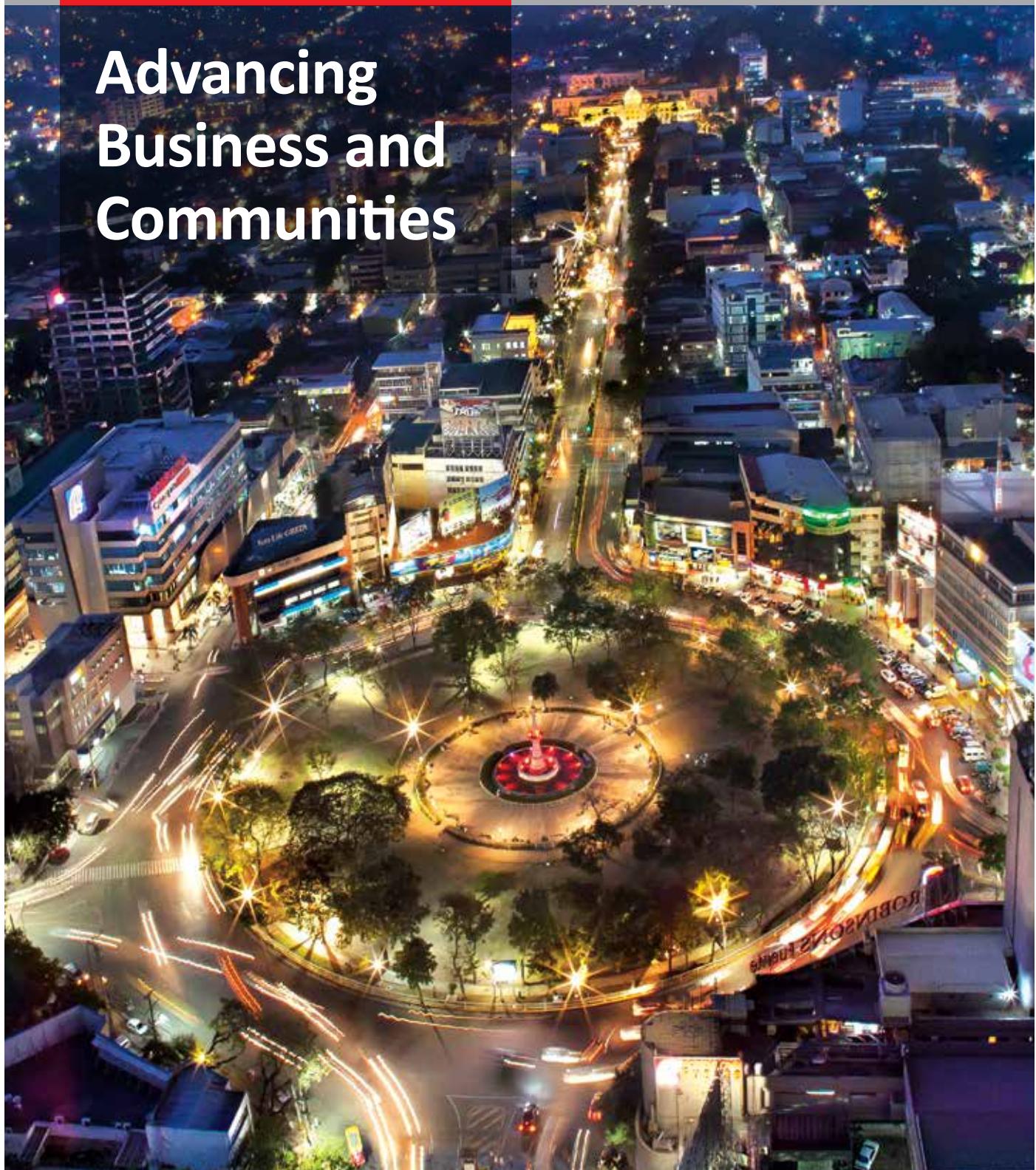


2016 Annual Report

Advancing Business and Communities





Advancing Business and Communities

In our over 100 years of doing business, a singular thread has been running through every aspect of our storied journey of growth and diversification. It is the consistency of our desire to create positive change for all our stakeholders.

We have always found ourselves leading, influencing, and driving change for the benefit of our fellow Filipinos, our communities, and our nation. Through our products and services, we have introduced change for a better world.

While we acknowledge that as businessmen we aim to seek profits, we too are equally guided by a strong sense of purpose that our every action and every decision must contribute to the greater good.

On our journey moving forward, advancing business and communities is how we will drive change for a better world. We advance business and communities by powering progress, providing smart banking solutions, creating partners for growth, building infrastructure, and empowering communities. Through our core businesses, we contribute to nation building, helping uplift the lives of millions of Filipinos.

Corporate social responsibility has always been a vital component of our business model, and sustainability is at the core of our growth strategy. As our business expands, we increase our social infrastructure investments in our communities. We constantly seek ways to integrate progress with environmental and societal stewardship. We believe that we can do well by doing good, always making the right long-term decisions that balance the interests of people, planet, and profit.

This focus is anchored on our belief that the advancement of business and communities is integral to the development of our society, our country, and ultimately, the world.

In everything that we do, we will do it The Aboitiz Way, guided by our core values of integrity, teamwork, innovation, and responsibility.



