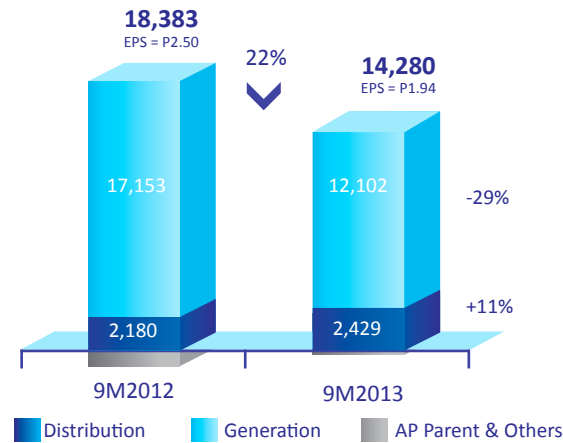


Net Income

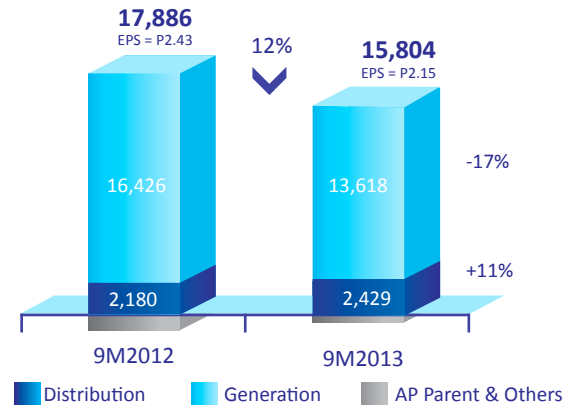
In P Million



- As at the end of September 2013, AboitizPower's consolidated net income amounted to P14.3 billion, down 22% YoY. The unfavorable variance was attributable to the drop in ancillary volumes as a result of the lower acceptance rate by the NGCP; lower margins registered by the Pagbilao plant caused by the decrease in the average selling price; and the higher steam cost experienced in the third quarter due to the implementation of GRSC.

Core Net Income

In P Million



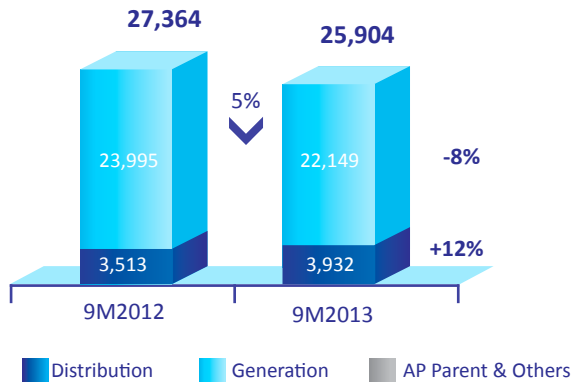
- Non-recurring loss for the period stood at P1,524 mn, vis-à-vis last year's gain of P497 mn
 - 9M2013 one-offs include net FX loss resulting from the revaluation of consolidated dollar loans and placements. In addition, AP realized a one-time non-recurring expense due to the prepayment of debt.
 - 9M2012 one-offs include net FX gains resulting from the revaluation of group-wide dollar loans and placements, gains on share redemption made by associates, reimbursement of steam supplier's opex, a downward revenue adjustment by a wholly-owned subsidiary due to a regulatory ruling for its ancillary services contract, and debt prepayment cost at Parent level.

Non-Recurring Items

	9M2012	9M2013
FX gains/(loss) - Parent	(62)	22
Debt prepayment costs	(181)	(93)
FX gains/(loss) - Generation	1,227	(1,458)
TMI Revenue Adjustment	(263)	5
Gain on redemption	14	
Fuel cost adjustment	(238)	
	<u>497</u>	<u>(1,524)</u>

Beneficial EBITDA

In P Million



- Beneficial EBITDA for the period declined by 5% to P25.9 billion. EBITDA from the generation business was lower by 8% YoY. On the other hand, EBITDA from the distribution business rose by 12% YoY.
- Beneficial Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is the summation of the proportionate share of AP in the EBITDA of its subsidiaries and associate companies.

