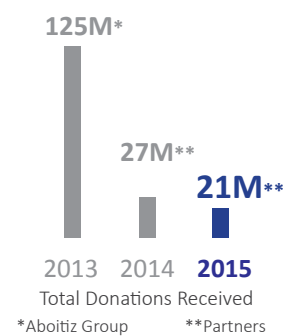
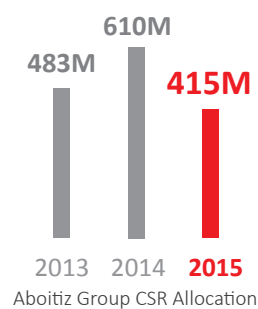
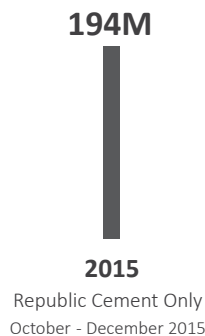
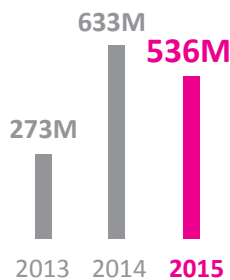
- Inaugurate Therma South's 300-MW Davao baseload plant
- Begin commercial operations of the first solar power project in San Carlos, Negros Occidental
- Continue construction of Hedcor's 68-MW Manolo Fortich hydro plant in Bukidnon, SNAP's 8.5-MW Maris Canal hydro plant in Isabela, Therma Visayas' 340-MW baseload plant in Cebu, Pagbilao Energy's 420-MW baseload plant in Quezon Province, and RP Energy's 600-MW baseload Plant in Zambales
- Introduce biomass energy into AboitizPower's renewable portfolio through Aseagas' 8.8-MW plant
- Roll out a new self-service system and mobile app to provide enhanced customer service
- Install more smart elevated meter clusters in areas of concentrated high losses
- Continue the extensive use of Tree Wire to be deployed in urban areas
- Upgrade the sub-transmission and distribution networks of Davao Light, VECO, and LiMA EnerZone
- Expand the UDS in the franchise areas of Davao Light and VECO
- Grow customer base using award-winning cash management solutions
- Grow earning assets through corporate loan products
- Introduce financing schemes to community members to expand its commercial/SME banking loan book
- Launch PETNET's PERA HUB brand to effectively communicate expanded services
- Operationalize new feeds production facilities in Iligan, Tarlac, and a new aqua feed mill in Vietnam by the second quarter
- Increase sow level by 14,000 and build additional farm facilities
- Operationalize a new layers farm with a monthly output of 4 million eggs
- Export flour to the ASEAN region

Land	Infrastructure	Aboitiz Foundation	WeatherPhilippines
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2015 Operating Highlights

- | | | | |
|--|---|--|---|
| <ul style="list-style-type: none"> • Posted P2.7 billion in AboitizLand's revenues • Exceeded annual sales target by 300% for AboitizLand's Amoa project, a 60-hectare mid-end residential community located in Compostela, Cebu • Exceeded LiMA Land's industrial sales target by 10% • Entered into a construction partnership with Metaphil to develop high-quality communities | <ul style="list-style-type: none"> • Acquired a majority stake of Lafarge cement assets in the Philippines through a partnership with CRH plc, and formed the Republic Cement Group • Formed Apo Agua to develop, build, and operate the country's second largest private bulk water treatment facility to supply the Davao City Water District with 300 million liters per day | <ul style="list-style-type: none"> • Combined Aboitiz Group CSR fund allocation totaled P415 million, which made positive impact on the lives of over 500,000 direct beneficiaries, plus 60 barangay and 294 various groups • Established the Aboitiz Foundation's strategic pillars: program development, stakeholder engagement, and capability building • Signed a partnership with DENR and enrolled the A-Park trees in the National Greening Program • Opened the Aboitiz Cleanergy Park in Davao City | <ul style="list-style-type: none"> • Deployed 777 automated weather stations nationwide as of end-2015 • Launched WeatherPhilippines' free mobile app for iOS and Android devices • Signed 10-year partnerships with the Ayala Corporation and Pilipinas Shell Foundation • Partnered with the Philippine Disaster Resilience Foundation (PDRF) and ARISE for capacity building • Conducted Weather 101 and Tropical Cyclone 101 trainings to 922 LGU and private organization representatives |
|--|---|--|---|

Net Income Contribution to AEV (in Php)

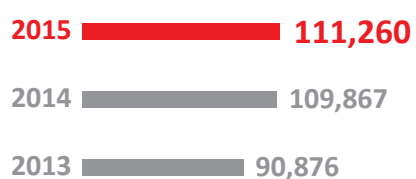


2016 Outlook

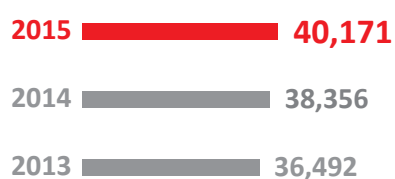
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|---|--|--|---|
| <ul style="list-style-type: none"> • Transfer corporate headquarters from Cebu to Manila to better facilitate growth as a major real estate company in the country • Launch three residential projects in Luzon • Launch first project under the Cebu District Property Enterprise, Inc., in partnership with Ayala Land • Maintain strong foothold in Cebu while pursuing landbanking activities in strategic areas nationwide • Increase capital expenditures to ensure appropriate resources and support for future land developments | <ul style="list-style-type: none"> • Inaugurate Republic Cement's new P900-million horizontal roller mill in Norzagaray, Bulacan, increasing production capacity by an additional 850,000 MT • Secure the required regulatory permits and approvals to begin construction of Apo Agua's P12-billion bulk water facility • Continue to bid for infrastructure opportunities in toll roads, airports, rail, or water projects | <ul style="list-style-type: none"> • Further increase CSR 2.0 projects across the whole group • Measure effectiveness of CSR projects based on social impact KPIs • Expand the reach of enterprise development program through partnership with the Center for Agriculture and Rural Development (CARD), Inc. • Implement CSR strategies that support the Aboitiz Foundation's strategic pillars | <ul style="list-style-type: none"> • Focus on seamless delivery of localized weather information • Redesign the WeatherPhilippines website to make it more user friendly • Continue to build a #WeatherWiser Nation through trainings, communication, and partnerships |
|---|--|--|---|

(in Php millions)

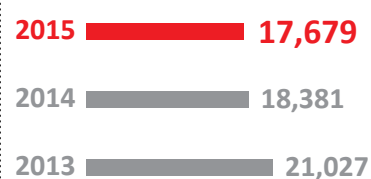
Revenues



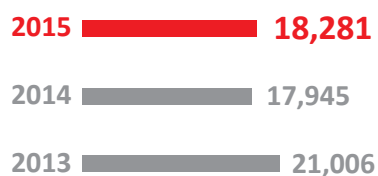
EBITDA



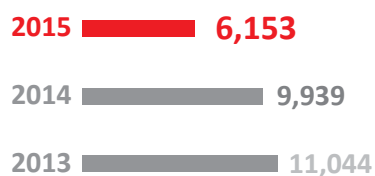
Net Income to Equity Holders of the Parent



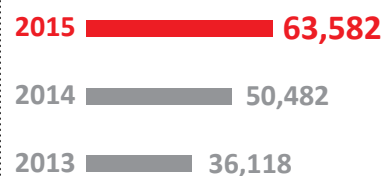
Core Net Income



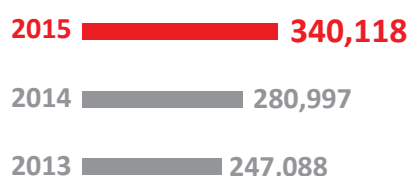
Cash Dividend Paid to Common



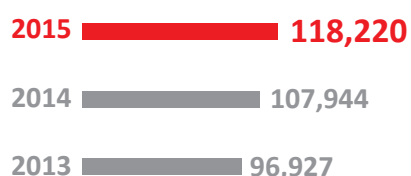
Cash and Cash Equivalents



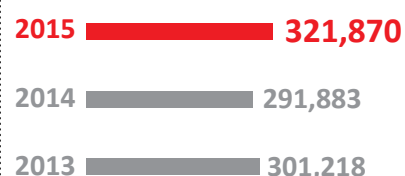
Total Assets



Equity Attributable to Equity Holders of the Parent



Market Capitalization

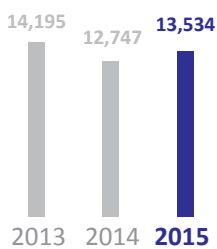


(in Php millions)	2013	2014	2015	% Change (2015 vs. 2014)
Income Statement				
Revenues	90,876	109,867	111,260	1%
Operating costs & expenses	(69,653)	(85,321)	(83,842)	
Operating profit	21,223	24,546	27,418	12%
Equity in net earnings of associates	10,597	7,244	6,589	-9%
Other charges	(4,725)	(4,199)	(6,525)	55%
Income before income tax	27,095	27,591	27,482	0%
Provision for income tax	(887)	(4,026)	(4,325)	7%
Net Income before non-controlling interests	26,208	23,565	23,157	-2%
Non-controlling interests	(5,181)	(5,184)	(5,478)	
Net income attributable to equity holders of parent	21,027	18,381	17,679	-4%
EBITDA	36,492	38,356	40,171	5%
FINANCIAL CONDITION				
Total assets	247,088	280,997	340,118	21%
Total liabilities	124,539	146,062	193,133	32%
Non-controlling interests	25,622	26,991	28,764	7%
Equity attributable to equity holders of the parent	96,927	107,944	118,220	10%
RATIOS				
Per Share (Pesos)				
Earnings	3.81	3.32	3.18	-4%
Book Value	17.55	19.49	21.28	9%
Cash dividend to common	2.00	1.80	1.11	-38%
Return on equity	25.3%	20.4%	17.1%	
Current ratio	2.64	2.76	2.84	
Debt/Equity	1.02	1.08	1.31	
Net debt/Equity	0.48	0.50	0.66	

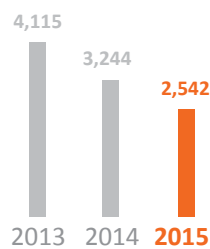
Income Contribution Breakdown

PER BUSINESS SEGMENT (in Php millions)

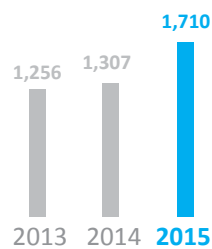
Power



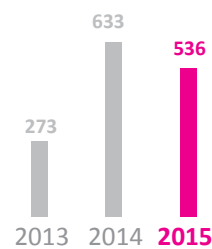
Banking and Financial Services



Food



Land

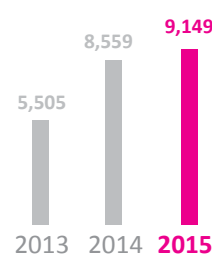
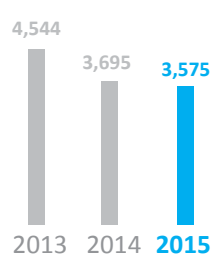
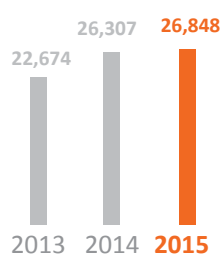
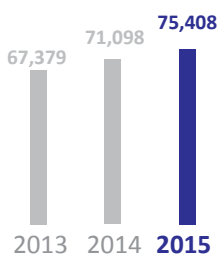


Infrastructure



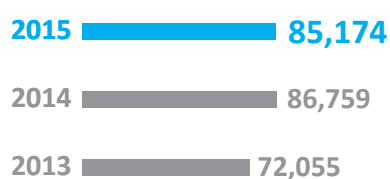
Equity Investment Breakdown

PER BUSINESS SEGMENT (in Php millions)

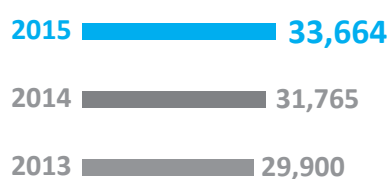


(in Php millions)

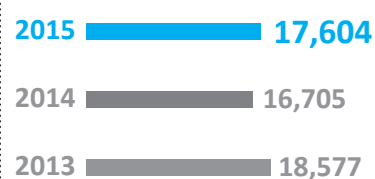
Revenues



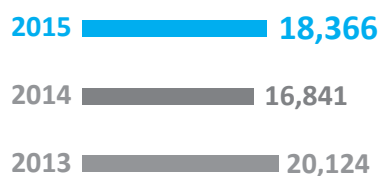
EBITDA



Net Income to Equity Holders of the Parent*



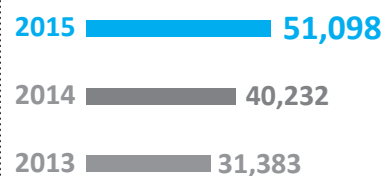
Core Net Income



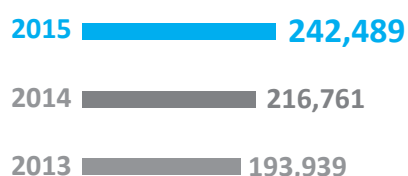
Cash Dividend Paid to Common



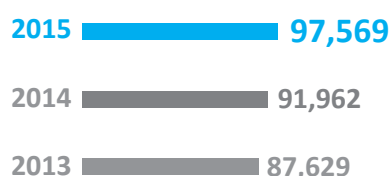
Cash and Cash Equivalents



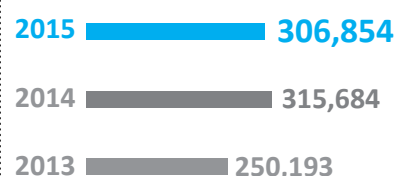
Total Assets



Equity Attributable to Equity Holders of the Parent



Market Capitalization

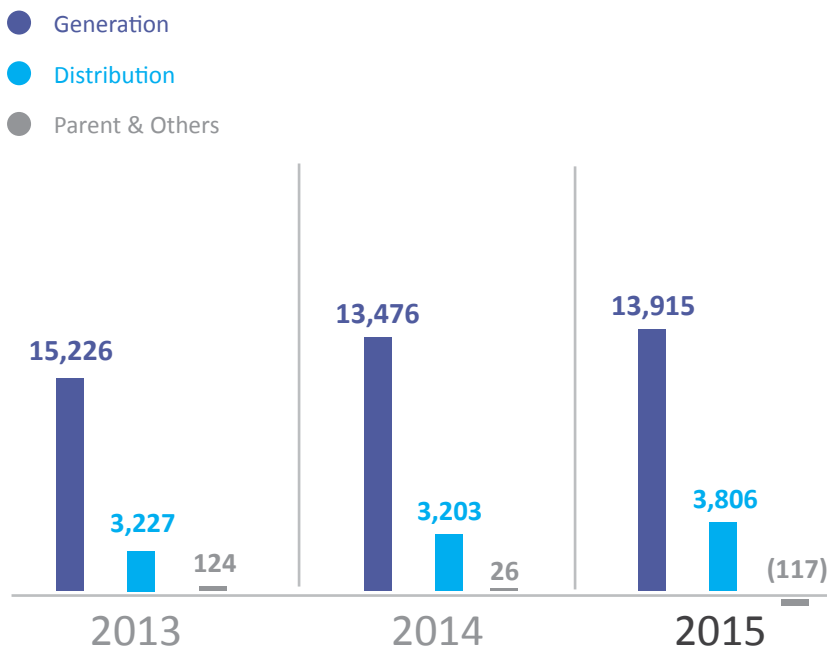


*AboitizPower

(in Php millions)	2013	2014	2015	% Change (2015 vs. 2014)
Income Statement				
Operating revenues	72,055	86,759	85,174	-2%
Operating expenses	52,578	64,409	60,487	-6%
Operating profit	19,477	22,351	24,687	10%
Share in net earnings of associates and joint ventures	6,474	4,009	3,980	-1%
Other income (charges)	(6,014)	(4,930)	(6,124)	24%
Income before income tax	19,938	21,430	22,542	5%
Provision for income tax	527	3,424	3,590	5%
Net income before non-controlling interests	19,411	18,006	18,953	5%
Net income attributable to non-controlling interests	(834)	(1,301)	(1,349)	4%
Net income attributable to equity holders of the parent	18,577	16,705	17,604	5%
EBITDA	29,900	31,765	33,664	6%
FINANCIAL CONDITION				
Total assets	193,939	216,761	242,489	12%
Total liabilities	102,688	120,681	140,876	17%
Non-controlling interests	3,622	4,118	4,045	-2%
Equity attributable to equity holders of the parent	87,629	91,962	97,569	6%
RATIOS				
Per share (Pesos)				
Earnings	2.52	2.27	2.39	
Book Value	11.91	12.50	13.26	
Cash dividend to common	1.66	1.66	1.66	
Return on equity	27%	21%	21%	
Current ratio	2.87	3.36	3.12	
Debt/equity	1.13	1.26	1.39	
Net debt/equity	0.52	0.59	0.63	

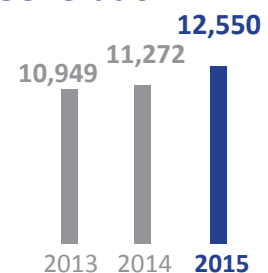
Income Contribution

PER BUSINESS SEGMENT (in Php millions)

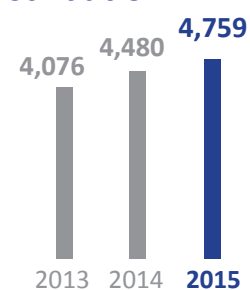


Attributable Power Sales (in GWh)

Generation



Distribution





For us in the Aboitiz Group, we ride on the tailwind that a growing economy brings. This is why we will focus on positioning Aboitiz for the future as we build a sustainable, responsible, and industry-leading enterprise that promotes inclusive growth in sectors where our core businesses operate. Our efforts to pursue organic growth, invest in new assets, and strengthen operational capabilities support our desire to create long-term value for all stakeholders.

Dear Fellow Shareholders,

Our warmest greetings to all of you!

In 2015, we witnessed global events that have reshaped the future of emerging economies. The historic signing of a new climate deal at the Paris COP21, the continued drop in oil price, the geopolitical challenges in the Middle East, the refugee crisis in Europe, the Federal Reserve's increase of interest rates, the slowing down of China's economy and its subsequent currency devaluation that created a domino effect on the currencies of other emerging economies. All of these prompted everyone to recalibrate strategies on how to move forward in the new global environment.

As an emerging economy, the Philippines is poised to take on the challenges of the new world order. Our economy is resilient, bolstered by sound economic fundamentals and good governance. The country successfully hosted the Asia Pacific Economic Cooperation (APEC) Summit, demonstrating its reputation as an alternative trusted investment hub. The GDP in 2015 posted a 5.8% growth, with analysts taking the optimistic view that this growth trajectory will continue in 2016 on the back of increased government spending, and election-related consumption.

For us in the Aboitiz Group, we ride on the tailwind that a growing economy brings. This is why we will focus on positioning Aboitiz for the future as we build a sustainable, responsible, and industry-leading enterprise that promotes inclusive growth in sectors where our core businesses operate. Our efforts to pursue organic growth, invest in new assets, and strengthen operational capabilities support our desire to create long-term value for all stakeholders.

Celebrating Milestones

After over a century of doing business in the Philippines, the Aboitiz Group today remains

steadfast in its role as a major contributor to nation building. After we announced our entry in the infrastructure and infrastructure-related business, we partnered in 2015 with CRH, a global building materials company, to acquire a majority stake in the operations of Lafarge in the Philippines. The new Republic Cement was born, a 60-year-old brand and a leader in the cement industry. With Republic Cement, we are securing our foothold in the infrastructure sector, allowing us to capture opportunities in the expanding housing, construction and public infrastructure industries. Our acquired assets will allow us to serve the needs of a rapidly developing economy.

In 2015, AEV also acquired a majority stake in PETNET, which has the largest network of Western Union agents in the country. PETNET has great potential for growth and development, with the continued rise in remittances from overseas Filipino workers and the strategic opportunity to distribute complementary products of our banking and financial services through its extensive network of outlets.

These new businesses will provide AEV with a more diversified income stream while meeting our growth criteria of scalability, compatibility with existing core competencies, and the potential to provide strong recurring profits and cash flow.

2015 was also a milestone year for our parent company, Aboitiz & Company (ACO), which celebrated the 95th anniversary of its incorporation. Since 1920, ACO has undergone five smooth transitions in top management, and each time, leadership has been seamlessly passed on to a family member. Looking at the bright horizon ahead, we are optimistic that we will be able to sustain our leadership in the businesses we are in, driven by our teams' passion to lead, excel and serve. We face the future confident of our continued success,



We nurture leaders from among our ranks, leaders who will lead by example, mentor and foster teamwork, speak what's on their mind, and deliver results for sustainable growth. As of 2015, about 72% of our senior leaders are homegrown, and our target is to hit 80%. We want to groom team leaders who share the same philosophy and who, ultimately, will not only act with the same interest as owners, but will be able to preserve the Aboitiz Way.

guided by our time-honored core values of integrity, teamwork, innovation and responsibility.

We also celebrated the golden anniversary of City Savings Bank. After 50 years of serving niche customers, its "Simple is Good" philosophy remains an integral element of the bank's day-to-day achievements. From a small thrift bank in Cebu in 1965, CitySavings has today grown to 100 branches nationwide, and it will continue to widen its reach, demonstrating the value of financial inclusivity in helping more people of moderate means.

To cap the year of milestones, AEV was recognized as one of the top 50 publicly listed companies in the region cited for good corporate governance and was conferred with the first ASEAN Corporate Governance Award. In the same week, AEV also received the Bell Awards for Corporate Governance from the Philippine Stock Exchange.

We believe in the crucial role of corporate governance in building, enhancing and protecting our reputation, which we consider as our most important asset. Our continued transparency, accountability and fairness will build stronger trust from all our stakeholders, not only from our shareholders, but also from our team members, our customers, our lenders, the regulators, our partners, our host communities, and the general public.

Sustaining Leadership

We recognize that without excellent people and the right capabilities, no company can sustain

exceptional performance over time, and this is where our strategic pillar on building human capital plays a central role.

Crucial to our success is to attract top-caliber professionals who will not only help us manage our business, but will also upgrade the Group's capabilities and skills moving forward.

We nurture leaders from among our ranks, leaders who will lead by example, mentor and foster teamwork, speak what's on their mind, and deliver results for sustainable growth. As of 2015, about 72% of our senior leaders are homegrown, and our target is to hit 80%. We want to groom team leaders who share the same philosophy and who, ultimately, will not only act with the same interest as owners, but will be able to preserve the Aboitiz Way.

Our Coaching & Mentoring Program is an initiative for all officers across the Group, beefing up our capability to truly optimize talent and support our A-people in their quest for self-driven career development.

At the heart of our human capital-building efforts is the nurturing of the Aboitiz Way, our time-tested set of values of integrity, teamwork, innovation and responsibility that has guided the way the organization has been run for more than 100 years now.

Building a BetterWorld

We have been able to successfully expand our sustainability efforts believing that the only way to sustain the robust growth of our businesses is to

continue contributing to improving people's lives and the communities where they live, and to help protect and preserve our planet's resources.

Education remains at the forefront of our corporate social responsibility programs. We have been advancing efforts in this area because we believe that a better-educated youth means a better Philippines.

In 2015, we opened the Aboitiz Cleanergy Park in Davao City, fulfilling our commitment to provide a sanctuary for the endangered hawksbill turtle or pawikan, and the other 66 species that thrive in the eight-hectare biodiversity haven.

The Aboitiz Group is now the biggest partner of the Department of Natural Resources (DENR) in its nationwide reforestation program. Our goal of planting 9 million trees by year 2020 under our A-Park program has inspired us to sign a partnership with the DENR to support its National Greening Program.

Through WeatherPhilippines, we beefed up our climate resilience efforts through a partnership with the Philippine Disaster Recovery Foundation (PDRF). The partnership allows WeatherPhilippines to provide localized weather information and access to early warning systems to strengthen PDRF's disaster operations center. WeatherPhilippines will also provide trainings and expert meteorological advice to enhance the business continuity mechanisms of the PDRF's network.

In response to the call to implement measures towards creating a climate-resilient nation, the Aboitiz Group signed two accords in 2015 – the Manila Declaration and the Water Alliance. In the Manila Declaration, we joined local businesses in drafting a concerted plan of action that will support the Philippine government's commitment to the Intended Nationally Determined Contribution (INDC), which was presented at the Conference of Parties

in Paris in December. Meanwhile the Water Alliance led by Philippine Business for Social Progress (PBSP) was launched to address the issues and provide solutions to the looming water supply problems in the country aggravated by the El Niño phenomenon.

Our Gratitude and Appreciation

While our journey to create a sustainable enterprise, and ultimately live in a BetterWorld, will not happen overnight, we are confident that we are on the right track to propel our enterprise onto the next exciting growth phase.

We thank you, our dear shareholders, for your steadfast trust in the Aboitiz Group. We truly value your trust and this has inspired us to continue to do well and work towards the greater good of all our stakeholders. We thank all our business partners, our host communities, and our customers for their partnership. Our deep gratitude goes to all our team leaders and team members, driven by their passion for better ways, for their invaluable contributions to the Group's success.

Moving forward, we will push ahead in our journey to address and balance our economic, social and environmental responsibilities with our business priorities. By creating shared value, we are ensuring that the Aboitiz Group will continue to be a strong and sustainable business leader in the future.

Sincerely yours,



Jon Ramon Aboitiz
Chairman of the Board
Aboitiz Equity Ventures, Inc.



Enrique M. Aboitiz
Chairman of the Board
Aboitiz Power Corporation



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We grew and expanded our business, venturing into the infrastructure space barely a year after we announced it was going to be our fifth leg. We believe infrastructure is what will propel our country's economic growth and our investment in this sector is a great opportunity for us to contribute to nation building.

My Fellow Shareholders,

Since we took AEV public over two decades ago, our successful execution of initiatives towards achieving our growth goals has enabled our strategic business units (SBU) to become leading players in the industries we are in. As we pursue further growth, we aim to sustain leadership in our core businesses of power, banking and financial services, food, land, and infrastructure by staying focused on our Group's strategic pillars.

In 2015, all of our SBUs successfully aligned to these strategic pillars: to grow and expand our business, increase stakeholder engagement, build human capital, and carry on execution excellence in everything we do.

We grew and expanded our business, venturing into the infrastructure space barely a year after we announced it was going to be our fifth leg. We believe infrastructure is what will propel our country's economic growth and our investment in this sector is a great opportunity for us to contribute to nation building. We are pleased to have found a solid and reliable strategic partner in CRH, a global leader in building materials. With this partnership, we successfully acquired Lafarge's cement assets in the Philippines, now renamed Republic Cement and Building Materials, Inc. We view Philippine cement consumption as a direct proxy to infrastructure investment in the country.

We have also made a successful entry into the international market with AboitizPower in Indonesia and Pilmico in Vietnam. We continue to be on the lookout for growth opportunities that fit our investment and risk appetite parameters and where we can add value based on our proven competencies and experience. Equally important for us is to always choose a local partner who shares our core values and with whom we have mutual trust.

Our disciplined investment criteria focuses on cashflow and growth from our investments. As you may know, our dividend policy is to annually pay out one-third of AEV's profits and one-half of AboitizPower's profits from the previous year, with the balance to be made available for reinvestment to fund our expansion. We have been dutifully delivering these dividends to you and at times even exceeding the policy depending on our cash position and investment requirements in the foreseeable horizon.

We are very positive about our future as we see many opportunities for growth. We recognize that sustaining leadership and growth means not putting at risk what we have built so far. We are keenly understanding, mitigating and managing our risk exposures so we can turn these risks into opportunities and make informed decisions to ensure we achieve our strategic goals.

Performance of our Strategic Business Units

AEV closed 2015 with a consolidated net income of P17.7 billion, 4% lower than in the previous year. The decline, which was anticipated, was due to lower contributions from our banking and land business units.

Power remains our largest income contributor, accounting for 73% of consolidated net income, followed by banking and financial services, food, land, and infrastructure. We are confident that we will start seeing a more diverse income stream as full-year earnings from our infrastructure business unit come in this year.

Overall, our stock price performed well and we see this as a clear sign of the trust and confidence that the investment community has on our future and our ability to deliver on our commitments. As you



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will learn from the various sections of this report, your company's fundamentals remain strong and we remain on track with our strategic pillars across all our businesses.

Power

AboitizPower's income contribution to AEV amounted to P13.5 billion, a 6% increase from the previous year's P12.7 billion, due to higher revenues from the new capacities of Therma South, Inc. (TSI) and Hedcor Sabangan. There was also higher ancillary revenue from the large hydro plants, which more than offset the decrease in revenue due to the steam decline of the geothermal group.

Attributable net energy sales rose by 11% year-on-year (YoY) from 11,272 gigawatt-hours (GWh) to 12,550 GWh. The distribution business group's earnings also grew by 19%, from P3.2 billion to P3.8 billion, due to higher electricity sales across all customer segments as well as the full-year contribution from LiMA EnerZone, which was acquired in 2014.

With the full commissioning of TSI's 300-MW Davao baseload plant and San Carlos Sun's (SacaSun) 59-MWp solar plant in Negros Occidental, AboitizPower's net sellable generating capacity will increase from 3,044 MW to 3,350 MW.

We are on track in achieving our goal to increase our generating capacity to 4,000 MW by 2020. Other power projects undergoing construction include the 68-MW Manolo Fortich hydro plant in Bukidnon, the

8.5-MW Maris Canal hydro of SN Aboitiz Power and the National Irrigation Authority in Isabela, the 8.8-MW biomass power facility in Batangas, the 340-MW Therma Visayas baseload plant in Cebu, the 420-MW Pagbilao III baseload plant expansion in Quezon Province, and the 600-MW RP Energy baseload plant in Zambales.

Power supply in Mindanao continues to be a challenge due to a lack of capacity, the effects of El Niño, the bombing of NGCP's transmission lines, as well as the repairs and maintenance of power plants. TSI's full commissioning of its two units in February 2016 is providing the much-needed baseload capacity to help ease the power shortage as it is not dependent on weather conditions.

Along with the increase in our non-renewable capacity, we are also vigorously pursuing and growing our renewable energy portfolio. AboitizPower is currently one of the largest producers of clean energy in the Philippines generating 1,263 MW, or close to 40% of our total net sellable capacity.

While the Philippines contributes to only 0.3% of global GHG emission, we fully support the government's call to further reduce our carbon footprint. To ensure that we keep up with the growing demand and secure the country's energy mix target of 30% renewable, AboitizPower will continuously invest and develop more Cleanergy, its brand for clean and renewable energy.

We plan to build and operate an additional 200 MW of run-of-river hydro plants by 2020. We are also actively pursuing the expansions of geothermal and biomass power plants.

Offshore, we are eyeing geothermal and hydropower projects in Indonesia, as part of AboitizPower's growth strategy in the ASEAN region.

Given our balanced mix of renewable and non-renewable energy sources, we are uniquely positioned to provide our customers with their choice of the right power solution that is reliable, reasonably priced, and has the least impact on our environment. With our available power technologies, we cater to different power-demand types of the grid. This means we address the power needs for baseload, intermediate and peaking loads, as well as ancillary services for grid stability and system management.

Core to our gentailer (generator-retailer) strategy is Open Access, which empowers end-users to choose their own electricity supplier. Only through Open Access can they be given the power of choice that will truly transform the power industry into a more competitive marketplace. It also gives us the ability to expand our reach to end-users beyond our distribution utilities' franchise areas and the spot market.

Although there has been a delay in the implementation of a mandatory transition to Open Access and retail competition, we are hopeful that it will happen in the near future. We foresee greater customer diversity as the timelines are realized for reducing the threshold for contestability from 1 MW to 750 kW and, eventually, a further reduction to 500 kW and even down to the household level.

Banking & Financial Services

UnionBank's income contribution to AEV in 2015 dropped by 22% YoY from P3.2 billion to P 2.5 billion mainly due to lower trading gains, which was partially offset by strong growth in interest income.

Following its FOCUS 2020 roadmap, the bank shifted from proprietary trading to an interest accrual and fee-based business model, focusing on customer centricity and channel expansion, which yielded favorable customer income growth that is among the highest as compared to other listed peer banks. It remains focused on its goal to build a great retail bank.

CitySavings ended the year on a high note by opening its 100th branch on the occasion of its 50th year celebration. The thrift bank serves the needs of teacher-partners through simple and innovative programs, and also introduces new product offerings for its customers.

Money remittance firm PETNET, Inc., our newly acquired company, began contributing to AEV's income in June 2015. We expect this new business to open up opportunities for us to distribute complementary banking and financial services via its extensive network of outlets across the country.

Food

Our food business recorded the largest increase in 2015 with a 31% growth in NIAT (net income after taxes) brought on by the performance of its feeds business. Overall, the company was consistent in delivering income growth across all its divisions.

Feeds-Philippines' income contribution more than doubled while Feeds-Vietnam, which celebrated its first anniversary in August 2015, is enjoying an 8% market share of the Mekong Delta aqua feeds industry.

Farms' income contribution fell due to the lower prevailing market selling price of live hogs. The company has also entered the higher-margin meat selling business, introducing carcasses and boxed meat products to institutional customers, and diversifying into the poultry industry with its chicken egg layers farm.

Flour's earnings contribution was flat but retained a steady volume growth alongside industry levels. Representative offices in Vietnam and Indonesia anchored the successful start of the Flour Export Program in those countries as well as in Hong Kong.