Contents



5	The Aboitiz Way
6	About the Report
8	Our Businesses
10	Aboitiz BetterWorld
12	At A Glance
	Financial Highlights
16	Aboitiz Equity Ventures, Inc. (AEV)
18	Aboitiz Power Corporation (AboitizPower)
	Messages
20	AEV and AboitizPower Chairmen
26	AEV and AboitizPower Chief Executive Officer
34	AEV and AboitizPower Chief Financial Officer
	Results of Operations
42	Business Review
104	Corporate Social Responsibility
120	Management Approach
136	Corporate Governance
144	Group Awards
	Aboitiz Equity Ventures, Inc.
146	Board of Directors
148	Corporate Officers
150	Business Unit Heads
152	Management Directory
153	Corporate Structure
	Aboitiz Power Corporation
154	Board of Directors
156	Corporate Officers
159	Business Unit Heads
160	Management Directory
161	Location of Operations
	Audited Consolidated Financial Statements
162	Aboitiz Equity Ventures, Inc.
184	Aboitiz Power Corporation
206	GRI G4 Context Index

The Aboitiz Way

The Aboitiz Group has been in business for more than a century. Over five generations, we have nurtured, strengthened, and upheld our core values and beliefs.

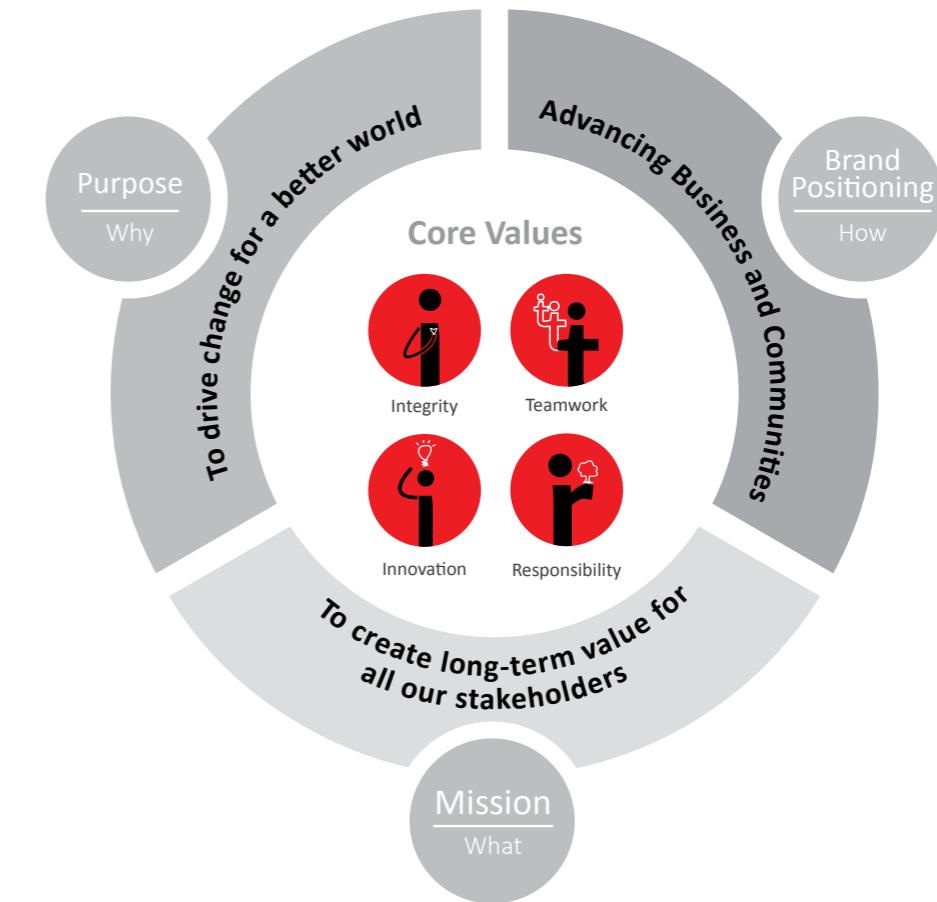
This system of values and beliefs is what we refer to as The Aboitiz Way, the distinctly unique and strong culture ingrained in our organization.

It is a culture that we deeply value and clearly understand that drives our behavior and performance, and ultimately, is the key to the success of our enterprise.

Our actions and decisions are anchored on our time-honored values of integrity, teamwork, innovation, and responsibility. These are what guide us while pursuing our mission to create long-term value for all our stakeholders.

We focus on achieving our purpose to drive change for a better world by advancing business and communities.

And we are committed to making Aboitiz a truly sustainable enterprise that we can entrust to future generations.



About The Report



Our Group Purpose and refreshed brand positioning inspired us to bring together our business and our impact-on-society stories through this year's maiden release of the consolidated performance report. Titled "Advancing Business and Communities," or ABC, this report showcases the breadth and depth of the People, Planet, and Profit focus areas and how these go hand-in-hand with the Aboitiz strategic pillars. (G4-23)

Scope, Boundary, and Limitations

This report serves as a valuable tool to engage our stakeholders and to respond to issues that matter the most to them and to our business. The information found in this report covers the year 2016

and presents updates on strategy development and sustainability implementation.

This report is organized and presented in accordance (Core Option) with the G4 espoused by the Global Reporting Initiative (GRI). Our key performance indicators are also aligned with the United Nations Sustainable Development Goals.

The structure of the report follows the Aboitiz BetterWorld sustainability framework that allows us to track, monitor, report, and evaluate our performance in a cohesive manner. We work closely with our business units across the country to be able to provide a consistent and unified manner of reporting.

