

April 13, 2020

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:


MAILENE 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) 8886-2338

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

1 7 - C

FORM TYPE

4th Monday of April

0 4 2 7

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. April 13, 2020
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) 8886-2800
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 |
|---|--|
| <u>Common Stock ₱1 Par Value</u> | <u>7,358,604,307</u> |
| <u>Amount of Debt Outstanding (As of December 31, 2019)</u> | <u>₱233,096,686,000.00</u> |

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 Php9.55 billion fixed-rate retail bonds (the "Fourth Tranche Bonds") received a credit rating of "PRS Aaa" with Stable Outlook, from the Philippine Rating Services Corporation (PhilRatings). The issuance of the Fourth Tranche Bonds, which includes expected oversubscriptions, is expected to be the final issuance from the Company's Php30 billion of fixed-rate retail bonds registered under its shelf registration program filed with the SEC in 2017.

The Company maintained an issue credit rating of PRS Aaa, with Stable Outlook, for its outstanding Php30.45 billion retail bonds.

The Company also filed with the SEC an amended Prospectus to reflect the changes in the tenor of the Fourth Tranche Bonds, which is now up to three series with tenors that may range from two, five, or seven years, at the option of the Company.

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: April 13, 2020

Aboitiz Power Corporation's Proposed Bonds with a Principal Amount of up to ₱5 billion and an Oversubscription Option of up to ₱4.55 billion Rated PRS Aaa

Philippine Rating Services Corporation (PhilRatings) assigned an Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, for Aboitiz Power Corporation's (AboitizPower or the "Company") proposed ₱5 billion bonds, with an Oversubscription Option of up to ₱ 4.55 billion (Total – Up to ₱9.55 Billion). The bonds may have one to three series with tenors that may range from 2, 5, and 7 years, at the option of AboitizPower. This will be the fourth issuance of AboitizPower in relation to its three-year Shelf Registration of up to ₱ 30 billion.

The proceeds will be used primarily to reimburse AboitizPower's equity infusions in AA Thermal, Inc. (AA Thermal), to fund succeeding equity infusions in AA Thermal, and to fund equity infusions in Therma Power, Inc., in relation to GNPowder Dinginin Ltd. Co.'s construction of the 2x668 MW supercritical coal-fired power plant located in Mariveles, Bataan.

PhilRatings likewise maintained the Issue Credit Rating of **PRS Aaa** and a **Stable Outlook** for AboitizPower's outstanding ₱ 30.45 billion bonds.

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. PRS Aaa is the highest rating assigned by PhilRatings.

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 twelve months."

The rating and outlook were assigned given the following key considerations: (1) significant levels of cash flows and financial flexibility in relation to debt service requirements; (2) adequate capital structure, supported by the healthy increase in retained earnings; (3) diversified portfolio, with good growth prospects and; (4) its experienced management team.

PhilRatings' ratings are based 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 at any time, should circumstances warrant a change.

AboitizPower is one of the leading power generation, power distribution, and retail energy supply companies in the Philippines. As such, the Company's operations consistently produce strong levels of cash flows, particularly in relation to debt service requirements. The continuously growing and inelastic demand for power likewise serves to temper the volatility in the company's cash flows. Earnings before interest, taxes, depreciation and amortization (EBITDA) interest cover and debt service coverage ratios as of end 2019 were at 2.8x and 1.0x, respectively. Current ratio was at 1.50x. Cash levels as of end 2019 remained high at ₱ 37.4 billion.

As of end 2019, the Company maintained adequate capitalization levels, with its debt to equity ratio and capitalization ratio at 1.74x and 67.4%, respectively. On the other hand, solvency ratio remained stable at 1.5x.¹

In terms of profitability, AboitizPower recorded a slight decline of 5% in total operating revenues from ₱131.6 billion in 2018 to ₱125.6 billion in 2019. The decline was primarily attributable to lower plant availability for the period due to outages. Such caused a reduction in the volume sold to customers. Furthermore, the contracts with the customers of Therma Marine, Inc. and Therma Mobile, Inc. expired.

¹ PhilRatings' calculation of certain ratios may be different from what the company uses and publishes.

Lower average selling price for the power generation group and retail electricity supply group were also observed.

Operating expenses, on the other hand, grew by 2%. Such was driven significantly by depreciation and amortization cost, as well as the start of operations of Therma Visayas, Inc. and the full year operations of Hedcor Bukidnon, Inc. Interest expense increased by 16% due to the issuance of retail bonds worth ₱10.2 billion in October 2018 and ₱7.25 billion in October 2019.

As a result of the foregoing, net income was at ₱20.2 billion, a 21% year-on-year decrease from ₱25.4 billion.

Through the years, the company has accumulated interests in hydroelectric, geothermal, solar, coal-fired and oil-fired power plants. The attributable net sellable capacity of the company as of end 2019 was at 3,455 megawatts (MW). AboitizPower also has interests in some distribution utilities (DU), including the second and third largest DUs in the country. Likewise, it is reportedly the second largest retail energy supplier.

AboitizPower aims to add 935.2 MW of attributable net sellable capacity through its ongoing projects. Such will bring AboitizPower closer to its 2020 target of having 4,000 MW of attributable net sellable capacity.

In relation to the Enhanced Community Quarantine in Luzon and in other areas in the Philippines, the Company is focused on understanding the coronavirus' possible effects on its generation and distribution businesses. AboitizPower is making sure that the fuel supply chain for its plants continues to remain open, and that the supply of parts and services from outside the country continues through a number of options. The Company is also in constant discussions with its customers and other key stakeholders to understand their situation, and are also working together to minimize the impact of this pandemic in the context of the parties' power supply agreements. AboitizPower is enabling the organization to anticipate and react accordingly as the situation will require. PhilRatings will also be monitoring the effects of such on the Philippine economy and the demand for power, in general, and on AboitizPower in particular.

With over 33 years of experience in the development, financing and operation of power generation facilities, AboitizPower's senior management is adept in identifying growth prospects at an early stage. It also has extensive knowledge of the power industry's business and regulatory environment as seen in its ability to maximize opportunities and respond well to challenges.