In pursuit of its 2020 goal, Pilmico is focusing its growth not only in the Philippines but also in the region, actively seeking opportunities to diversify its portfolio. It will expand geographically through mergers and acquisitions while continuing the expansion of its flour plants, feed mills, and farm unit capacities.

Land

AboitizLand's full-year income contribution to AEV amounted to P536 million, 15% lower from the previous year. This was mainly due to the decline in revenue from residential division and the higher manpower cost as a result of an ongoing organizational expansion. Despite the increase in residential unit sales, the corresponding revenue recorded under the percentage of completion (POC) method was lower because of the slower pace of construction in 2015 than in the previous year. AboitizLand will see income growth in the residential sector as units sold are built and recognized as revenue under the POC method.

AboitizLand ended the year with 52% of total revenue coming from its industrial communities West Cebu Industrial Park, Mactan Economic Zone 2, and LiMA Technology Center.

Residential sales accounted for 43% of the company's total revenue. Amoa, AboitizLand's 60-hectare mid-end residential community located in Compostela, Cebu, surpassed its annual sales target by 300%.

The rest of the revenue came from the company's commercial business and other revenue streams. Commercial properties grew by 30% YoY as major retailers joined AboitizLand's expanding roster of

merchants, indicating increased confidence in the company's role in achieving their development goals. AboitizLand's first project under the Cebu District Property Enterprise, Inc., its partnership with Ayala Land, is set to launch in 2016.

The company will take advantage of this heightened interest and continue pursuing an aggressive investment plan in land banking activities in strategic areas of the country to meet the growing demand from across residential, commercial, and industrial segments.

Infrastructure

Newly-acquired Republic Cement and Building Materials, Inc., which started in mid-September 2015, contributed P194 million to AEV. Along with our partner CRH, the Aboitiz Group is now invested in the Philippines' second largest local cement manufacturing and distribution group. It has six facilities across Luzon, Visayas and Mindanao producing over 25% of the country's cement requirements.

To sustain the economic gains that our country has made over the past few years, the national government has targeted to increase its expenditures for infrastructure to 5% of GDP. We believe this will sustain the growth we have seen in cement consumption and support expansion opportunities in our cement business.

Apo Agua, our other business unit under the infrastructure group, is focused on starting the construction of the country's second largest private bulk water treatment facility, which will use renewable hydropower generated from the Tamugan River. The P12-billion project will directly benefit Davao City's one million residents and its many commercial and industrial establishments.

We foresee large public and private investments pouring into the infrastructure space in the next 10 to 20 years, and we want to play a major role in this

sector. We are participating in various public-private partnership (PPP) bids including the bundled regional airports and the LRT 2 O&M bid.

Corporate Center

With a growing enterprise that has over 31,000 team members across the Group, the AEV Corporate Center needs to step up on its crucial roles of being the knowledge center, governance agent, and business partner of our SBUs. It will continue to introduce best-in-class knowledge, value-adding services, leading governance practices, and systems capabilities that could help us maximize Group resources, optimize common processes, and improve overall effectiveness.

We are committed to quality management systems. AEV's ISO 9001:2008 certification in 2015 and AboitizPower's Project Forward, key milestones in our quality journey, are testaments to this commitment.

We believe that only a strong team with the right leadership can deliver excellent performance. As we continue to build our bench, we will nurture leaders from among our ranks who will lead by example, mentor and foster teamwork, speak what's on their mind, and deliver results for sustainable growth.

Towards Creating Shared Value

Today, the Aboitiz Group is at the cusp of creating shared value. No organization can exist for very long without a larger purpose. We constantly ask ourselves whether there is a better way to create long-term value for all our stakeholders.

Our enterprise will only be truly sustainable and enduring if all our stakeholders, including our team members, our host communities and society at large, benefit from our value creation efforts. As the Group pursues further growth, we are facing greater expectations from our stakeholders to help address a

variety of societal challenges, while generating value for our businesses.

We have identified existing shared value initiatives across the Group, and we will expand them as well as create new ones to ensure a more sustainable social impact and deliver the promise of greater good. We are guided by the Aboitiz BetterWorld sustainability mindset: We can do well by doing good, always making the right long-term decisions that balance the interest of people, planet and profit.

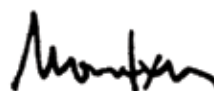
Message of Thanks

All of our plans and strategies will not yield the anticipated positive results without the dedication and talent of all our team members, who are truly driven by the Aboitiz Passion for Better Ways. We thank them for their invaluable contributions to the sustained success and strength of our organization.

To you, our dear shareholders, we deeply appreciate your continued trust in the Aboitiz Group and our people. We affirm our commitment to sustaining your company's leadership in business, corporate governance, corporate social responsibility, and sustainability.

An even more exciting future awaits us in our continuing journey towards creating a truly sustainable enterprise that we can entrust to future generations.

Wishing you the very best always,



Erramon I. Aboitiz

Chief Executive Officer
Aboitiz Equity Ventures, Inc.
Aboitiz Power Corporation



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We are well-positioned to finance acquisitions as opportunities arise, as well as expansion and greenfield projects in the coming years.

Dear Fellow Shareholders,

In 2015, your company posted a consolidated core net income of P18.3 billion, a 2% increase from the prior year's figure. This core income translates to earnings per share of P3.29, and a Return on Shareholders' Equity of 18%. Total core earnings contributions from AEV's strategic business units came from power, which accounted for 74%, followed by banking at 13%, food at 9%, land at 3%, and infrastructure at 1%.

Consolidated EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) rose by 5% year-on-year to P40.2 billion. Beneficial EBITDA, a more meaningful metric for us, increased by 8% to P35.4 billion. By the end of the year, cash balances stood at P63.6 billion.

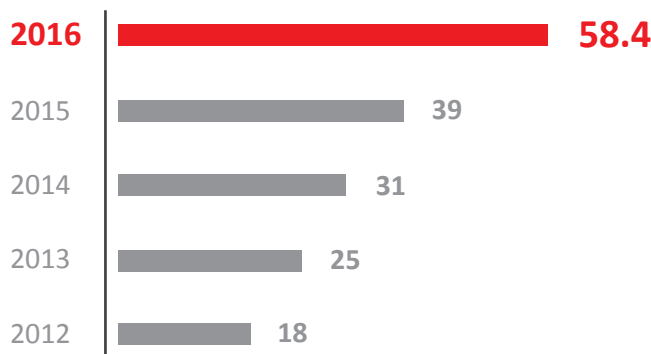
For 2016, we have budgeted about P58.4 billion in capital expenditures (capex), compared to the P38.7 billion in 2015. The bulk of this year's capex will once again go to AboitizPower's continuing efforts, together with its partners, to increase total capacity to 4,000 MW by 2020. UnionBank will upgrade its infrastructure to enable its digital banking ambitions while it continues to expand its branch network, a similar thrust being

undertaken by our newest remittance business, PETNET. Pilmico's initiatives will expand its customer reach in ASEAN while diversifying operations in the country. AboitizLand will acquire more industrial and residential land, as it continues to expand its business outside of Cebu, and onto the national arena.

The domestic economy saw another year of robust growth under a low interest-rate environment, and the Aboitiz Group successfully tapped the debt capital markets to fund its own growth initiatives. In 2015, we completed several debt transactions, the most significant being our P24-billion retail bond issuance - the largest ever issued for the Group, and the third largest issued in the Philippines.

Despite all the additional debt, your company's balance sheet remains strong, with relatively low gearing. At year-end 2015, net-debt-to-equity stood at only 0.7x, with net-debt-to-EBITDA at 1.7x. AEV's consolidated debt maturity profile is well within the parameters we have set to mitigate liquidity and refinancing risk over the remaining life of this debt.

AEV Group Capital Expenditures
(in Php millions)*



*Includes 100% of subsidiaries and affiliates

With the historically low interest rates currently prevailing, we have deployed a strategy of locking in interest rates on almost all of our term debt, to minimize interest rate risk.

Among our projects for 2016, we are seeking to close the financing of our first bulk water project, the country's second largest private bulk water project to date. We are well-positioned to finance acquisitions as opportunities arise, as well as expansion and greenfield projects in the coming years.

We continue to improve the company's risk financing initiatives by focusing on better risk mitigation and quantification for both insured values and business interruption exposures. This allows us to achieve sufficient and effective Group-wide insurance programs as well as ensure business continuity.

As our businesses evolve, we have also aligned our programs to ensure that we have best-fit insurance facilities that enable us to access competitive markets with better coverage. This alignment helped us achieve an optimal balance in retaining and transferring risks, and lower our Total Cost of Insurable Risks by 15% in 2015.

In addition, a Group Financial Risk Management Framework has been put in place to cover interest rate, foreign exchange, credit, refinancing and liquidity risks.

In March 2015, your Board approved a total cash dividend of P1.11 per share. Total dividends paid amounted to P6.2 billion, in line with our 33% minimum dividend payout policy. This translated to a dividend yield at the time of 1.9%.

For 2016, we anticipate new opportunities for growth, both at home and in the region but we also expect the business landscape to continue to evolve on all fronts. We are gearing up financially and preparing for these changes, mindful of our mission to create long-term value for all our stakeholders.

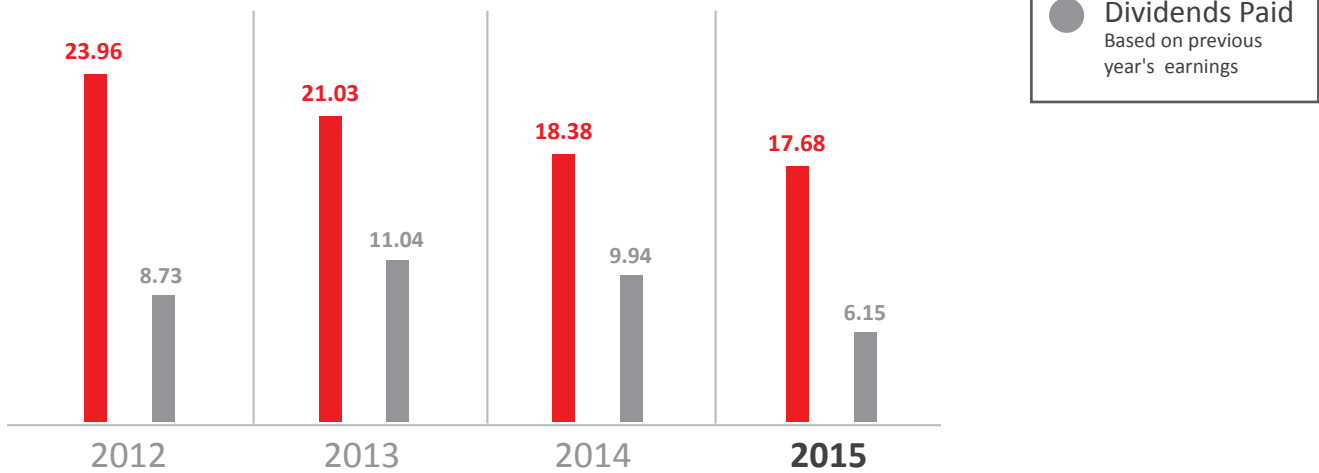
Thank you to our various stakeholders – including our partners, financial institutions, and suppliers – for your continued support to the Group. To you, our dear shareholders, thank you for your unwavering confidence and trust in your entire management team.

*Sincerely yours,
Dmu*

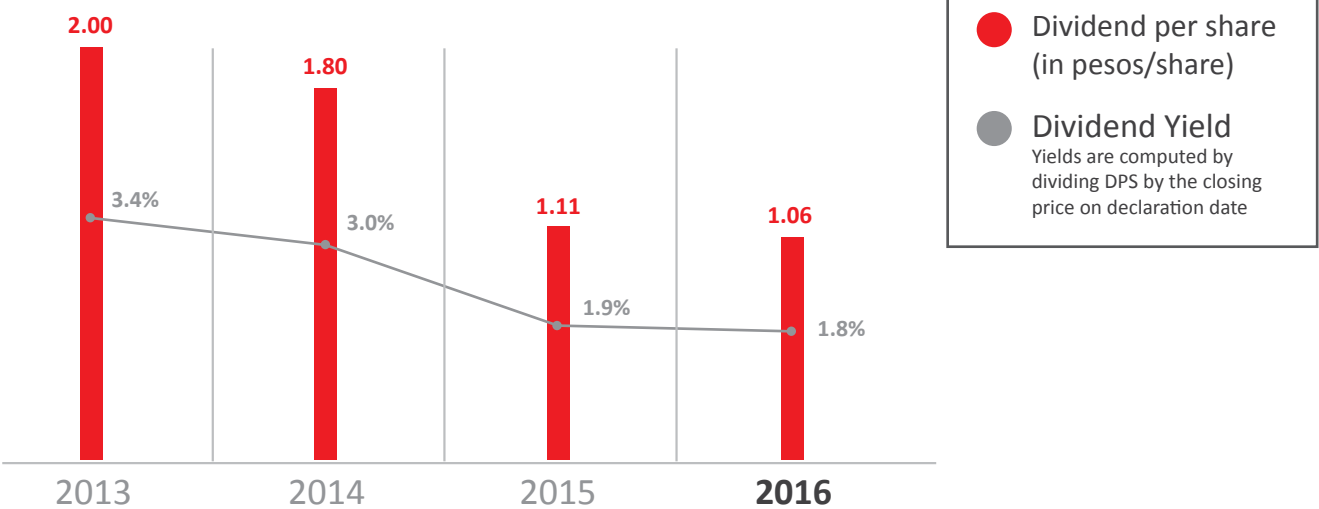
Manuel R. Lozano

Senior Vice President
Chief Financial Officer
Aboitiz Equity Ventures, Inc.

Earnings and Dividends
(in Php billions)



Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)

Year	High	Low
2015	59.00	51.95
2014	61.50	48.90
2013	60.30	40.00

Total Return to Shareholder (TRS)*



Share Price Performance

Year	2015 (%)	YTD March 31, 2016 (%)
AEV	10%	12%
PSEi	-4%	4%

*TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR)



“

Our growing P&L and strong balance sheet tell the story of grit and prudence combined. This healthy balance allows us to have access to innovative financing, which is vital for us to sustain our growth story.

Dear Fellow Shareholders,

In 2015, AboitizPower's core net income increased by 9% to P18.4 billion from P16.8 billion in 2014. The increase in volumes across the generation and distribution businesses, coupled with lower expenses drove healthy growth in 2015.

We experienced the full-year effect of Hedcor Sabangan and the addition of Therma South's Unit 1 in the fourth quarter of the year. Capacity sold from our generation business grew by 6%. Contracted out of capacity sales went up to 93% from 90% of the prior year.

Our thrust as a generator-retailer continues to be a cornerstone of our strategy. We were able to contract 14% of total attributable net sellable capacity of 2,402 MW with contestable customers amounting to 332 MW. We expect to further grow this share in the coming years; more so with the expansion of the Open Access market to the 750 kW contestable customers in 2016. With our continuous push in this space, we are able to further diversify our customer base and stabilize cash flows.

Our distribution business expanded volume by 6% to 4,759 GWh from 4,480 GWh of the previous year driven by strong growth across all customer segments as well as the full-year contribution from LiMA EnerZone, which was acquired in 2014. Gross margin on a per kWh basis decreased from P1.71 to P1.61 due to the continued operation of Davao Light's embedded plant to meet the shortfall in the Mindanao grid. Strong demand growth from our lower-margin

industrial customers also contributed to the decline in per kWh margins.

In 2015, AboitizPower together with its partners spent P34.4 billion for capital expenditure (capex) as part of the company's ongoing efforts to increase total capacity. To continue its trajectory to hit 4,000 MW by 2020, capex spend in 2016 will go up to P51.5 billion. We believe that being able to provide our committed power capacity at the right time is the key to our meeting the country's needs and growth initiatives. Our sustained level of capex commitments demonstrates this belief.

As Therma South was about to go online in 2015, we had already closed the P32-billion syndicated loan for Therma Visayas. This is the first transaction that carries a back-ended equity feature, which is a testament to the trust that our partner financial institutions have bestowed upon us.

Our growing P&L and strong balance sheet tell the story of grit and prudence combined. This healthy balance allows us to have access to innovative financing, which is vital for us to sustain our growth story. Our consolidated net debt-to-equity ratio is maintained at 0.6x for the second year in a row while Equity Attributable to Equity Holders of the Parent rose from P92.0 billion to P97.6 billion.

In 2015, our Return on Equity was maintained at 21% for the second year in a row. This is testament to the stable returns from the existing legal entities as we continue to invest in our new

projects. We have maintained a healthy balance between strong dividend payments and funding for growth.

In March 2015, your Board approved a total cash dividend of P1.66 per share. Total dividends paid amounted to P12.2 billion or 73% of the previous year's earnings. This translates to a dividend yield of 3.7%.

We entered 2016 with a strong balance sheet and healthy cash flows, coupled with our resolve to grow our portfolio by sustaining investments in greenfield and brownfield projects, both domestic and overseas.

More importantly, we entered the year with an organization that is fired up on all cylinders, ready to drive growth and to deliver shared value in every community, sector and society that we serve.

Sustaining leadership is crucial in a constantly changing environment. As such, we continue to develop leaders who are able to deliver with

deliberate intent while able to react to emergent realities. As your CFO, I am passionately committed to deliver agile leadership as we continue to traverse on the path of growth and better ways.

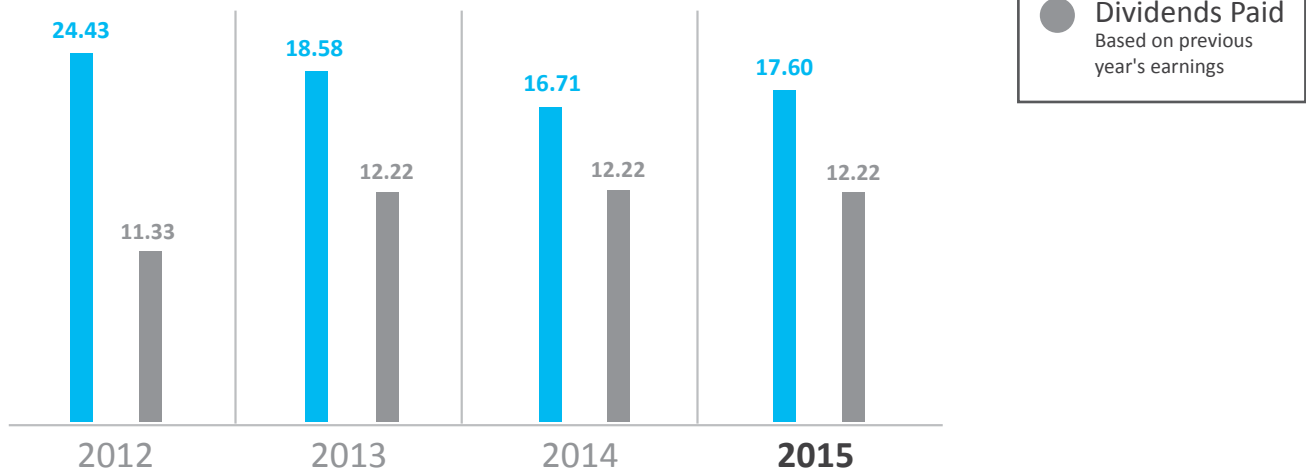
We wish to thank you, our shareholders, as well as our customers, partners, lenders and suppliers for the continued support. We look forward to more years of partnership with all of you in our AboitizPower journey.



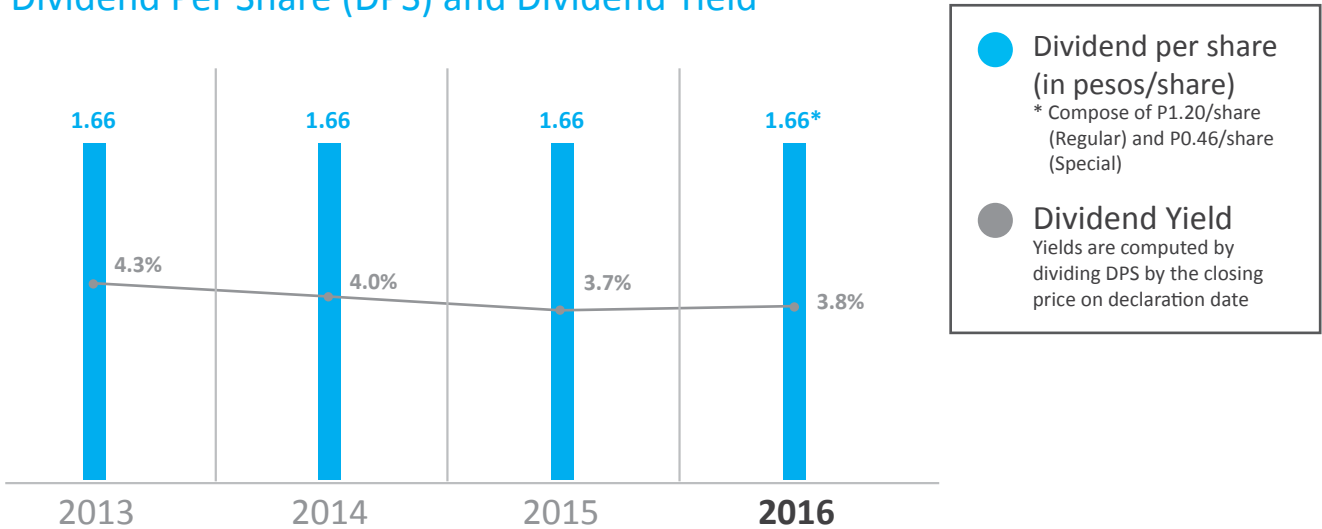
Liza Luv T. Montelibano

First Vice President
Chief Financial Officer
Aboitiz Power Corporation

Earnings and Dividends (in Php billions)



Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)

Year	High	Low
2015	46.50	39.10
2014	42.90	33.90
2013	39.95	31.00

Total Return to Shareholder (TRS)*

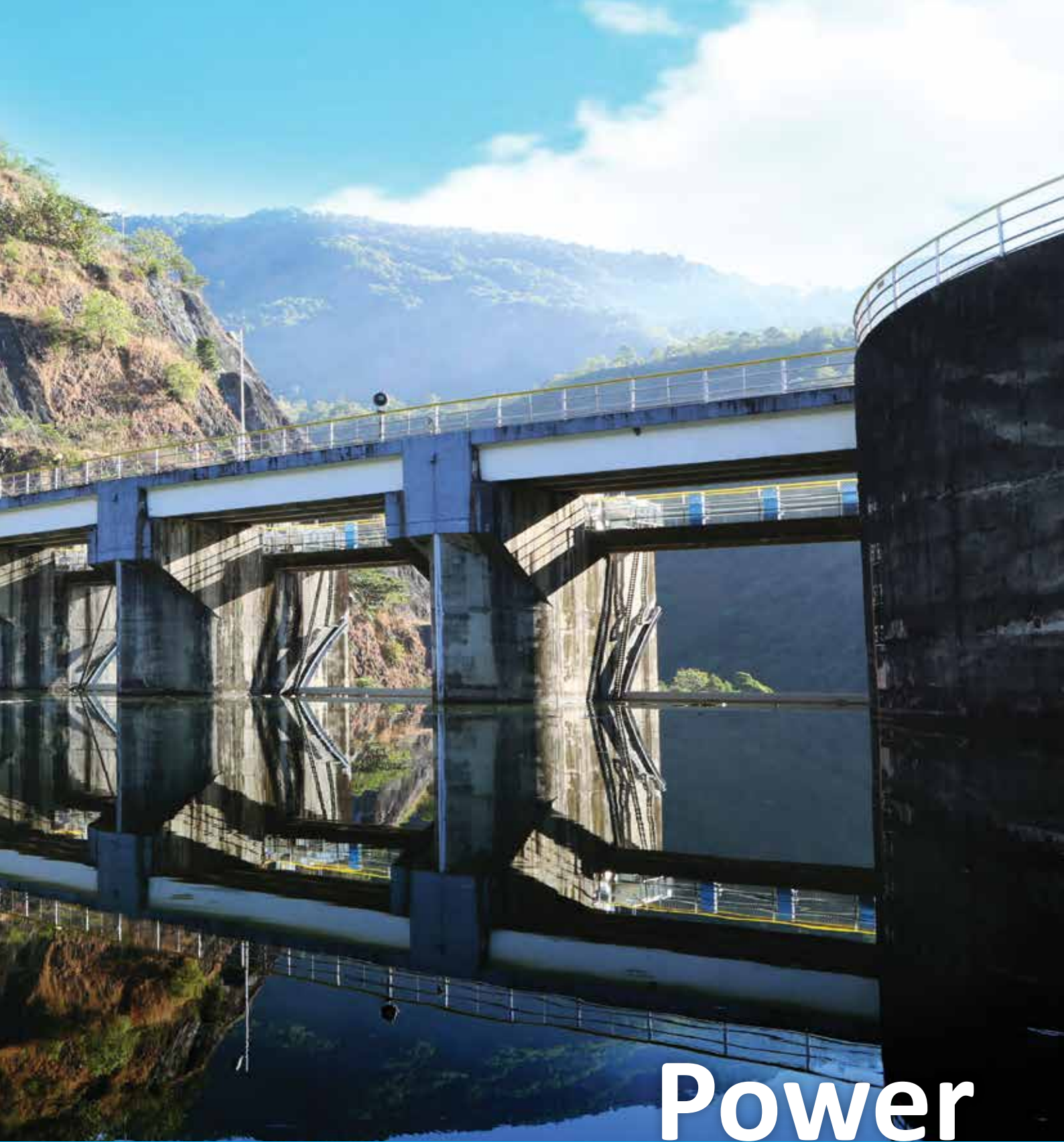
1% (1 year) → **8%** (3 years) → **10%** (5 years)

Share Price Performance

Year	2015 (%)	YTD March 31, 2016 (%)
AboitizPower	-3%	5%
PSEi	-4%	4%

*TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR)





Power



24 HOURS

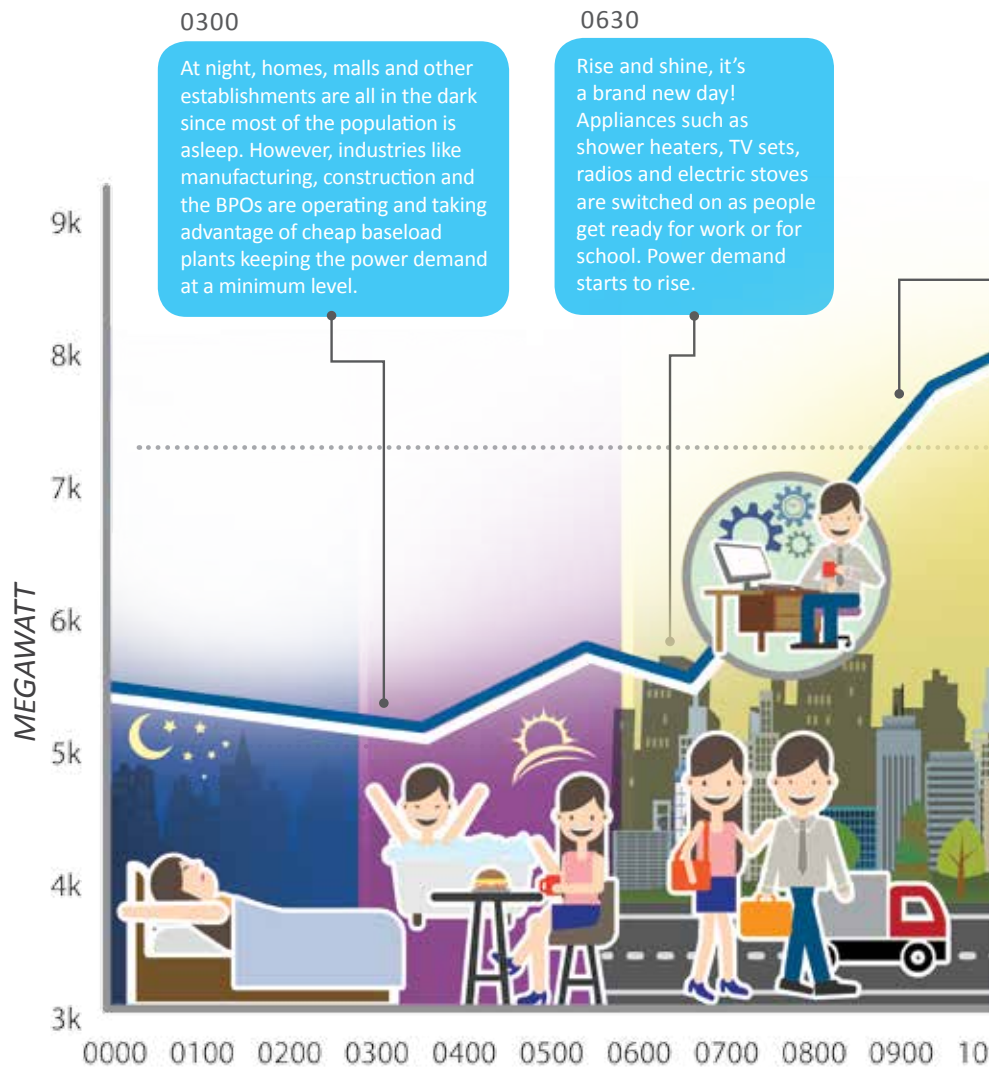
with AboitizPower

Did you know that our collective daily activities dictate power demand, depending on our consumption of electricity? The different types of power demand are baseload, intermediate, and peaking. Energy sources such as hydro, geothermal, solar, natural gas, oil, and coal are used to address these varying types of power demand.

AboitizPower generates and supplies power from a right mix of renewable and non-renewable energy sources to meet the different power demand types.

Together with partners, AboitizPower currently generates a net sellable capacity of 3,350 MW and will continue to explore and build new power plants across the country to meet growing demand.

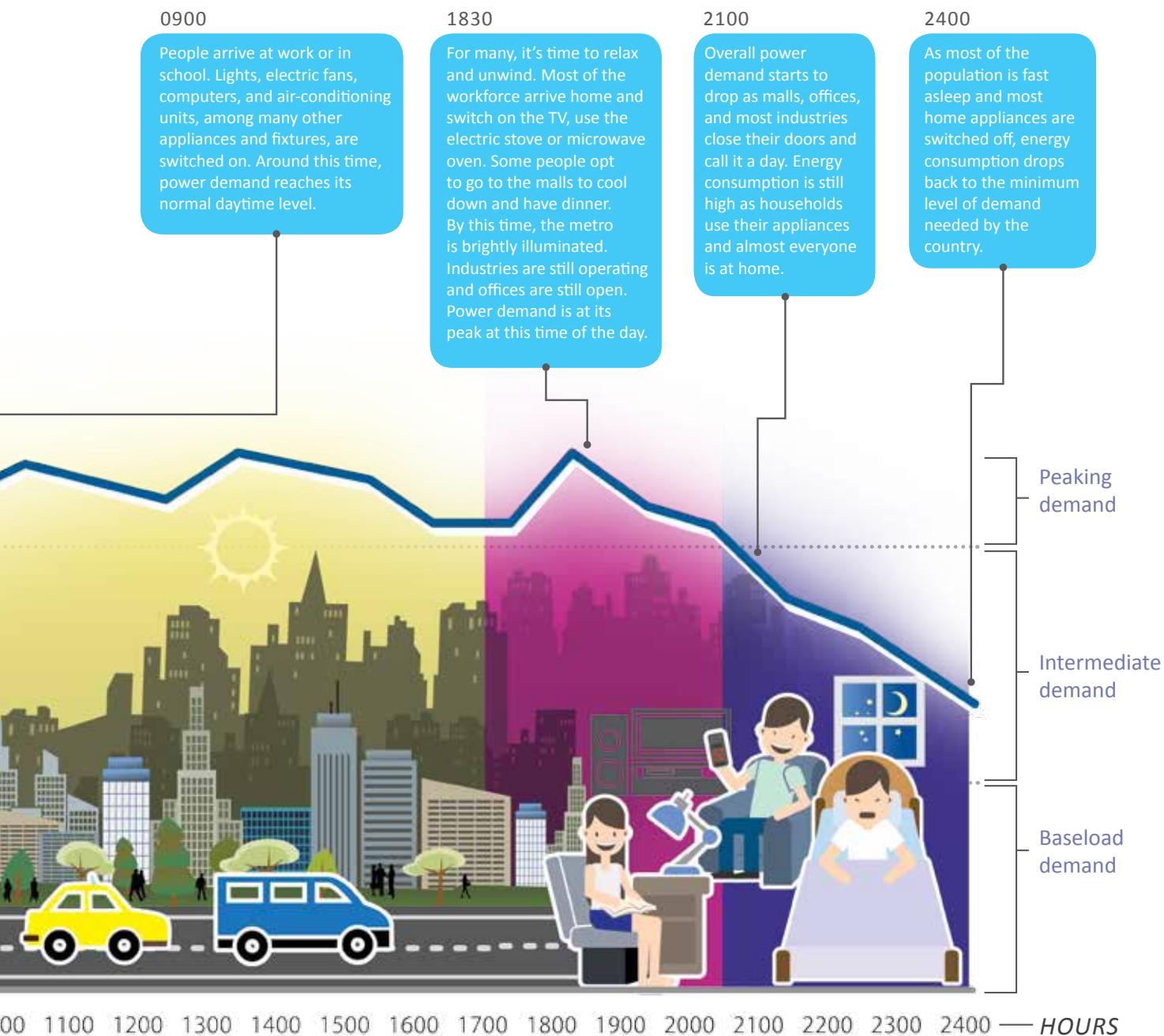
Find out how AboitizPower helps in responsibly sustaining the country with reliable and reasonably priced power throughout the day.