The business units covered in this report are: (G4-17)

Power

- Aboitiz Power Corporation (AboitizPower)
Generation Business Group:
 - Hedcor Business Unit (Hedcor)
 - SN Aboitiz Power Business Unit (SNAP)
 - AP Renewables, Inc. (APRI)
 - Therma South, Inc. (TSI)
 - Therma Marine, Inc. (TMI)
 - Therma Mobile, Inc. (TMO)
 - Cebu Private Power Corporation (CPPC)
 - East Asia Utilities Corporation (EAUC)Distribution Business Group:
 - Davao Light and Power Company, Inc. (Davao Light)
 - Cotabato Light and Power Company (Cotabato Light)
 - Visayan Electric Company, Inc. (VECO)
 - Subic EnerZone Corporation (SEZ)
 - Mactan EnerZone Corporation (MEZ)
 - Balamban EnerZone Corporation (BEZ)
 - LiMA EnerZone Corporation (LEZ)

Banking & Financial Services

- Union Bank of the Philippines (UnionBank)
- City Savings Bank, Inc. (CitySavings)
- PETNET, Inc. (PETNET)*

Food

- Pilmico Foods Corporation (Pilmico)
- Pilmico Animal Nutrition Corporation (PANC)

Infrastructure

- Republic Cement and Building Materials, Inc. (RCBM)*
- Apo Agua Infrastrutura, Inc. (ApoAgua Infra)*

Land

- Aboitiz Land, Inc. (AboitizLand)
- LiMA Land Inc. (LimaLand)

Corporate Social Responsibility (CSR)

- Aboitiz Foundation, Inc. (Aboitiz Foundation)
- WeatherPhilippines Foundation, Inc. (WPF)

Materiality

Materiality, as defined by the GRI G4 reporting framework, includes topics and indicators that reflect the Group's significant economic, environmental, and social impacts or would substantively influence the assessments and decisions of stakeholders. Our process involved an internal analysis of the importance of a broad list of sustainability issues related to core businesses of power, banking and financial services, food, infrastructure and land, and our corporate foundations.

At the parent company level, we integrated the common material issues that are within the five-year horizon of our reporting parameters. We used our stakeholder dialogues and company-wide feedback channels to inform the selection of these material issues, which were discussed and approved by the Group Mancom as part of the focus areas of our BetterWorld Sustainability Framework. (G4-18, G4-20, G4-21)

Restatements and Improvements

The data collected for this report were gathered using the robust systems and tools currently in place among our participating business units. Continuous improvement of our data collection and analysis processes is an ongoing focus. Notes on restatements of key performance indicators are declared in the appendix section and in pages where they appear.

Geared towards a better world

We invite you to learn more about our ABCs, our strategy, and, our goals moving forward, which are all outlined in this report. Join us in our journey to drive change for a better world.

*The business unit is not included in the presentation of quantitative sustainability data.

Our Businesses

Aboitiz Equity Ventures, Inc.

AEV (PSE: AEV) is the public holding company of the Aboitiz Group with major investments in power, banking and financial services, food, infrastructure, and land.

Today, AEV is recognized as one of the best-managed companies in the Philippines and in the ASEAN region, consistently cited for its commitment to good corporate governance and corporate social responsibility. With five generations of Aboitiz Group business success behind it, AEV continues to drive change for a better world by advancing business and communities.



Power

AboitizPower (PSE: AP) is a vertically integrated company engaged in power generation, distribution, and retail electricity services. Its mission is to provide reliable and ample power when needed, at a reasonable and competitive price, with the least possible adverse effects on our environment and host communities.

The Generation Business Group operates 46 generation facilities across the country, harnessing power from a balanced-mix portfolio of renewable and thermal energy sources.

The Distribution Business Group is composed of eight utilities, including the nation's second and third largest, which supply electricity to high-growth areas in Central Luzon, Visayas and Mindanao. The Group continues to implement innovative and efficient ways to serve the growing needs of its customers.

Banking and Financial Services

UnionBank (PSE: UBP) is a publicly listed universal bank that distinguishes itself through superior technology, unique branch sales and service culture, and centralized backroom operations. It is consistently recognized as one of Asia's leading companies in banking and finance, and ranks among the country's top 10 universal banks in terms of key performance ratios in profitability, liquidity, solvency, and efficiency.

CitySavings is the thrift bank subsidiary of UnionBank. It is focused on making the financing experience of public school teachers easy and convenient, ensuring high touch at any level of customer interaction.

PETNET is the country's largest Western Union agent location network, with over 1,600 branches. Through its PERA HUB brand, PETNET offers products and services that are customer-friendly, fast, and versatile.



Food

Pilmico is among the top three flour milling companies in the Philippines and is also a strong player in the animal feeds and swine production sectors. Pilmico operates Vinh Hoan Feeds, an aqua feeds plant in Vietnam. It is currently building capacities and capabilities to sustain profitability and grow its businesses both in the Philippines and in the ASEAN region.



Infrastructure

Aboitiz InfraCapital undertakes all of the infrastructure and infrastructure-related investments of the Aboitiz Group.

The Republic Cement Group, AEV's partnership with CRH plc, is the Philippines' second largest local cement manufacturing and distribution company. It operates six cement facilities that produce over 25% of the country's cement requirements.

ApoAgua Infra is a joint venture between AEV and J.V. Angeles Construction Corporation. It has signed an agreement with the Davao City Water District to build one of the country's largest private bulk water supply projects. The facility will have a capacity of 300 million liters per day of potable water sourced from the Tamugan River to benefit Davao City's one million residents.



Land

AboitizLand is engaged in the design and development of distinct communities for residential, industrial, and commercial use. After over 20 years in operation, Cebu's homegrown real estate developer is today one of the country's most trusted companies in land development. It strengthens its position by expanding geographically through land banking in key growth areas across the country. AboitizLand expanded to Luzon by acquiring LiMA Technological Center in Batangas.



Corporate Social Responsibility

Aboitiz Foundation is the corporate foundation of the Aboitiz Group established in 1988. It implements CSR interventions focused on education, enterprise development, environment, and health and well-being in communities where Aboitiz companies operate.

