



January 17, 2022

via electronic mail

SECURITIES AND EXCHANGE COMMISSION

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

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

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

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

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

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

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

Gentlemen:

Attached is the SEC Form 17-C (Current Report) of Aboitiz Power Corporation filed in compliance with the Securities Regulation Code, its 2015 Implementing Rules and Regulations, the Revised Disclosure Rules of the Philippine Stock Exchange (PSE), and the Issuer Disclosure Operating Guidelines of the Philippine Dealing Exchange Corp. (PDEX).


Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:


MA LENE M. DE LA TORRE
Assistant Corporate Secretary

COVER SHEET

C 1 9 9 8 0 0 1 3 4

S.E.C. Registration Number

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

(Company's Full Name)

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

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

P H I L I P P I N E S

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8 886-2848

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

4th Monday of April

0 4 2 5

Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier


STAMPS

Remarks = Pls. use black ink for scanning purposes

SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **January 17, 2022**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **C199800134** 3. BIR TIN **200-652-460-000**
4. **ABOITIZ POWER CORPORATION**
Exact name of registrant as specified in its charter
5. **Philippines** 6. 
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines** **1634**
Address of principal office Postal Code
8. **(02) 8 886-2800**
Registrant's telephone number, including area code
9. **N.A.**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|--|--|
| Common Stock P1 Par Value | 7,358,604,307 |
| Amount of Debt Outstanding (As of September 30, 2021) | ₱213,904,836,000.00 |
11. Indicate the item numbers reported herein: 9

Item 9: Other Matters

Aboitiz Power Corporation's (the "Company") proposed issuance of an aggregate principal amount of up to Php10 billion fixed-rate retail bonds, including oversubscription, (the "Bonds") received a credit rating of "PRS Aaa" with Stable Outlook, from the Philippine Rating Services Corporation (PhilRatings).

"PRS Aaa" is the highest credit rating on PhilRatings' long-term issue credit rating scale. According to PhilRatings, obligations rated 'PRS Aaa' are of the highest quality with minimal credit risk, while a 'Stable Outlook' means that the "rating is likely to be maintained or to remain unchanged in the next 12 months." The ratings and outlook were assigned based on the following key considerations: a) diversified portfolio with good growth prospects; b) experienced management team; c) sustained financial recovery; and d) sufficient liquidity levels, supported by continued strong cash flow generation.

The issuance of the Bonds is the third tranche from the Company's Php30 billion fixed rate retail bonds registered under the shelf registration program filed with the SEC on March 1, 2021.

The Company also maintained an issue credit rating of PRS Aaa, with Stable Outlook, for its outstanding Php50.0 billion retail bonds.

SIGNATURE (S)

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

ABOITIZ POWER CORPORATION

By:



MAILENE M. DE LA TORRE

Assistant Corporate Secretary

Dated: January 17, 2022

AboitizPower's Proposed Bond Issue of up to P10 billion Gets Highest Credit Rating

Philippine Rating Services Corporation (PhilRatings) has assigned an Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, to Aboitiz Power Corporation's (AboitizPower) proposed bond issuance with a base issue size of up to P7.0 billion, with an oversubscription option of up to P3.0 billion.

PRS Aaa is the highest credit rating on PhilRatings' long-term issue credit rating scale. Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

On the other hand, an Outlook is an indication as to the possible direction of any rating change within a one-year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators, and the general public. A **Stable Outlook** is defined as: "The rating is likely to be maintained or to remain unchanged in the next 12 months."

PhilRatings identified the following key rating factors in the assignment of the rating: a) diversified portfolio with good growth prospects; b) experienced management team; c) sustained financial recovery; and d) sufficient liquidity levels, supported by continued strong cash flow generation. PhilRatings also considered that the power industry is seen to be relatively more stable amidst economic uncertainty and the immediate adverse impact of the COVID-19 pandemic, given that electricity is an essential need.

PhilRatings based its assessment on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to AboitizPower and may change the rating and Outlook at any time, should circumstances warrant a change.

AboitizPower is involved in power generation, power distribution and retail energy supply (RES). It runs hydro, geothermal, solar, coal-fired and oil-fired power plants all over the Philippines. The Company reportedly has the largest installed capacity of renewable energy under its market control. AboitizPower's distribution utilities are geographically diverse, serving several key growth areas in all three main islands of the country. AboitizPower has the second largest distribution utility, in terms of captive customers connections and energy sales. It is also reportedly the second largest RES player, with 299,000 customers and approximately 1,015.8 megawatts (MW) of contracted capacity, as of September 30, 2021. The Company is also publicly-listed and is 77.0% owned by Aboitiz Equity Ventures, Inc. (AEV).