Baseload demand

It is the minimum level of electricity demand required on a continuous basis within a span of 24 hours. It is used to power industrial processes and essential services such as hospitals and traffic lights. Baseload plants operate continuously to produce the most reliable and cost-efficient power at all times. Ideal baseload plants are coal, geothermal, nuclear, and natural gas facilities.

AboitizPower provides reasonably priced and reliable power through its coal-fired plants operated by Therma Luzon, Inc. in Pagbilao, Quezon and Therma South, Inc. at the border of Davao City and Davao del Sur, and via the geothermal facilities of AP Renewables Inc. in Albay, Laguna and Batangas.



Intermediate demand

It is the varying level of demand during the course of a day that ranges between baseload and peak demands. Intermediate plants are efficient in filling the gap between these two types of demands because of their operational flexibility and these too are cheaper than peaking plants. Hydro plants and combined-cycle natural gas plants are ideal for the intermediate demand.

Hedcor's run-of-river hydro plants located in Benguet, Ilocos Sur, Mountain Province, Davao City and Davao del Sur provide reliable intermediate power by harnessing the potential energy of river water.



Peaking demand

It is the maximum load of electricity demand during a specified period of time. During tight supply situations, peaking plants boost power supply to meet high-energy consumption demand. These plants are the most flexible, thus are on standby to provide additional power whenever needed. However, these plants are expensive to operate due to their fuel cost. Oil-fired, some hydro plants, and solar plants are ideal to supply the peak requirements of the grid.

SN Aboitiz Power's large hydro plants located in the Ambuklao and Binga Dams in Benguet, and the Magat Dam in Isabela are mostly used to boost additional power from the water reservoirs.

AboitizPower's oil-fired barges operated by Therma Mobile, Inc. in Navotas, Metro Manila, and Therma Marine, Inc. in Nasipit, Agusan del Norte and Maco, Compostela Valley and solar power plant operated by San Carlos Sun Power, Inc. in San Carlos City, Negros Occidental can provide the country with extra power supply whenever needed.



We remain committed in making AboitizPower a leading company that strives for growth and excellence in the power industry.

In 2015, we set the infrastructure and processes that will enable us to execute the company's strategies. The next four years will be about sustaining these improvements, and ensuring that our future leaders are ready to bring the organization to another level.

We will ensure that the great talents we have nurtured within the organization and those we have attracted to join us will always be retrained, retooled, and re-educated based on current and future skill sets. This way, they become ever prepared for challenges, are agile, innovative and committed to responsibly deliver reliable and reasonably priced power to serve all our stakeholders.

Antonio R. Moraza
President and Chief Operating Officer
Aboitiz Power Corporation



AboitizPower utilizes a right mix of renewable and non-renewable energy sources to responsibly energize the country with reliable and reasonably priced power.

Results of Operations

AboitizPower recorded a consolidated net income of P17.6 billion in 2015, a 5% increase from P16.7 billion in 2014. This translated to an earnings per share of P2.39 compared to P2.27 in 2014. Core net income for 2015 amounted to P18.4 billion, up by 9% from the previous year.

(in Php millions)	2013	2014	2015	% change (2015 vs. 2014)
Consolidated				
Revenues	72,055	86,759	85,174	-2%
EBITDA	29,900	31,765	33,664	6%
Net Income	18,577	16,705	17,604	5%
Core Net Income	20,124	16,841	18,366	9%
Beneficial				
Revenues	92,624	100,948	104,331	3%
EBITDA	33,025	32,615	35,176	8%

Power Generation

The Power Generation Business Group accounted for 79% of earnings contributions from AboitizPower's business segments, recording an income share of P13.9 billion for 2015, up by 3% from P13.5 billion in the prior year. The increase is mainly attributed to the higher net sales volumes from the coal and large hydro business units (BUs) despite the decrease in revenues from the geothermal BU due to a steam decline.

The coal plants generally performed well because of lesser forced outages at the Pagbilao plant and the commercial operations of unit 1 of Therma South's 300-MW Davao plant in September 2015. Moreover, the impact of the income tax holiday expiration on the Magat, Binga, Mobile 1, and Mobile 2 plants was offset by the lower financing cost of the large hydro BUs and the lower operating expenses of the oil BUs.

Attributable net energy sold rose by 11% from 11,272 gigawatt hours (GWh) in 2014 to 12,550 GWh in 2015, as energy delivered through bilateral contracts expanded by 18% to 11,383 GWh. Bilateral Contracts Quantity (BCQ) comprised 91% of the Group's sales while spot market sales decreased by 28% from 1,612 GWh to 1,168 GWh. Despite the growth in energy sales, the Group's revenues went down slightly by 1% to P57.8 billion because of lower average selling prices.

Higher energy sales and ancillary services increased capacity sales by 6%, resulting to net attributable sales of 1,900 MW. The growth was driven by the new capacities that came in 2015, namely Hedcor's 14-MW Sabangan hydro plant and Therma South's Davao plant, along with higher ancillary revenues of the large hydro BUs and the higher dispatch of the oil plants.

Geothermal

Revenues from the Tiwi and MakBan geothermal plants decreased by 14% to P10.7 billion in 2015 largely due to lower steam flow, which translated to a 5% decline in attributable energy sold amounting to 2,643 GWh. Correspondingly, capacity sold factor went down to 75.4%. BCQ selling prices decreased due to lower indices and spot market prices were also lower. Both contributed to the decline in revenues.

Meanwhile, the exploration of potential steam wells in Negron Cuadrado and Mt. Apo areas is ongoing.

Large Hydro

Attributable volume sold from the large hydro plants of SN Aboitiz Power (SNAP) rose by 22% to 2,012 GWh due to higher ancillary services, while capacity sold factor was at 78% in 2015. Consequently, revenues increased by 2% year-on-year to P6.4 billion due to higher sales at the spot market and ancillary service revenues.

In April 2015, SNAP-Benguet received from the Energy Regulatory Commission a copy of the amended Certificate of Compliance (COC) for the Binga plant. The COC reflects the increase of the plant's capacity from 125.8 MW to 140 MW, following uprating work done from December 2014 to February 2015.

SNAP-Magat started the construction of the 8.5-MW hydro plant along the Maris Main (South) Canal in Ramon, Isabela after signing a Memorandum of Agreement with the National Irrigation Administration. The project is expected to be completed in November 2017.

(in Php millions)	2013	2014	2015	% change (2015 vs. 2014)
Power Generation (Beneficial)				
Revenue	58,836	58,409	57,755	-1%
EBITDA	27,999	27,041	29,447	9%
Income Contribution	15,226	13,476	13,915	3%



AP Renewables, Inc.'s geothermal power plants harness steam from the hot fluid recovered below the Earth's surface to generate energy, while the separated water is returned to the reservoir, helping to regenerate the steam source.



AboitizPower's entry into solar power generation sets the tone for the rest of the power industry to look for more innovative and environment-friendly ways to meet the country's energy demands.

SNAP also completed its pre-feasibility study of the 350-MW hydro complex project in Ifugao and received a conditional water permit from the National Water Resources Board. SNAP aims to secure compliance requirements for the project in order to proceed with the construction in 2016.

Run-of-River Hydro

Attributable energy sold from the Group's run-of-river hydro plants slightly dropped by about 1% to 686 GWh year-on-year, brought on by lower water levels across all plants. However, the entry of Hedcor's Sabangan plant in 2015 partially offset the lower generation from the other plants. Capacity sold factor in 2015 was at 44%. Total revenues amounted to P3.2 billion, up by 4% from the previous year due to the Feed-in-Tariff (FIT) rates of the Sabangan and Tudaya plants.

In 2015, the Group started commercial operations of the Hedcor Sabangan's 14-MW plant, AboitizPower's first venture in Mountain Province. The hydro plant, which began construction in May 2013, was completed on time and inaugurated in May 2015. AboitizPower continues to expand its capacity as it commenced the construction of Hedcor Bukidnon's 68-MW Manolo Fortich plant in April 2015. The plant is expected to go online in 2017 to augment the power supply in the Mindanao region.

The Group has identified several locations across the archipelago with a potential capacity of 200 MW for new run-of-river hydro plants. One of these is for a possible 45-MW plant in Kabayan, Benguet which is currently on its pre-development stage.

Coal

Revenues from the Group's coal plants are higher by 10% at P26.0 billion, mainly driven by the increased generation from the plants and the contributions from Therma South's Davao plant that began operations in September 2015. Attributable energy sold was 6,580 GWh, a 19% increase from 2014, while capacity sold factor rose to 95%, up by 2% year-on-year.

When the first unit of Therma South's 300-MW Davao plant went online, it provided 130 MW (net) of much-needed power to the Mindanao Grid. Commissioning activities for the second unit were done in the last quarter of 2015 and full commercial operations began in February 2016.

The construction of the 340-MW Therma Visayas and 420-MW Pagbilao III baseload plants are ongoing and on-track for completion in 2017. RP Energy's 600-MW plant in Subic is also undergoing pre-construction works.

Business Review: Power

Oil

The full-year effect of the increase in Therma Mobile's plant capacity to 200 MW improved the energy sold by the oil BUs to 1,854 GWh, 23% higher from the previous year. This led to a capacity sold factor of 97%. With cost of fuel as a pass-through in its supply contracts, the decline in fuel prices resulted to a 12% decrease in revenues amounting to P11.4 billion.

Solar

In the second half of 2015, San Carlos Sun Power, Inc. (SacaSun) began building the 59-MWp solar power plant project in San Carlos City, Negros Occidental. SacaSun is the joint venture company between SunEdison and Aboitiz Renewables, Inc., the holding company of AboitizPower's investments in renewable energy.

The SacaSun plant is the first solar project of AboitizPower and also its first venture in the Negros Island Region. It was completed and went online in March 2016 to provide additional power supply to the Visayas grid.

Staying Ahead of the Game

As part of its growth strategy, AboitizPower has started investing in power projects outside the Philippines, particularly in Southeast Asia. In September 2015, it entered into an agreement with PT Medco Power Indonesia to participate in the exploration and development of a potential 2x55-MW greenfield geothermal plant in East Java Province, Indonesia.

AboitizPower also entered into an agreement with SN Power AS and PT Energi Infranasantara to participate in feasibility studies for the exploration and the development of a potential 127-MW hydro plant project along the Lariang River in Central Sulawesi, Indonesia. The project company PT Auriga Energi was awarded the basic license to develop the said project and has been conducting pre-feasibility studies since September 2015.

The Group ensures that all its programs and tools are efficiently used to drive operational excellence and maximize the availability of its plants.

- Integral to the operations of AboitizPower's generation facilities are the Group's Asset Management and Safety, Health, Environment and Quality (SHEQ) programs. In 2015, the Group implemented these programs to achieve world-class operations across all its BUs.

- The Group pursued various certification initiatives for all its operating facilities, specifically Quality Management Systems (QMS 9001), Environment Management Systems (EMS 14001), and Occupational Health & Safety Systems (OHSAS 18001). By yearend 2015, 85% of its facilities were certified with at least one international standard certificate.
- The Group aligned its Asset Management plans to ISO 55001 with the goal to optimize operating costs. It also built its Reliability-Centered Maintenance Practices, and continuously monitors, reports and compares reliability key performance indicators against set targets and industry benchmarks. To ensure reliable operations, the Group has established standard practices and procedures to mitigate asset risks such as natural calamities that could affect the availability of the plants.

Together with its partners, AboitizPower remains on target to expand its capacity to 4,000 MW by 2020. The company is committed to grow and diversify its portfolio and will continue to be a responsible operator of all its generating facilities.

2016 Update: Biomass

In early April 2016, Aboitiz Renewables, Inc. acquired the Aseagas Corporation (Aseagas) after the sale of all its equity interest was approved by Aboitiz Equity Ventures, Inc. (AEV) Board of Directors. The sale is subject to closing conditions and further approvals.

Aseagas was established to build plants that would produce renewable energy from organic waste. It will be the newest addition to AboitizPower's renewable energy business. The company is currently building an 8.8-MW biogas plant in Lian, Batangas, which is expected to be commissioned by the third quarter of 2016.

The plant, which uses the waste-to-electricity process that harnesses organic waste to produce electricity, is a recipient of Clean Development Mechanism (CDM) credits from its reduced carbon emission. Aseagas has already finalized the offtake agreements for the plant and is keen to build new sites that use various sources of waste streams as feedstock.

Generation Companies Overview*

AboitizPower's portfolio of generation assets accounts for 16% of the country's installed generation capacity.

Net Sellable Capacity by Type	Plant Name	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Management Company	Offtaker
Renewable 1,217 MW	Ambuklao	105	52.5	SNAP Benguet	WESM
	Bakun	70	70	Luzon Hydro	NPC (2026) / BOT
	Benguet 1-11	37.5	37.5	Hedcor	NPC (2018) / BOO / Bilaterals
	Binga	140	70	SNAP-Benguet	WESM / NGCP
	Davao 1-5	4.5	4.5	Hedcor	Davao Light
	Magat	360	180	SNAP-Magat	WESM / Coops / NGCP
	Sibulan	49	49	Hedcor Sibulan	Davao Light
	Sabangan	14	14	Hedcor Sabangan	FIT
	Tudaya	7	7	Hedcor Tudaya	FIT
	Geothermal 430 MW	Tiwi-Makban	390	390	APRI
Unified Leyte		40	40	AESI	IPPA (2022) / VECO
Non-Renewable 1,957 MW	Davao	130	130	Therma South	Bilaterals
	Mindanao	210	71.4	STEAG State	NPC (2031) / BOT
	Pagbilao	700	700	Therma Luzon	IPPA (2025) / Bilaterals / WESM
	Toledo	216	56	CEDC	Bilaterals
	Cebu	66	39.6	CPPC	VECO
	Cotabato	6.5	6.5	Cotabato Light	Cotabato Light
	Bajada	38	38	Davao Light	Davao Light
	General Santos	55	11	SPPC	NPC (2016) / BOO
	Mactan	43	21.5	EAUC	MEPZ I
	Mobile 1	96	96	Therma Marine	Bilaterals
	Mobile 2	96	96	Therma Marine	Bilaterals
	Mobile 3-6	200	200	Therma Mobile	Bilaterals
	Zamboanga	100	20	WMPC	NPC (2015) / BOD
Total		3,174	2,402		

*Capacity as of December 31, 2015



The Distribution Business Group prepares for the future by building more infrastructure in its distribution and sub-transmission networks to ensure even more robust, reliable, and flexible systems.

Power Distribution

The AboitizPower Distribution Business Group's revenues in 2015 increased by 5% to P33.7 billion from P32.3 billion in 2014. The higher income contribution is mainly attributable to an increase in energy sold for the period driven by LiMA EnerZone's full-year contribution and Subic EnerZone's 12% sales growth due to higher consumption of its major shipbuilding customer. The other distribution utilities also experienced an increase in energy sales from the previous year with Cotabato Light up by 10%,

Davao Light by 4%, and both VECO and SFELAPCO by 2%. The Group's income share increased by 19% to P3.8 billion in 2015, representing a 21% earnings contribution to AboitizPower's business segments.

For the Group's customer segments, energy sales to residential customers increased by 6% for a total of 1,186 GWh. Sales to industrial and commercial customers both increased by 6% to 2,936 GWh and 578 GWh, respectively. Customer base grew

(in Php millions)				
Power Distribution (Beneficial)	2013	2014	2015	% change (2015 vs. 2014)
Revenues	29,093	32,258	33,734	5%
EBITDA	5,270	5,480	5,457	0%
Income Contribution	3,227	3,203	3,806	19%
Beneficial power sales and peak demand	2013	2014	2015	% change (2015 vs. 2014)
Power Sales (MWh)	4,076	4,480	4,759	6%
Peak Demand (MW)	1,026	1,102	1,138	3%

by 5% with 881,944 customers served in 2015. Consequently, peak demand increased by 3% year-on-year to 1,138 MW.

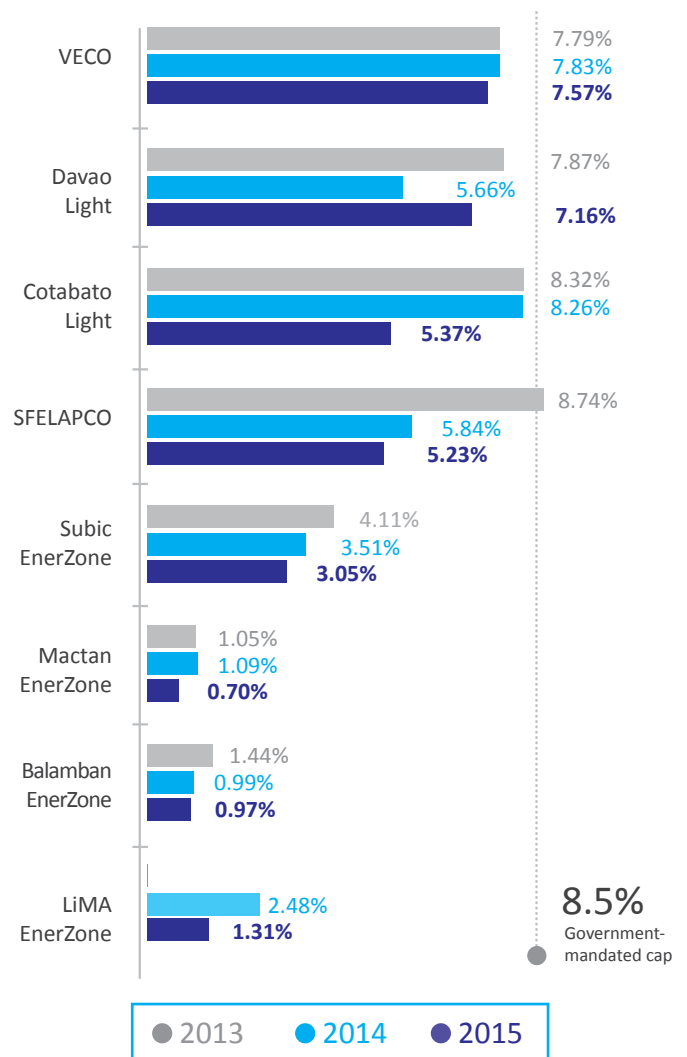
The biggest challenge for the Group in 2015 was the persistent power supply shortfall in the Mindanao Grid. The tight supply situation was due to lower generation coming from the Agus and Pulangi plants and the emergency downtime of STEAG State's 210-MW baseload plant in Misamis Oriental. This was further aggravated by incidents of transmission line bombings. These factors led to rotating power outages in Davao and Cotabato. However, efforts were made to minimize the power interruptions by implementing the Interruptible Load Program (ILP), where participating large customers were encouraged to run their own generator sets for a certain period of time to reduce the power demand in the area. VECO first developed the ILP concept in 2010 and it is now replicated as a mitigation model for power supply shortage situations in the country. Towards the end of 2015, additional supply came in with the commercial operations of Therma South's first unit in Davao.

In 2015, the Group invested in various projects to further improve the reliability of its networks, increase distribution capacity, reduce systems losses, and enhance overall customer service. Davao Light added a 79-MVA transformer to its network and LiMA EnerZone also installed an additional 50-MVA transformer. Both transformers are set to energize their respective franchise areas in early 2016.

In response to a Davao City ordinance that aims to declutter the city's visual landscape, Davao Light started replacing overhead power lines in 2015 with its own Underground Distribution System (UDS), which was first implemented by VECO in Cebu during the previous year.

All of the distribution utilities registered systems losses below the 8.5% government-mandated cap. Most of them also succeeded in further reducing their systems losses year-on-year; this results to

System Loss (%)



savings that directly benefit customers through reduced power costs.

Process improvements were also done to enhance the group's service delivery performance. On an average, the distribution utilities are able to connect 50% of new customer applications within the same day, and 100% of these applications within 24 hours. Seventy percent of emergency calls also receive a response within 30 minutes.

VECO's new Meter Data Management (MDM) system went live to complement its upgraded Customer Care and Billing solution and in preparation for the MDM requirements of Open Access and the smart prepaid

Business Review: Power

offering. The MDM is critical to the Group's goal to install more smart meters in the medium to long term. Moreover, the new Google-based geographic information system (GIS) has been rolled out to replace the old and outdated in-house GIS system.

Modernizing the Distribution Infrastructure

For 2016, the short-term challenge that the Group faces is the continued tight supply situation in Mindanao, which is expected to worsen with the El Niño phenomenon further pushing up demand. Davao Light is ensuring reliable power supply by entering into supply contracts for 50 MW with Therma South, 18 MW from Alsons' Western Mindanao Power Corporation and Southern Philippines Power Corporation, and additional capacities from the 300-MW plant being built by San Miguel Corporation in Davao del Sur.

To ensure that quality and reliable power is delivered to customers, the distribution utilities prepare for future demand by upgrading its subtransmission and distribution networks for more robust and flexible systems. In 2016, the Group plans to add 133 MVA of additional capacity in Davao, 99 MVA in Cebu, and 50 MVA in LiMA EnerZone.

The UDS in both Davao and Cebu will be upgraded

annually to enhance the power reliability and livability of these high-growth areas. In addition, a more extensive use of the Tree Wire will be deployed in urban areas to improve safety and reduce outages. Cotabato Light will continue to further improve its network backbone to improve reliability.

The Group also intends to install more smart elevated meter clusters in areas of concentrated high losses. This smart meter system, the first of its kind in the country, is designed to improve operating parameters and enable remote service connection and disconnection.

A new self-service system will be rolled out to the Group's customers, allowing them to do online transactions and have access to real-time information via mobile devices and the Web. The Group's mobile app will also go live in the first quarter of 2016 to enable customer inquiry on billing and other service needs via smartphones.

It has been observed that historically, power demand rises during an election year so energy sales is expected to increase in 2016. Consequently, the huge responsibility of ensuring stable and adequate supply during this period is the Group's priority for the year.

Overall, the Distribution Business Group will pursue its modernization plans to provide more innovative services to enable the delivery of reliable and reasonably priced power to its customers.



The Distribution Business Group rolls out various modernization programs to stay ahead of the game and deliver value for customers and other stakeholders.





Banking



We are facing challenging times, exciting times. Through the cycles we continue to stay engaged with our higher purpose to 'Make Da Diff' by fulfilling dreams, elevating lives, and empowering the communities we serve through Smart Banking in the spirit of Ubuntu. And in our indomitable spirit of Magis, guided by FOCUS 2020, we continue to challenge convention and innovate, we continue to learn and become experts, we continue to engage our stakeholders and be relevant.

Justo A. Ortiz
Chairman and Chief Executive Officer
Union Bank of the Philippines



Thrift bank CitySavings, UnionBank's wholly-owned subsidiary, celebrates its golden anniversary and promises to continue making an impact on its stakeholders by offering straightforward banking coupled with warm and helpful customer service.

Results of Operations

The year 2015 continued to test the resiliency of the Philippine banking system. Trading profits of the industry were subdued as a result of global market volatility. The anticipation of a rising interest rate environment became more evident as the US Federal Reserve raised FED funds rates for the first time in December 2015 after seven years from a near-zero rate. Concerns over China's economy, coupled with slow growth in Europe and Japan, and the record low oil and commodity prices have also contributed to the challenges that face an inter-connected global economy.

UnionBank was not immune to the effects of the volatility of the global financial market, posting its lowest net income since 2011 at P5.3 billion with the absence of trading gains as compared to prior years. As part of the bank's conscious strategy articulated in 2014, lower trading gains are now being replaced by the revenues coming from customer businesses, which increased by 12.8% to P15.7 billion. The proportion of income coming from customer businesses to total revenues went up to 87.8% from 76.8% of the previous year.

Despite the slump in 2015, UnionBank is determined to attain its FOCUS 2020 strategies of becoming a great retail bank. A central part of the strategy is to shift towards an accrual and fee-based business model delivering a unique customer experience through digital platforms and engaged UnionBankers with a focus on customer centricity, product innovation, channel integration, and ecosystem networking.

The shift in business model contributed to the strong growth in core recurring income. Net interest income grew by 12.7% to P12.0 billion in 2015 from P10.6 billion of the prior year, as interest income on loans increased by 23.4%, while cost of deposits went down by 12.7%. Fee-income, likewise, grew by 12.9% to P3.7 billion from P3.3 billion in 2014.

UnionBank's total resources remained steady at P433.3 billion, mainly because the bank restructured its asset portfolio in 2015 by growing customer businesses and rationalizing liquid and trading assets funded by high-cost deposits. Loans increased by 29.0% to P179.6 billion in 2015 from P139.2 billion of the previous year.

Business Review: Banking

(in Php millions)	2013*	2014**	2015	% change (2015 vs. 2014)
Net Income Contribution to AEV	4,115	3,244	2,534	-22%
Net Interest Income	8.9	10.6	12.0	13%
Total Loans	142.1	139.4	179.6	29%
Total Deposits	298.2	311.1	311.6	0.2%
Net NPL ratios	-0.3%	0.6%	0.56%	
Return on Average Equity	18.3%	15.3%	10.2%	
Return on Average Assets	2.6%	1.7%	1.2%	

* On March 21, 2013, the Monetary Board of Bangko Sentral ng Pilipinas (BSP) approved UnionBank's acquisition of CitySavings.

**Measured in terms of Philippine Accounting Standard 39, consistent with AEV's use of the standard.

Investment securities increased by 26.4% to P101.6 billion. The due from banks and interbank loans declined by 40.5% to P106.6 billion as the bank deliberately let go of its investments in low-yielding assets that were funded by high-cost deposits. As a result, time deposits declined by 8.0% to P165.2 billion, while low-cost demand and savings deposits increased by 11.3% to P146.4 billion, resulting in a CASA to total deposit ratio of 47.0% in 2015 from 42.3% in 2014. The change in the asset and liability mix resulted in UnionBank's net interest margin increasing to 3.58% in 2015 as compared to 3.03% of the previous year.

All told, the Bank's net income translated to a Return on Average Equity and Return on Average Assets of 10.2% and 1.2%, respectively. Its capitalization remains more than adequate to support growth with a capital adequacy ratio of 16.3%.

Transforming to a Great Retail Bank

UnionBank remains confident that 2016 will conclusively show the fruits of its transformation into a great retail bank with a financial technology mindset enabled by a team of bold, smart, self-driven UnionBankers motivated by a unique culture and values.

The company anticipates a strong growth in customer businesses supported by loan expansion, which is expected to partly offset the decline in its 2015 net income as well as serve as the foundation for growing the core recurring income.

UnionBank is committed to empower local businesses and build a vibrant and resurgent Philippines where economic growth is inclusive.

It will grow its earning assets to increase its leverage, leading with the corporate loan product, to match the level maintained by its peer banks.

UnionBank will continue its current accounts and savings accounts (CASA) generation while maintaining corporate relationships using its award-winning cash management solutions.

The Bank plans to offer products and services to the communities of suppliers and distributors of its existing customers. This is part of the plan to introduce financing schemes to community members that could expand its commercial/SME banking loan book.

As UnionBank moves to make the most of the changing financial landscape, it will stay true to its purpose as articulated in the FOCUS 2020 roadmap, that is to "Make Da Diff" in the lives of others by connecting and empowering communities through Smart Banking in the spirit of Ubuntu.



A woman in a dark patterned shirt and blue jeans is walking hand-in-hand with a young child in a purple dress and black leggings. They are walking past a modern building with large glass windows. Above the entrance is a yellow sign with the word "PETNET" in red, slanted letters. The glass reflects a city street with buildings and a car. The scene is brightly lit, suggesting daytime.

PETNET

Financial Services



“

PETNET believes in sustaining leadership by developing each member, regardless of rank, to become leaders in the future. Our challenge is to hone everyone to have the proper disposition, to be proactive, and to embrace the call for greater responsibilities, with the grit to lead and shape the future of our business.

Since the entry of AEV in mid-2015 as the new majority owner of PETNET, our scale and business model have been transformed as we imbibe the Aboitiz culture and its corporate governance and risk management practices. After 17 years of independent business operations, it feels great to have a “big brother” with the expertise and resources that will help PETNET reach the next level.

Lorenzo T. Ocampo
President
PETNET, Inc.



PETNET continues to put emphasis on maintaining excellence by being committed to its signature quality customer service.

Results of Operations

PETNET gears up for growth after its seamless integration into the Aboitiz Group. Today, the company has aligned its business strategy to the Group-wide strategic pillars allowing the company to strengthen its policies on risk management, corporate governance and sustainability.

Its network of over 2,100 branches, composed of company-owned and sub-agent branches, provides service to Western Union with complementary products such as money changing, bills payment, cell phone loads, and micro-insurance. The company also provides wholesale financial services to corporations as well as cross-border payment facilities for small and medium-sized enterprises (SMEs) via Western Union Business Solutions.

PETNET grew its branches from 276 in 2015 to 346 today. It was also during this time that the company piloted the Department of Education (DepEd) Salary Loans and GSIS Pension Loans programs, both in behalf of City Savings Bank. The GSIS Pension Loans program was piloted in three outlets: Commonwealth, Talon 1, and 11th Avenue. These branches enrolled 400 pension registrants ready to be tapped. It also had its full roll out of its Personal Accident Insurance Program, "Accident Protect" in November last year.

Attaining Industry Leadership

With more than 300 company-owned branches, the company targets to deliver 40,000 DepEd salary loan transactions in 2016.



With more than 300 company-owned branches, PETNET targets to deliver 40,000 DepEd salary loan transactions in 2016.

PETNET will capture the prospects of the growing financial services market as it creates a stronger brand presence through its PERA HUB brand reboot. PERA HUB promises to provide efficient and innovative financial services to meet the growing demand of existing and potential customers. With its quality customer service, PETNET is confident that PERA HUB will move the company closer to its goal of being the largest and most preferred cash and payment-related solutions provider in the country.

These exciting developments energize PETNET to work hard to achieve its goal of becoming the largest and trusted financial services provider. PETNET will step up on its corporate governance, risk management, and sustainability programs now that the company has fully aligned with the strategic pillars of the Aboitiz Group.

Its network of over 2,100 branches, composed of company-owned and sub-agent branches, PETNET has the largest Western Union agent network in the country.





Food



Pilmico, through the years, has been driven by our vision to become Partners for Growth. As we pursue growth in our business and expand our operations to other markets, delivering results is not enough. We must go back to basics – strong leadership. To sustain leadership, one must truly believe in it and be true to oneself. Guided by our values, our leaders should create their own guiding statement in order to make important decisions during difficult times and be consistent throughout. In a company of diverse identities and capabilities, we must realize that we are interdependent. Everyone must be successful, together.

Sabin M. Aboitiz
President and Chief Executive Officer
Pilmico Foods Corporation



Pilmico's consistent growth across all its businesses is guided by the unified Aboitiz strategies of business growth, execution excellence, stakeholder engagement, and human capital development.

Results of Operations

Pilmico's growth in 2015 was backed by its determined efforts to add value in all sectors of its business, further strengthening its selling, marketing and brand building efforts to drive customer satisfaction while expanding operational facilities. This has allowed the company to cap the year with a 31% net income growth.

In 2015, Pilmico recorded a 14% year-on-year (YoY) increase in revenues at P22.8 billion. The increase was largely driven by the new contribution of Pilmico VHF coupled with the stellar performance of Feeds Philippines.

The Food Group's full-year EBITDA also surged by 31% YoY, with the Feeds division contributing the most to this growth. The price improvement in raw materials, volume growth, along with operational efficiencies, translated to the doubling of the Feeds' EBITDA.

These translated to a 31% increase in Pilmico's net income contribution to AEV of P1.7 billion.

In support of backyard farmers, the company intensified its Mahalin Pagkaing Atin advocacy, expanding its thrust from a rehabilitation and

(in Php millions)	2013	2014	2015	% change (2015 vs. 2014)
Revenues	16,426	20,020	22,768	14%
EBITDA	2,059	2,309	3,026	31%
Net Income Contribution to AEV	1,256	1,307	1,710	31%

Business Review: Food

livelihood project to a creating shared value business initiative. The backyard farmers are now Pilmico stakeholders as the company helps them address commercial issues while helping them grow their businesses. As a result, sales have seen an upward trend in areas where the MPA caravan has visited.

Pilmico continued to reap the benefits of investing in team member training and development following its flagship people strategy program, Project Me. The program aims to build better and responsible leaders taking charge of their own career growth and professional development. This is supplemented by the new Pilmico Learning Hub, AHEAD, a structured and purposive developmental program, which promotes continuous learning, education and competency-building among team members and partners.

In 2015, the company launched the Pilmico Junior Veterinary & Animal Science Congress (PJVAC), the first of its kind in the industry, which gathered 40 of the country's brightest animal science students. The congress will be Pilmico's primary talent attraction strategy for its Farms and Feeds businesses.

Growing as an Integrated Food Company

In line with its brand promise of being Partners for Growth, Pilmico will continue to create employment

and sustainable backyard livelihood opportunities for its customers and stakeholders.

The company will relentlessly work towards building a purpose-driven, fully integrated food company with an expanded customer reach in the ASEAN Region. Setting up a Vietnam Feeds and export business has helped Pilmico prepare for the ASEAN integration. It has helped the company open doors for more potential cross-border partnerships, learn new markets and new products, as well as strengthen its competencies in industries and markets where it currently operates. Couple this with favorable economic conditions, Pilmico has a wider window of opportunity to test its business strategy on an international scale.