WeatherPhilippines, which provides the country with a premier weather sensing and forecasting system, was established by the Aboitiz Foundation and UnionBank in 2012. Meteologix AG, an international weather information provider based in Switzerland, is its technology partner. WeatherPhilippines' services complement the government's nationwide efforts on disaster risk reduction.

Aboitiz BetterWorld

We continue to make headway in our sustainability journey in 2016. This is reflected in the performance highlights of our triple bottom line.

PEOPLE

Goal: Partner with our stakeholders to create shared value



31,070 TMs

2015: 31,132 TM

0.2% decrease in team members (TMs) employed groupwide



38,152 Hrs

2015: 36,167 Hrs

5% increase in TMs' volunteered hours



792 AWS

2015: 777 AWS

2% increase in deployed automated weather stations (AWS)



461,893 Beneficiaries

2015: 507,086 beneficiaries

9% decrease in direct beneficiaries

43% increase in group beneficiaries



2,402 Individuals

2015: 922 individuals

161% increase in the no. of individuals who participated in capacity-building trainings



PHP442 Million

2015: PHP415 M

7% increase in CSR fund allocation



1,446 CSR projects

2015: 1,038 projects

39% increase in CSR projects

PLANET

Goal: Minimize our environmental impact



5.4 Million trees

2015: 3.8 M trees

60% of the 9 million trees 2020 target

9.4 million trees planted inclusive of RAFI's* contribution



1,263 MW

2015: 1,217 MW

4% increase in renewable energy (RE) net sellable capacity



0.43

Carbon Productivity (PHP million revenue / tCO2e)



80 Tons

Weight of waste materials recycled

PROFIT

Goal: Grow profitably



PHP22.5 Billion

2015: PHP17.7 B

27% increase from previous year's Net Income After Tax



PHP48.1 Billion

2015: PHP40.2 B

20% increase from previous year's EBITDA



19.7%

2015: 17.1%

15% increase from previous year's ROE



15% (5 years)

2015: 12% (5 years)

Total Return to Shareholder per year compounded annually

At A Glance

Power

Milestones

- Inaugurated Therma South's 300-MW Davao baseload power plant
- Inaugurated SacaSun's 59-MWp solar power plant in Negros Occidental
- Acquired the interest of El Paso Philippines Energy Company, Inc. in EAUC's 50-MW oil-fired plant in Cebu to gain full ownership
- Acquired equity interest of AEV in Aseagas Corporation's 8.8-MW biomass plant in Lian, Batangas
- Acquired indirect partnership interests in GNPower-Mariveles' 604-MW baseload plant and in GNPower-Dinginin's 2x668-MW baseload plant project in Bataan
- Increased distribution customer base by 4% with 916,876 customers served
- Invested PHP1.9 billion on enhancement and expansion initiatives to improve the Group's distribution network



- 8.5-MW hydro plant in Isabela, Aseagas' 8.8-MW biomass plant in Batangas, and Pagbilao Energy's 420-MW baseload plant in Quezon Province
- Continue construction of Therma Visayas' 340-MW baseload plant in Cebu, and Phase I of GNPower-Dinginin's 2x668-MW baseload plant in Bataan
 - Implement various upgrades and modernization initiatives amounting to PHP3.1 billion to enhance the Group's distribution network infrastructure

Outlook

- Begin commercial operations of Hedcor's 68.8-MW hydro plant in Bukidnon, SNAP—Magat's



Banking and Financial Services

Milestones

- UnionBank recognized as the "Best Company to Work For" at the Asia Corporate Excellence & Sustainability Awards
- UnionBank hailed as the "Best Cash Management Bank in the Philippines" by the Global Banking and Finance Review
- CitySavings celebrated 50th anniversary by honoring partner schools and teachers
- CitySavings opened 100th branch in Zamboanga City
- PETNET launched freshly minted PERA HUB brand, an offering of customer friendly money transaction services
- LBC partnered with PETNET as Western Union agent
- Launched the PERA HUB mobile app



Outlook

- UnionBank to pursue collaborations and partnerships with FinTechs
- UnionBank to strengthen risk management to handle the impact of digital transformation yet continue seizing opportunities by applying data science methodologies

Food

Milestones

- Completed first poultry layer farm that now supplies wholesalers and institutional buyers
- Operationalized three feed mill expansions in Iligan, Tarlac, and Vietnam
- Expanded flour export business in Vietnam, Thailand, Indonesia, Malaysia, Myanmar, and Hong Kong
- Launched The Care Package

Outlook

- Continue to expand market reach in the ASEAN through flour exports
- Expand feed mill capacity in Iligan and Tarlac
- Export feed products to Vietnam, Indonesia, and the Pacific
- Pursue an organization-wide digital transformation
- Complete Farm expansion to 14,000 sow level





Infrastructure

Milestones

- Aboitiz InfraCapital, Inc. was created to consolidate all Aboitiz infrastructure and infrastructure-related projects
- RCBM expanded Norzagaray plant, boosting capacity by an additional 850,000 metric tons annually
- ApoAgua Infra commenced the design works, completed land acquisition, and secured approval from the Board of Investments, and other permits
- ApoAgua Infra signed MOU with host communities

Outlook

- Aboitiz InfraCapital to continue to participate in public infrastructure projects
- ApoAgua Infra conducts ground breaking of water treatment plant



Land

Milestones

- Partnered with Ayala Land to build the mixed-use Gatewalk Central project in Cebu
- Partnered with Aboitiz Construction, Inc. to synergize each other's competencies
- Launched Seafront Residences in San Juan, Batangas
- Held groundbreaking ceremony for The Outlets at Lipa