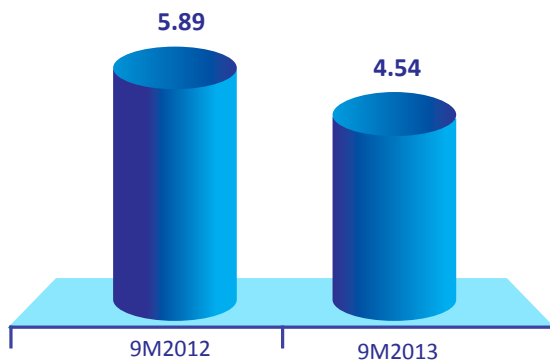


Irian 1 hydro power plant

Result of Operations – Generation

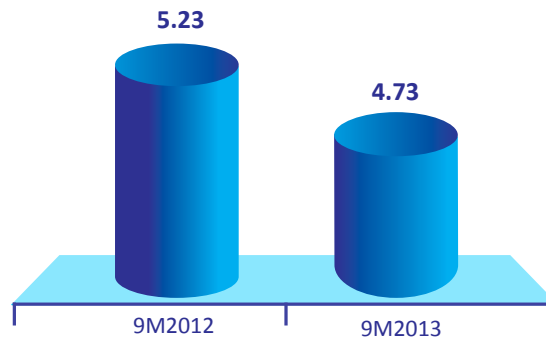
Average Selling Price for Spot Market Transactions