In the domestic front, Pilmico will focus on operationalizing the additional feedmills capacities built last year. The Vietnam, Tarlac and Iligan feedmills will all be up and running by May. The Farms business will continue its sow level expansion all throughout 2016 and will be completed by August 2017. Meanwhile, the Layer Farm will be fully operational by December 2016.

To support its evolving business enterprise, the company will continue to equip its team members with tools, both systems and processes, to ensure efficiencies and execution excellence. Pilmico strongly believes that it can implement its strategies more effectively by building better leaders. Its expansion across the region will demand higher levels of competence and skills, and in parallel with this, the company will continue to develop a learning organization.



In line with its brand promise of being Partners for Growth, Pilmico creates employment and livelihood opportunities especially in communities where they operate.





Land



With a rapidly expanding organization, sustaining leadership means we not only keep the existing leaders, but more importantly, grow more leaders as fast as we can.

We will ensure that our vision to deliver the ultimate real estate experience will guide us in successfully implementing our best and boldest strategies while continuously shaping leaders who share the same values and passion to build nurturing communities.

There is only one way a business will win and make a difference in the world – by growing and developing the leadership talent of every person in the organization faster than competition.

This is our way of building a thriving company that is engaged in creating the future.

Andoni F. Aboitiz
President and Chief Executive Officer
Aboitiz Land, Inc.



True to its brand promise, AboitizLand commits to deliver a green and sustainable customer experience through carefully designed projects that aim to nurture communities.

Results of Operations

In 2015, AboitizLand's full-year income contribution to AEV was P536 million, down by 15% from P633 million of the previous year. This was mainly due to lower revenue from residential division and higher manpower cost stemming from the ongoing organizational expansion. Despite the increase in residential unit sales, there was a lower corresponding revenue because of the slower construction pace during the year compared to 2014. Revenues are recognized under the percentage-of-completion (POC) method.

AboitizLand shored up its investment on people, processes and systems in 2015. It continued to implement plans in line with the Aboitiz Group's strategic pillars, introducing sound initiatives that would add more value to the company.

The company began preparing for its expansion strategy to go national and bring the company's brand promise of nurturing communities outside Cebu province. It bolstered its construction partnership with Metaphil, which is expected to beef up AboitizLand's core business of developing high-quality communities for its vecinos.

The company's residential business unit posted significant growth in sales in 2015, with the Amoa community exceeding its annual sales target by over 300%. The Priveya Hills Phase 3 project also posted a good sales performance, indicating the trust and high premium that customers put on the AboitizLand brand. About 70% of The Persimmon Studios, which offers fully furnished, space-saving studio units, have been sold mostly to overseas Filipino workers as well as local customers.

Business Review: Land

(in Php millions)	2013	2014	2015	% change (2015 vs. 2014)
Revenues	1,760	3,270	2,733	-16%
EBITDA	389	698	630	-10%
Net Income Contribution to AEV	273	633	536	-15%

The commercial business unit grew by 30% year-on-year as major retailers joined AboitizLand’s already extensive roster of merchants. The expansion of The Outlets at Pueblo Verde attracted merchants, leasing out 80% upon its opening. Coinciding with the second anniversary of The Outlets was the opening of Fork in the Road, a cluster of homegrown restaurants offering Cebu’s best-loved choices.

In the industrial segment, LiMA Land in Batangas exceeded its industrial land sales targets by 10% in 2015, contributing the lion’s share of the company’s consolidated net income. AboitizLand is in constant negotiations with prospective locators for its three industrial parks, with the two others located in Lapu-Lapu City and Balamban in Cebu. The company also maintains highly professional relations with its existing locators and provides them with incomparable benefits within the industrial parks.

Going National

AboitizLand is confident and optimistic it can sustain its successes, and weather challenges along the way. The company intends to become a stronger player in the national scene while maintaining its already strong foothold in Cebu. It will continue to pursue land banking activities in major strategic areas of the country. In 2016, AboitizLand will launch the first

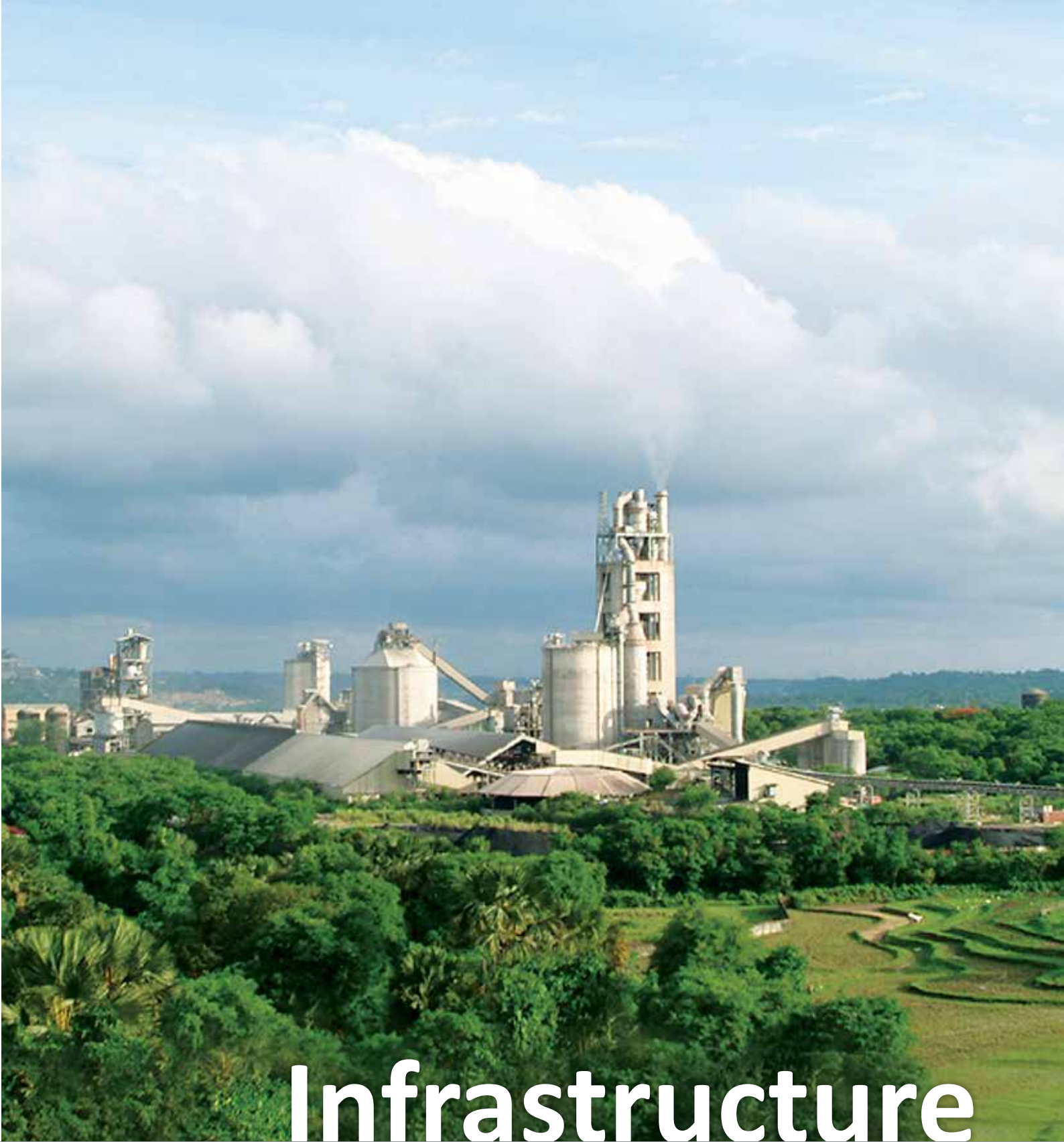
project under the Cebu District Property Enterprise, Inc. (CDPEI), the company’s partnership with Ayala Land, Inc.

AboitizLand believes it has a strong team capable of transforming actions into results, focused on continuing to improve the company on all fronts. It is well positioned to seize opportunities and withstand market fluctuations and changes in the economic environment. While growing its businesses, the company will balance the needs of its vecinos and all other stakeholders.

As it pursues further growth, AboitizLand will continue to maximize value and deliver results, inspiring lives through better communities. Driven by its values, the company will fulfill its brand promise of nurturing communities that are made for life.

The Outlets at Pueblo Verde continues to attract shoppers with innovative products and creative pricing.





Infrastructure



We are pleased to have found a solid and reliable strategic partner in CRH, a global leader in building materials. With this partnership, we successfully acquired Lafarge's cement assets in the Philippines, now renamed Republic Cement and Building Materials, Inc. We view Philippine cement consumption as a direct proxy to infrastructure investment in the country.

Erramon I. Aboitiz
President and Chief Executive Officer
Aboitiz Equity Ventures, Inc.



Republic Cement commissioned its newest cement finish mill at its Norzagaray Plant in Bulacan on March 15, 2016, increasing its production capacity to support the growing infrastructure needs of the country.

Results of Operations

Barely two years after AEV made the strategic decision to enter the infrastructure business, it is now a major player in the domestic basic building materials sector through its investment in Republic Cement Building Materials, Inc. (RCBM), which officially became part of the company in the last quarter of 2015. Since then, RCBM has contributed P194 million to AEV's income for the year.

RCBM is the result of the strategic alliance between AEV and CRH plc of Ireland that completed the acquisition of a majority stake in the operations of Lafarge cement assets in the Philippines. This partnership capitalizes on AEV's local market knowledge and experience, and CRH's global technical expertise. Today, CRH is the second largest building materials player globally. Operating in 31 countries, it is the largest building materials company in North America and is a regional leader in Europe. Over the last decade, it has developed a number

of strategic footholds in Asia, now significantly complemented through its recent acquisitions in the Philippines, in partnership with AEV.

RCBM is the Philippines' second largest cement manufacturing and distribution group. Its network includes six manufacturing plants located in Bulacan, Rizal, Batangas, Northern Cebu, Iligan and Lanao del Norte. Collectively, the plants produce more than 25% of the country's cement requirements. RCBM's top quality cement and building materials are marketed under the leading brands Republic, Fortune, Rapidset, wallMASTER, Kapitbahay, and Mindanao.

On March 15, 2016, Republic Cement inaugurated its new P900-million horizontal roller mill in Norzagaray, Bulacan aimed at increasing the company's production capacity by an additional 850,000 MT.

AEV expects a more diversified income stream in 2016 with earnings from its infrastructure business units.

Investing in RCBM's continued expansion is part of AEV's long-term commitment to ensure that the nation's needs for building materials are met. The company intends to actively participate in the country's widely-anticipated public and private infrastructure investment boom. The government, through the Department of Budget and Management, has allocated a record 5% of GDP or P760 billion for critical infrastructure spending for 2016. This percentage amount is also deemed as the international benchmark for public infrastructure investment and is roughly the same value earmarked by ASEAN countries for their respective core infrastructure needs.

AEV remains interested in pursuing selective public-private partnership (PPP) project leads as the government opens up unique opportunities in key infrastructure segments. Whether the opportunities will be in the toll road, airport, rail, or water sectors, the company intends to focus on innovative customer-centric solutions to sustain the country's economic development.

The company continues to prepare for upcoming bids for PPP projects including the LRT-2 operations and maintenance contract, and the expansion of the Bacolod-Silay, Davao, Iloilo, Laguindingan, and Bohol regional airports.

For sectors that are generally new to the Aboitiz Group, management intends to find the right local and international partners who can provide the market and technical know-how needed to successfully run these new endeavors. AEV will also seek growth through selective M&A opportunities where the company can add value based on its competencies and experience.



Apo Agua

In 2015, AEV entered into a joint venture with J.V. Angeles Construction Corporation, one of the Philippines' largest water infrastructure contractors, to form Apo Agua Infraestructura, Inc. (Apo Agua). It will develop, build, and operate a P12-billion private bulk water facility in Davao, the second largest in the country.

The company was awarded a 30-year concession to supply the Davao City Water District with 300 million liters per day of bulk water to benefit the city's over one million residents as well as its many commercial and industrial establishments. By tapping into the Tamugan River, Apo Agua will not only supply the city with treated water, but it will also utilize a hydroelectric facility to self-generate the power it needs to treat the raw water.

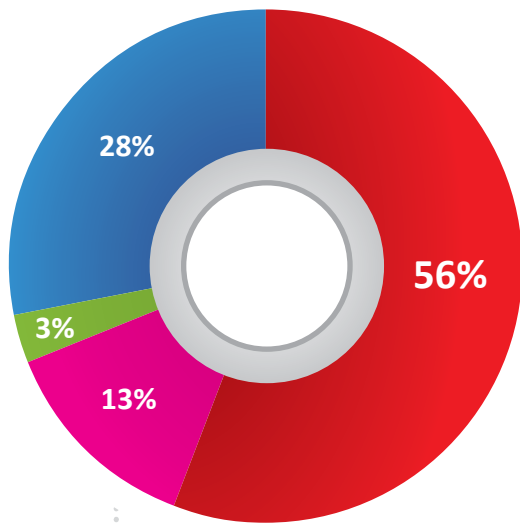
Efforts are now focused on obtaining the requisite local and national permits to begin the construction of the facility. Apo Agua has also rolled out stakeholder engagement programs to ensure that it gets the support of communities directly affected by the project.



Corporate Social Responsibility

2015 Financial Highlights

- The Aboitiz Group allocated a total of P415 million for CSR projects. Aboitiz Group Initiatives represent the total financial allocation of both Aboitiz Foundation and Business Units' (BUs) direct CSR.
- Education received the biggest allocation of P232 million.



Aboitiz Group Initiatives

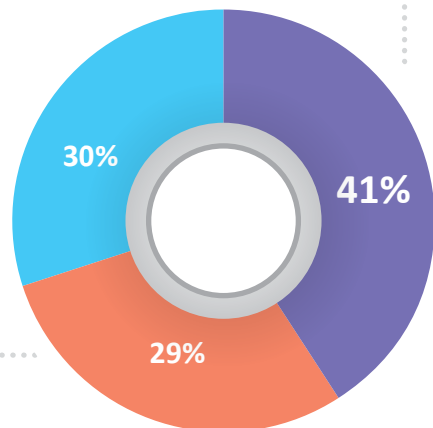
Program Component
(in Php thousands)

- Education
231,928
- Enterprise Development
52,374
- Environment
13,285
- Health & Well-Being and Other Donations*
117,960

Total
Php 415M

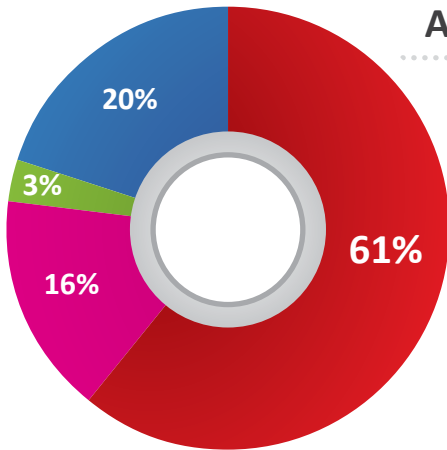
Area
(in Php thousands)

- Luzon
170,066
- Visayas
118,878
- Mindanao
126,603



*Other donations include support to other foundations, government agencies, indigenous and religious groups.

Aboitiz Foundation, Inc.



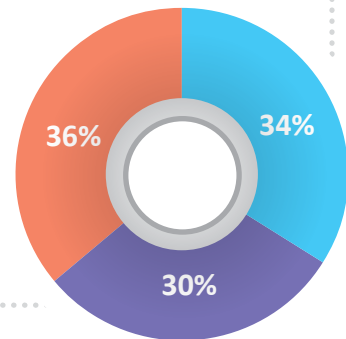
Program Component
(in Php thousands)

■ Education 178,122	■ Environment 9,371
■ Enterprise Development 46,211	■ Health & Well-Being and Other Donations 56,499

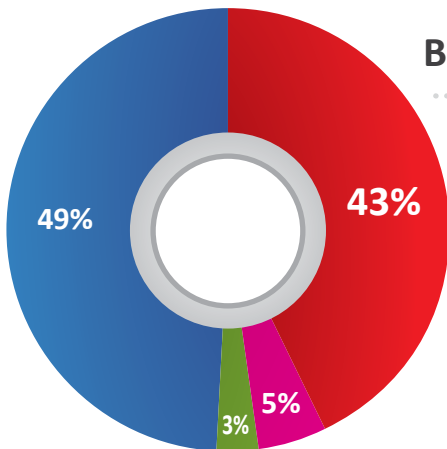
Total **Php 290M**

Area
(in Php thousands)

■ Luzon 87,958
■ Visayas 104,349
■ Mindanao 97,896



Business Units' Direct CSR Initiatives



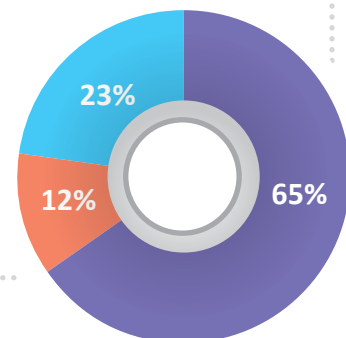
Program Component
(in Php thousands)

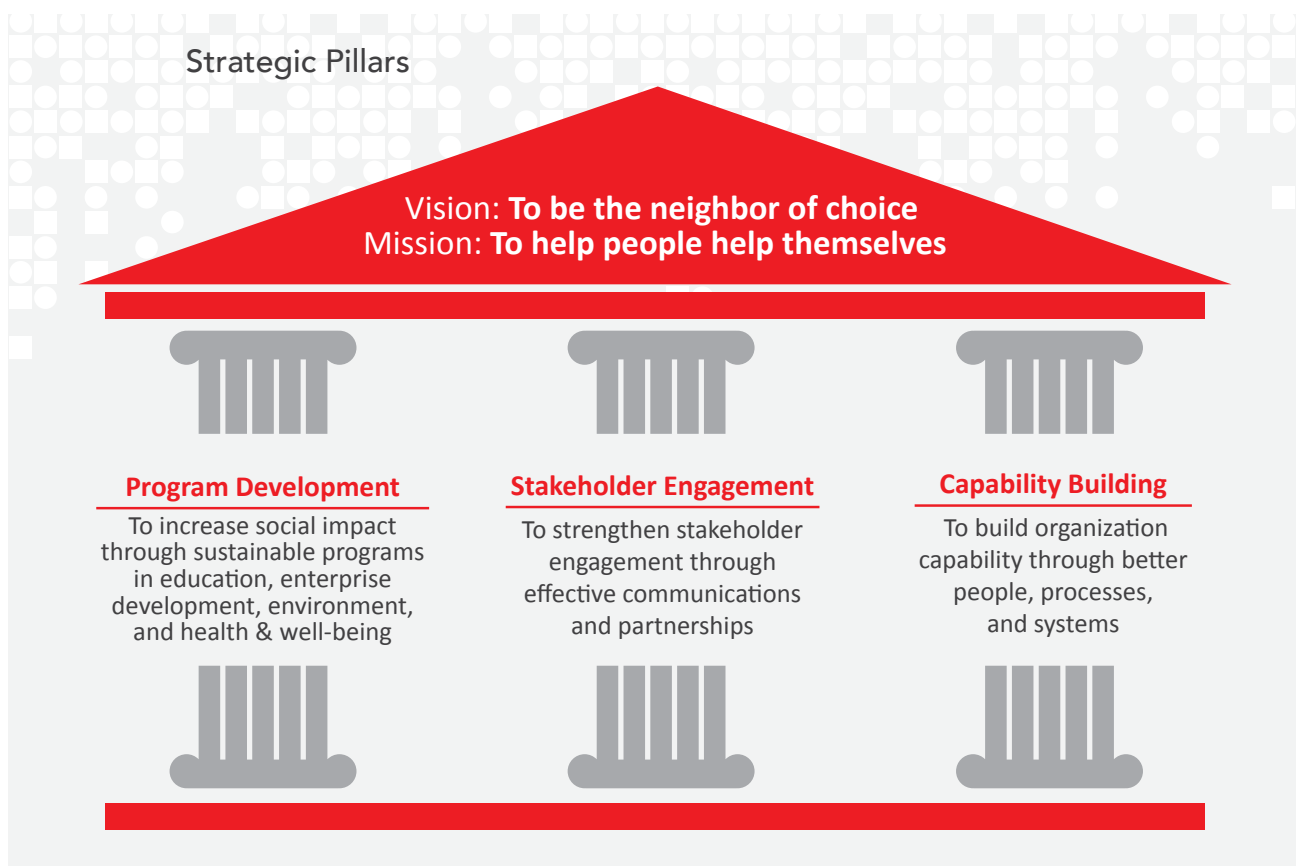
■ Education 53,806	■ Environment 3,914
■ Enterprise Development 6,163	■ Health & Well-Being and Other Donations 61,461

Total **Php 125M**

Area
(in Php thousands)

■ Luzon 82,108
■ Visayas 14,529
■ Mindanao 28,707





Sustaining CSR Leadership

The Aboitiz Foundation and its initiatives have been evolving over the past 27 years. From CSR 1.0 or a philanthropic style of donating, the Foundation's initiatives have progressed into CSR 2.0 or programs that are more sustainable, inclusive, and aligned to the Group's core competencies. These programs deliver longer-term benefits, are scalable initiatives that deliver positive sustainable impact on a national scope, and encourage stronger team member engagement.

In 2015, the total CSR allocation of the entire Aboitiz Group amounted to P415 million, which translated to more programs that had an impact on 507,086 direct beneficiaries nationwide. The Aboitiz Foundation led the Group in helping more people help themselves while continuously growing and improving to fulfill its vision of being the neighbor of choice, especially in communities where Aboitiz business units (BUs) operate.

The Foundation spent P290 million for various CSR initiatives, with education-related programs getting the largest chunk of the budget. The BUs, for their part, allocated P125 million for CSR projects they directly funded.

Strategic Pillars

The Aboitiz Foundation will sustain CSR leadership through its three strategic pillars or focus areas:

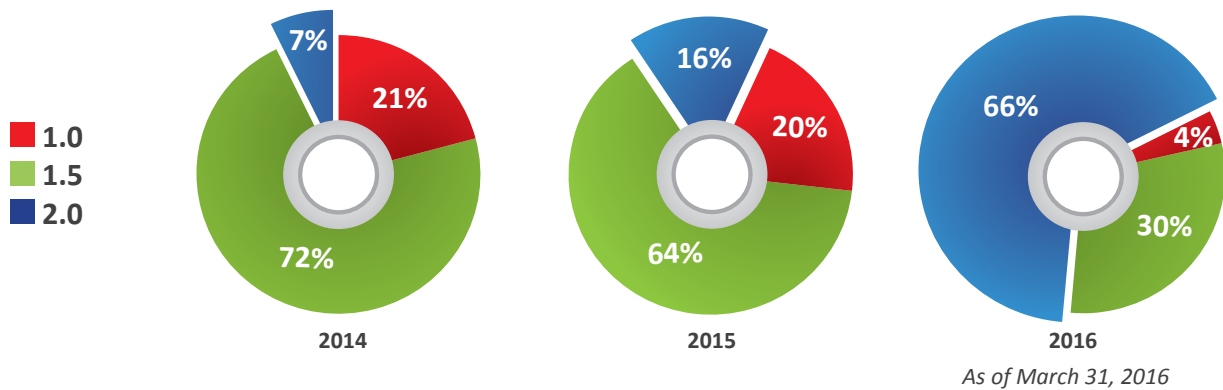
Program Development

The Foundation's goal is to increase social impact and make a real difference in the lives of many through its programs in education, enterprise development, environment, and health & well-being. CSR initiatives are carefully chosen to ensure alignment with its CSR 2.0 direction. The Group has made significant progress towards this path, increasing total CSR 2.0 projects to 16% in 2015 from 7% of the previous year.

Achieving CSR 2.0

Percentage based on amounts of approved projects

The Group's journey in achieving CSR 2.0 is significantly progressing over the years as it increased from 7% in 2014 to 16% in 2015. As of March 2016, CSR 2.0 initiatives further increased to 66% of the total approved CSR projects.



The Foundation has identified 10 flagship projects that are scalable and these will be rolled out in all the BUs nationwide. The success of these projects is monitored based on certain key performance indicators such as the number of classrooms and scholars or the amount of microfinance loans granted. To further improve on the programs, the Foundation will start measuring social impact as reflected in the increase in income per family, or more scholars who get employed, or more jobs generated from skills training.

Stakeholder Engagement

The Foundation aims to increase stakeholder engagement through effective communications and partnerships. The BUs' stakeholders include their communities, local government units, team members, customers, and the general public. Acknowledging that it cannot achieve its goals on its own, the Foundation partners with other organizations that have similar goals in order to achieve collective social impact. Through communication campaigns, it aims to inform, educate, engage, and inspire people with how it has touched the lives of many.

Capability Building

With the hundreds of projects that they implement every year, the Foundation and BUs know that they cannot execute excellence without organization capability. In 2015, the Foundation formally implemented a quality management system that includes a documentation of all its policies, guidelines, and procedures, and established service

level agreements with the BUs across the Group. It will continue to build competency through better people, better processes, and better systems. Further enhancements will be done on the automated system to approve, monitor, and measure project implementation.

Education

The Aboitiz Foundation's goal is to achieve universal public education by continuing to establish and develop Aboitiz BetterWorld schools that promise a better learning environment for students. This means more special science elementary schools (SSES), technical-vocational (tech-voc) high schools, donations of AGAPP *Silid Pangarap* kindergarten and regular Foundation classrooms, and asset donations to the Philippine public school system. The Foundation will also continue to provide teachers' trainings and grant scholarships and financial assistance to deserving students.

The Aboitiz Group spent P232 million or 56% of its total CSR budget allocation in 2015 to roll out these education initiatives.

In 2015, the Foundation identified as flagship projects some of its existing key initiatives including the development of SSES and tech-voc high schools, the purposive college scholarship program, and the rewiring of classrooms.

It developed six SSES and 17 tech-voc high schools with other Aboitiz BUs in 2015. It also spearheaded the construction of 40 *Silid Pangarap* kindergarten



Taguig National High School teacher Remy Estrada Cruz pursues her passion to impart essential life skills to the youth aided by the fully equipped dressmaking laboratory donated by the Aboitiz Foundation.

classrooms in partnership with the AGAPP Foundation, built 17 regular classrooms, and rewired 1,741 classrooms nationwide.

To provide students a competitive learning edge, the Foundation supported 3,305 scholars nationwide, 185 of whom were under the purposive college scholarship program. It also turned over 19 stand-alone computers and 612 thin client computer units.

Moving forward, the Foundation will start measuring the more meaningful social impact these programs will achieve. It hopes to see an increase in the number of tech-voc students with NCII certificates and the number of SSES students qualified for science high schools. It also expects to see increased employment of scholars and lesser fire incidents in rewired schools, among other positive results.



278,048 direct beneficiaries
29,845 scholars
3,178 classrooms rewired
1,689 stand-alone computers
1,591 thin client computer units

890 new classrooms donated
89 post-Yolanda and Bohol earthquake classrooms
216 AGAPP *Silid Pangarap* kindergarten classrooms
558 regular classrooms
27 classrooms for SSES / Tech-Voc
192 repaired post-Yolanda and Bohol earthquake classrooms

Figures as of end-2015



23,118 direct beneficiaries
15 cooperative training centers donated
493 loan packages granted
P164 million worth of loans approved
96% average collection efficiency

Figures as of end-2015



The Aboitiz Foundation, in partnership with Pilmico, holds free bakery business trainings for partner organizations.

Enterprise Development

The Aboitiz Foundation actively empowers beneficiaries to create a better future for themselves through its enterprise development program. It provides sustainable livelihood and employment opportunities as well as training in capability building and skills enhancement for partner communities.

In 2015, a total of P46.2 million worth of approved projects benefited 4,517 beneficiaries.

In February 2016, the Foundation signed an agreement with the Center for Agriculture and Rural Development (CARD) to enhance its microfinance initiative, which is a flagship project under the enterprise development program.

Under the agreement, CARD will manage the current loans amounting to P18 million from release to collection. The additional P10 million will be used to establish two microfinance branches in Tiwi, Albay and Davao which CARD will manage and operate to provide loans and services in the identified communities.

The Foundation anticipates that a significant social impact will be achieved through this flagship program in terms of increases in the number of jobs generated, in income, in households benefited, and small businesses created.

Environment

The Foundation is at the forefront of upholding the Aboitiz Group's commitment to build a BetterWorld through its environmental programs. In 2015, it identified the following environment initiatives as flagship projects: A-Park, Race to Reduce (R2R), and Water Access and Conservation programs. It also signed a partnership with the DENR and enrolled the A-Park trees in the National Greening Program. The Group remains on track in meeting its goal to plant nine million trees by 2020 after planting a total of 3.8 million seedlings by the end of 2015.

3.8 million seedlings planted
78% seedling survival rate

Figures as of end-2015



R2R is continuously encouraging Aboitiz BUs to reduce consumption in power, water, and paper in their offices and facilities.

In October 2015, the Aboitiz Group committed to be part of the Water Alliance Coalition led by the Philippine Business for Social Progress to help address critical climate change issues and create solutions to curb water scarcity in the country.

In its goal to create more meaningful social impact, the Foundation will monitor the survival rate improvement of the trees it has planted. On the R2R front, it aims to see a significant reduction in the consumption of the three finite resources the Group currently uses – water, power, and paper.

AboitizPower distribution unit Davao Light, in partnership with the Foundation, is continuously enhancing the Aboitiz Cleanergy Park – an eight-hectare biodiversity park that has a rare and diverse ecosystem and declared as a protected marine area. To date, 1,876 pawikan eggs have hatched in 17 nests at the park, which is also home to 66 other marine species.

As a commitment to sustain the park, the Foundation launched its #BetterWorld for the Pawikan campaign in January 2016.

Health & Well-Being

The calamities that struck the country in 2015 moved the Aboitiz Foundation to extend immediate assistance to affected communities nationwide. In the aftermath of Typhoons Lando and Nona, it distributed essential relief packs to 4,669 families in Luzon, and re-energized barangays in Oriental Mindoro and Sorsogon.

Last year, the Foundation assisted several BUs conduct medical, dental, and optical missions that benefited 15,780 patients nationwide.



61,681 medical/dental/optical
circumcision beneficiaries

46 water systems donated

20 day care centers donated

12 health centers donated

Figures as of end-2015



Driven by its passion to serve, the Aboitiz Group is always ready to give immediate assistance in times of disaster and supports our fellowmen get back on their feet.



Team Member Engagement

Aboitiz team members embody the Group’s core value of responsibility. In 2015, a total of 5,658 team members volunteered for CSR initiatives covering the Foundation’s four program components.

These initiatives included both team member-initiated activities such as the emergency and disaster preparedness training for communities, as well as institutionalized Group-wide CSR activities that involve team members. These activities include the Aboitiz-led Adopt-a-School, Brigada Eskwela, tree planting, Christmas outreach, disaster relief operations and health missions, among others.

Aboitiz team member engagement programs include the annual Brigada Eskwela and Christmas Outreach activities.

Business Units' (BUs) Direct CSR Initiatives

Aside from projects implemented in coordination with the Aboitiz Foundation, Aboitiz business units also directly fund social development initiatives that address the needs of communities in their respective areas of operations.

In 2015, these companies spent P125 million on various direct CSR initiatives. Among the notable ones are City Savings Bank’s Project Synergy, which focuses on developing leadership and values-based competency for public school teachers; Davao Light’s solar charging station that provides access to electricity to a lumad community in Marilog district; and Hedcor Sibulan’s water system construction projects in Sta. Cruz, Davao del Sur.

For 2016, the Aboitiz Foundation will pursue its mission guided by the same three strategic pillars and will continue working together with its partners to deliver greater long-term value for its stakeholders.

2015 Team Member-Initiated Projects

Activity	No. of Team Member Volunteers
Adopt-a-School/ Pupil Programs	304
Brigada Eskwela	1,234
Christmas Outreach	922
Disaster Relief	122
Health Missions	397
Tree Planting	1,642
Other Activities	1,037
TOTAL	5,658





The automated weather station (AWS) is a stand-alone device that can accurately record temperature, pressure, humidity, solar radiation, wind, speed, and direction, as well as rainfall. The AWS complements local government efforts in generating variable weather knowledge and in enhancing their disaster preparedness and management plans.

Inclusive Collaboration For A #WeatherWiser Nation

Three years since it was established in 2012, the WeatherPhilippines Foundation (WeatherPhilippines) has contributed to increasing the Filipino public's awareness of disaster preparedness.

From a purely disaster preparedness perspective, WeatherPhilippines' advocacy is now growing into weather knowledge application for sustainable development. This shift in thinking is driven by the need to create a #WeatherWiser Nation, a nation that will optimize weather information and knowledge for socio-economic growth and progress.

WeatherPhilippines has aligned its three strategic pillars of technology, partnerships and engagements through which the foundation builds stakeholders' capacity and empower communities.

Technology: Expanding the AWS Network

In 2015, WeatherPhilippines deployed an additional 27 Automated Weather Stations (AWS), mostly in Palawan and Ifugao Provinces, bringing the total number of AWS deployed nationwide to 777. These AWS gather a specific location's rainfall, temperature, pressure, humidity, wind speed, and wind direction, and global solar radiation. MeteoGroup's systems then process the collected data into accurate and localized 5-day weather forecasts.

