



March 10, 2015

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA Greenhills,  
Mandaluyong City, Metro Manila

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

**PHILIPPINE STOCK EXCHANGE, INC.**

3rd Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

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

**PHILIPPINE DEALING & EXCHANGE CORP.**

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

ATTENTION : **MS. VINA VANESSA S. SALONGA**  
Head - Issuer Compliance and Disclosures Department

Gentlemen:

On behalf of Aboitiz Power Corporation (AboitizPower), we submit for your files the following documents:

- (a) SEC Form 17-C (Current Report) its Full Year 2014 Financial and Operating Results; and
- (b) Press Release dated March 10, 2015.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

**ABOITIZ POWER CORPORATION**

By

**M. JASMINE S. OPORTO**

Corporate Secretary

**COVER SHEET**

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S.E.C. Registration Number

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( Company's Full Name )

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

<b>M. JASMINE S. OPORTO</b>														
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Contact Person

<b>02- 886-2729</b>														
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Company Telephone Number

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Month    Day  
Fiscal Year

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FORM TYPE

3rd Monday of														
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Month    Day  
Annual Meeting

N/A				
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Secondary License Type, if Applicable

<b>SEC</b>				
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Dept. Requiring this Doc

N/A														
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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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Cashier

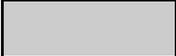
<b>STAMPS</b>																								
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**SECURITIES & EXCHANGE COMMISSION**

**SEC FORM 17-C**

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

1. **March 10, 2015**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **C199800134** 3. BIR TIN **200-652-460**
4. **ABOITIZ POWER CORPORATION**  
Exact name of registrant as specified in its charter
5. **Philippines** 6.   
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **32<sup>nd</sup> Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines** **1634**  
Address of principal office Postal Code
8. **(02) 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<br>Outstanding and Amount of Debt Outstanding<br>(As of September 30, 2014) |
|-----------------------------------|--|
| <b>Common Stock ₱1 Par Value</b>  | <b>7,358,604,307</b>   |
| <b>Amount of Debt Outstanding</b> | <b>₱93,068,903,000.00</b>  |
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Power Corporation ("AboitizPower or the Company") recorded a decline of 18% year-on-year (YoY) in its consolidated net income for the quarter ending December 31, 2014, from ₱4.3 billion (bn) to ₱3.5 bn. The Company registered a non-recurring gain of ₱73.3 million (mn) (versus last year's loss of ₱23.3 mn) due to the revaluation of consolidated dollar-denominated liabilities and placements resulting from the movements in the peso-dollar exchange rates. Without the one-off loss, AboitizPower's core net income for the fourth quarter of 2014 amounted to ₱3.4 bn, which is 21% lower YoY.

On a year-to-date (YTD) basis, AboitizPower's income performance recorded a 10% YoY decrease, from ₱18.6 bn to ₱16.7 bn. This translated to earnings per share of ₱2.27. The Company registered a non-recurring loss of ₱135.6 mn (versus last year's loss of ₱1,547.2 mn) during the year. This was mostly due to the revaluation of consolidated dollar-denominated loans and placements. Adjusting for these one-offs, the Company's core net income for 2014 amounted to ₱16.8 bn, down by 16% YoY.

## **Business Segments**

### ***Power Generation***

For the quarter ending December 31, 2014, the power generation business recorded an income contribution of ₱2.7 bn, 14% lower as compared to the same period last year. When adjusted for non-recurring items, the group registered a 27% YoY decrease in its core net income, from ₱3.6 bn to ₱2.6 bn. While the Pagbilao plant registered a positive income contribution versus a net loss last year resulting from its power purchases in the fourth quarter of 2013 as it underwent a forced outage at the time, this was not enough to offset the decline in quarterly earnings of the large hydro and geothermal groups during the quarter.

On a full-year basis, the generation business accounted for 81% of earnings contributions from AboitizPower's business segments, recording an income share of ₱13.5 bn for 2014, down 11% YoY. The decline is attributed to the full-year impact of the implementation of the Geothermal Resource Supply Contract of the Tiwi-Makban plants, limited operations of Magat plant due to low water levels, and the expiration of the Pagbilao and Magat plants' income tax holiday during the year. The large hydros also were adversely impacted by lower average prices for both its spot and ancillary sales. Netting out one-off items, AboitizPower's generation business generated ₱13.6 bn for the period, which was 21% lower than last year.