P/kWh



Average Selling Price for Contracted Capacity

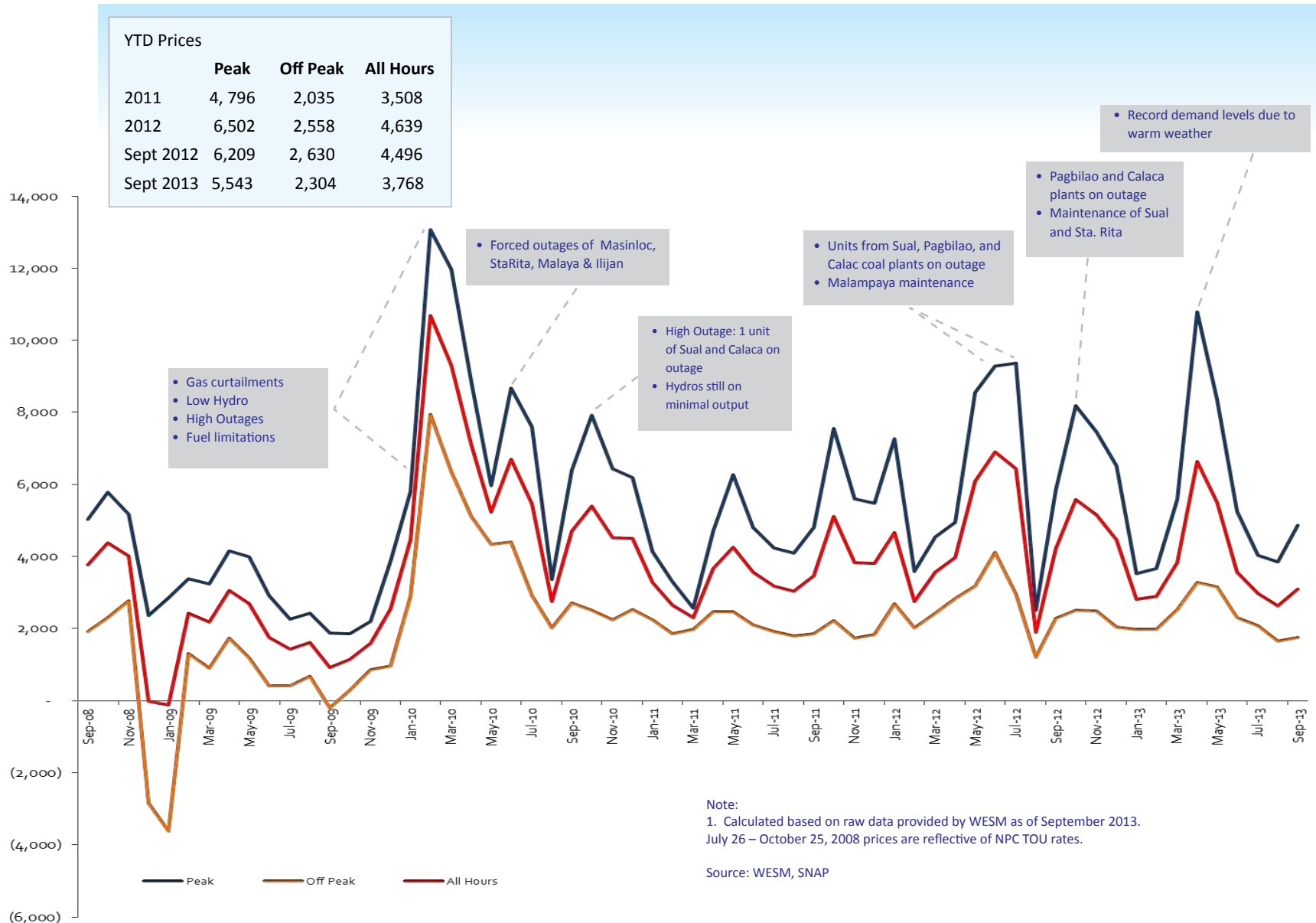
P/kWh



- A 12% YoY drop in the average selling price, from P5.32/kWh to P4.69/kWh, was derived from the lower average selling prices of electricity at the Wholesale Electricity Spot Market and under bilateral contracts.

Result of Operations – Power Group Generation

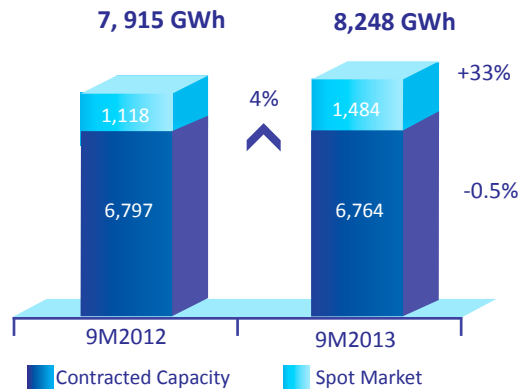
WESM Prices - Luzon Grid (P/MWh)
 Monthly Time Weighted Average Prices



Result of Operations – Power Group Generation

Energy Sales

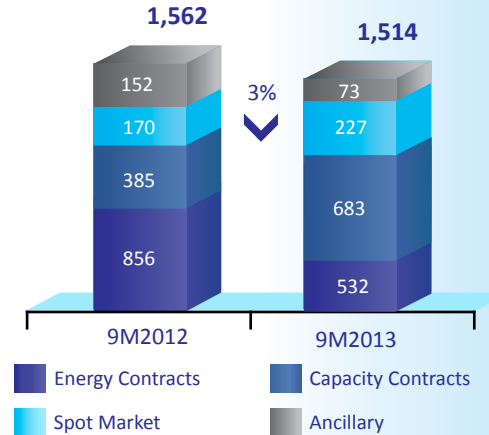
in GWh



- Total production for the first nine months of the year increased by 4% to 8.2 billion kWhrs. This figure includes 6.8 billion kWhrs (-0.5%) generated for bilateral contracts and 1.5 billion kWhrs (+33%) generated for the spot market.
- The increase in energy sales for the period is attributable to the strong demand for electricity brought about by the hotter weather during the summer months.
- Meanwhile, the sharp increase in sport market sales was mainly due to APRI's heightened sales exposure to spot.