Previously, these forecasts were only available through the website weather.com.ph. In 2015, the foundation launched a mobile application to complement its other online channels and reach out to more stakeholders. The app, which is downloadable for free from both the Apple Store and Google Play Store, brings the power of WeatherPhilippines' localized weather forecast right at the user's fingertips.

Location of AWS
deployed in the Philippines

777 AWS
deployed nationwide

467 Luzon

186 Visayas

124 Mindanao

Free Downloadable App

- *Accurate and localized weather information*
- *Colors and warnings based on world meteorological standards*
- *Easy overview of your selected locations' weather information*
- *Customizable labels per location*
- *Detailed 5-day weather forecasts for each selected location*
- *Shareable content via social media*



The website will continue to provide accurate and relevant weather news, and timely educational materials to sustain knowledge-sharing initiatives with stakeholders.

Partnerships: Building Resilience Together

Through inclusive public-private sector partnerships, WeatherPhilippines is able to sustain its operations, expand its AWS network, and widen the scope of its educational initiatives.

The private sector partnerships focus on utilizing weather knowledge for business continuity plans, while the public sector collaborations seek to empower the grassroots in optimizing weather for disaster preparedness.

In 2015, two companies pledged its support to build a #WeatherWiser Nation, namely the Ayala Corporation as the newest platinum donor, and Pilipinas Shell Foundation as a gold donor. SN AboitizPower expanded its existing partnership with WeatherPhilippines with the additional hosting of 25 new sites for the foundation's AWS network.

In July 2015, WeatherPhilippines signed a partnership with the Philippine Disaster Resilience Foundation (PDRF) to institutionalize its weather training program for the private sector.

During the year, it also operationalized its partnership with the Department of Education (DepEd) with the rollout of its Weather 101 seminars to members of the department's disaster risk reduction and management council.

Engagement: Strengthening Capacity of Partners

Aside from AWS installation trainings that enable businesses and local governments to strengthen their disaster preparedness, WeatherPhilippines enhances its capacity building program through engagements that foster meaningful relationships with its stakeholders.

On top of its Weather 101 seminars and existing information-education materials, the foundation launched its #WeatherWiser Ka Na Ba? video series in 2015. Composed of 12 three-minute clips that help illustrate weather in simple terms, the series can be viewed at weather.com.ph and the foundation's social media channels. It further enhances WeatherPhilippines' thrust to empower communities by optimizing weather knowledge not just for disaster risk reduction, but also for business development, operations management, and socio-economic growth.



Ayala Corporation became WeatherPhilippines' newest Platinum Sponsor when it signed a memorandum of agreement (MOA) for a P25-million sponsorship to support the operations and sustainability of WeatherPhilippines over the next 10 years. Ayala Corporation's Head of Corporate Services John Philip Orbeta signed the MOA with WeatherPhilippines Foundation Chairman Enrique Aboitiz and President Susan Valdez.



Sustainability



As a successful business enterprise spanning five generations for over a century now, the Aboitiz Group understands that its existence over the long-term rests on its ability to balance the interests of people, planet and profit.

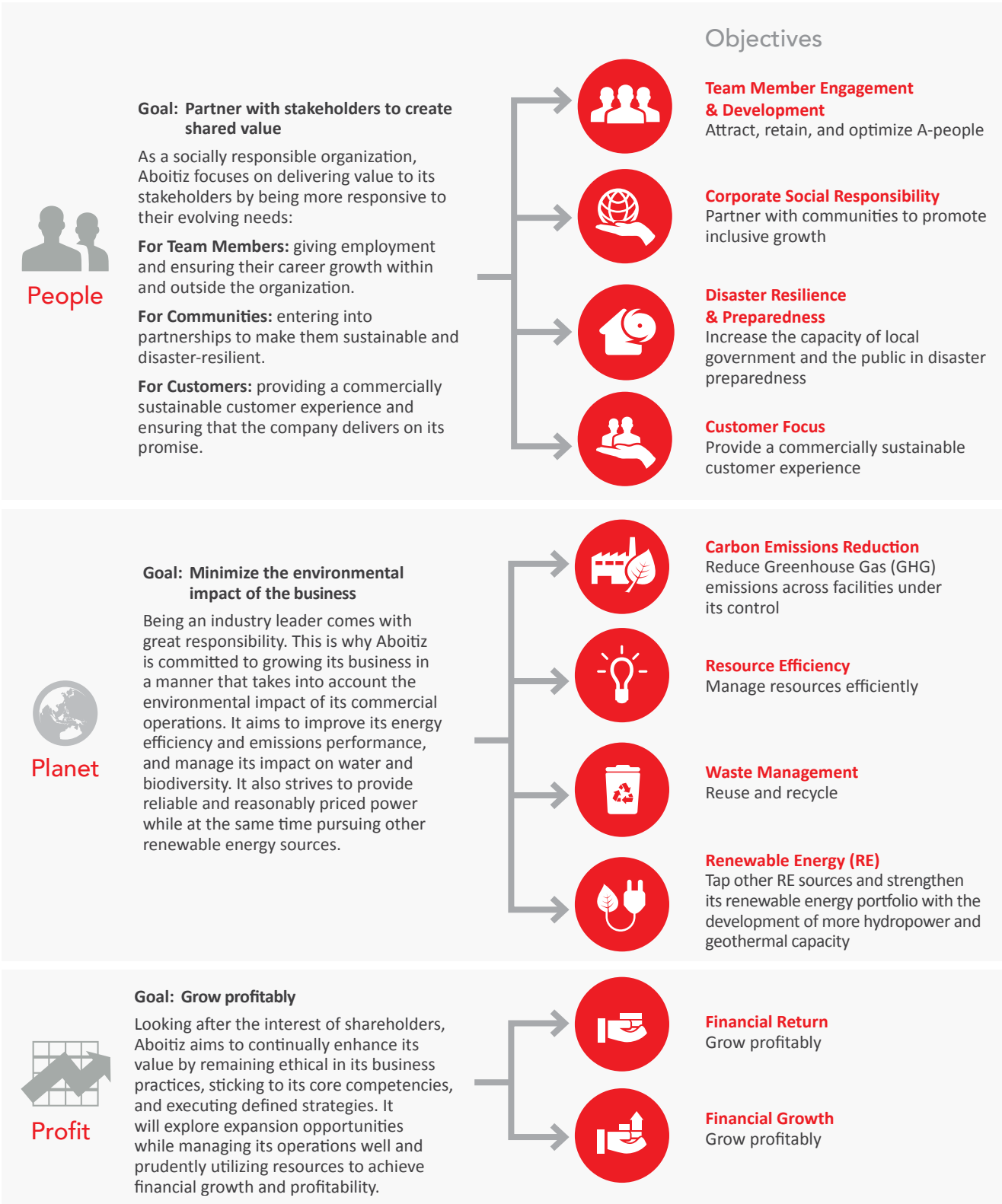
Our Journey Towards A BetterWorld

The Aboitiz BetterWorld sustainability framework serves as the Group's guide in monitoring, measuring and improving its impact on people, planet and profit. Through this, the various business units subscribe to a common set of focus areas that are applicable across the Group. These focus areas are: Team Member Engagement & Development, Customer Focus, Disaster Resilience & Preparedness, Corporate Social Responsibility, Carbon Emissions Reduction, Waste Management, Resource Efficiency, Renewable Energy, Financial Return and Financial Growth. The Group's performance in these focus areas are monitored and reported through its sustainability report, which uses the widely accepted G4 reporting framework of the Global Reporting Initiative (GRI).

The Aboitiz Group was one of the first local businesses to support the United Nation's 17 Sustainable Development Goals (SDG). Central to the new set of global goals is the idea of caring for the planet and for the world's poorest citizens, which is also at the heart of the Aboitiz BetterWorld mindset. Whenever applicable, Group-wide communications and campaigns align with the SDG especially in areas where current CSR and sustainability programs can contribute to the attainment of specific SDG areas. These programs cover quality education, reducing poverty, zero hunger, good health and well-being, protecting life above land and under the water, climate resilience, sustainable food production and financial inclusion.

Focus Areas and Metrics

To drive sustainability throughout its business, Aboitiz focuses on three key areas based on the triple bottom line approach—people, planet, and profit—where it believes it can make the greatest difference to the Group and its stakeholders. This framework is used to set targets, improve performance, and extend the scope of the value it creates.



2015 Sustainability Highlights

In response to the call to combat climate change, Aboitiz signed the 2015 Manila Declaration and joined the Water Alliance as one of its pioneering members. The Manila Declaration is the private sector's statement of solidarity to lower emissions, to help increase the resiliency of communities against the consequences of climate change and to address collective sustainable development challenges while embedding sustainability into its business processes. Meanwhile the Water Alliance of the Philippine Business for Social Progress is the sector's response to addressing the adverse effect of the El Niño phenomenon.

Cleanergy is AboitizPower's brand for clean and renewable energy, providing Filipinos with more sustainable power supply that leaves a lighter impact on the environment. AboitizPower is among the major producers of renewable energy in the country with 1,263 MW or close to 40% of its total net sellable capacity. It manages and operates 28 hydroelectric and geothermal power generation facilities. With several other renewable energy power plants in the pipeline and the addition of the



Davao Light's Electrical Installation & Maintenance Laboratory or Project e.Lab is the company's newest skills development program for its stakeholders. The state-of-the-art training center aims to boost technical-vocational education under the K-12 curriculum.

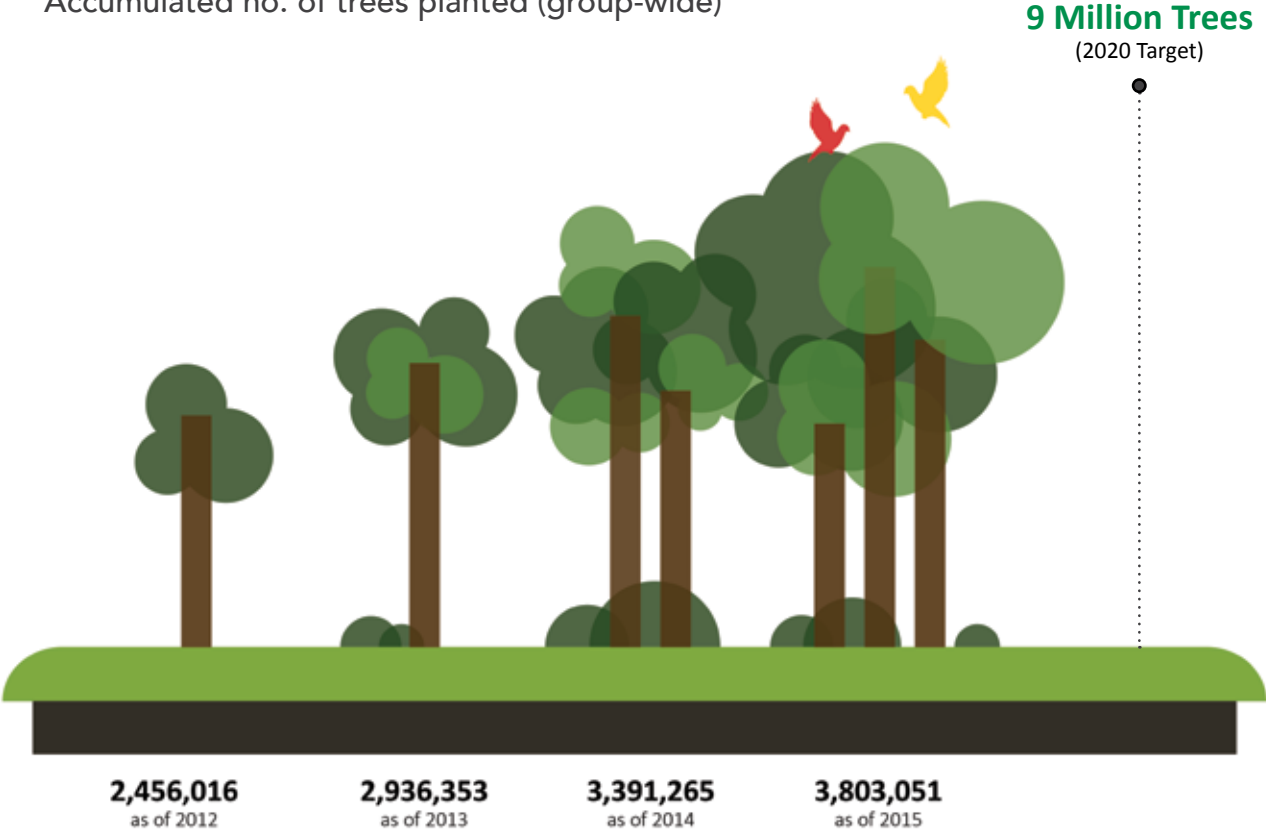
59-MWp Solar Power Plant in Negros Occidental to its portfolio of renewable power generating assets, Aboitiz is delivering on its Cleanergy promise.

In pursuit of its goal to leave a planet that can be enjoyed by future generations, Aboitiz Group increased its A-Park target from 3 million trees to 9 million trees, to be achieved by 2020. As the Group's contribution to the National Greening Program, a Memorandum of Agreement with the Department of Environment



Aboitiz team leaders Celso Caballero III, Susan Valdez, Susan Policarpio, Ernest Villareal, Manny Rubio, Danel Aboitiz, Malou Marasigan and Christopher Camba join DENR Secretary Ramon Paje, Assistant Director Mayumi Quintos-Natividad and Senior Forester Elnora Taleon at the ceremonial signing of the partnership that sealed the Aboitiz Group's commitment to plant 9 million trees by 2020.

Accumulated no. of trees planted (group-wide)



and Natural Resources was signed on July 22, 2015. This makes the Aboitiz Group as one of the biggest private partner of the government in its countrywide reforestation program.

In celebration of Earth Day, the Aboitiz Group inaugurated the Aboitiz Cleanergy Park last April 23, in Davao City. The Park is a partnership between the Aboitiz Group through Davao Light and Aboitiz Foundation and its stakeholders in Mindanao that include the Davao City local government, Barangay Council of Matina Aplaya, DENR-Biodiversity Management Bureau, the academe and research communities. It is an eight-hectare outdoor biodiversity park with a diverse ecosystem, giving the public the opportunity to explore a different learning experience on environmental conservation and protection. It is a nesting sanctuary for the critically endangered Hawksbill turtle or pawikan with close to 2,000 hatchlings released to the sea by December 2015. The entire Park itself is home to 66 species making it an important marine life sanctuary in Mindanao. A nursery and botanical garden has been set up to propagate 29 native tree species. The

Park is host to an automated weather station (AWS) of WeatherPhilippines as part of its contribution to beefing up the disaster preparedness of Davao City.

The Race to Reduce (R2R) program underpins the Group’s commitment to manage its resources efficiently and minimize its operational footprint. Business units are encouraged to reduce their consumption on three finite resources, water, electricity, and paper. In 2015, there were 261 enrolled facilities across the Group.

The Wealth on Waste (WoW) is the Group’s program to support Republic Act 9003 better known as the Ecological Solid Waste Management Law, which promulgates the proper management of wastes using the 3Rs – reduce, reuse, and recycle. Twenty-three business units of Aboitiz practice waste management following their respective environmental, health, and safety policies.

One of the WoW projects which has been running for the past 4 years in Cebu City is the Green Fashion Revolution (GFR). It is an intercollegiate



Testimonial from a teacher:

“We always believe that learning does not only happen inside the classroom and that experience is still the best teacher. By visiting the Aboitiz Cleanergy Park, our young learners will have more appreciation of the environment and wildlife conservation.”

Krispy Arenga
Kindergarten Class Adviser
and Student Activities Coordinator
SMILE

green design competition that challenges students to create clothing, footwear, and accessories that make use of recycled materials. The competing schools gather waste materials like flour sacks, tarpaulins, metals and papers and are used in designing their collection. Last year’s GFR used a total of 212 kilos of wastes gathered from the different Aboitiz business units. In January 2016, GFR was held in Manila for the very first time, bringing the Group’s waste management advocacy to a national audience.

With the goal of updating and standardizing the health, safety and environmental management practices of the power business units, AboitizPower launched its Safety, Health, Environment and Quality (SHEQ) Policy in the third quarter of 2015.

By staging the Green Fashion Revolution on September 26, 2015, Aboitiz joined the Global Day of Action on Climate Change to help combat environmental degradation through proper waste management. Waste management is one of the 17 goals of the newly adopted Sustainable Development Goals (SDGs) of the United Nations. The winning school will work with the Aboitiz Foundation on a CSR project that allows them to share their talent with the Aboitiz community stakeholders.

Ensuring sustainable entrepreneurship for farmers is at the center of Pilmico’s drive to be Partners for Growth. Through its advocacy program, Mahalin Pagkaing Atin, it continues its strong support for sustainable livelihood and backyard farming. In 2015, it donated 736 piglets, 215 egg machines benefitting 373 families, and conducted 20 Mahalin Pagkaing Atin events nationwide. The events include technical and social trainings that assisted local farmers with their concerns and helped them grow their businesses.





The Aboitiz Tri2015 swim-bike-run event drew 418 participants including 36 team members who champion the BetterWorld mindset through a healthy and active lifestyle.

2016: Towards creating shared value

As the Group pursues further growth, it is facing greater expectations to help address a variety of society's challenges, from socio-economic inequality to building resilient communities. While it is already making a significant impact in this area right now, it understands that the business will also adapt to the changing needs of its stakeholders and is, therefore, putting even greater focus on creating shared value (CSV), which is about generating value for business and society by addressing societal needs as a core part of business strategy.

To bring everyone to the same level of understanding and appreciation of CSV, an executive coaching session was held in January 2015 tapping the services of Incite, a shared value advisory network and an affiliate of the Shared Value Initiative. The first run gathered the Reputation Council and other senior executives of the different strategic business units.

An expanded second run was held in March 2016 as part of the corporate governance training of the

Board of Directors. The coaching sessions was likewise conducted for senior officers to identify ways of further improving the existing initiatives that support CSV. The Group is looking at Pilmico's Mahalin Pagkaing Atin campaign, WeatherPhilippines' WeatherWiser Nation campaign, AboitizPower's Cleanergy brand and CitySavings' teachers' loan program as existing CSV models in Aboitiz. Parallel to this, we continue to improve the way we do CSR by taking a closer look at the relevance, effectiveness and sustainability of our flagship CSR programs. Our goal is to move from CSR 1.0, projects that are philanthropic in nature, to CSR 2.0, projects that have long-term benefits, are scalable nationwide, more inclusive, are aligned to our core businesses and encourages team member participation.

The R2R program under the focus area on resource efficiency will be further enhanced in 2016 to highlight how important managing the planet's limited resources is at the team member level. Bringing down the conscious practice of conserving

electricity, water and paper helps Aboitiz team members become more aware of their capability to contribute to the global climate action. A pocket of events will be implemented like the Water Conservation Challenge, Earth Hour, and No Impact Week.

Early last year, the Significant Energy Users study was conducted by students from the University of Santo Tomas. This will become the basis for the formulation of resource efficiency policies and guidelines moving forward.

In the area of disaster resilience & preparedness, WeatherPhilippines will engage more partners to help build a #WeatherWiser Nation. Platinum Donors agreed to increase their annual donation to P3.5 million each

to support the initiative. To encourage more partners to invest on weather technology and knowledge, it will institutionalize value-adding development initiatives for donors, sponsors and LGU partners. It will fully utilize its communication platforms to seamlessly provide localized weather information for the Filipino public, from its free mobile application to the weather 101 videos available for viewing in its website www.weather.com.ph and Facebook page.

Gearing up for Sustainable Growth

The Aboitiz Group takes to heart a time-honored mission – to create long-term value for all its stakeholders. The Group will need to gear up for the challenges of a world facing environmental problems and social inequality.

Through Aboitiz BetterWorld, the Group has already laid down the foundations to take on these challenges, ready to embrace and live out the determined belief that it can do well by doing good.



Team members made their personal commitment to #ChangeClimateChange and switched on their social power to raise climate awareness. Encouraged to go beyond the hour, their commitments ranged from planting more trees to strictly practicing proper waste disposal.

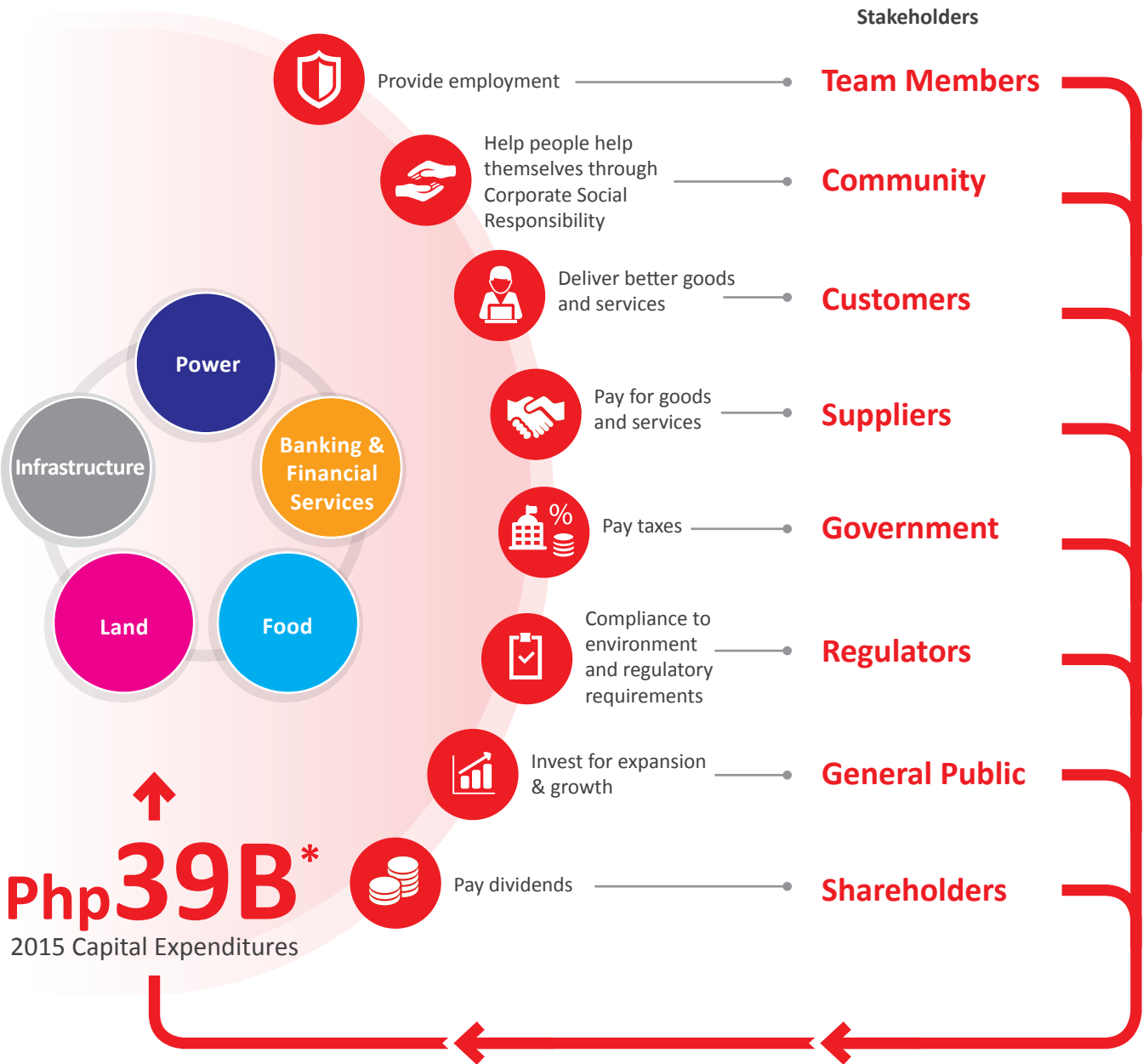


Providing Stakeholder Value

More than just being a successful enterprise, Aboitiz Equity Ventures, Inc. (AEV) and its business units are committed towards constantly striking a triple balance of people, planet, and profit.

In its core businesses of power, banking and financial services, food, land, and infrastructure, the organization and its team members serve countless people during the daily course of operations across the country. They all share a goal to touch and enrich lives, help stakeholders attain a better future, and collectively care for the one planet that sustains us all.

The Group is committed to making Aboitiz a truly sustainable enterprise that can be entrusted to future generations.



*Excluding Infrastructure and Financial Services

Sustaining Leadership – Building Block for Breakthrough Performance

How does a company pursue its mission to create long-term value for its stakeholders?

For Aboitiz Equity Ventures, Inc. (AEV), this requires a constancy of focus and a continuous drive to pursue and achieve our corporate strategic objectives. The Company pursues its corporate mission guided by four strategic pillars: **Grow the business, engage stakeholder, execution excellence, and build human capital.**

In 2015, we focused not just on building human capital, but also building sustainable leadership as the driver for sustained growth and breakthrough performance. Like any living organism, AEV's organization needs to be nurtured in order to live up to constantly changing stakeholder expectations. Our Company's commitment requires the development of our team leaders and members who learn how to lead by example, to mentor and foster teamwork, create a work environment that fosters speaking out, and to deliver the sustainable resulting growth.

Leadership Succession

We are pursuing the Group's succession management program and casting a wider net for our key talents across the Group. One of the milestones of the Aboitiz Group in 2015 was the setting up of a clear succession and management transition plan for the CEOs and COOs of AEV and AboitizPower - a development that makes sense to the entire organization. A transition plan is now in place to address the future retirement of our C-suite executives.

Sustaining leadership is one of our commitments to our stakeholders as we move forward in our Aboitiz growth journey. This leadership brand focuses on

creating shared value in every community, sector and society that our Company serves. AEV will pursue growth in its core businesses of power, banking and financial services, food, land, and infrastructure, while at the same time aiming to drive economic and social development alongside its communities.

According to Innosight, the average lifespan of corporates on the S&P index is shrinking from an average life span of 60 years in the 1960s to a 7-year rolling average lifespan in current times. Creative disruptive forces of today pose challenges for our companies. In the face of disruptive technologies that are reshaping how businesses are being conducted, our organization is taking the bold step to set a new benchmark for diversification and sustainable growth, in the same way the first generation of Aboitiz leaders blazed the trail over a 100 years ago when they established the Aboitiz standards of doing business.

AEV's brand of leadership is driven by our Aboitiz BetterWorld mindset. As we continue to build and strengthen our organization's bench, we will nurture leaders from among the ranks. In 2015, the Company successfully pursued its group-wide leadership coaching, mentoring and development program of our people resources. Since the start of the program in 2015, 168 team leaders out of a target of 249 leaders in the Aboitiz organization have completed coaching and mentoring courses.

As the Company today prepares its future leaders, the management teams are all united in one goal: to build a sustainable enterprise that can be entrusted to future generations. Today and in the future, the Aboitiz story will be told by our own people and our stakeholders,

and it will be a story of the good that the Company and the organization have done and will create for society.

Aboitiz Power Corporation (AboitizPower) and its business units are also aligned to the AEV Corporate Center's strategic pillars. AboitizPower's vision is "A Better Future and its mission is: To find Better Solutions". The company's corporate brand attributes are pro-active, expert, and responsible. AboitizPower considers the following as its responsibilities: to provide reliable and ample power supply needed by the country; to ensure that supply of electricity is provided at a reasonable and competitive price, and with the least adverse effect on the environment and communities.

The management of AboitizPower is "trooping the colour" as it rallies from 2015 through to 2016 to stay ahead of the game; and pursue with execution excellence the ambitious goals we have set. AboitizPower has been constantly striving to be the best at operations, maintenance, capacity and supply optimization, as well as project execution. Under the 1AP organizational brand, we have been working on transforming a good AboitizPower organization into a great organization - with policies and standards that promote cost efficiency and steady growth, and service levels intended to improve stakeholder engagement.

The year 2015 was quite a productive one for the AboitizPower organization as we engaged the entire organization under Project Forward to take a great leap in continuous improvements in systems and operations. Through Project Forward, AboitizPower established and documented important internal business processes for operational efficiency.

AEV's and AboitizPower's health, safety, and environmental track records are generally very good. This is clear and measurable proof that businesses can be aligned both to the principles of sustainability yet make good economic sense.

The Boards of AEV and AboitizPower conscientiously ensure that they are kept abreast of developments in

the industries and business environment, and share their expertise and insights with Management. As team leaders and members of AEV and AboitizPower, we collectively set and pursued our 2015 strategic goals and business objectives without losing sight of the vision and mission of our companies. For their part, the respective Boards work tirelessly to ensure accountability of past and current company actions through a review of corporate strategies and reports to shareholders, legal and regulatory compliance reports, audit reports, financial results and budgets, and contemporaneous events that affect the businesses of AEV and AboitizPower.

Aboitiz Corporate Governance Guiding Principles

The Aboitiz governance structure is grounded on the organization's core values of integrity, teamwork, innovation, and responsibility. These values, together with the Group's brand attributes of being driven, driven to lead, driven to excel, and driven to serve, provide a moral guide for meeting the challenges of everyday business and in satisfying various stakeholder interests and concerns. These core values, attributes, vision, and mission constitute the Aboitiz DNA. More importantly, these values constitute the strong foundation for the organization's corporate governance structure.

The Aboitiz Group continues to believe in and adopt the following core principles and practices: (i) the Company's personality is independent from that of its Board, officers and employees; (ii) the Company has its own distinct rights and duties; (iii) the Board has the original power to decide on the Company's policies; (iv) the Company can demand loyalty from its Board, officers and employees; (v) the Company's business must be pursued through a long-term sustainability strategy; (vi) shareholders and stakeholders must be treated equitably and with fairness; (vii) a system of accountability; (viii) transparency in corporate operations and company reports; (ix) an ethical business; (x) creating shared value (CSV); and most importantly, (xi) sustainability and environmental compliance.

In 2015, the AEV and AboitizPower Boards also set in motion the review and updating of the respective companies' Code of Ethics and Business Conduct, engaged a gap analysis study of FCPA practices, and a study for a Group-wide related parties transaction manual that would be relevant as a conglomerate as well as operating business units. The Board Risk & Reputation Committee and the Board Audit Committee have embedded regular assurance procedures for the Aboitiz risk universe. Today, Aboitiz Group audits are now risk-based. These are intended to preserve and protect the rights of shareholders, to ensure shareholders' equitable treatment by the companies, to enhance the stakeholder value, to promote continuous improvement of stakeholders' engagement, and to make timely and responsive corporate disclosures balanced with the requirements for confidentiality in a competitive business environment. The Boards receive regular updates on the top residual risks of their companies.

In 2015, our management team enhanced the IT Committee leadership and its organizational structure to ensure that the Group-wide IT system and policies support and sustain our Group strategy and objectives. Focus was given to important IT governance initiatives that encompassed cloud computing policies, mobile device policies, cyber risk and threat responses, among others.

Responsibilities of the Board

The Boards of Directors of Aboitiz Group companies are fully engaged Boards. The Boards are composed of highly professional directors who work under environments of respect and collegiality, where candidness and robust discussions are not only encouraged, but is the norm.

The AEV and AboitizPower Boards are each composed of three independent directors, and independent-minded executive and non-executive members who have diverse professional backgrounds. These encompass areas such as economics, corporate finance, engineering, accounting, audit, chief executive and chief

operations experience, investment banking, private, government sector and multilateral agencies sector, as well as experience in policy-making bodies.

The selection process for the Boards involves the nomination of directors by both controlling shareholders and minority shareholders who actively participate in the process. Minority shareholders nominated the independent directors for the 2015 - 2016 term. The criteria for selection of the nominated independent directors include, not only their expertise and professional backgrounds, but also their track record for being independent minded, their strategic thinking, and their understanding of the drivers of our companies' businesses. The Board Corporate Governance Committee believes that this contributes to the successful execution of our vision as a conglomerate doing business in our specific industries. This governance committee, sitting in its capacity as a Nominations and Compensation Committee, then approves the nomination by shareholders of executive and independent directors for endorsement to the shareholders for their vote at the annual shareholders' meeting.

Directors are elected at the annual shareholders' meeting by personal vote or by proxy. A Proxy Validation Committee validates all proxies prior to the meeting. Voting is done through an electronic platform and the results are immediately disclosed to the assembly within a few minutes of the voting's completion.

The directors lend their broad experience and expertise to the Board and the management team in all relevant matters affecting the Aboitiz Group. AEV and AboitizPower are continually reviewing the roles and responsibilities of their Boards to assess the propriety and value of existing and proposed Board and Board Committee protocols, systems and policies. All directors have been carefully selected, nominated, and elected based on their credentials as well as their ability to contribute and share their expertise in all relevant matters affecting the business units of AEV and AboitizPower.

The existing company policies of AEV and AboitizPower, such as those found in the By-Laws, the Amended Manual of Corporate Governance, the Code of Ethics and Business Conduct, Board protocols, other Board secretariat guidelines, and the Aboitiz Information Management System protocols, ensure excellence in the performance of the directors' roles and responsibilities.

In 2015, the independent directors of both AEV and AboitizPower worked closely with the internal audit teams in the performance of their functions as members of the Board Audit Committee.