For full year 2014, AboitizPower's attributable net generation rose by 3% YoY, from 10,949 GWh to 11,272 GWh, as electricity sold through bilateral contracts, which made up 86% of total energy sold during the period, expanded by 7% to 9,661 GWh. On the other hand, spot market sales decreased by 16% from 1,914 GWh to 1,612 GWh as low water levels during the dry season constrained the operations of the Magat, Ambuklao, and Binga plants.

In terms of capacity, higher sales through bilateral contracts and ancillary services resulted to a 13% YoY increase in AboitizPower's attributable sales to 1,800 MW. The growth was partly driven by Therma Mobile, Inc., which was only able to offer its full capacity of 200 MW in the second quarter of 2014. While ancillary sales were weak in the second quarter again due to the dry season, the increase in water levels in the second half of 2014 as a result of the typhoons has led to a strong recovery in ancillary sales during the last six months of the year.

The group's average price for its energy sales decreased by 3% YoY in 2014. This was mainly due to the 21% YoY decrease in the average selling price of the group's spot sales. Notwithstanding the increase in ancillary volume sales, revenues were also down as a result of a 39% decrease in average ancillary rates.

The Company is targeting the full commissioning of its 14 MW Sabangan hydro plant and 260 MW (net) Davao coal plant around the first half of 2015. Combined with the 40 MW strip from Unified Leyte that was awarded earlier by Power Sector Assets and Liabilities Management Corporation (PSALM) to a subsidiary of AboitizPower, the Company's net attributable sellable capacity will increase by 14% from 2,210 MW to 2,524 MW in 2015.

### ***Power Distribution***

For the period October to December 2014, the power distribution group registered a 10% YoY decrease in its income contribution, from ₱798.2 mn to ₱720.9 mn. AboitizPower's attributable electricity sales for the quarter increased by 12% to 1,181 GWh from 1,052 GWh a year ago, with the residential, commercial and industrial segments registering notable sales growth of 4%, 6% and 17% respectively. However, the increase in sales was not enough to offset the decrease in margins resulting from the need to run Davao Light & Power Company, Inc. (Davao Light) and Cotabato Light & Power Company's (Cotabato Light) embedded plants during the quarter.

The power distribution group's earnings share for 2014 remained flat from a year ago at ₱3.2 bn. This is equivalent to 19% of earnings contributions from AboitizPower's business segments. Total

attributable electricity sales increased by 10% YoY, from 4,076 GWh to 4,480 GWh as energy sales to industrial customers grew by 15% YoY. The acquisition of Lima Utilities Corporation (now Lima Enerzone Corporation) last June 2014 also provided a modest contribution to the improvement in sales. On the other hand, the group's gross margin on a per kwh basis in 2014 decreased to ₱1.71 from ₱1.77 a year ago. The unfavorable variance was brought about by the higher direct costs incurred by Davao Light and Cotabato Light due to the running of their embedded plants to cover for the energy shortfall in the Mindanao grid.

#### **Financial Condition**

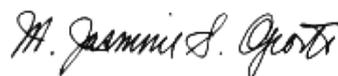
As of December 31, 2014, the Company's total consolidated assets amounted to ₱216.8 bn, 12% higher than the year-end 2013 level of ₱193.9 bn. The Company's consolidated Cash and Cash Equivalents was at ₱40.2 bn, while total consolidated interest-bearing liabilities was at ₱97.3 bn. Equity Attributable to Equity Holders of the Parent increased by 5% to ₱92.0 bn from the year-end 2013 level. As of December 31, 2014, the Company's current ratio was at 3.4x (versus year-end 2013's 2.9x), while net debt-to-equity ratio was at 0.6x (versus year-end 2013's 0.5x).