Capacity Sales

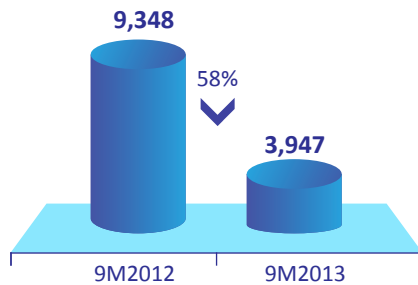
in MW



- Capacity sales over the period totalled 1,514 MW, showing a 3% decrease due to lower sales from the ancillary services and bilateral contracts.

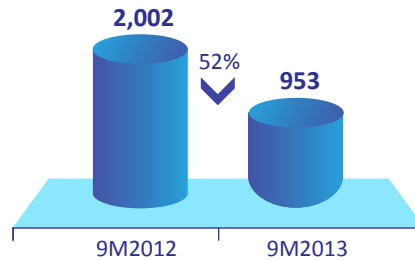
Ancillary Revenues

At 100%, in P million



Accepted/Billed Capacity

At 100%, in GW/h



Ancillary services revenue declines

- Lower NGCP acceptance rate leads to a drop in ancillary services revenues.
- The drop in ancillary services remains to be one of the biggest factors for the decline in our earnings performance this year.



Other Developments - Generation

Ongoing Brownfield Developments

- **300 MW(net) Coal-fired Project in Toledo City, Cebu**
 - Therma Visayas, Inc. (TVI), a wholly owned subsidiary of AboitizPower, is developing a 2x150 MW (net) coal-fired power project in Toledo City.
 - The project site was acquired in December 2011.
 - In May 2013, the Environmental Compliance Certificate was issued for the project.
 - Commercial operation is estimated to begin in the first half of 2017.

Green/Brownfield Developments Moving Forward

- **600 MW (net) Coal-fired Power Plant in Subic**
 - A project by Redondo Peninsula Energy, Inc. (RP Energy), a JV among Meralco PowerGen Corporation (MPGC), Aboitiz subsidiary Therma Power, Inc. (TPI) and Taiwan Cogeneration International Corporation (TCIC).
 - Involves the construction and operation of a 2x300 MW (net) circulating-fluidized-bed coal-fired power plant.
 - Site preparation is substantially completed.
 - Commercial operation is estimated to begin in mid to late 2017.
 - AboitizPower, through TPI will have an equity interest of 25% in RP Energy.
- **300 MW Coal-fired Power Plant in Davao**
 - A project of wholly owned subsidiary, Therma South, Inc. (TSI), which involves the construction and operation of 2x150MW coal-fired power plant in Davao, the biggest load center in the island of Mindanao.
 - The project broke ground in May 2012.
 - EPC contract for the power block was awarded to Formosa Heavy Industries (FHI) with FHI supplying the CFB boilers and Fuji as major subcontractor/supplier of the turbine-generators.
 - EPC contract for the balance of plant equipment and their integration with the power block was awarded to a consortium of Black & Veatch Corporation and Leighton Contractors (Philippines), Inc.
 - The facility is expected to become operational by the first half of 2015.
- **7 MW Tudaya 1 Hydro Power Plant Project**
 - In the third quarter of 2012, Hedcor Sibulan, Inc. (Hedcor Sibulan) started the construction of Tudaya 1 which is located upstream of the existing Sibulan A pondage.
 - Almost 90% complete, it is scheduled to be finished in the first quarter of 2014.
 - The energy to be produced will be sold to Davao Light through the power supply agreement signed in 2007.
- **6.6 MW Tudaya 2 Hydro Power Plant Project**
 - AP's wholly owned subsidiary Hedcor Tudaya, Inc. (Hedcor Tudaya) has started the construction of Tudaya 2 located downstream of the existing Sibulan B.
 - The project, which commenced construction in the third quarter of 2012, is already 95% complete.
 - The project is estimated to be completed by the first quarter of 2014.