To broaden the directors' depth of knowledge and industry competence, AEV and AboitizPower organized seminars, lectures and orientations on highly technical topics unique to or relevant to the Aboitiz Group's businesses. These included discussions on changing regulatory oversight of the energy market and their impact to AboitizPower, analysis and review of Aboitiz risk maturity index results up to 2015, top residual risks of the Aboitiz Group, cyber risks, political and country risks, the World Economic Forum Global Risks, mandatory corporate governance seminar, Philippine economic briefings, and a review of the Aboitiz Group's strategic objectives and identified business strategies.

AEV and AboitizPower each have three Board committees that assist their respective Boards in their oversight responsibility over the Aboitiz business units. These committees are the Board Corporate Governance Committee (incorporating the former Nomination and Remuneration Committee), the Board Risk and Reputation Management Committee, and the Board Audit Committee. Three independent directors sit on the Board Corporate Governance and Board Audit Committees, comprising a majority of the membership of these Board committees. In the Board Risk and Reputation Management Committee, while not constituting the majority of the committee membership, two independent directors sit in the respective Board committees.

2015 was a hectic year for the directors with their attendance and active participation at regular and

special meetings. They were diligent in the performance of their duties, and had an attendance score of above 96.3 and 92.59%, respectively, and a Board appraisal average score of 3 on a scale of 1-5.

Rights of Shareholders

The rights of shareholders are unequivocally recognized in the AEV and AboitizPower By-laws, Code of Ethics and Business Conduct, and Amended Manual of Corporate Governance. The policy statements found in these documents reflect the commitment of both companies to ensure the protection of shareholder interests and concerns, as well as the free exercise of these rights. These include the rights to receive notices and attend shareholders' meetings, to participate and vote in meetings on the basis of the one-share, one-vote rule, to cumulate their votes, to inspect corporate books and records, to vote in person, in absentia or by proxy, to receive dividends, to nominate and elect directors to the Board, and to ratify corporate action, among others.

The Aboitiz Group believe that the rights and interests of shareholders are aligned to that of the controlling shareholders, not only in terms of returns on their investments, but also in the sustainability of the businesses. AEV and AboitizPower take exceptional efforts in ensuring that their shareholders receive timely public information affecting the businesses they have invested in, and that everyone receives their dividends in accordance with the established dividend policy.

The commitment of AEV and AboitizPower to their shareholders' rights is shown in their well-defined and published dividend policy, the regular holding of the annual shareholders' meetings, and the timely and accurate disclosures with the Securities and Exchange Commission, the Philippine Stock Exchange and the Philippine Dealing Exchange. The Board Secretariats of AEV and AboitizPower liaise with and provide directions to the companies' stock transfer agent to ensure appropriate responses and the immediate resolution of shareholders' queries and requests brought to their attention.

Equitable Treatment of Shareholders and Fair Dealings for All Shareholders

All shareholders, regardless of the amount of their shareholdings, are given the right to participate in company decision-making, pursuant to the one-share one-vote policy of AEV and AboitizPower.

As a matter of policy and practice, to ensure that directors, officers, and even majority shareholders do not take advantage of their position of knowledge in the AEV and AboitizPower Group, related party transactions and amounts are disclosed. The related party transactions of the Group are reported in the consolidated annual Audited Financial Statements. AEV and AboitizPower also strictly enforce their respective Policies on Trading of Company Securities, which regulate insider trading, and impose a trading blackout policy to prevent insider opportunism. The management teams of both companies are quite vigilant in ensuring that insider trading and trading blackout rules are followed by the team leaders and team members who are privy to sensitive transactions.

All shareholders receive notices of all shareholders' meetings and all agenda items for discussion and decision during the said meetings are stated in the notices. No new agenda item will be taken up during the meeting. For the guidance of shareholders, the rationale of agenda items subject to shareholder approval is included in the notices to shareholders' meetings.

As long as shareholders provide their contact details, AEV and AboitizPower send out notices to all shareholders of record for all annual shareholders' meetings, as well as provide them with copies of the Annual Report. The agenda items are listed in the notices and are discussed and voted upon at the annual shareholders' meetings. At the meetings, the Board of Directors, the chief executive officer (CEO), chief financial officer, the auditors, the stock transfer agent, and other key officers of AEV and AboitizPower attend and make themselves available to answer questions from shareholders and investors. Questions from shareholders on the floor are encouraged by the CEO.

AEV and AboitizPower strictly enforce their Codes of Ethics and Business Conduct. The Codes outline the general expectations of and set standards for directors, employee behavior and ethical conduct. These encompass prohibited practices involving conflicts of interest, proper dealings with proprietary and confidential information, and truthful disclosures of material information with transparency in the best interests of the customers, the companies, the shareholders, and the public.

Role of Stakeholders

The business model of AEV and AboitizPower is anchored on the sustainable growth of the Group's businesses with the full engagement of its stakeholders. Key stakeholders include the team leaders and team members who work towards achieving business strategies; the customers whom they serve; the host communities of the companies and business units; the local government units that support and host the Group's businesses; the regulators of the businesses; and the environment that sustains growth.

The Group recognizes that corporate governance principles revolve around relationships between and among these stakeholders and the Group's goals. Together, they contribute to the successful pursuit of business goals. AEV and AboitizPower corporate governance practices include policies and procedures that promote awareness and observance of stakeholders' rights at the company level. Indeed, stakeholder engagement is one of the strategic pillars and is part of the Aboitiz corporate culture.

The Aboitiz Group is committed to the principles of sustainability to balance the interests of people, planet, and profit. By following this rule, the Group has obtained and maintains a good health, safety, and environmental track record, a clear proof that a business can align itself to the principles of sustainability while operating a profitable business.

The Group launched its Sustainability Policy in 2013, in the belief that all stakeholders must be treated

with fairness and that corporate social responsibility is an integral part of doing business. In 2014, AEV and AboitizPower continued to implement this policy and as an initiative for the year, jointly launched the BetterWorld campaign to encourage all stakeholders to adopt this policy for sustainability. In 2015, the Group began its journey on the Creation of Shared Value as a corporate culture. (See Sustainability Report at www.aboitizfoundation.org). Through the Aboitiz Foundation, Inc., our Group is pursuing concrete projects to fulfill eight out of the 17 UN Sustainable Development Goals, namely: no poverty, zero hunger, good health & well-being, quality education, responsible production & consumption, climate change, life below water, and life on land.

As a commitment to its team members, both AEV and AboitizPower embarked on a transformational leadership program across the organization through the creation of Leadership Circles. As a result of the Leadership Circle initiatives, both organizations committed to six leadership dimensions that would characterize the way the AEV and AboitizPower leaders would lead.

The leadership dimensions are mentoring and development, fostering teamwork, courageous authenticity, achieving results, sustaining growth, and integrity. These are intended to create a deep bench in the Aboitiz organization with the objective of achieving sustainable breakthrough performance. Both companies recognize the value of their respective people resources. Team members are encouraged to craft their own individual development plans and career path as a way to ensure they fit in the right jobs. The right fit ensures a truly engaged team and consequently, sustainable leadership.

The Aboitiz Group is especially proud of its track record in corporate social responsibility (CSR) commitments. AEV and AboitizPower, through their business units and through the Aboitiz Foundation, have long-standing and deeply-rooted practices, commitments, and partnerships in the field of CSR. Over the last five years, the Group

has allocated more than P2 billion for its various CSR projects that are focused on education, enterprise development, and the environment.

For 2015, the Aboitiz Foundation budgeted around P415 million for its CSR projects. These projects were funded by AEV and AboitizPower business units. (See Aboitiz Foundation Report on its website). An article in the March 2016 Forbes magazine stated that based on publicly available financial statements, the Aboitiz Foundation, together with the Ramon Aboitiz Foundation, Inc., are collectively the biggest social initiatives giver in the Philippines.

Disclosure and Transparency

The Boards and Management of AEV and AboitizPower believe that good governance practices, especially in the areas of disclosure and transparency, elicit the trust and confidence of stakeholders. The Aboitiz Group puts a high premium to its collective reputation and constantly works at keeping this well-earned trust gained from its dealings with stakeholders over the years.

AEV and AboitizPower exert effort and time to consistently maintain their legal compliance and good corporate governance track records. In 2015, there was no deviation from or violation of the rules set forth in the Manual of Corporate Governance, other company governance and compliance policies, and protocols. Below is a quick view of the 2015 PSE Governance Disclosure Report of AEV and AboitizPower.

Pursuant to the Group's commitment to transparency and accountability, AEV and AboitizPower continue to improve their respective dedicated corporate governance pages on their websites (www.aboitiz.com) and (www.aboitizpower.com). These web pages contain company information such as the annual corporate governance reports, the Board Committees, the Manual of Corporate Governance, Code of Ethics and Business Conduct, minutes of the Annual Shareholders Meetings, Investor Relations information, and other relevant information to stakeholders. The pages serve as a resource center for stakeholders and the public.

The Aboitiz business model integrates the principle of sustainability by way of business practices that ensure a long-term corporate life, through an organization that focuses on the creation of shared value and takes concrete responsibility for the environment, and through execution excellence not only in business operations but also in the implementation of CSR programs that deliver on promises.

(Visit www.aboitiz.com for the full AEV and AboitizPower Corporate Governance Report with more details on current corporate governance practices, corporate achievements, milestones, and initiatives for the year 2015).

2015 AEV and AboitizPower Awards

AEV and AboitizPower have consistently maintained the Aboitiz core values and conformed to corporate governance principles in the face of evolving

stakeholder concerns and demands in an ever-changing business environment. Our Group's dedicated and steadfast adherence to these values and principles is clear proof of the value of the Aboitiz business motto: **We can do well by doing good.**

AEV and AboitizPower, along with their subsidiaries and affiliates, have been consistently recognized in local and international surveys, assessments, and scorecards, as among the Philippines' best-managed companies. In 2015, both companies received many awards, especially in the field of corporate governance and stakeholder engagement. AEV was ranked among the top 50 ASEAN public companies in the inaugural launch of the ASEAN Corporate Governance Scorecard during the APEC Summit in Manila in November 2015. These awards were given in recognition of the companies' commitment to corporate governance best practices.

OUR PSE SCORECARD	Aboitiz Equity Ventures, Inc.	Aboitiz Power Corporation
Develops and executes a sound business strategy	✓	✓
Establishes a well-structured and functioning board	✓	✓
Maintains a robust internal audit and control system	✓	✓
Recognizes and manages its enterprise risks	✓	✓
Ensures the integrity of financial reports as well as its external auditing function	✓	✓
Respects and protects the rights of its shareholders, particularly those that belong to the minority or non-controlling group	✓	✓
Adopts and implements an internationally-accepted disclosure and transparency regime	✓	✓
Respects and protects the rights and interests of employees, community, environment, and other stakeholders	✓	✓
Does not engage in abusive related-party transactions and insider trading	✓	✓
Develops and nurtures a culture of ethics, compliance, & enforcement	✓	✓



Corporate HR introduces BetterMe, a self-driven career management program that allows team members and team leaders to take ownership of their career development in the Aboitiz Group.

Building and Sustaining the Aboitiz Leadership

The Aboitiz Group recognizes the pivotal role of the leadership team in growing the business and becoming a formidable partner in creating shared value. This highlights the importance of placing succession management and leadership development as the topmost priorities in the HR agenda for the Group.

Sustaining leadership in Aboitiz means:

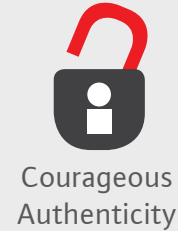
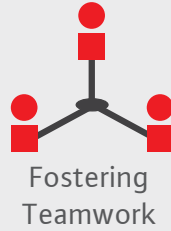
- Defining the Aboitiz Leadership Model
- Assessing leadership capabilities today and tomorrow
- Enabling leaders through high-impact development
- Future proofing' the Aboitiz leader

Defining the Aboitiz Leadership Model

“Begin with the end in mind” is the overarching philosophy that guides the Aboitiz definition of leadership. In developing its people to become effective leaders, the Group first identified the unique and desirable leadership traits and measures its leaders based on how well they are able to manifest this select set of competencies.

At the heart of every Aboitiz leader is the commitment to live out the organizations core values of integrity, teamwork, innovation and responsibility. The Aboitiz leader is also equipped with the right competencies to adapt to challenges using innovative responses. With the help of a consultant from Leadership Circle™, the Aboitiz

6 Leadership Dimension



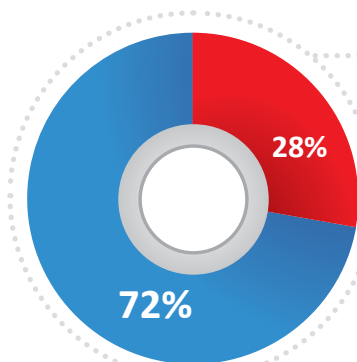
leader was further re-defined through the six leadership dimensions: mentoring and developing, fostering teamwork, courageous authenticity, achieving results, sustainable growth, and integrity. In 2015, these leadership dimensions were rolled out through various programs and interventions to help leaders embrace these key elements to be an integral part of the Aboitiz leader DNA.

Assessing our Leadership Capabilities Today and Tomorrow

The winning traits that made Aboitiz leaders of the past highly successful may not be the same set of traits that will be required of leaders to succeed in the future.

The tremendous growth of the Aboitiz Group in recent years has forced it to take stock of its leadership bench and acknowledge the real challenges it faces toward sustaining leadership. These challenges include aging leaders, a thin pool of potential successors, and an inadequate view of the current state of succession management happening across the Group. To close these gaps, HR has enforced a robust succession management program, compelling all leaders to become responsible for identifying potential successors and honing their proteges.

Today, a formal and structured succession management program, has been institutionalized as

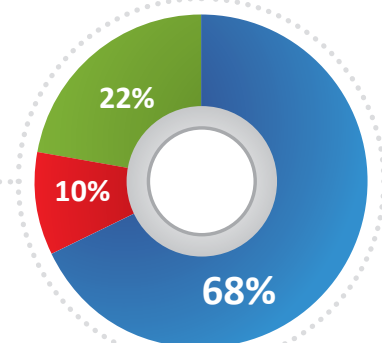


Sources of Talent (Top Executives)

- Homegrown
- External Hire

Succession Strategy (Top Executives)

- Build
- Borrow
- Buy



Talent Analytics as of December 2015

part of the overall leadership strategy. Each leader's profile is reviewed and discussed at least twice a year by the succession committee. A succession strategy of "build, buy or borrow talent" is also firmly in place for each identified critical leadership position in the organization. The Group's leadership bench is constantly being studied in order to achieve a healthy balance of internal and external successors.

Enabling Leaders through High-Impact Development

In 2015, HR launched the concept of self-driven career management, which is about empowering leaders rather than their superiors to chart their own development and career aspirations. This management program has stirred a whole new mindset of leaders being in charge of their own advancement and opening up for them various career opportunities across the Group.

A number of leadership development programs has been made available in the form of formal training, online courses and experiential learning. Recognizing that coaching and mentoring is a leadership skill that will be most required in an organization of the future, an intensive coaching and mentoring workshop has been developed and conducted for all leaders.

In 2015, the Better Ways Academy, a web-based one-stop hub of learning programs, tools, and resources, was restructured to include programs specifically designed to shape future Aboitiz leaders and to equip them with competencies that will catapult them from leading the self, to leading others, to leading teams and ultimately toward leading the organization.

Coaching and Mentoring Framework



Making the Aboitiz Leader 'Future Proof'

The Aboitiz Group is at a crucial crossroad where the passing of the baton from the current to the future generation of leaders is about to take place. The younger leaders, including young members of the 5th generation Aboitiz family, with high potential talents are being prepared on accelerated development programs for the transition. Aboitiz is among the few multi-generational family-based conglomerates that seeks to preserve its mission and core values for generations to come. HR closely monitors and regularly evaluates the performance of 5th generation Aboitiz family members who have actively joined the workforce as management associates in recent years.

As the Groups younger set of new leaders inch their way up the corporate ladder, reaching a delicate balance of wisdom gained through experience and having a fresh contemporary perspective is the ultimate combination HR seeks to attain in order to develop trust for the senior leadership of the future.



Jon Ramon Aboitiz
Chairman of the Board



Erramon I. Aboitiz
Director



Roberto E. Aboitiz
Director



Enrique M. Aboitiz
Director



Justo A. Ortiz
Director



Antonio R. Moraza
Director



Jose C. Vitug
Independent Director



Stephen T. CuUnjieng
Independent Director



Raphael P.M. Lotilla
Independent Director



Erramon I. Aboitiz
President
Chief Executive Officer



Sabin M. Aboitiz
Executive Vice President
Chief Operating Officer



Manuel R. Lozano
Senior Vice President
Chief Financial Officer
Corporate Information Officer



Xavier Jose M. Aboitiz
Senior Vice President
Chief Human Resources Officer



Susan V. Valdez
Senior Vice President
Chief Corporate Services Officer



Robert McGregor
Senior Vice President
Chief Strategy and Investment Officer



M. Jasmine S. Oporto
Senior Vice President
Chief Legal Officer / Corporate Secretary /
Compliance Officer



Juan Antonio E. Bernad
Senior Vice President



Gabriel T. Mañalac
Senior Vice President
Group Treasurer



Luis Miguel O. Aboitiz
Senior Vice President



Horacio C. Elicano
First Vice President
Chief Technology Officer



Román V. Azanza III
First Vice President
Business Development



Melinda R. Bathan
First Vice President
Controller



Narcisa S. Lim
First Vice President
Human Resources and Quality



Susan S. Policarpio
Vice President
Government Relations



Ricardo F. Lacson, Jr.
Vice President
Strategy



Annacel A. Natividad
Vice President
Financial Risk Management



Julie Ann T. Diongzon
Vice President
Treasury Services Group



Joseph Y. Tugonon
Vice President
Tax Advisory and Compliance



Jerome Jean Nicolas Cachau
Vice President
Business Development



Martina M. Dampf
Vice President
Business Development



Angelita M. Azuelo
Vice President
Talent Retention and Systems



Ma. Analina Y. Pedro
Vice President
Talent Attraction and Development



Aylmerita C. Peñaloza
Vice President
Project Finance



Robin Patrick R. Sarmiento
Vice President
Strategy Finance and Investments



Belinda E. Dugan
Vice President
Legal Services Management



Maria Lourdes Y. Tanate
Vice President
Group Internal Audit



Ronaldo S. Ramos
Vice President
Risk Management



Maria Luisa L. Marasigan
Vice President
Reputation Management



Antonio R. Moraza

President
Chief Operating Officer
Aboitiz Power Corporation



Emmanuel V. Rubio

Executive Vice President
Chief Operating Officer
Aboitiz Power Corporation - Generation



Jaime Jose Y. Aboitiz

Executive Vice President
Chief Operating Officer
Aboitiz Power Corporation - Distribution



Sabin M. Aboitiz

President
Chief Executive Officer
Pilmico Foods Corporation



Andoni F. Aboitiz

President
Chief Executive Officer
Aboitiz Land, Inc.



Justo A. Ortiz
Chairman
Chief Executive Officer
Union Bank of the Philippines



Edwin R. Bautista
President
Chief Operating Officer
Union Bank of the Philippines



Catalino S. Abacan
President
Chief Executive Officer
City Savings Bank



Don Lee
President
Chief Executive Officer
Republic Cement and Building Materials, Inc.



Lorenzo T. Ocampo
President
PETNET, Inc.

Aboitiz Equity Ventures, Inc. Management Directory 2015-2016

AEV Board of Directors

Jon Ramon Aboitiz Chairman of the Board	Roberto E. Aboitiz Director	Justo A. Ortiz Director	Jose C. Vitug Independent Director	Raphael P.M. Lotilla Independent Director
Erramon I. Aboitiz Director	Enrique M. Aboitiz Director	Antonio R. Moraza Director	Stephen T. CuUnjieng Independent Director	

AEV Officers

Erramon I. Aboitiz President Chief Executive Officer	Horacio C. Elicano First Vice President Chief Technology Officer	Martina M. Dampf Vice President Business Development	Catherine R. Atay Assistant Vice President Corporate Secretarial and Compliance Services for Legal and Corporate Services Assistant Corporate Secretary	Olyzza M. Oyangoren Assistant Vice President Accounting
Sabin M. Aboitiz Executive Vice President Chief Operating Officer	Román V. Azanza III First Vice President Business Development	Angelita M. Azuelo Vice President Talent Retention and Systems	Andy G. Torrato Assistant Vice President Physical Assets Security	Juan Manuel J. Gatmaitan Assistant Vice President Business Development
Manuel R. Lozano Senior Vice President Chief Financial Officer Corporate Information Officer	Melinda R. Bathan First Vice President Controller	Maria Luisa L. Marasigan Vice President Reputation Management	Francisco Victor G. Salas Assistant Vice President Investor Relations	Jose Angelo T. Fernandez Assistant Vice President Business Development
Xavier Jose M. Aboitiz Senior Vice President Chief Human Resources Officer	Narcisa S. Lim First Vice President Human Resources and Quality	Ronaldo S. Ramos Vice President Risk Management	Francis S. Cabanban Assistant Vice President IT Architect	Martin John S. Yasay Assistant Vice President Government Relations
Susan V. Valdez Senior Vice President Chief Corporate Services Officer	Susan S. Policarpio Vice President Government Relations	Aylmerita C. Penalzoza Vice President Project Finance	Jose Grego U. Sitoy Assistant Vice President IT Operations and Information Security	Raul N. Imperial Assistant Vice President Risk Management
Robert McGregor Senior Vice President Chief Strategy & Investment Officer	Ricardo F. Lacson, Jr. Vice President Strategy	Belinda E. Dugan Vice President Legal Services Management	Mercedes Maria B. Zamora Assistant Vice President Succession and Career Management	Marjolein Maria Anna Van den Bosch Assistant Vice President Special Projects Manager
M. Jasmine S. Oporto Senior Vice President Chief Legal Officer Corporate Secretary Compliance Officer	Annacel A. Natividad Vice President Financial Risk Management	Maria Lourdes Y. Tanate Vice President Group Internal Audit	Leah I. Geraldez Assistant Vice President Labor and Litigation	Juan Alejandro A. Aboitiz Assistant Vice President Corporate Finance
Juan Antonio E. Bernad Senior Vice President	Julie Ann T. Diongzon Vice President Treasury Services Group	Ma. Analina Y. Pedro Vice President Talent Attraction and Development	Erwin I. Jallorina Assistant Vice President Business Development	Ellen S. Baladya Assistant Vice President Technical and Operations
Gabriel T. Mañalac Senior Vice President Group Treasurer	Joseph Y. Tugonon Vice President Tax Advisory and Compliance	Robin Patrick R. Sarmiento Vice President Strategy Finance and Investments	Ma. Clarice U. Marucut Assistant Vice President Project Finance	Pascualito Timothy D. Masion Assistant Vice President IT Operations
Luis Miguel O. Aboitiz Senior Vice President	Jerome Jean Nicolas Cachau Vice President Business Development	Marilou P. Plando Assistant Vice President Legal Administrator Legal and Corporate Services	Christopher M. Camba Assistant Vice President Government Relations	

Board Committees 2015-2016

Board Corporate Governance Committee

Jon Ramon Aboitiz Chairman of the Board Chairman of the Committee	Jose C. Vitug Independent Director Member of the Committee	Stephen T. CuUnjieng Independent Director Member of the Committee	Xavier Jose Aboitiz Chief Human Resources Officer Ex-Officio Member of the Committee
Roberto E. Aboitiz Director Member of the Committee	Raphael P.M. Lotilla Independent Director Member of the Committee	M. Jasmine S. Oporto Chief Legal Officer Corporate Secretary Compliance Officer Ex-Officio Member of the Committee	

Board Audit Committee

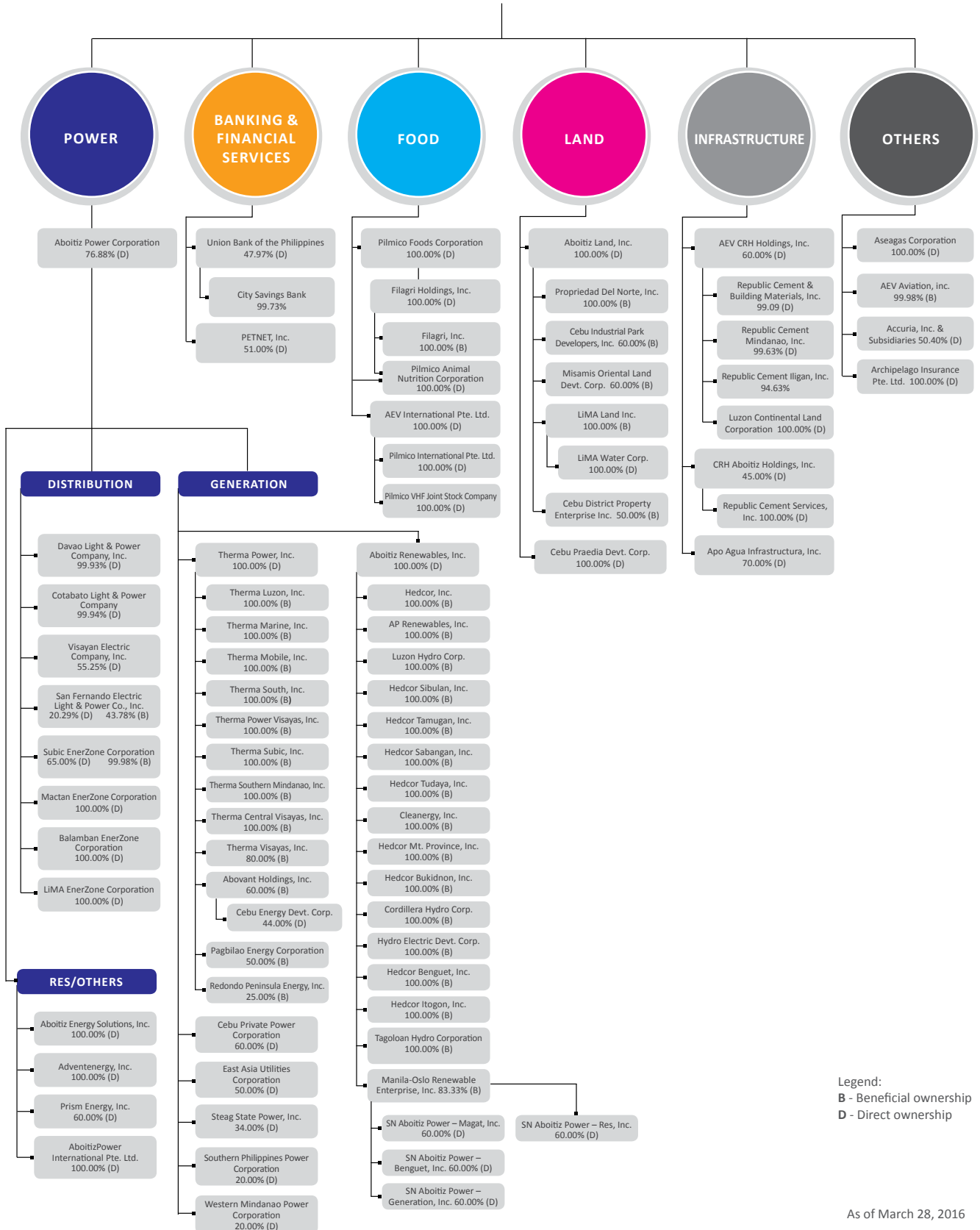
Jose C. Vitug Independent Director Chairman of the Committee	Raphael P.M. Lotilla Independent Director Member of the Committee	Stephen T. CuUnjieng Independent Director Member of the Committee	Roberto E. Aboitiz Director Member of the Committee	Justo A. Ortiz Director Member of the Committee
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Board Risk and Reputation Management Committee

Enrique M. Aboitiz Director Chairman of the Committee	Jon Ramon Aboitiz Chairman of the Board Member of the Committee	Erramon I. Aboitiz President Chief Executive Officer Member of the Committee	Raphael P.M. Lotilla Independent Director Member of the Committee	Susan V. Valdez Chief Corporate Services Officer Ex-Officio Member of the Committee
Justo A. Ortiz Director Member of the Committee	Stephen T. CuUnjieng Independent Director Member of the Committee	Jose C. Vitug Independent Director Member of the Committee	Manuel R. Lozano Chief Financial Officer Ex-Officio Member of the Committee	

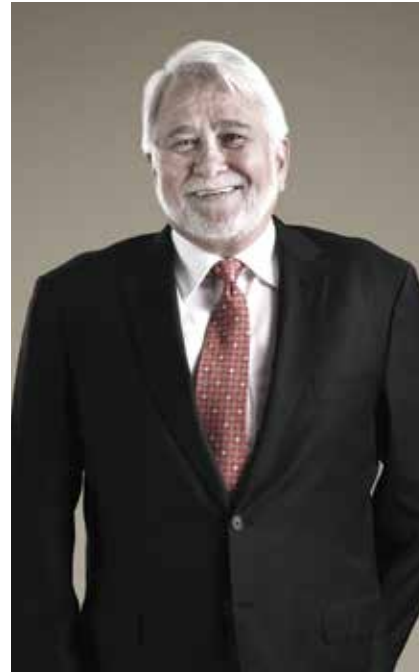
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Equity Ventures





Enrique M. Aboitiz
Chairman of the Board



Jon Ramon Aboitiz
Vice Chairman



Erramon I. Aboitiz
Director



Antonio R. Moraza
Director



Mikel A. Aboitiz
Director



Jaime Jose Y. Aboitiz
Director



Carlos C. Ejercito
Independent Director



Romeo L. Bernardo
Independent Director



Alfonso A. Uy
Independent Director



Erramon I. Aboitiz
Chief Executive Officer



Antonio R. Moraza
President
Chief Operating Officer



Luis Miguel O. Aboitiz
Executive Vice President
Chief Operating Officer
Corporate Business Group



Emmanuel V. Rubio
Executive Vice President
Chief Operating Officer
Generation Business Group



Jaime Jose Y. Aboitiz
Executive Vice President
Chief Operating Officer
Distribution Business Group



Juan Antonio E. Bernad
Executive Vice President
Strategy and Regulation



Robert McGregor
Executive Director
Investments



Donald L. Lane
Executive Director
Project Development and Execution



Liza Luv T. Montelibano
First Vice President
Chief Financial Officer
Corporate Information Officer



Susan V. Valdez
Senior Vice President
Chief Reputation and Risk
Management Officer



M. Jasmine S. Oporto
Senior Vice President
Corporate Secretary
Chief Compliance Officer



Gabriel T. Mañalac
Senior Vice President
Group Treasurer



Joseph Trillana T. Gonzales
First Vice President
General Counsel
Assistant Corporate Secretary



Beverly B. Tolentino
First Vice President
Chief Financial Officer
Generation Business Group



Ma. Chona Y. Tiu
First Vice President
Chief Financial Officer
Distribution Business Group



Manuel M. Orig
First Vice President
Mindanao Affairs



Alvin S. Arco
First Vice President
Regulatory



Rochel Donato R. Gloria
First Vice President
Trading and Sales



Thomas J. Sliman, Jr.
Executive Director
Projects



Ralph T. Crisologo
First Vice President
Project Development



John A. Crane
Senior Director
Business Development



James J. Timko II
Senior Director
Project Development and Execution



Kenton E. Heurtz
Director
Asset Management



Bienamer D. Garcia
Vice President
Customer Services
Distribution Business Group



Susan S. Policarpio
Vice President
Government Relations



Yari A. Miralao
Vice President
Business Development



Cristina B. Beloria
Vice President
Controller



Ana Liza M. Aleta
Vice President
Strategy, Systems and Performance



Dennis Edward A. De La Serna
Vice President
Regulatory



Marco R. Carlos
Vice President
Safety, Health, Environment
and Quality



Rolando U. Gaerlan
Vice President
Sales and Marketing



Crisanto R. Laset, Jr.
Vice President
Trading



Ma. Kristina C.V. Rivera
Vice President
Human Resources



Artemio D. Magnayon
Vice President
Project Execution



Raul C. Lucero
Vice President
Engineering
Distribution Business Group



Ronald Enrico V. Abad
Vice President
Project Development



Reynaldo A. Pangilinan
Vice President
Project Execution



Noel M. Gonzales
Vice President
Project Execution



Katrina M. Platon
Vice President
Legal for Regulatory Affairs



Ronaldo S. Ramos
Vice President
Risk Management



Maria Lourdes Y. Tanate
Vice President
Group Internal Audit



Rene Manuel B. Ronquillo

President
Chief Operating Officer
Hedcor Group



Jose Venancio P. Batiquin

President
Chief Operating Officer
Therma Mobile, Inc. / Therma Marine, Inc.



Felino M. Bernardo

President
Chief Operating Officer
AP Renewables, Inc.



Sebastian R. Lacson

President and Chief Operating Officer
Therma Luzon, Inc. / Therma South, Inc. /
Therma Visayas, Inc.



Joseph S. Yu

Executive Vice President
Chief Operating Officer
SN Aboitiz Power Group



Anton Mari G. Perdices

Senior Vice President
Chief Operating Officer
Visayan Electric Company, Inc.



Arturo M. Milan

Executive Vice President
Chief Operating Officer
Davao Light and Power Company, Inc.