SIGNATURE (S)

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

**ABOITIZ POWER CORPORATION**

By



**M. JASMINE S. OPORTO**

Corporate Secretary

Date: March 10, 2015



**PRESS RELEASE**  
**March 10, 2015**

**ABOITIZPOWER REPORTS ₱16.7B NET INCOME FOR 2014,  
DECLARES CASH DIVIDEND OF ₱1.66 PER SHARE**

Aboitiz Power Corporation (“AboitizPower”) reported a 10% YoY decrease in its consolidated net income from ₱18.6B in 2013 to ₱16.7B in 2014. This translated to earnings per share of ₱2.27. Adjusting for one-offs, the Company’s core net income for 2014 amounted to ₱16.8B, down by 16% YoY.

AboitizPower also declared a cash dividend of ₱1.66 per share, to be paid out on April 20, 2015 to shareholders on record as of March 24, 2015. This represents a dividend yield based on yesterday's closing price equivalent to 3.7%.

On a full-year basis, the generation business accounted for 81% of earnings contributions from AboitizPower’s business segments, recording an income share of ₱13.5B for 2014, down 11% YoY. The decline is attributed to the full-year impact of the implementation of the Geothermal Resource Supply Contract of the Tiwi-Makban plants, limited operations of Magat plant due to low water levels, and the expiration of the Pagbilao and Magat plants’ income tax holiday during the year. The large hydros also were adversely impacted by lower average prices for both its spot and ancillary sales. Netting out one-off items, AboitizPower’s generation business generated ₱13.6B for the period, which was 21% lower than last year.

The Company is targeting the full commissioning of its 14 MW Sabangan hydro plant and 260 MW (net) Davao coal plant around the first half of 2015. Combined with the 40 MW strip from Unified Leyte that was awarded earlier by PSALM to a subsidiary of AboitizPower, the Company’s net attributable sellable capacity will increase by 14% from 2,210 MW to 2,524 MW in 2015.

“We see ourselves as an integral partner in nation building, which is why we are consistently increasing our capacity and exploring new sources of energy,” said AboitizPower Chief Executive Officer Erramon Aboitiz. “We will continue to pursue development and other suitable opportunities both nationally and abroad. We will do this by leveraging on our expertise to maximize local opportunities and expand overseas via strategic partnerships,” he added.

The power distribution group’s earnings share for 2014 remained flat from a year ago at ₱3.2B. This is equivalent to 19% of earnings contributions from AboitizPower’s business segments. Total attributable electricity sales increased by 10% YoY, from 4,076 GWh to 4,480 GWh as energy sales to industrial customers grew by 15% YoY. The acquisition of Lima Utilities last June 2014 also provided a modest contribution to the improvement in sales. On the other hand, the group’s gross margin on a per kwh basis in 2014 decreased to ₱1.71 from ₱1.77 a year ago. The unfavorable variance was brought about by the higher direct costs incurred by Davao Light and Cotabato Light due to the running of their embedded plants to cover for the energy shortfall in the Mindanao grid.

“Our vision is to operate an electric distribution network that optimizes the latest technology to improve reliability, flexibility and efficiency in the delivery of electric service to and for the benefit of our customers,” said Aboitiz.

On the subject of the looming energy shortfall, he added that “AboitizPower believes the ILP will not only turn out to be a very cost effective way in addressing the projected power deficit this year, but will more importantly serve as a permanent reserve we can tap in the future. We have seen it work successfully in our business units in Cebu and Davao.”

AboitizPower, along with its partners, remains committed to increase capacity by 2,000 MW in the next five years. The expansion includes the 420 MW Pagbilao baseload plant in Quezon which began construction late last year and the 340 MW Therma Visayas baseload plant in Cebu to break ground within the year.

Another 300 MW will come from Therma South, which will start operations in the first half of 2015, to provide much needed power to the Mindanao grid, while its unit three expansion of 170 MW will also begin construction within the year.

The 68 MW Manolo Fortich hydropower plant in Bukidnon will also start construction within the year, while the 600 MW Subic baseload plant has only recently overcome its Writ of Kalikasan case.

AboitizPower has also recently forged a partnership with American company SunEdison, to build solar power plants in the country, and has identified roughly 200 MW of potential run of river power projects located across the archipelago for the next five years.

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For further queries on this Press Release, please contact:

**MARIA FATIMA B. NUBLA**

Corporate Branding and Communication

ABOITIZ POWER CORPORATION

timi.nubla@aboitiz.com

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(63) 917 581 6970