Other Developments - Generation

Green/Brownfield Developments Moving Forward

- **14 MW Sabangan Hydro Power Plant Project**
 - A project of Hedcor Sabangan, Inc., this involves the construction of a run-of-river hydropower plant facility located in Mt. Province in Northern Luzon.
 - The project was granted all the permits and licenses in the first quarter of 2013.
 - The construction commenced in May 2013 and will take approximately 24 months to finish.

- **12 MW Hedcor Tamugan Hydro Power Plant Project**
 - In 2010, wholly owned subsidiary Hedcor Tamugan, Inc., (Hedcor Tamugan) has reached an agreement with the Davao City Water District on the use of the Tamugan river.
 - Originally planned as a 27.5 MW run-of-river facility, Hedcor Tamugan submitted a new proposal, which involves the construction of a 12 MW hydropower facility.
 - Currently, Hedcor Tamugan is waiting for the approval from the Davao City council.
 - Once approval and permits are secured, the two-year construction period will commence.

- **400 MW (net) Coal-fired Power Plant in Pagbilao, Quezon**
 - On September 27, 2011, AboitizPower signed a Memorandum of Understanding with Marubeni Corporation (Marubeni) to formalize their intention to jointly develop, construct and operate a coal-fired power plant with a capacity of approximately 400 MW (net).
 - The unit will be located within the premises of the existing 735 MW (net) Pagbilao coal-fired plant.
 - Terms and conditions of the joint investment will be finalized in a definitive shareholder agreement to be agreed upon by the parties.
 - Commercial operations of the first generating unit are targeted within the year 2017.

- **Other Hydro Power Plant Developments**
 - The SN Aboitiz Power Group (SNAP Group) is evaluating several hydropower plant projects:
 - Construction of a pumped storage facility that could potentially increase the Magat plant's capacity by at least 90 MW
 - New hydropower complex in Ifugao with capacity of 370 MW
 - Raising of Maris Dam by three meters to create additional capacity of 7.9 MCM to the Maris Reservoir.
 - Two hydropower facilities with total capacity of 7.75MW to be located in the Maris Intake Canal. Renewable energy service contracts (RESCs) for these two mini-hydro projects (6MW and 1.75MW) were signed by SNAP last October 29, 2013 and forwarded to the Department of Energy Secretary for signature and issuance of Certificate of Registration.
 - Hedcor, Inc. (Hedcor) is conducting feasibility studies for potential hydropower projects located in Luzon, Visayas and Mindanao. Based on current findings, Hedcor sees the potential of building plants with capacities ranging from 5 MW to 50 MW. When the projects pass the evaluation stage and once permits are secured, the two-year construction period for the hydropower plant facilities will commence.

Participation in the Government's Privatization Program for its Power Assets

- AboitizPower continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off.
- AP is also keen on participating in PSALM's public auction for the Independent Power Producer (IPP) Administrator contracts, which involves the transfer of the management and control of total energy output of power plants under contract with NPC to the IPP administrators.

Pagbilao coal-fire plant



Result of Operations – Distribution

Attributable electricity sales
In GWh



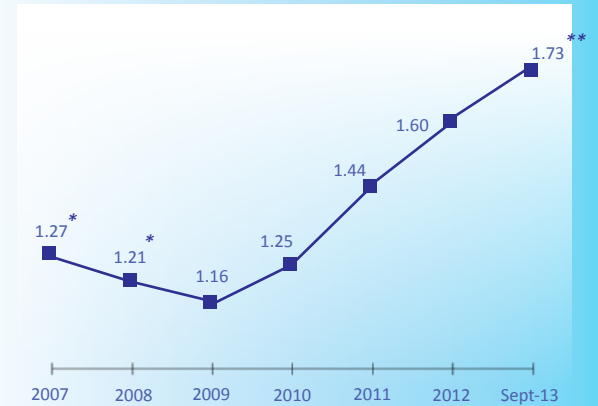
Electricity Sales, by Customer Type
In GWh

Growth spearheaded by the residential and commercial sectors, posting a YoY growth of 6% and 5%, respectively.