Rodger S. Velasco

Senior Vice President
Chief Operating Officer
Cotabato Light and Power Company



Dante T. Pollescas

Senior Vice President
Chief Operating Officer
Subic, Balamban, Mactan, and LIMA EnerZones

Aboitiz Power Corporation Management Directory 2015-2016

AP Board of Directors

Enrique M. Aboitiz Chairman of the Board	Erramon I. Aboitiz Director	Mikel A. Aboitiz Director	Carlos C. Ejercito Independent Director	Alfonso A. Uy Independent Director
Jon Ramon Aboitiz Vice Chairman	Antonio R. Moraza Director	Jaime Jose Y. Aboitiz Director	Romeo L. Bernardo Independent Director	

AboitizPower Officers

Erramon I. Aboitiz Chief Executive Officer	Beverly B. Tolentino First Vice President Chief Financial Officer Generation Business Group	Susan S. Policarpio Vice President Government Relations	Reynaldo A. Pangilinan Vice President Project Execution	Rowena V. Romero Assistant Vice President Commercial Support Services	Timothy Joseph P. Abay Assistant Vice President Assistant Controller
Antonio R. Moraza President Chief Operating Officer	Ma. Chona Y. Tiu Vice President Chief Financial Officer Distribution Business Group	Yari A. Miralao Vice President Business Development	Noel M. Gonzales Vice President Project Execution	Nemeley F. Jabla Assistant Vice President Energy Economics	Marnie F. Mañalac Assistant Vice President Strategy and Organization Performance Management
Luis Miguel O. Aboitiz Executive Vice President Chief Operating Officer Corporate Business Group	Manuel M. Orig Vice President Mindanao Affairs	Cristina B. Beloria Vice President Controller	Katrina M. Platon Vice President Legal for Regulatory Affairs	Benedick M. Salvador Assistant Vice President Energy Sales Visayas & Mindanao	Raizza L. Manuel Assistant Vice President Human Resources Retention and Systems
Emmanuel V. Rubio Executive Vice President Chief Operating Officer Generation Business Group	Joseph Trillana T. Gonzales First Vice President General Counsel Assistant Corporate Secretary	Ana Liza M. Aleta Vice President Strategy, Systems and Performance	Ronaldo S. Ramos Vice President Risk Management	Gil G. Cardiel Assistant Vice President Geosciences	Carlos R. Aboitiz Assistant Vice President Project Development
Jaime Jose Y. Aboitiz Executive Vice President Chief Operating Officer Distribution Business Group	Alvin S. Arco First Vice President Regulatory	Dennis Edward A. De La Serna Vice President Regulatory	Maria Lourdes Y. Tanate Vice President Group Internal Audit	Mark Albert B. Canlas Assistant Vice President Project Development	Jose Rafael R. Mendoza Assistant Vice President Business Attraction Distribution Business Group
Juan Antonio E. Bernad Executive Vice President Strategy and Regulation	Rochel Donato R. Gloria First Vice President Energy Trading and Sales	Marco R. Carlos Vice President Safety, Health, Environment and Quality	Nelson V. Perez Assistant Vice President Finance	Lee Hazel T. Balangue Assistant Vice President Project Development	Maria Lourdes Ann C. Cruz Assistant Vice President Human Resources Attraction and Operations
Donald L. Lane Executive Director Project Development and Execution	Thomas J. Sliman, Jr. Executive Director Projects	Rolando U. Gaerlan Vice President Sales and Marketing	Carlos Copernicus S. Payot Assistant Vice President Controller	Cherry A. Javier Assistant Vice President Industry Affairs	Robert Alexander U. Camay Assistant Vice President Information Systems
M. Jasmine S. Oporto Senior Vice President Corporate Secretary Chief Compliance Officer	Ralph T. Crisologo First Vice President Project Development	Crisanto R. Laset, Jr. Vice President Trading	Clovio B. Racho Assistant Vice President Procurement and Logistics Distribution Business Group	Katrina Michaela D. Calleja Assistant Vice President Corporate Branding and Communication	Gedeon L. Gavan, Jr. Assistant Vice President Regulatory
Susan V. Valdez Senior Vice President Chief Reputation and Risk Management Officer	John A. Crane Senior Director Business Development	Ma. Kristina C.V. Rivera Vice President Human Resources	Aladino B. Borja, Jr. Assistant Vice President Information Services Distribution Business Group	Maria Consolacion C. Mercado Assistant Vice President Legal for Energy	
Gabriel T. Mañalac Vice Chairman Senior Vice President Group Treasurer	James J. Timko II Senior Director Project Development and Execution	Artemio D. Magnayon Vice President Project Execution	Lemuel P. Quilos Assistant Vice President Business Solutions Distribution Business Group	Raymond Carl R. Roseus Assistant Vice President Industry Affairs	
Robert McGregor Executive Director Investments	Kenton E. Heuertz Director Asset Management	Raul C. Lucero Vice President Engineering Distribution Business Group	Socorro L. Patindol Assistant Vice President Environment Management	Roberto V. Orozco Assistant Vice President Civil Site Construction	
Liza Luv T. Montelibano First Vice President Chief Financial Officer Corporate Information Officer	Bienamer D. Garcia Vice President Customer Services Distribution Business Group	Ronald Enrico V. Abad Vice President Project Development	Sherrie Anne S. Jimenez Assistant Vice President Energy Sales Luzon	Ma. Cielita C. Añiga Assistant Vice President Human Resources Distribution Business Group	

Board Committees 2015-2016

Board Corporate Governance Committee

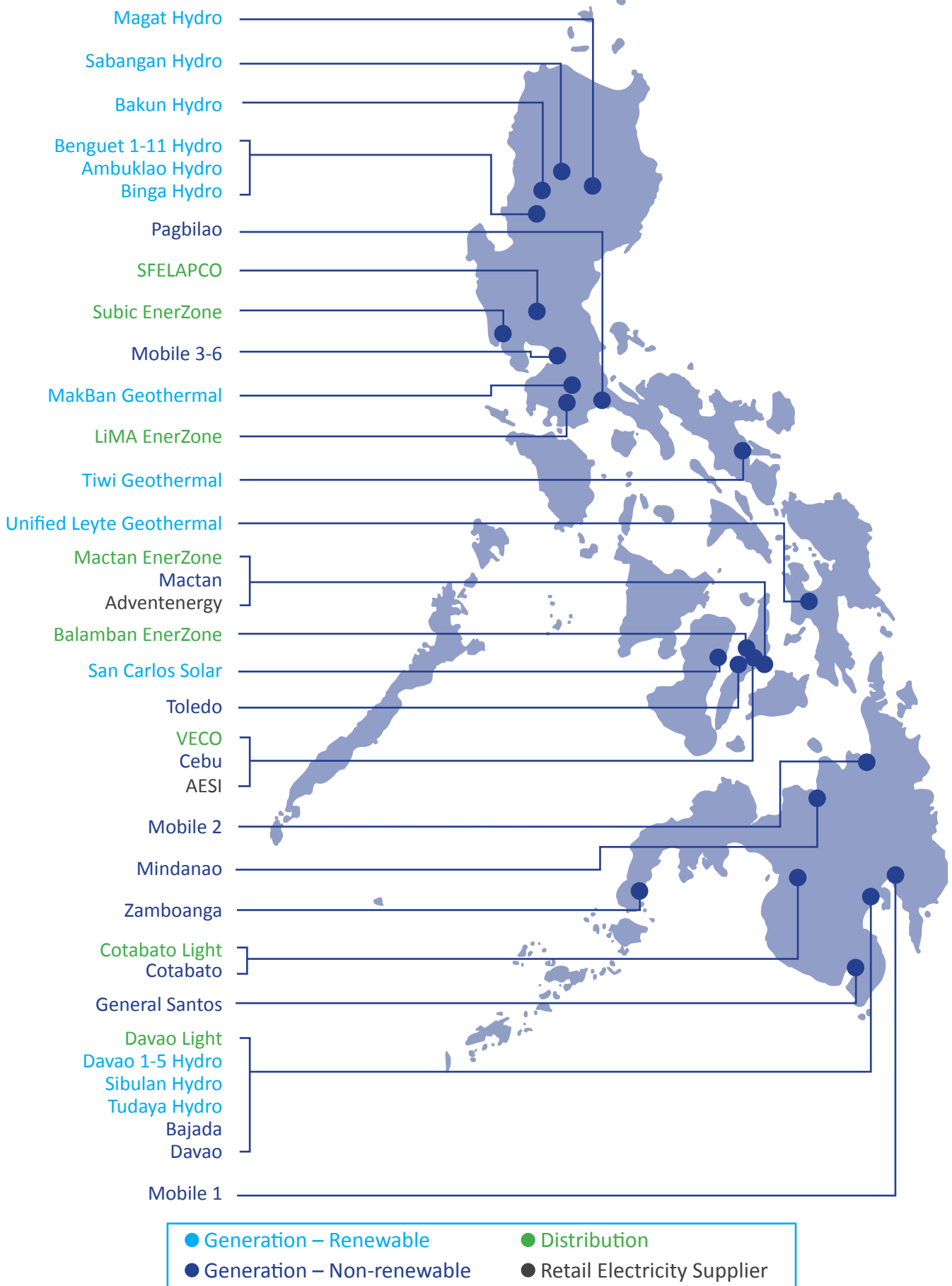
Jon Ramon Aboitiz Vice Chairman Chairman of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Alfonso A. Uy Independent Director Member of the Committee	Xavier J. Aboitiz Senior Vice President Chief Human Resources Officer Ex-Officio Member of the Committee
Erramon I. Aboitiz Director Member of the Committee	Romeo L. Bernardo Independent Director Member of the Committee	M. Jasmine S. Oporto Corporate Secretary Compliance Officer Ex-Officio Member of the Committee	

Board Audit Committee

Carlos C. Ejercito Independent Director Chairman of the Committee	Romeo L. Bernardo Independent Director Member of the Committee	Alfonso A. Uy Independent Director Member of the Committee	Mikel A. Aboitiz Director Member of the Committee	Antonio R. Moraza Director Member of the Committee
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Board Risk and Reputation Management Committee

Enrique M. Aboitiz Chairman of the Board Chairman of the Committee	Mikel A. Aboitiz Director Member of the Committee	Romeo L. Bernardo Independent Director Member of the Committee	Manuel R. Lozano Chief Financial Officer Ex-Officio Member	Susan V. Valdez Chief Reputation and Risk Management Officer Ex-Officio Member of the Committee
Antonio R. Moraza Director Member of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Alfonso A. Uy Independent Director Member of the Committee	Liza Luv T. Montelibano Chief Financial Officer Ex-Officio Member of the Committee	





Erramon I. Aboitiz
Chairman



Susan V. Valdez
President



Manuel R. Lozano
Treasurer / Trustee



Luis Miguel O. Aboitiz
Trustee



Xavier Jose M. Aboitiz
Trustee



Andoni F. Aboitiz
Trustee



Sabin M. Aboitiz
Trustee



Jaime Jose Y. Aboitiz
Trustee



Antonio R. Moraza
Trustee



Ma. Aurora F. Tolentino
Independent Trustee

Board of Advisers



Anton Mari G. Perdices
Adviser



Tristan Roberto C. Aboitiz
Adviser



Danel C. Aboitiz
Adviser

Management



Augusto P.I. Carpio
Executive Vice President
Chief Operating Officer



Enrique M. Aboitiz
Chairman



Manuel B. Zamora Jr.
Vice Chairman/Trustee



Fulgencio S. Factoran Jr.
Independent Trustee

Effective January 2016



Sabin M. Aboitiz
Chairman



Dennis Z. Zamora
Vice Chairman



Susan V. Valdez
President



Dennis Schulze
Trustee



Hans T. Sy
Trustee



Ana A. Delgado
Treasurer / Adviser



Liza B. Silerio
Adviser



Genario V. Lapez
Adviser



John Philip S. Orbeta
Adviser



Maria Monica G. Araneta
Adviser

Management



Dave Michael V. Valeriano
Vice President
General Manager

The Audit Committee Report to the Board of Directors

The Board Audit Committee is pleased to present our report for the financial year ended December 31, 2015.

Audit Committee Responsibility

The Board Audit Committee conducted its affairs in accordance with the duly approved Charter. Its primary purpose is to assist the Board in fulfilling its oversight responsibility to its stakeholders in: (a) keeping with the quality and integrity of the Company's accounting, auditing, legal, ethical and regulatory compliance; (b) seeing to the adequacy and effectiveness of its internal control system, governance and risk management processes; (c) reviewing the annual independent audit of the Company's financial statements and the external auditors' qualification and independence; (d) ensuring compliance with applicable laws and regulations that may have material financial exposure to the Company; and (e) providing an avenue of communication among the independent auditors, management, internal audit and the Company.

Any proposed changes to the Audit Committee Charter are required to be first referred to the Board for approval.

Audit Committee Members and Attendance

The Board Audit Committee is composed of five members, three of whom are independent directors. The Charter requires the Committee to formally meet at least four times a year to discharge its duties and responsibilities. Special meetings are also called as needed.

In 2015, the committee membership and meeting attendance are as follows:

Member	Mar 5, 2015 Regular Meeting	May 7, 2015 Regular Meeting	July 28, 2015 Regular Meeting	Oct 26, 2015 Regular Meeting	Dec 2, 2015 Joint with Risk
JOSE C. VITUG Chairman, Independent Director	✓	✓	✓	✓	✓
STEPHEN T. CUUNJIENG Independent Director	✓	✓	✓	✓	✓
RAPHAEL P. M. LOTILLA Independent Director	✓	✓	✓	✓	✓
ROBERTO E. ABOITIZ Non-Executive Director	✓	✓	✓	X	✓
JUSTO A. ORTIZ Executive Director	X	X	X	✓	✓

Also present in these meetings are the Group Internal Audit Head, the Chief Reputation and Risk Management Officer and, by invitation, the Chief Financial Officer, Controller and other key leaders as required.

Financial Reports

The Committee reviewed, discussed, and endorsed for the approval of the Board the 2015 quarterly unaudited consolidated financial statements and the 2015 annual audited financial statements of Aboitiz Equity Ventures, Inc., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations after these had been presented and discussed with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV)—a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Audit Committee are performed in the following context:

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

The Audit Committee Report to the Board of Directors

Independent Auditors

Upon the recommendation of the Board Audit Committee to the Board, and with the Board's endorsement to the stockholders of the Aboitiz Equity Ventures, Inc. in its Annual General Stockholders Meeting held last May 18, 2015, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2015. The overall scope and audit plan of SGV were reviewed and approved during the October 26, 2015 regular Board Audit Committee meeting. The terms of engagement which covers audit-related services provided by SGV and its related fees were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were discussed. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results. These matters were covered during the first Board Audit Committee meeting held the following year on March 4, 2016.

Also, in the review of non-audit services provided by independent auditors, the Committee unanimously opined that there was no conflict of interest and that the work that had been contracted out to them was compatible with the general standard of independence for auditors imposed by relevant regulations.

Internal Auditors

We are satisfied that the internal audit function is operating effectively and that it has been able to cover the key risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor. The Internal Audit also completed majority of the 2015 annual plan as approved.

With reference to the IPPF Attribute Standard 1100 which states that "The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work", the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impairments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2015. Internal audit is organizationally positioned to be independent— functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

We are satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit (GIA) takes the lead in setting the standards, initiatives and overall direction of the group-wide resident internal audit teams deployed to the different business units. It remains to be the single point of contact for the Board Audit Committee. The resident audit teams have allowed for the increase in scope and coverage of audits as well as specialize in areas of business covered by their teams.

The group information systems auditors handled all technical audits related to systems and technology. Focus areas reviewed in 2015 included information technology general controls, cloud management and software applications reviews.

Based on the information from the results of the audits conducted in 2015 for Aboitiz Equity Ventures, Inc., its subsidiaries and alliances, with the contribution provided by management and other key leaders on the issues raised to their attention, Internal Audit believes that, overall there is reasonable assurance that the existing system of internal controls allows for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

Key Initiatives

Part of the internal audit function is to continuously enhance its systems and processes. In 2015, the team has completed the Go-live of its Audit Management System; scripting training on the Audit Command Language (ACL); has documented and signed its Master Services Agreement with the business units and corporate services units; and has reviewed and updated its audit risk register.

Learning activities were also conducted to include holding an Audit Forum with the theme "Taking the IA function forward"; having an internal learning session with the audit committee on the power industry's regulatory environment; having the first group-wide auditors' teambuilding activity; and active participation in the activities of the Institute of Internal Auditors

The Audit Committee Report to the Board of Directors

(IIA)-Philippines including a sponsorship during the Asian Confederation of the IIA (ACIIA) Convention held in Manila last November 2015.

Review of the Audit Charter

The Committee reviewed and assessed the current audit charter in its meeting held October 26, 2015 and found it adequate. No modification was suggested.

Self-Assessment

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memorandum Circular No. 4, series of 2012. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

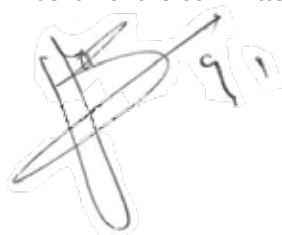
The Audit Committee had a joint meeting with the Board Risk and Reputation Management Committee in December 2, 2015. The committee members were apprised of the top key strategic and project risks consequential to the Company's ability to execute its strategies and achieve its business objectives for the following year. High-level risk exposures were presented and discussed as these could affect shareholder value and ultimately the viability of the company. The significant potential impact of these strategic risks warranted a more focused attention from the board and its directors.

Also in this meeting, the mandatory and planned assurance activities for the following year were reviewed and approved. A short overview on the importance of combined assurance using the Three Lines of Defense Model of the Institute of Internal Auditors was presented as being part of the board's learning activities.

As in previous years, the Committee continues to so monitor action plans and commitments developed by management to address audit issues and to ensure that proposed solutions are workable, strategic and sustainable.

Finally, the Committee has undertaken its activities to ensure that it will pursue even greater focus on the integrity of financial reporting, effectiveness of internal controls, risk management, governance and compliance within the Aboitiz group of companies.

In behalf of the Committee,



Jose C. Vitug

(Retired Justice, Supreme Court/Independent Director)
Chairman

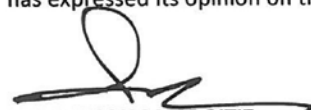
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Equity Ventures, Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submit the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders for the period December 31, 2015 and 2014 has examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.



JON RAMON M. ABOITIZ
Chairman of the Board



ERRAMON M. ABOITIZ
President & Chief Executive Officer



MANUEL R. LOZANO
Senior Vice President - Chief Financial Officer

Signed this 8th day of March, 2016.

Statement of Management's Responsibility for Financial Statements

Republic of the Philippines)
Taguig City) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC	Date/Place Issued
Jon Ramon M. Aboitiz	EB9718353	November 29, 2013, Cebu City
	02217649	February 10, 2016, Cebu City
Erramon I. Aboitiz	EB7151577	January 14, 2013, Cebu City
	02252882	January 26, 2016, Cebu City
Manuel R. Lozano	EC1926563	August 18, 2014, NCR South
	05092418	January 15, 2016, Makati City

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 15 2016 day of _____ 2016.

Doc. No. 474;
Page No. 96;
Book No. 11;
Series of 2016.



Joyce Grace B. Casas
Joyce Grace B. Casas
Notary Public for Taguig City
Notarial Commission No. 271
Until December 31, 2016
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-2626644; Taguig City; January 04, 2016
IBP No. 1017212; January 04, 2016; Taguig City
Roll No. 61486
MCLE No. V-0014277

The Stockholders and the Board of Directors
Aboitiz Equity Ventures, Inc.

We have audited the accompanying consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aboitiz Equity Ventures, Inc. and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu

Partner

CPA Certificate No. 99910

SEC Accreditation No. 1199-AR-1 (Group A),

June 22, 2015, valid until June 21, 2018

Tax Identification No. 209-316-911

BIR Accreditation No. 08-001998-96-2015,

January 5, 2015, valid until January 4, 2018

PTR No. 5321709, January 4, 2016, Makati City

March 8, 2016

The Stockholders and the Board of Directors
Aboitiz Equity Ventures, Inc.
32nd Street, Bonifacio Global City
Taguig City, Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries included in this Form 17-A and have issued our report thereon dated March 8, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, as amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu
Partner
CPA Certificate No. 99910
SEC Accreditation No. 1199-AR-1 (Group A),
June 22, 2015, valid until June 21, 2018
Tax Identification No. 209-316-911
BIR Accreditation No. 08-001998-96-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 5321709, January 4, 2016, Makati City

March 8, 2016

Consolidated Balance Sheets

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱63,581,884	₱50,481,566
Trade and other receivables (Note 5)	18,828,936	16,639,775
Inventories (Note 6)	7,945,304	7,664,499
Derivative asset (Note 36)	185,283	53,500
Other current assets (Notes 7 and 8)	6,492,012	4,041,372
Total Current Assets	97,033,419	78,880,712
Noncurrent Assets		
Trade receivables - net of current portion (Note 5)	224,395	292,414
Derivative asset - net of current portion (Note 36)	378,083	59,044
Property, plant and equipment (Notes 13 and 19)	143,997,702	126,203,724
Investments and advances (Note 10)	73,435,061	52,267,310
Investment properties (Notes 14 and 29)	5,183,780	4,441,417
Intangible asset - service concession rights (Note 15)	3,226,536	3,400,354
Land and improvements (Note 13)	2,960,646	1,970,211
Goodwill (Notes 9 and 12)	2,073,972	1,550,106
Available-for-sale (AFS) investments (Note 3)	367,716	64,244
Net pension assets (Note 30)	106,621	133,882
Deferred income tax assets (Note 31)	699,549	350,005
Other noncurrent assets (Notes 8 and 16)	10,430,383	11,383,133
Total Noncurrent Assets	243,084,444	202,115,844
TOTAL ASSETS	₱340,117,863	₱280,996,556
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Note 17)	₱8,883,056	₱7,343,700
Trade and other payables (Notes 18, 34 and 38)	18,565,557	15,631,565
Current portions of:		
Long-term debts (Note 19)	3,133,346	2,907,302
Long-term obligation on Power Distribution System (PDS) (Note 15)	40,000	40,000
Obligations under finance lease (Notes 13 and 22)	2,583,754	1,971,739
Income tax payable	957,497	694,604
Total Current Liabilities	34,163,210	28,588,910

(Forward)

	December 31	
	2015	2014
Noncurrent Liabilities		
Noncurrent portions of:		
Obligations under finance lease (Notes 13 and 22)	₱51,085,100	₱52,489,282
Long-term debts (Note 19)	95,414,386	53,814,682
Long-term obligations on PDS (Note 15)	207,184	216,015
Trade payables (Notes 18 and 34)	302,202	345,915
Customers' deposits (Note 20)	6,581,459	5,943,305
Asset retirement obligation (Note 21)	3,016,528	2,353,250
Deferred income tax liabilities (Note 31)	1,607,906	1,760,139
Net pension liability (Note 30)	755,446	550,094
Total Noncurrent Liabilities	158,970,211	117,472,682
Total Liabilities	193,133,421	146,061,592
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 23)	5,694,600	5,694,600
Additional paid-in capital (Note 23)	7,683,568	6,911,044
<i>Other equity reserves:</i>		
Gain on dilution (Note 2)	5,376,176	5,376,176
Excess of book value over acquisition cost of an acquired subsidiary (Note 9)	469,540	469,540
Acquisition of non-controlling interests (Note 2)	(1,577,075)	(1,577,075)
<i>Accumulated other comprehensive income:</i>		
Net unrealized mark-to-market gains on AFS investments	14,188	14,627
Cumulative translation adjustments (Note 36)	176,379	35,533
Actuarial losses on defined benefit plans (Note 30)	(795,967)	(708,448)
Share in actuarial losses on defined benefit plans of associates and joint ventures (Note 10)	(334,456)	(315,444)
Share in cumulative translation adjustments of associates and joint ventures (Note 10)	(193,921)	(277,293)
Share in net unrealized mark-to-market losses on AFS investments of associates (Note 10)	(3,748,731)	(1,496,305)
Retained earnings (Note 24)	106,521,242	94,995,596
Treasury stock at cost (Note 23)	(1,065,585)	(1,178,397)
	118,219,958	107,944,154
Non-controlling Interests	28,764,484	26,990,810
Total Equity	146,984,442	134,934,964
TOTAL LIABILITIES AND EQUITY	₱340,117,863	₱280,996,556

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2015	2014	2013
REVENUES			
Sale of:			
Power and electricity (Note 25)	₱84,874,038	₱86,136,648	₱71,810,961
Goods	20,982,378	17,862,179	15,125,115
Real estate (Notes 13 and 25)	2,732,878	3,267,741	1,760,573
Fair value of swine (Note 8)	1,786,095	1,878,236	1,306,475
Service fees (Note 38)	827,222	252,028	714,428
Others (Note 34)	57,357	470,458	158,742
	111,259,968	109,867,290	90,876,294
COSTS AND EXPENSES			
Cost of generated and purchased power (Notes 5, 26, 27 and 38)	46,426,239	50,870,515	42,357,799
Cost of goods sold (Notes 6 and 27)	18,011,108	14,722,760	13,300,399
Operating expenses (Notes 27, 34, 38 and 39)	17,972,039	17,383,920	12,844,466
Cost of real estate sales (Note 6)	1,328,650	2,235,576	1,078,392
Overhead expenses (Note 27)	103,532	108,789	71,755
	83,841,568	85,321,560	69,652,811
OPERATING PROFIT	27,418,400	24,545,730	21,223,483
Share in net earnings of associates and joint ventures (Note 10)	6,589,452	7,244,241	10,596,577
Interest expense (Notes 22, 34 and 35)	(7,881,566)	(6,696,445)	(5,748,235)
Interest income (Notes 4, 34 and 35)	1,132,001	591,136	481,461
Other income - net (Notes 5, 29 and 34)	224,010	1,906,530	541,503
INCOME BEFORE INCOME TAX	27,482,297	27,591,192	27,094,789
PROVISION FOR INCOME TAX (Note 31)	4,324,819	4,026,326	886,552
NET INCOME	₱23,157,478	₱23,564,866	₱26,208,237
ATTRIBUTABLE TO:			
Equity holders of the parent	₱17,679,116	₱18,380,620	₱21,027,470
Non-controlling interests	5,478,362	5,184,246	5,180,767
	₱23,157,478	₱23,564,866	₱26,208,237
EARNINGS PER SHARE (Note 32)			
Basic and diluted, for net income for the year attributable to ordinary equity holders of the parent	₱3.184	₱3.324	₱3.808

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱17,679,116	₱18,380,620	₱21,027,470
Non-controlling interests	5,478,362	5,184,246	5,180,767
	23,157,478	23,564,866	26,208,237
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to consolidated statements of income:</i>			
Movement in cumulative translation adjustments	174,906	64,539	151,913
Movement in net unrealized mark-to-market gains (losses) on AFS investments	(439)	1,405	(6,651)
Share in movement in cumulative translation adjustments of associates and joint ventures (Note 10)	119,113	13,068	459,032
Share in movement in net unrealized mark-to-market gains (losses) on AFS investments of associates (Note 10)	(2,245,010)	1,914,372	(4,246,487)
	(1,951,430)	1,993,384	(3,642,193)
<i>Items that will not be reclassified to consolidated statements of income:</i>			
Movement in actuarial gains (losses) on defined benefit plans, net of tax	(87,519)	149,154	(435,612)
Share in movement in actuarial gains (losses) on defined benefit plans of associates and joint ventures, net of tax	(8,751)	(172,593)	135,660
	(96,270)	(23,439)	(299,952)
TOTAL COMPREHENSIVE INCOME	₱21,109,778	₱25,534,811	₱22,266,092
ATTRIBUTABLE TO:			
Equity holders of the parent	₱15,543,938	₱20,353,550	₱16,977,564
Non-controlling interests	5,565,840	5,181,261	5,288,528
	₱21,109,778	₱25,534,811	₱22,266,092

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 and 2013 (Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent											Total		
	Capital Stock: Common (Note 23)	Additional Paid-in Capital	Gain on Dilution	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary (Note 9)	Acquisition of Non-controlling Interest (Note 2)	Net Unrealized Mark-to-Market Gains on AFS Investments (Note 2)	Cumulative Translation Adjustment (Note 36)	Actuarial Losses on Defined Benefit Plans, and Joint Ventures net of tax (Note 30)	Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures (Note 10)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 10)	Share in Net Unrealized Mark-to-Market Losses on AFS Investments of Associates (Note 10)		Treasury Stock (Note 23)	Non-controlling Interest
Balances at January 1, 2015	\$5,694,600	\$6,911,044	\$5,376,176	\$469,540	\$(1,577,075)	\$14,627	\$35,533	\$(708,448)	\$(315,444)	\$(277,293)	\$(1,496,305)	\$(1,178,397)	\$26,990,810	\$134,934,964
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	-	17,679,116	23,157,478
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement of net unrealized mark-to-market gains (losses) on AFS investments	-	-	-	-	-	(439)	-	-	-	-	-	-	(439)	(439)
Movement in cumulative translation adjustments	-	-	-	-	-	-	140,846	-	-	-	-	-	140,846	174,906
Actuarial losses on defined benefit plans, net of tax	-	-	-	-	-	-	-	(87,519)	-	-	-	-	(87,519)	(87,519)
Share in movement in actuarial gains (losses) on defined benefit plan of associates and joint ventures	-	-	-	-	-	-	-	-	(19,012)	-	-	-	(19,012)	(8,751)
Share in cumulative translation adjustment of associates and joint ventures	-	-	-	-	-	-	-	-	-	83,372	-	-	83,372	119,113
Share in movement in unrealized mark-to-market gains (losses) on AFS investments of associates	-	-	-	-	-	-	-	-	-	-	(2,252,426)	-	(2,252,426)	(2,245,010)
Total comprehensive income (loss) for the year	-	-	-	-	-	(439)	140,846	(87,519)	(19,012)	83,372	(2,252,426)	-	15,543,938	21,109,778
Cash dividends - \$1.11 per share (Note 24)	-	-	-	-	-	-	-	-	-	-	-	-	(6,153,470)	(6,153,470)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(4,243,450)	(4,243,450)
Sale of treasury shares	-	772,524	-	-	-	-	-	-	-	-	-	112,812	885,336	885,336
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	451,284	451,284
Balances at December 31, 2015	\$5,694,600	\$7,683,568	\$5,376,176	\$469,540	\$(1,577,075)	\$14,188	\$176,379	\$(795,967)	\$(334,456)	\$(193,921)	\$(3,748,731)	\$(1,065,585)	\$28,764,484	\$146,984,442

Consolidated Statements of Changes in Equity

	Attributable to equity holders of the parent														
	Capital Stock: Common (Note 23)	Additional Paid-in Capital	Gain on Dilution	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary (Note 9)	Acquisition of Non-controlling Interest (Note 2)	Net Unrealized Mark-to-Market Gains on AFS Investments	Cumulative Translation Adjustment (Note 36)	Actuarial Losses on Defined Benefit Plans, net of tax (Note 30)	Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures (Note 10)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 10)	Share in Net Unrealized Mark-to-Market Losses on AFS Investments of Associates (Note 10)	Treasury Stock (Note 23)	Retained Earnings (Note 24)	Non-controlling Interest	Total
Balances at January 1, 2014	₱5,694,600	₱6,110,957	₱5,376,176	₱469,540	₱1,262,862	₱7,881	₱14,534	₱857,602	₱156,925	₱295,546	₱3,403,534	₱1,295,163	₱86,554,345	₱25,622,139	₱122,549,472
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	-	18,380,620	5,184,246	23,564,866
Other comprehensive income															
Movement of net unrealized mark-to-market gains (losses) on AFS investments	-	-	-	-	-	6,746	-	-	-	-	-	-	-	(5,341)	1,405
Movement in cumulative translation adjustments	-	-	-	-	-	-	50,067	-	-	-	-	-	-	14,472	64,539
Actuarial gains (losses) on defined benefit plans, net of tax	-	-	-	-	-	-	-	149,154	-	-	-	-	-	-	149,154
Share in movement in actuarial losses on defined benefit plan of associates and joint ventures	-	-	-	-	-	-	-	-	(158,519)	-	-	-	-	(14,074)	(172,593)
Share in cumulative translation adjustment of associates and joint ventures	-	-	-	-	-	-	-	-	-	18,253	-	-	-	(5,185)	13,068
Share in movement in unrealized mark-to-market gains on AFS investments of associates	-	-	-	-	-	-	-	-	-	-	1,907,229	-	-	7,143	1,914,372
Total comprehensive income (loss) for the year	-	-	-	-	-	6,746	50,067	149,154	(158,519)	18,253	1,907,229	-	18,380,620	5,184,261	25,534,811
Excess of acquisition cost over carrying value of non-controlling interests (Note 2)	-	-	-	-	(314,213)	-	-	-	-	-	-	-	-	-	(314,213)
Cash dividends - ₱1.80 per share (Note 24)	-	-	-	-	-	-	-	-	-	-	-	-	(9,939,369)	-	(9,939,369)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,752,913)	(3,752,913)
Sale of treasury shares	-	800,087	-	-	-	-	-	-	-	-	-	116,766	-	-	916,853
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(59,677)	(59,677)
Balances at December 31, 2014	₱5,694,600	₱6,911,044	₱5,376,176	₱469,540	₱1,577,075	₱14,627	₱35,533	₱708,448	₱315,444	₱277,293	₱1,496,305	₱1,178,397	₱94,995,596	₱26,990,810	₱134,934,964

