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## AEV profit up 3% in 2nd quarter despite forex losses

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**Aboitiz Equity Ventures, Inc. (AEV)** saw a marginal increase in earnings in the second quarter buoyed by the positive performance of its power business, even as foreign exchange (forex) losses weighed on profitability.



Makban Geothermal Power Plant

In a disclosure to the stock exchange on Wednesday, the holding firm of the **Aboitiz** family said consolidated net income rose 3% to P5.6 billion in the April to June period from P5.4 billion a year ago, after recognizing non-recurring losses of P53 million from the revaluation of dollar-denominated liabilities.

Core net income, which excludes forex losses and one-time items, rose 2% to P5.6 billion from P5.5 billion.

In the first half, **AEV's** net profit slipped 2% to P10.3 billion from P10.5 billion after taking into account non-recurring forex losses of P495 million. Core net earnings inched up 3% to P10.8 billion from P10.4 billion.

"Despite challenges, our results continue to reflect the underlying long-term strength of our core operating businesses, in line with our diversification and value creation strategies. Through our core businesses, we contribute to nation-building, helping uplift the lives of millions of Filipinos," **AEV** president and CEO Erramon I. **Aboitiz** was quoted in the statement as saying.

### BOOST FROM NEW PLANTS

In a separate statement, subsidiary **Aboitiz Power** Corp. said it registered an 8% uptick in consolidated net income in the second quarter to P5.3 billion from P4.9 billion. Without extraordinary items, core net profit climbed 9% to P5.5 billion.

In the six-month period, **AboitizPower** recorded a 2% decline in earnings to P9.7 billion. Without one-off losses, core net income grew 6% to P10.5 billion from P9.8 billion.

"Our core power generation and power distribution businesses have continued to post significant growth. Our new power plants are contributing significantly while our existing power plants are continuously improving in terms of availability and reliability. We will continue, likewise, to take advantage of the economic growth in our franchise areas by providing reliable and cost-effective power coupled with the best possible service," Antonio R. Moraza, **AboitizPower** president and chief operating officer, said in a statement.

Among the business segments, the power generation business grew 8% to P8.9 billion from P8.2 billion at the core net income level. Including non-recurring items, **AboitizPower's** generation business contributed a net income of P8.1 billion, almost flat compared to the same period last year.

For the period, **AboitizPower's** capacity sold increased by a third to 2,706 megawatts (MW) from 2,033 MW, mainly driven by the additional capacity of GNPowr Mariveles Coal Plant Ltd. Co. and higher capacity sold from the hydro units due to better hydrology in 2017.

The distribution business' net income contribution increased 3% to P1.8 billion in the first half of 2017.

The group's gross margin on a per kilowatt-hour basis for the period increased to P1.63 from P1.50 in the first semester due to better supply mix and recoveries on purchased power costs.

**AboitizPower's** attributable sales in the distribution group for the period was at 2,546 gigawatt-hours, 1.4% higher from the same period last year.

### OTHER BUSINESSES

Meanwhile, **Union Bank** of the Philippines's income share to **AEV** jumped 9% to P2.1 billion in the first half from P1.9 billion on the back of a sustained growth in recurring income coupled with trading profits.

On a standalone basis, **UnionBank** and its subsidiaries netted P4.3 billion in the first half, up 8% compared to the P4 billion earned in the same period last year.

The Pimlico Group's share to **AEV's** earnings fell 19% to P717 million from P885 million due to the higher raw material and operating costs for the feeds and flour businesses.

Real estate arm **AboitizLand, Inc.** enjoyed a 138% surge in net income to P202 million from P85 million last year on the back of higher sales by the industrial business unit and improved sales and construction progress by the residential business segment.

From the infrastructure group, **Republic Cement and Building Materials, Inc.'s** income contribution to **AEV** slid 43% to P494 million from P869 million, as cement demand slowed in the first half of 2017 compared to a year ago when sales got a boost from the election season.

Shares in **AEV** lost P2.75 or 3.65% to P72.50 each, while **AboitizPower** shares slid five centavos or 0.13% to P39 apiece.

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