GROSS MARGIN

P/kWh



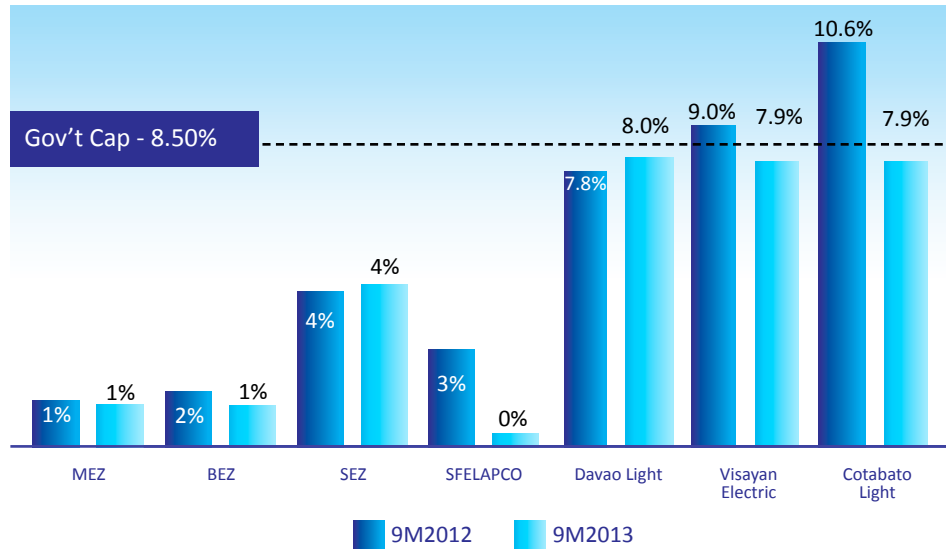
- The group's year-to-date gross margin on a per kWh basis improved to P1.73 from P1.60 of the previous year.
- The increase is a direct consequence of the improvement in the systems loss levels of both VECO and Cotabato Light, as well as the implementation of tariff adjustments during the year.

* Adjusted for timing of transmission charge recovery

** Year-to-date

Result of Operations – Distribution

SYSTEMS LOSS



- All distribution units are now within the regulator-imposed cap on systems loss levels of 8.5%.

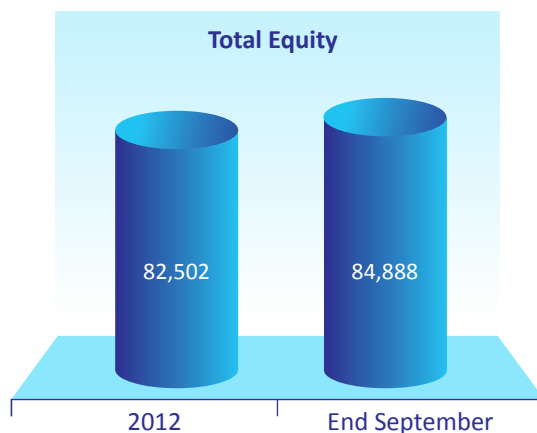
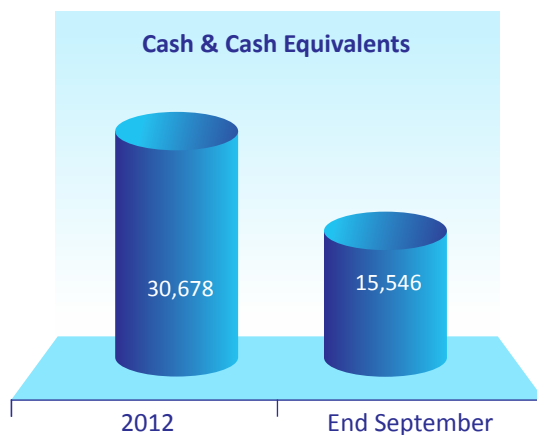
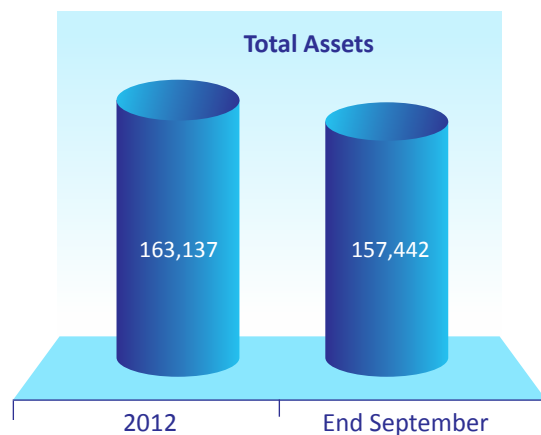
Performance-Based Regulation (PBR)