Outlook

- Develop Foressa, a Mountain Town project in Balamban
- Transfer headquarters from Cebu to Manila

Corporate Social Responsibility

Aboitiz Foundation

Milestones

- Increased CSR 2.0 projects by 31%
- Completed 246 kindergarten classrooms to culminate partnership with AGAPP Pangarap Foundation
- Launched the BetterWorld for the Pawikan campaign to save critically endangered Hawksbill turtle
- Signed a partnership with CARD, Inc. to strengthen the Foundation's enterprise development projects in our communities
- Created six new partnerships, bringing total number to 577

Outlook

- Align CSR programs with Group Purpose: To drive change for a better world
- Develop more purposeful programs and projects to create long-term positive social impact on communities
- Work with stakeholders to co-create safe, sustainable, and empowered communities
- Develop and implement a fully automated CSR Project Management System across all Aboitiz business units



WeatherPhilippines

Milestones

- Signed platinum sponsorship deal with La Filipina Group
- Deployed 15 automated weather stations, expanding its network to 792
- Provided capacity building training to 2,402 beneficiaries from the private and public sectors
- Received JPY2.5-million grant from WxBunka Foundation
- Engaged with Meteologix AG as its new technology partner



Outlook

- Increase stakeholder engagement through use of digital platforms and development of social media campaigns
- Pilot the "Weather for Agriculture Program"
- Intensify digital campaigns through social media

Financial Highlights

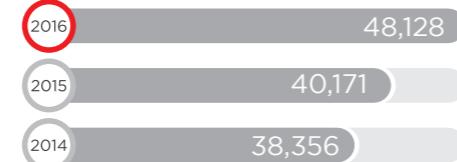
Aboitiz Equity Ventures, Inc.

(in PHP millions)

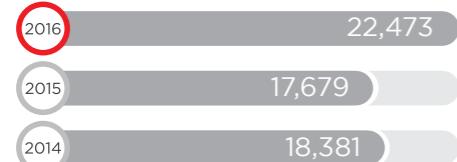
Revenues



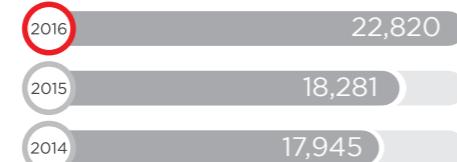
EBITDA



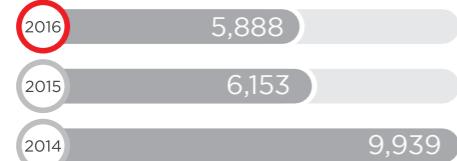
Net Income to Equity Holders of the Parent



Core Net Income



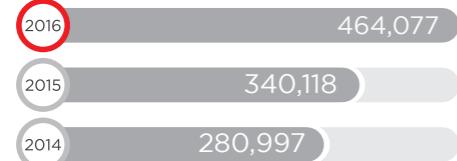
Cash Dividend Paid to Common



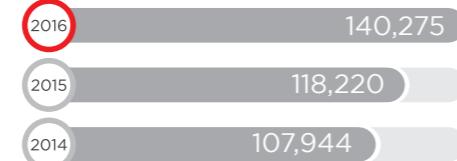
Cash and Cash Equivalents



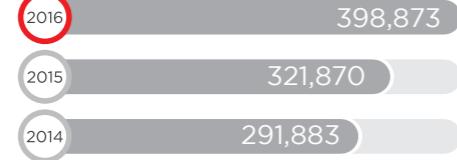
Total Assets



Equity Attributable to Equity Holders of the Parent



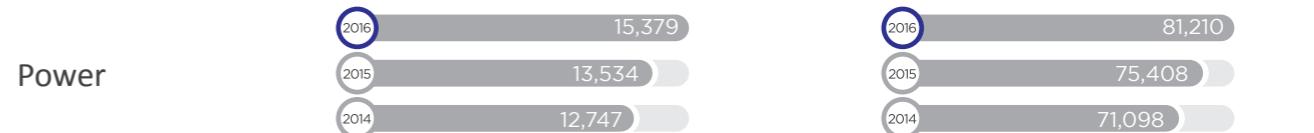
Market Capitalization



(in PHP millions)	2014	2015	2016	% Change (2016 vs. 2015)
INCOME STATEMENT				
Revenues	109,867	111,260	116,415	4.6%
Operating costs & expenses	(85,321)	(83,842)	(87,494)	
Operating profit	24,546	27,418	28,921	5.5%
Equity in net earnings of associates	7,244	6,589	9,652	46.5%
Other charges	(4,199)	(6,525)	(5,630)	-13.7%
Income before income tax	27,591	27,482	32,943	19.9%
Provision for income tax	(4,026)	(4,325)	(4,290)	-0.8%
Net Income before non-controlling interests	23,565	23,157	28,653	23.7%
Non-controlling interests	(5,184)	(5,478)	(6,180)	
Net income attributable to equity holders of parent	18,381	17,679	22,473	27.1%
EBITDA				
EBITDA	38,356	40,171	48,128	19.8%
FINANCIAL CONDITION				
Total assets	280,997	340,118	464,077	36.4%
Total liabilities	146,062	193,133	290,681	50.5%
Non-controlling interests	26,991	28,764	33,121	15.1%
Equity attributable to equity holders of the parent	107,944	118,220	140,275	18.7%
RATIOS				
Per Share (Pesos)				
Earnings	3.32	3.18	4.02	26.4%
Book Value	19.49	21.28	24.90	17.0%
Cash dividend to common	1.80	1.11	1.06	-4.5%
Return on equity	20.4%	17.1%	19.7%	
Current ratio	2.76	2.84	2.51	
Debt/Equity	1.08	1.31	1.68	
Net debt/Equity	0.50	0.66	1.10	