AboitizPower benefits from the expertise of AEV's senior management in identifying growth prospects at an early stage. The Company has been acquiring and managing distribution utilities since the early 1900s. It now owns the second and third largest distribution utilities in the country. The management team of the Company also has an extensive knowledge of the power industry's business and regulatory environment. Members of the team have substantial experience in relation to the technical and financial aspects of its businesses, and have enjoyed a long tenure with AboitizPower and AEV. AboitizPower also benefits from the synergies with AEV, including considerable business networks and local business knowledge.

On September 27, 2021, AEV's Board of Directors approved the sale of a 25.01% stake in AboitizPower to JERA Asia Pte. Ltd. (JERA Asia) for a cash consideration of approximately US\$1.463 billion. Management believes that the transaction will allow AboitizPower to benefit from the experience and expertise of JERA Co., Inc., and give significant cash proceeds to AEV. As of report writing date, both parties have already

identified potential areas for collaboration across multiple fronts. JERA Asia is a wholly owned subsidiary of JERA Co. Inc., Japan's largest power generation company. Upon completion of the transfer, AEV will own 52.0% of AboitizPower from 77.0%.

AboitizPower's profitability continues to be on track to recovery, after experiencing a dip in 2020 amidst the onset of the pandemic. Its net income for the first nine months of 2021 (9M2021) reached ₱17.0 billion, almost double its net income in 9M2020. Excluding one-off items, core net income attributable to equity holders of the Parent amounted to ₱15.7 billion, a 143% improvement from 9M2020. Bottom-line growth was underpinned by the 15% year-on-year (YoY) increase to ₱93.6 million in operating revenues. In addition, share in net earnings of associates and joint ventures rose fourfold to ₱7.1 billion. The jump was mainly on account of higher water inflows for the Company's hydro plants, coupled with the receipt of liquidated damages for the delay in the construction of GNPower Dinginin Ltd. Co.'s (GNPD) power plant. With its improved bottom-line, net profit margin likewise went up from 11% in 9M2020 to 18% in 9M2021. Returns were also better in 9M2021.

The Company's cash flows also remained healthy, with operating cash in 9M2021 amounting to ₱27.9 billion. This was 15% higher from 9M2020, mainly on account of the higher income booked in 9M2021. Net cash inflow from investments in 9M2021 amounted to ₱4.5 billion, while net cash outflow for financing activities reached ₱38.9 billion. As such, the Company's cash balance stood at ₱32.6 billion as of end-September 2021. Current ratio settled at 1.3x, pointing to adequate liquidity. Earnings before interest and taxes (EBIT) interest cover also improved to 2.9x.

Moving forward, the Company will continue to expand its generating capacity through various greenfield and brownfield projects and, when available, through the acquisition of government-owned power facilities and contracts. AboitizPower projects spending around ₱190.0 billion for an additional 3,700 MW of renewable energy by 2030. The Company aims to expand its total attributable and net sellable capacity to 9,200 MW in the next 10 years, half of which will come from various renewable energy sources. The Company has already identified 2,364 MW of new renewable energy projects, all in varying stages of development and located primarily in Luzon. Such is composed of solar, wind, and hydro. PhilRatings notes that AboitizPower plans to have a higher investment in solar power as it is reportedly the most competitive renewable asset in the renewables market.

Since its first emergence in January 2020, COVID-19 confirmed cases in the country soared. In an effort to contain the spread of the virus, the national government imposed various forms of lockdown restrictions across various parts of the country beginning March 13, 2020. These restrictions, which remain in place for most parts of the country in varying degrees to date, have brought about a decline in economic activity.

For the third quarter of 2021 (3Q2021), the country's Gross Domestic Product (GDP) grew by 7.1%, lower than the 12% growth posted in 3Q2020. This reportedly exceeded analysts' estimates, placing the country in a position to meet its growth target of 4% to 5%. On the other hand, an expansion of 3.8% was recorded quarter-on-quarter. It should be noted that the base effect from the decline recorded in 2020 also drove the figures.

For the first time since 2003, the country's gross power generation suffered a decline due to the COVID-19 pandemic and the subsequent mobility restrictions. From 106,041 gigawatt hours (GWh) in 2019, power generation went down by 4.0% to 101,756 GWh in 2020. The operation of several industrial facilities and commercial establishments slowed during the year amidst the imposition of community quarantines in various regions in the country. In contrast, electricity consumption of the residential sector soared as several companies implemented work-from-home arrangements following the imposition of the lockdown in 2020.