Cotabato Light	Davao Light and VECO	Sfelapco and Subic EnerZone
<p>Supposed to start with its Third Regulatory Period on April 1, 2013. The reset process is currently on hold by the ERC. The annual rate adjustment application for Regulatory Year 2014 was filed on Aug. 2, 2013. An application for renewal of Certificate of Public Convenience and Necessity ("CPCN") was also filed last June 14, 2013.</p>	<p>VECO and Davao Light recently received approvals for the annual rate adjustment application for the Fourth Regulatory Year (July 1, 2013 to June 30, 2014). VECO implemented the new rates in the July 2013 billings while Davao Light implemented their new rates in the August 2013 billings.</p>	<p>Entered their Second Regulatory Year from October 1, 2012 to September 30, 2013, Subic EnerZone was able to implement the new rate schedule starting February 2013 while Sfelapco implemented its tariffs beginning April 2013. Subic EnerZone & Sfelapco filed their applications for the Third Regulatory Year last October 18 and 31, 2013</p>

Financial Condition

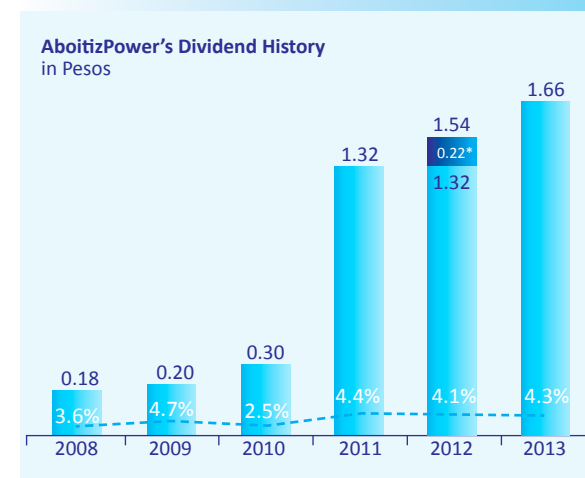
In P Million

Consolidated Figures



Dividends

- On November 28, 2012, AP revised its dividend policy consisting of a dividend payout ratio of 50% of the previous year's consolidated net income. Previously, AP's dividend payout ratio was 1/3 of previous year's net earnings.
- On the same day, a special cash dividend of P0.22 per share was declared for all shareholders of record as of Dec. 13, 2012, payable on January 2013.
- On March 5, 2013, AP declared a dividend of P1.66 per share to all shareholders of record as of March 19, 2012, payable on April 15, 2013.



■ Dividend per share - - - Dividend yield

* Special cash dividend

Note: Dividend yields are based on closing prices as of date of dividend declaration.

Stock Price Performance

YTD September 2013