Consolidated Statements of Changes in Equity

Attributable to equity holders of the parent

	Capital Stock: Common (Note 23)	Additional Paid-in Capital	Gain on Dilution	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary (Note 9)	Acquisition of Non-controlling Interest (Note 2)	Net Unrealized Mark-to-Market Gains on AFS Investments	Actuarial Losses on Defined Benefit Plans, net of tax (Note 30)	Actuarial Gains on Defined Benefit Plans of Associates and Joint Ventures (Note 10)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 10)	Share in Unrealized Mark-to-Market Gains (Losses) on Investments of Associates (Note 10)	Treasury Stock (Note 23)	Non-controlling Interest	Total
Balances at January 1, 2013	P\$5,694,600	P\$6,110,957	P\$5,376,176	P\$469,540	P\$1,165,931	P\$4,851	P\$421,990	P\$322,531	P\$648,552	P\$850,631	P\$1,295,163	P\$1,907,845	P\$112,998,289
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	5,180,767	26,208,237
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement of net unrealized mark-to-market gains (losses) on AFS investments	-	-	-	-	-	3,030	-	-	-	-	-	(9,681)	(6,651)
Movement in cumulative translation adjustments	-	-	-	-	-	-	118,229	-	-	-	-	33,684	151,913
Actuarial losses on defined benefit plans, net of tax	-	-	-	-	-	-	(435,612)	-	-	-	-	-	(435,612)
Share in movement in actuarial gains (losses) on defined benefit plan of associates and joint ventures	-	-	-	-	-	-	-	165,606	-	-	-	(29,946)	135,660
Share in cumulative translation adjustment of associates and joint ventures	-	-	-	-	-	-	-	-	353,006	-	-	106,026	459,032
Share in movement in unrealized mark-to-market gains (losses) on AFS investments of associates	-	-	-	-	-	-	-	-	-	(4,254,165)	-	7,678	(4,246,487)
Total comprehensive income (loss) for the year	-	-	-	-	3,030	-	(435,612)	165,606	353,006	(4,254,165)	-	5,288,528	22,266,092
Excess of acquisition cost over carrying value of non-controlling interests (Note 2)	-	-	-	-	(96,931)	-	-	-	-	-	-	13,045	(83,886)
Cash dividends - P\$2.00 per share (Note 24)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	(11,043,744)	-	-	-	-	(11,043,744)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,990,354)	(3,990,354)
Balances at December 31, 2013	P\$5,694,600	P\$6,110,957	P\$5,376,176	P\$469,540	P\$1,262,862	P\$7,881	P\$857,602	P\$156,925	P\$295,546	P\$3,403,534	P\$1,295,163	P\$25,622,139	P\$172,549,472

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P27,482,297	P27,591,192	P27,094,789
Adjustments for:			
Interest expense (Note 35)	7,881,566	6,696,445	5,748,235
Depreciation and amortization (Note 27)	4,956,308	5,160,897	4,339,683
Net unrealized foreign exchange losses	1,392,912	188,901	2,110,911
Provision for decline in value of project costs and various assets	138,553	64,677	103,514
Loss (gain) on sale of:			
Property, plant and equipment (Note 13)	71,402	(15,958)	(47,291)
AFS investments (Note 3)	-	23	-
Investment in subsidiary and associate (Notes 9 and 10)	-	(638,878)	(1,294,659)
Provision for impairment loss on investments and advances (Note 10)	13,937	2,834	657,510
Write-off of goodwill on investment (Note 12)	-	-	368,904
Gain on remeasurement in step acquisition (Note 9)	-	-	(964,600)
Dividend income (Note 29)	(1,810)	(89)	(338)
Net unrealized valuation gain on investment property	(186,512)	(5,001)	(20,884)
Unrealized mark-to-market losses (gains) on derivatives	(317,645)	897	(394)
Interest income	(1,132,001)	(591,136)	(481,461)
Share in net earnings of associates and joint ventures (Note 10)	(6,589,452)	(7,244,241)	(10,596,577)
Operating income before working capital changes	33,709,555	31,210,563	27,017,342
Decrease (increase) in:			
Trade and other receivables	(499,797)	(5,034)	(3,923,828)
Inventories	(638,947)	1,514,708	(1,488,493)
Pension asset	24,942	-	-
Other current assets	(2,669,217)	(560,495)	(1,124,068)
Increase (decrease) in:			
Trade and other payables (Note 9)	351,764	(2,600,976)	3,710,855
Pension liability	123,329	-	-
Long-term obligation on PDS	(40,000)	(40,000)	(40,000)
Customers' deposits	953,714	605,996	2,921,525
Net cash generated from operations	31,315,343	30,124,762	27,073,333
Income and final taxes paid	(4,056,356)	(3,020,302)	(1,729,652)
Net cash flows from operating activities	27,258,987	27,104,460	25,343,681
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	5,126,894	5,957,286	5,248,482
Proceeds from sale of common shares and redemption of preferred shares of associates and joint ventures (Note 10)	2,649,204	637,732	340,430
Interest received	1,123,646	506,094	427,767
Proceeds from sale of:			
AFS investments	214,555	456	11,800
Property, plant and equipment	145,378	25,176	144,057

(Forward)

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2015	2014	2013
Acquisition through business combination, net of cash acquired (Note 9)	₱101,374	(₱1,229,760)	(₱847,934)
Disposal of a subsidiary, net of cash disposed (Note 9)	–	254,343	3,418,636
Additions to:			
AFS investments	–	(1,173)	–
Land and improvements (Note 13)	(685,642)	(200,083)	(617,608)
Property, plant and equipment and investment properties (Notes 13 and 14)	(19,514,009)	(16,651,075)	(17,335,118)
Investments in and advances to associates (Note 10)	(24,229,823)	(1,400,685)	(2,058,015)
Increase in intangible asset - service concession rights (Note 15)	(20,046)	(36,286)	(41,584)
Increase in other noncurrent assets	(1,504,063)	(2,285,272)	(1,252,453)
Net cash flows used in investing activities	(36,592,532)	(14,423,247)	(12,561,540)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of long-term debts - net of transaction costs (Note 19)	44,494,653	22,788,325	28,976,900
Net proceeds from (settlements of) bank loans	1,055,647	3,666,100	(3,712,791)
Proceeds from issuance of treasury shares (Note 23)	885,336	916,853	–
Acquisition of non-controlling interests (Note 9)	–	(1,010,045)	(84,018)
Interest paid	(3,350,218)	(2,033,042)	(968,925)
Cash dividends paid and other changes to non-controlling interest	(4,243,450)	(3,752,913)	(3,930,354)
Cash dividends paid to equity holders of the parent (Note 25)	(6,153,470)	(9,939,369)	(11,043,744)
Payments of:			
Payable to preferred shareholder of a subsidiary	–	–	(62,140)
Long-term debts (Note 19)	(2,813,140)	(2,002,259)	(12,888,615)
Obligations under finance lease (Note 21)	(7,482,447)	(6,970,625)	(6,722,939)
Net cash flows from (used in) financing activities	22,392,911	1,663,025	(10,436,626)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,059,366	14,344,238	2,345,515
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	40,952	19,138	42,144
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,481,566	36,118,190	33,730,531
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱63,581,884	₱50,481,566	₱36,118,190

See accompanying Notes to Consolidated Financial Statements.

Head Office:

NAC Tower, 32nd Street, Bonifacio Global City,
Taguig City, Metro Manila 1634, Philippines
Tel (632) 886-2800 | Fax (632) 886-2407

Cebu Office:

Aboitiz Corporate Center
Gov. Manuel A. Cuenco Avenue,
Kasambagan, Cebu City 6000, Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock

The Company's common stock is listed and traded
in the Philippine Stock Exchange.

Stockholders' Meeting

The Company's regular stockholders' meeting is held
on the third Monday of May of every year.

Stockholder Services and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock
transfer agent registrar.

For matters concerning dividend payments, account status, lost or damaged stock
certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.

34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Tel (632) 403-3798 | (632) 403-2410 | (632) 403-2412
Fax (632) 403-2414

Contact person:

Mr. Michael C. Capoy - mccapoy@stocktransfer.com.ph

AEV welcomes inquiries from institutional investors, analysts, and the financial community.

Please write or call:

Investor Relations

Aboitiz Equity Ventures, Inc.
Mr. Judd Salas or Mr. Aristo de Borja
Tel (632) 886-2423 | Fax (632) 817-3560

Email: aev_investor@aboitiz.com

Website: www.aboitiz.com

The Audit Committee Report to the Board of Directors

The Board Audit Committee is pleased to present our report for the financial year ended December 31, 2015.

Audit Committee Responsibility

The Board Audit Committee conducted its affairs in accordance with the duly approved Charter. Its primary purpose is to assist the Board in fulfilling its oversight responsibility to its stakeholders in: (a) keeping with the quality and integrity of the Company's accounting, auditing, legal, ethical and regulatory compliance; (b) the adequacy and effectiveness of its internal control system, governance and risk management processes; (c) reviewing the annual independent audit of the Company's financial statements and the external auditors' qualification and independence; (d) ensuring compliance with applicable laws and regulations that may have material financial exposure to the Company; and (e) providing an avenue of communication among the independent auditors, management, internal audit and the Company. Any proposed changes to the Audit Committee Charter are required to be first referred to the Board for approval.

Audit Committee Members and Attendance

The Board Audit Committee is composed of five (5) members, three (3) of whom are independent directors. The Charter requires the Committee to formally meet at least four (4) times a year to discharge its duties and responsibilities. Special meetings are also called as needed.

In 2015, the committee membership and meeting attendance are as follows:

Member	Mar 5, 2015 Regular Meeting	May 7, 2015 Regular Meeting	July 28, 2015 Regular Meeting	Oct 26, 2015 Regular Meeting	Dec 2, 2015 Joint with Risk
CARLOS C. EJERCITO Chairman, Independent Director	✓	✓	✓	✓	✓
ROMEO L. BERNARDO Independent Director	✓	✓	✓	✓	✓
ALFONSO A. UY Independent Director	X	✓	✓	✓	✓
ANTONIO R. MORAZA Executive Director	✓	X	✓	✓	✓
MIKEL A. ABOITIZ Non-Executive Director	X	✓	✓	X X	X

Present in these meetings are the Group Internal Audit Head, the Chief Reputation and Risk Management Officer and, by invitation, the Chief Financial Officer, Controller and other key leaders as required.

Financial Reports

The Committee reviewed, discussed, and endorsed for the approval of the Board the 2015 quarterly unaudited consolidated financial statements and the 2015 annual audited financial statements of Aboitiz Power Corporation and Subsidiaries. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations after these had been presented and discussed with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV)—a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Audit Committee are performed in the following context:

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

The Audit Committee Report to the Board of Directors

Independent Auditors

Upon the recommendation of the Board Audit Committee to the Board, and with the Board's endorsement to the stockholders of the Aboitiz Power Corporation in its Annual General Stockholders Meeting held last May 18, 2015, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2015. The overall scope and audit plan of SGV were reviewed and approved during the October 26, 2015 regular Board Audit Committee meeting. The terms of engagement which covers audit-related services provided by SGV and its related fees were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were discussed. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results. These matters were covered during the first Board Audit Committee meeting held the following year on March 4, 2016.

Also, in the review of non-audit services provided by independent auditors, the Committee unanimously opined that there is no conflict of interest and that the work that had been contracted out to them was compatible with the general standard of independence for auditors imposed by relevant regulations.

Internal Auditors

We are satisfied that the internal audit function is operating effectively and that it has been able to cover the key risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor. The Internal Audit also completed majority of the 2015 annual plan as approved.

With reference to the IPPF Attribute Standard 1100 which states that "The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work", the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impairments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2015. Internal audit is organizationally positioned to be independent— functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

We are satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit (GIA) takes the lead in setting the standards, initiatives and overall direction of the group-wide resident internal audit teams deployed to the different business units. It remains to be the single point of contact for the Board Audit Committee. The resident audit teams have allowed for the increase in scope and coverage of audits as well as specialize in areas of business covered by their teams.

The group information systems auditors handled all technical audits related to systems and technology. Focus areas reviewed in 2015 included information technology general controls, cloud management and software applications reviews.

Based on the information from the results of the audits conducted in 2015 for Aboitiz Power Corporation, its subsidiaries and alliances, with the contribution provided by management and other key leaders on the issues raised to their attention, Internal Audit believes that, overall there is reasonable assurance that the existing system of internal controls allows for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

Key Initiatives

Part of the internal audit function is to continuously enhance its systems and processes. In 2015, the team completed the Go-live of its Audit Management System; scripting training on the Audit Command Language (ACL); has documented and signed its Master Services Agreement with the business units and corporate services units; and has reviewed and updated its audit risk register.

Learning activities were also conducted to include holding an Audit Forum with the theme "Taking the IA function forward"; having an internal learning session with the audit committee on the power industry's regulatory environment; having the first group-wide auditors' teambuilding activity; and active participation in the activities of the Institute of Internal Auditors (IIA)-Philippines including a sponsorship during the Asian Confederation of the IIA (ACIIA) Convention held in Manila last November 2015.

Review of the Audit Charter

The Committee reviewed and assessed the current audit charter in its meeting held October 26, 2015 and found it adequate. No modification was suggested.

Self-Assessment

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Cir. No. 4, series of 2012. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

The Audit Committee had a joint meeting with the Board Risk and Reputation Management Committee in December 2, 2015. The committee members were apprised of the top key strategic and project risks consequential to the Company's ability to execute its strategies and achieve its business objectives for the following year. High-level risk exposures were presented and discussed as these could affect shareholder value and ultimately the viability of the company. The significant potential impact of these strategic risks warranted a more focused attention from the board and its directors.

Also in this meeting, the mandatory and planned assurance activities for the following year were reviewed and approved. A short overview on the importance of combined assurance using the Three Lines of Defense Model of the Institute of Internal Auditors was presented as being part of the board's learning activities.

As in previous years, the Committee continues to so monitor action plans and commitments developed by management to address audit issues and to ensure that proposed solutions are workable, strategic and sustainable.

Finally, the Committee has undertaken its activities to ensure that it will pursue even greater focus on the integrity of financial reporting, effectiveness of internal controls, risk management, governance and compliance within the AboitizPower group of companies.

In behalf of the Committee,



Carlos C. Ejercito
Chairman, Independent Director

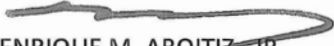
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of Aboitiz Power Corporation is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.


SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.



ENRIQUE M. ABOITIZ, JR.
Chairman of the Board



ERRAMON I. ABOITIZ
Chief Executive Officer



LIZA LUV T. MONTELIBANO
FVP/Chief Financial Officer/Corporate Information Officer

Signed this 8th day of March 2016

Statement of Management's Responsibility for Financial Statements

Republic of the Philippines)
City of Taguig) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC No.	Date/Place Issued
ENRIQUE M. ABOITIZ, JR.	EB9219812 02194391	September 24, 2013, Manila January 20, 2016, Cebu City
ERRAMON I. ABOITIZ	EB7151577 02252882	January 14, 2013; Cebu City January 26, 2016, Cebu City
LIZA LUV T. MONTELIBANO	EC1111684 15267743	May 16, 2014, NCR South February 24, 2016, Makati City

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 14 2016.

Doc. No. 450;

Page No. 91;

Book No. III;

Series of 2016



Joyce Grace B. Casas
Joyce Grace B. Casas
Notary Public for Taguig City
Notarial Commission No. 271
Until December 31, 2016
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-2626644; Taguig City; January 04, 2016
IBP No. 1017212; January 04, 2016; Taguig City
Roll No. 61486
MCLE No. IV-0008071

The Stockholders and the Board of Directors
Aboitiz Power Corporation

We have audited the accompanying consolidated financial statements of Aboitiz Power Corporation and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aboitiz Power Corporation and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu

Partner

CPA Certificate No. 99910

SEC Accreditation No. 1199-AR-1 (Group A),

June 22, 2015, valid until June 21, 2018

Tax Identification No. 209-316-911

BIR Accreditation No. 08-001998-96-2015,

January 5, 2015, valid until January 4, 2018

PTR No. 5321709, January 4, 2016, Makati City

March 8, 2016

The Stockholders and the Board of Directors
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries included in this Form 17-A and have issued our report thereon dated March 8, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, as amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu
Partner
CPA Certificate No. 99910
SEC Accreditation No. 1199-AR-1 (Group A),
June 22, 2015, valid until June 21, 2018
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January 5, 2015, valid until January 4, 2018
PTR No. 5321709, January 4, 2016, Makati City

March 8, 2016

Consolidated Balance Sheets

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱51,098,269	₱40,231,875
Trade and other receivables (Note 6)	13,692,393	12,332,513
Derivative assets (Note 35)	185,283	53,500
Inventories (Note 7)	2,040,603	2,168,832
Other current assets (Note 8)	3,392,473	1,939,369
Total Current Assets	70,409,021	56,726,089
Noncurrent Assets		
Investments and advances (Note 10)	22,551,845	24,816,278
Property, plant and equipment (Note 13)	134,810,627	119,646,640
Intangible asset - service concession rights (Note 14)	3,226,536	3,400,354
Investment properties	3,300	28,300
Derivative assets - net of current portion (Note 35)	378,083	59,044
Available-for-sale (AFS) investments - net of allowance for impairment of ₱5,254	3,620	3,620
Goodwill (Note 12)	1,094,687	1,094,687
Net pension assets (Note 28)	34,777	79,000
Deferred income tax assets (Note 30)	584,879	243,756
Other noncurrent assets (Note 15)	9,391,871	10,663,253
Total Noncurrent Assets	172,080,225	160,034,932
TOTAL ASSETS	₱242,489,246	₱216,761,021

LIABILITIES AND EQUITY

Current Liabilities

Bank loans (Note 17)	₱2,568,000	₱103,000
Current portions of:		
Long-term debts (Note 18)	2,368,161	1,388,991
Finance lease obligation (Note 36)	2,583,754	1,971,739
Long-term obligation on power distribution system (Note 14)	40,000	40,000
Trade and other payables (Note 16)	14,140,576	12,778,001
Income tax payable (Note 30)	852,709	604,158
Total Current Liabilities	22,553,200	16,885,889

(Forward)

	December 31	
	2015	2014
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 18)	P56,006,863	P41,394,084
Finance lease obligation (Note 36)	51,085,100	52,489,282
Long-term obligation on power distribution system (Note 14)	207,184	216,015
Customers' deposits (Note 19)	6,383,278	5,686,490
Asset retirement obligation (Note 20)	3,016,528	2,353,250
Net pension liabilities (Note 28)	492,848	405,854
Deferred income tax liabilities (Note 30)	1,130,678	1,249,717
Total Noncurrent Liabilities	118,322,479	103,794,692
Total Liabilities	140,875,679	120,680,581
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 21a)	7,358,604	7,358,604
Additional paid-in capital (Note 21a)	12,588,894	12,588,894
Share in net unrealized valuation gains on AFS investments of an associate (Note 10)	114,920	119,087
Cumulative translation adjustments (Note 35)	185,431	38,091
Share in cumulative translation adjustments of associates and joint ventures (Note 10)	(256,376)	(375,489)
Actuarial losses on defined benefit plans (Note 28)	(609,066)	(519,854)
Share in actuarial losses on defined benefit plans of associates and joint ventures (Note 10)	(3,748)	(48,589)
Acquisition of non-controlling interests	(259,147)	(259,147)
Excess of cost over net assets of investments (Note 9)	(421,260)	(421,260)
Retained earnings (Note 21b)		
Appropriated	20,900,000	20,900,000
Unappropriated (Notes 10 and 21c)	57,970,269	52,581,755
	97,568,521	91,962,092
Non-controlling Interests	4,045,046	4,118,348
Total Equity (Note 21)	101,613,567	96,080,440
TOTAL LIABILITIES AND EQUITY	P242,489,246	P216,761,021

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2015	2014	2013
OPERATING REVENUES			
Sale of power (Notes 22 and 33):			
Generation	₱33,368,797	₱36,877,070	₱39,436,267
Distribution	41,379,270	39,975,961	28,067,236
Retail electricity supply	10,227,771	9,702,714	4,372,597
Technical, management and other fees (Note 33)	198,114	203,641	179,067
	85,173,952	86,759,386	72,055,167
OPERATING EXPENSES			
Cost of purchased power (Note 23 and 33)	27,902,180	29,834,149	24,715,315
Cost of generated power (Note 24)	18,524,059	21,037,658	17,642,484
General and administrative (Note 25)	5,818,090	5,500,130	4,120,297
Depreciation and amortization (Notes 13, 14 and 15)	4,322,000	4,643,302	3,875,299
Operations and maintenance (Note 26)	3,921,046	3,393,388	2,224,483
	60,487,375	64,408,627	52,577,878
FINANCIAL INCOME (EXPENSES)			
Interest income (Notes 5 and 33)	846,293	471,915	413,795
Interest expense and other financing costs (Notes 17, 18 and 34)	(6,633,858)	(5,994,097)	(5,343,728)
	(5,787,565)	(5,522,182)	(4,929,933)
OTHER INCOME (EXPENSES)			
Share in net earnings of associates and joint ventures (Note 10)	3,979,947	4,009,488	6,474,370
Other income (expenses) - net (Note 29)	(336,639)	591,925	(1,083,764)
	3,643,308	4,601,413	5,390,606
INCOME BEFORE INCOME TAX	22,542,320	21,429,990	19,937,962
PROVISION FOR INCOME TAX (Note 30)	3,589,669	3,424,089	526,625
NET INCOME	₱18,952,651	₱18,005,901	₱19,411,337
ATTRIBUTABLE TO:			
Equity holders of the parent	₱17,603,797	₱16,705,184	₱18,576,845
Non-controlling interests	1,348,854	1,300,717	834,492
	₱18,952,651	₱18,005,901	₱19,411,337
EARNINGS PER COMMON SHARE (Note 31)			
Basic and diluted, for income for the year attributable to ordinary equity holders of the parent	₱2.39	₱2.27	₱2.52

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱17,603,797	₱16,705,184	₱18,576,845
Non-controlling interests	1,348,854	1,300,717	834,492
	18,952,651	18,005,901	19,411,337
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 10)	(4,167)	30,900	2,891
Movement in cumulative translation adjustments	147,340	62,602	145,334
Share in movement in cumulative translation adjustment of associates and joint ventures (Note 10)	119,113	13,068	459,032
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	262,286	106,570	607,257
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gains (losses) on defined benefit plans, net of tax (Note 28)	(81,205)	170,244	(363,091)
Share in actuarial gains (losses) on defined benefit plans of associates and joint ventures, net of tax (Note 10)	44,841	(16,774)	59,659
Net other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent periods	(36,364)	153,470	(303,432)
Total other comprehensive income for the year, net of tax	225,922	260,040	303,825
TOTAL COMPREHENSIVE INCOME	₱19,178,573	₱18,265,941	₱19,715,162
ATTRIBUTABLE TO:			
Equity holders of the parent	₱17,821,712	₱16,969,872	₱18,951,123
Non-controlling interests	1,356,861	1,296,069	764,039
	₱19,178,573	₱18,265,941	₱19,715,162

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

ABOITIZ POWER CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013 (Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent										Total		
	Capital Stock (Note 21a)	Additional Paid-in Capital	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate (Note 10)	Movement in Cumulative Translation Adjustments (Note 10)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 10)	Actuarial Losses on Defined Benefit Plans (Note 28)	Actuarial Losses on Defined Benefit Plans and Joint Ventures (Note 10)	Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures (Note 10)	Excess of cost over net assets of investment (Note 9)	Retained Earnings Appropriated (Note 21b)		Non-controlling Interests (Note 21b)	
Balances at January 1, 2015	P7,358,604	P12,588,894	P119,087	P38,091	P375,489	P519,854	P48,589	P259,147	P421,260	P20,900,000	P52,581,755	P4,118,348	P96,080,440
Net income for the year	-	-	-	-	-	-	-	-	-	-	17,603,797	1,348,854	18,952,651
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Share in net unrealized valuation gains on AFS investments of an associate	-	-	(4,167)	-	-	-	-	-	-	-	-	-	(4,167)
Movement in cumulative translation adjustments	-	-	-	147,340	-	-	-	-	-	-	-	-	147,340
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	-	119,113	-	-	-	-	-	-	-	119,113
Actuarial gains on defined benefit plans, net of tax	-	-	-	-	-	(89,212)	-	-	-	-	-	8,007	(81,205)
Share in actuarial losses on defined benefit plans of associates and joint ventures	-	-	-	-	-	-	44,841	-	-	-	-	-	44,841
Total comprehensive income (loss) for the year	-	-	(4,167)	147,340	119,113	(89,212)	44,841	-	-	-	17,603,797	1,356,861	19,178,573
Cash dividends - P1.66 a share (Note 21b)	-	-	-	-	-	-	-	-	-	-	(12,215,283)	-	(12,215,283)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,278,953)	(1,278,953)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(151,210)	(151,210)
Balances at December 31, 2015	P7,358,604	P12,588,894	P114,920	P185,431	P256,376	P609,066	P3,748	P259,147	P421,260	P20,900,000	P57,970,269	P4,045,046	P101,613,567

Consolidated Statements of Changes in Equity

	Attributable to Equity Holders of the Parent										Total
	Capital Stock (Note 21a)	Additional Paid-in Capital	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate (Note 10)	Movement in Cumulative Translation Adjustments (Note 10)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 10)	Share in Actuarial Losses on Defined Benefit Plans (Note 28)	Share in Actuarial Losses on Defined Benefit Plans and Joint Ventures (Note 10)	Share in Defined Benefit Plans and Joint Ventures (Note 10)	Share in Actuarial Losses on Defined Benefit Plans and Joint Ventures (Note 10)	Share in Actuarial Losses on Defined Benefit Plans and Joint Ventures (Note 10)	
Balances at January 1, 2014	₱7,358,604	₱12,588,894	₱88,187	(₱24,511)	(₱388,557)	(₱694,746)	(₱31,815)	(₱259,147)	₱68,991,854	₱3,621,994	₱91,250,757
Net income for the year	-	-	-	-	-	-	-	-	-	1,300,717	18,005,901
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Share in net unrealized valuation gains on AFS investments of an associate	-	-	30,900	-	-	-	-	-	-	-	30,900
Movement in cumulative translation adjustments	-	-	-	62,602	-	-	-	-	-	-	62,602
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains on defined benefit plans, net of tax	-	-	-	-	13,068	-	-	-	-	-	13,068
Share in actuarial losses on defined benefit plans of associates and joint ventures	-	-	-	-	-	174,892	-	-	-	(4,648)	170,244
Total comprehensive income (loss) for the year	-	-	30,900	62,602	13,068	174,892	(16,774)	-	16,705,184	1,296,069	18,265,941
Acquisition of a subsidiary (Note 8)	-	-	-	-	-	-	-	-	-	-	(421,260)
Appropriation during the year	-	-	-	-	-	-	-	-	20,900,000	-	(20,900,000)
Cash dividends - ₱1.66 a share (Note 21b)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,141,673)	(1,141,673)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	341,958	341,958
Balances at December 31, 2014	₱7,358,604	₱12,588,894	₱119,087	₱38,091	(₱375,489)	(₱519,854)	(₱48,589)	(₱259,147)	₱52,581,755	₱4,118,348	₱96,080,440

Consolidated Statements of Changes in Equity

Attributable to Equity Holders of the Parent

	Capital Stock (Note 21a)	Additional Paid-in Capital	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate (Note 10)	Movement in Cumulative Translation Adjustments (P169,845)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 10) (P847,589)	Actuarial Losses on Defined Benefit Plans (Note 28) (P402,108)	Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures (Note 10) (P91,474)	Unappropriated Retained Earnings (Note 21b) P62,630,292	Acquisition of Non-controlling Interests (P259,147)	Non-controlling Interests P1,566,040	Total
Balances at January 1, 2013	P7,358,604	P12,588,894	P85,296	-	-	-	-	18,576,845	-	834,492	P82,458,963
Net income for the year	-	-	-	-	-	-	-	-	-	-	19,411,337
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Share in net unrealized valuation gains on AFS investments of an associate	-	-	2,891	-	-	-	-	-	-	-	2,891
Movement in cumulative translation adjustments	-	-	-	145,334	-	-	-	-	-	-	145,334
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	-	459,032	-	-	-	-	-	459,032
Actuarial losses on defined benefit plans, net of tax	-	-	-	-	-	(292,638)	-	-	-	-	(292,638)
Share in actuarial losses on defined benefit plans of associates and joint ventures	-	-	-	-	-	-	-	-	-	(70,453)	(70,453)
Total comprehensive income (loss) for the year	-	-	2,891	145,334	459,032	(292,638)	59,659	18,576,845	-	764,039	19,715,162
Cash dividends - P1.66 a share (Note 21b)	-	-	-	-	-	-	-	(12,215,283)	-	-	(12,215,283)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(612,229)	(612,229)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(P259,147)	1,904,144	1,904,144
Balances at December 31, 2013	P7,358,604	P12,588,894	P88,187	(P24,511)	(P388,557)	(P694,746)	(P31,815)	P68,991,854	(P259,147)	P3,621,994	P91,250,757

See accompanying Notes to Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱22,542,320	₱21,429,990	₱19,937,962
Adjustments for:			
Interest expense and other financing costs (Note 34)	6,633,858	5,994,097	5,343,728
Depreciation and amortization (Notes 13, 14 and 15)	4,322,000	4,643,302	3,875,299
Net unrealized foreign exchange losses	1,390,459	188,018	2,078,138
Write-off of project costs and other assets (Notes 13 and 15)	69,137	26,000	85,051
Impairment losses on AFS and investment in an associate (Note 10)	–	2,834	568,125
Gain on redemption of shares (Note 29)	–	(4,904)	(4,792)
Fair valuation gain on investment property	–	(15,000)	–
Impairment loss on goodwill (Note 12)	–	–	368,904
Gain on remeasurement in step acquisition (Note 9)	–	–	(964,600)
Gain on sale of property, plant and equipment	(5,656)	(13,195)	(1,323)
Unrealized fair valuation losses (gains) on derivatives (Note 35)	(317,645)	897	(395)
Interest income (Notes 5 and 33)	(846,293)	(471,915)	(413,795)
Share in net earnings of associates and joint ventures (Note 10)	(3,979,947)	(4,009,488)	(6,474,370)
Operating income before working capital changes	29,808,233	27,770,636	24,397,932
Decrease (increase) in:			
Trade and other receivables	(249,822)	200,799	(2,167,657)
Inventories	128,229	477,019	(311,931)
Other current assets	(1,453,104)	(202,403)	(680,254)
Increase (decrease) in:			
Trade and other payables	(421,548)	(2,834,127)	3,700,017
Long-term obligation on power distribution system	(40,000)	(40,000)	(40,000)
Customers' deposits	696,788	548,335	898,974
Net cash generated from operations	28,468,776	25,920,259	25,797,081
Income and final taxes paid	(3,269,179)	(2,482,280)	(1,383,938)
Net cash flows from operating activities	25,199,597	23,437,979	24,413,143
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	4,071,041	4,618,730	4,241,994
Proceeds from redemption of shares (Note 10)	2,677,204	31,599	323,717
Interest received	837,978	390,638	364,490
Net collection of advances (Note 10)	285,520	101,835	25,000
Proceeds from sale of property, plant and equipment	35,714	17,406	10,222

(Forward)

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2015	2014	2013
Additional AFS investments	₱–	₱–	(₱200)
Acquisitions through business combinations, net of cash acquired (Note 9)	–	(1,182,366)	217,862
Proceeds from sale of AFS	–	200	–
Additions to:			
Property, plant and equipment (Note 13)	(15,701,414)	(15,003,744)	(15,618,273)
Intangible assets - service concession rights (Note 14)	(20,046)	(36,286)	(41,694)
Increase in other noncurrent assets	(636,988)	(1,915,107)	(968,892)
Additional investments (Note 10)	(451,655)	(2,500)	(56,250)
Net cash flows used in investing activities	(8,902,646)	(12,979,595)	(11,502,024)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of long-term debt - net of transaction costs (Note 18)	16,350,925	20,634,755	20,797,150
Cash dividends paid (Note 21b)	(12,215,283)	(12,215,283)	(13,834,176)
Payments of:			
Long-term debt (Note 18)	(908,611)	(854,220)	(8,965,920)
Finance lease obligation	(7,482,447)	(6,970,625)	(6,722,939)
Net availments (payments) of bank loans (Note 17)	2,465,000	103,000	(2,332,000)
Changes in non-controlling interests	(1,430,153)	(949,131)	(612,229)
Interest paid	(2,228,186)	(1,367,428)	(513,562)
Payments to a preferred shareholder of a subsidiary	–	–	(62,140)
Net cash flows used in financing activities	(5,448,755)	(1,618,932)	(12,245,816)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,848,196	8,839,452	665,303
EFFECT OF EXCHANGE RATE CHANGES			
ON CASH AND CASH EQUIVALENTS	18,198	8,924	39,703
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	40,231,875	31,383,499	30,678,493
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	₱51,098,269	₱40,231,875	₱31,383,499

See accompanying Notes to Consolidated Financial Statements.

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Kasambagan, Cebu City 6000, Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock

The Company's common stock is listed and traded in the Philippine Stock Exchange.

Stockholders' Meeting

The Company's regular stockholders' meeting is held on the third Monday of May of every year.

Stockholder Service and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock transfer agent registrar.

For matters concerning dividend payments, account status, lost or damaged stock certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.

34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Tel (632) 403-3798 | (632) 403-2410 | (632) 403-2412
Fax (632) 403-2414

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Mr. Michael C. Capoy - mccapoy@stocktransfer.com.ph

AboitizPower welcomes inquiries from institutional investors, analysts, and the financial community.

Please write or call:

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