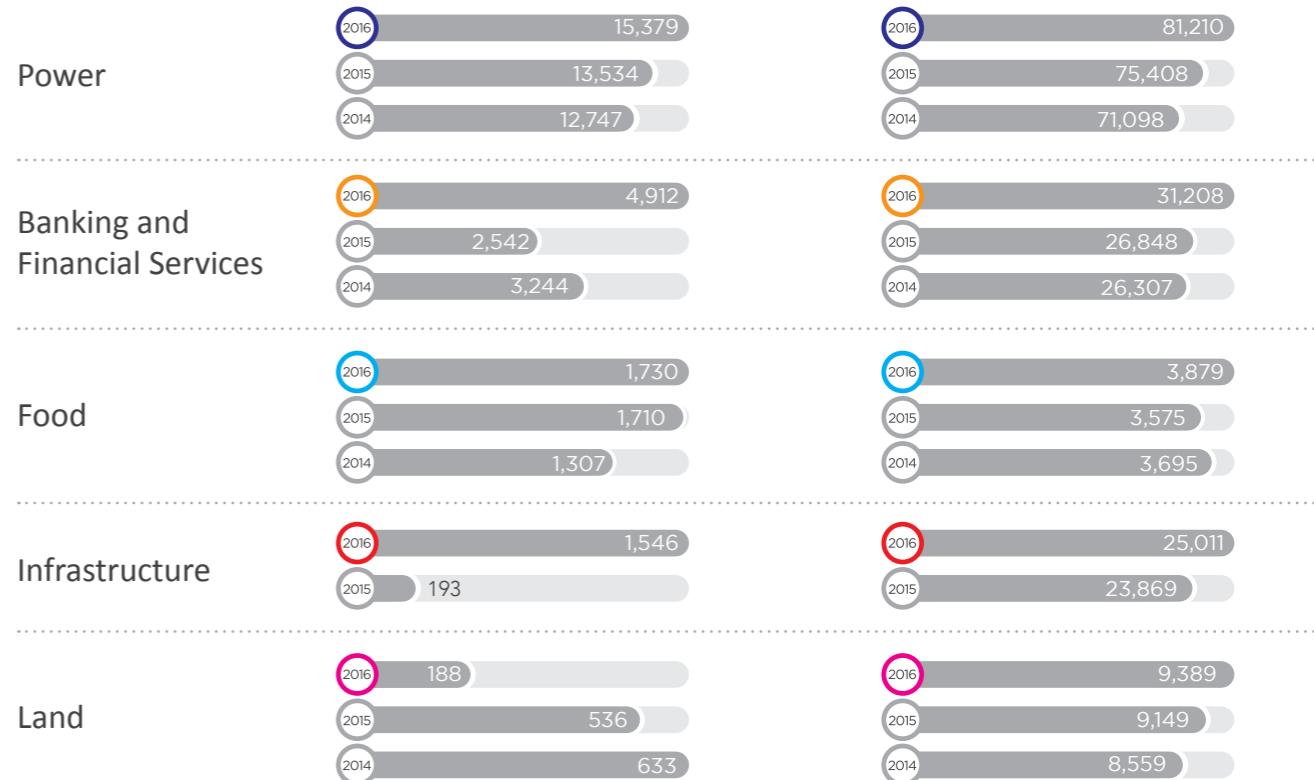
Income Contribution Breakdown

Per Business Segment (in PHP millions)



Equity Investment Breakdown

Per Business Segment (in PHP millions)



Financial Highlights

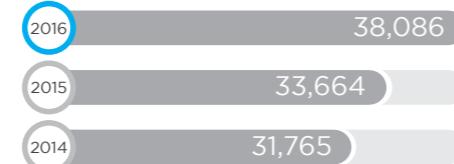
Aboitiz Power Corporation

(in PHP millions)

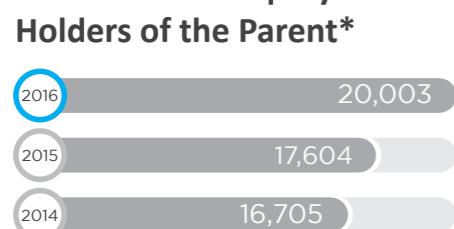
Revenues



EBITDA



Net Income to Equity Holders of the Parent*



Core Net Income



Cash Dividend Paid to Common



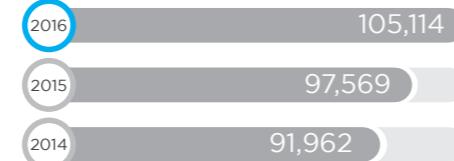
Cash and Cash Equivalents



Total Assets



Equity Attributable to Equity Holders of the Parent



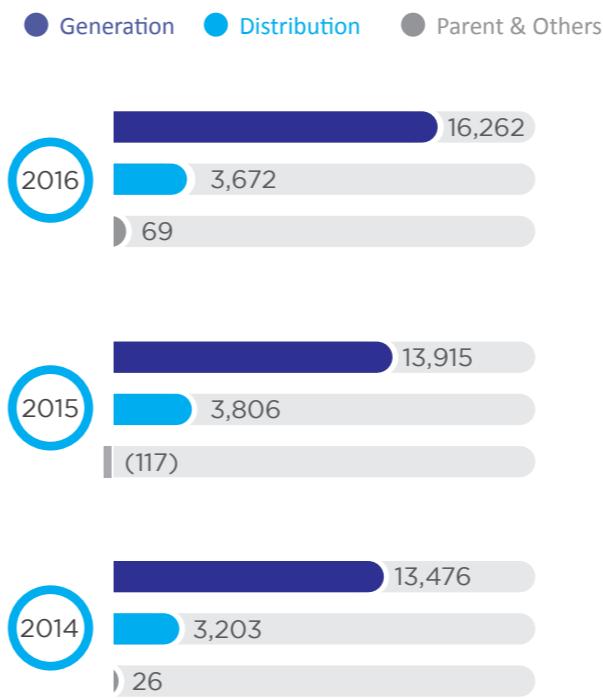
Market Capitalization



	(in PHP millions)	2014	2015	2016	% Change (2016 vs. 2015)
INCOME STATEMENT					
Operating revenues		86,759	85,174	89,163	5%
Operating expenses		64,409	60,487	62,853	4%
Operating profit		22,351	24,687	26,310	7%
Share in net earnings of associates and joint ventures		4,009	3,980	3,641	-9%
Other income (charges)		(4,930)	(6,124)	(4,951)	-19%
Income before income tax		21,430	22,542	25,000	11%
Provision for income tax		3,424	3,590	3,496	-3%
Net Income before non-controlling interests		18,006	18,953	21,504	13%
Non-controlling interests		(1,301)	(1,349)	(1,502)	11%
Net income attributable to equity holders of parent		16,705	17,604	20,003	14%
EBITDA					
		31,765	33,664	38,086	13%
FINANCIAL CONDITION					
Total assets		216,761	242,489	354,776	46%
Total liabilities		120,681	140,876	243,147	73%
Non-controlling interests		4,118	4,045	6,515	61%
Equity attributable to equity holders of the parent		91,962	97,569	105,114	8%
RATIOS					
Per Share (Pesos)					
Earnings		2.27	2.39	2.72	
Book Value		12.50	13.26	14.28	
Cash dividend to common		1.66	1.66	1.66	
Return on equity		21%	21%	23%	
Current ratio		3.36	3.12	2.25	
Debt/Equity		1.26	1.39	2.18	
Net debt/Equity		0.59	0.63	1.48	

Income Contribution Breakdown

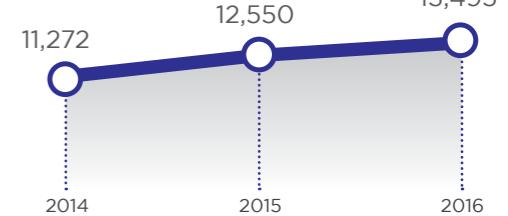
Per Business Segment (in PHP millions)



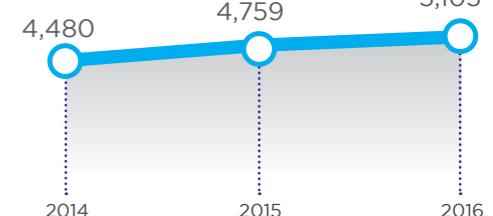
Financial Summary

Attributable Power Sales (in GWh)

Generation



Distribution



Chairmen's Message



Dear Fellow Stakeholders,

Our warmest greetings to all of you!

Another year has passed and as we look back to 2016, we witnessed major global events that gripped the world's attention and affected businesses and societies across the globe. Geopolitical risks, Brexit, and US policy changes were some contributing factors that led to the slump in the global economy, which the World Bank had anticipated to be another difficult year for global trade.

The resilience of the Philippine economy, however, withstood the ripple effect of these global shocks. When the numbers came in, the Philippines posted a higher gross domestic product (GDP) growth of 6.8% compared to 5.8% in the previous year, sustaining our country's reputation as the best performing emerging economy in Asia, outpacing China and Vietnam.



In responding to these expectations and challenges, we had to define and understand our purpose, why we exist and what greater good do we serve. In our more than a century of doing business, many lessons have been learned, various initiatives taken, and several benchmarks established; in the process, honing the many reasons of our existence into a consistent "why". This "why" has further guided us to drive change and innovation in industries and communities where our businesses operate. ,

It was also a year of transition for our country with the election of a new president that brings with him a fresh approach to governance. In the first year of the new administration, public investments and private consumption remained at healthy levels while demand for exports and services continued to improve. These give our economic managers even greater confidence in targeting a 6.5% to 7.5% GDP growth for 2017.

Aligned with the country's continued economic growth, the Aboitiz Group's own growth journey remains promising and purpose-driven.

Our Group Purpose and Our Refreshed Brand

In January 2017, we launched our Group Purpose and refreshed brand positioning to guide us on our journey moving forward. We realized that in order for us to become a truly sustainable enterprise, we needed to strengthen our unique culture, the Aboitiz Way. We also realized that we have to meet society's

expectations and address challenges that arise from a highly globalized and modernized world.

In responding to these expectations and challenges, we had to define and understand our purpose, why we exist and what greater good do we serve. In our more than a century of doing business, many lessons have been learned, various initiatives taken, and several benchmarks established; in the process, honing the many reasons of our existence into a consistent "why". This "why" has further guided us to drive change and innovation in industries and communities where our businesses operate.

Looking back, Aboitiz connected islands, facilitated trade and commerce for over 100 years by way of our shipping business until we sold it in 2010. We pioneered containerization, making shipping more efficient. We improved passenger comfort and safety by introducing the SuperFerry and SuperCat standards.

Chairmen's Message



We have therefore fittingly defined our Group Purpose as: To drive change for a better world. In the past, we may not have formally articulated our purpose but our journey has always been marked by a desire to bring about change. This is our reason for being. We are proud of our past and we are driven to do even better so we can build a sustainable enterprise that we can entrust to future generations.

In the 1960s, through CitySavings, Inc., we offered loans to small salaried employees who could not afford the requirements imposed by commercial banks and had no choice but to turn to usurous moneylenders. Today, parents thank us for helping them with their children's education through the loans that we provide.

Over these many decades, our electricity distribution companies have supported the growth and development of the country like the Visayan Electric Company in Cebu, and the growth and development of pioneering frontiers like Davao and Cotabato, and through our rural electrification programs, we have connected far-flung communities with the convenience of electric service.

Through Hedcor, we are the pioneers in harnessing clean energy from run-of-river plants to energize communities. Since then, we have expanded our renewable energy portfolio and today, we provide the country with a balanced mix of energy sources to power economic progress and empower communities.

These are some of the examples of how we, through our businesses, have driven change. We may be a century-old enterprise, but we still embody the fervor of a start-up. As we enter another era of change in our history, it is high time for us to articulate our purpose, which will strengthen our resolve whenever we are faced with challenges and find ourselves at the crossroads. It will also spur us to put ourselves in a position where we can lead, influence and drive change.

We have therefore fittingly defined our Group Purpose as: To drive change for a better world. In the past, we may not have formally articulated our purpose but our journey has always been marked by a desire to bring about change. This is our reason for being. We are proud of our past and we are driven to do even better so we can build a sustainable enterprise that we can entrust to future generations.

It has been 12 years since we launched our brand positioning, 'Passion for Better Ways', and while our passion continues to burn even stronger today, there is so much more to say about us and what is

expected of us. Our brand must have meaning both internally and externally.

We, therefore, are rallying around our refreshed brand positioning Advancing Business and Communities. This is how we are going to drive change for a better world, by advancing business and communities through the various products and services of the Aboitiz Group.

Creating Shared Value

The articulation of our Group Purpose and brand positioning inspires us even more to pursue activities that create shared value for society. We will continue to create shared value by powering progress, providing smart banking solutions, creating partners for growth, building modern infrastructure, and empowering communities. We are ready to confront the challenges of a changing world – addressing climate change, preserving our limited resources, and creating inclusive growth for everyone.

We align our sustainability and corporate social responsibility (CSR) initiatives with the United Nations Sustainable Development Goals to demonstrate our commitment to join the global action in the areas of poverty reduction, education, climate change, responsible consumption, disaster preparedness, and multi-sectoral partnerships, through our core businesses, the Aboitiz Foundation, and WeatherPhilippines Foundation.

Building a BetterWorld

We continue to match our business expansion with CSR initiatives, upholding our commitment to co-create safe, empowered, and sustainable communities.

Education is at the forefront of our CSR programs, comprising 49% of our budget allocation in 2016. We are the long-time biggest partner of the Department of Education in advancing universal public education in the country.

The enterprise development projects that we implement through our partner Center for Agriculture and Rural Development (CARD), Inc. have been creating sustainable livelihood opportunities for people in the countryside.

In environment, Aboitiz remains committed to the government's nationwide reforestation effort through our A-Park program, which targets to plant 9 million trees by 2020. A-Park represents our carbon sequestration strategy in mitigating emissions and promoting sustainable forest cover especially in communities where it will be established.

In Davao City, our conservation efforts at the Aboitiz Cleanergy Park continue to provide nesting ground for the critically endangered hawksbill turtle. To date, we have released 2,231 hatchlings. The Park is also home to at least 100 more species of flora and fauna including 55 bird species, making it a model of urban-based habitat conservation and biodiversity management.

In health and well-being, we introduced Pilmico's The Care Package, which provides effective and efficient relief to disaster victims. The easily transportable and less perishable pack of high energy biscuits contain 450 kilocalories or the equivalent of one full meal.

Chairmen's Message

More important than disaster response, we want Filipinos to be safe and well-prepared for typhoons and other severe weather events. We help local governments and our partners get ready for disastrous weather via our initiatives in the WeatherPhilippines Foundation.

In 2016, we intensified our #WeatherWiser Nation campaign with a new technology partner Meteologix AG, enabling the more timely communication of weather information harnessed from the 792 automated weather stations deployed all over the country. We also expanded our network of donors, sponsors, and partners to be able to reach as many Filipinos as possible.

Change in Reporting Format

The progress of the Group's efforts and initiatives will be reported to you through the reformatted annual report that you are reading now. This year, we are pleased to present to you our consolidated annual and sustainability report, which provides a more streamlined discussion of our performance on the triple bottomline of people, planet, and profit. This is the format and approach that we will use moving forward.

Consolidating the AEV, AboitizPower and Group Sustainability reports underscore our desire for a better world, and that this should be reflected as part of our business strategy and in all our communications. As in previous years, we adopted the Global Reporting Initiative (GRI) G4 framework in developing the sustainability section of this report. We plan to adopt the new GRI Standards in the next reporting cycle. This report is verified by GRI's materiality disclosures service as evidenced by the organizational mark, which affirms our commitment to excellence in stakeholder engagement.

Celebrating Milestones

The acquisition of stakes in GNPower-Mariveles & GNPower-Dinginin, is an essential strategy in our commitment to securing a balanced energy mix to support the country's energy security. This is also in line with our target to increase our attributable net sellable capacity to 4,000 MW by 2020. We consider this acquisition very strategic as it gives us immediate earnings from the operating asset and incremental capacity in the coming years from the plant under construction and its expansion.

Aside from posting record income contributions to AEV in 2016, CitySavings and its parent company, UnionBank, marked a double milestone. CitySavings celebrated 50 years of service, and UnionBank, 35 years.

We established Aboitiz InfraCapital, Inc. (AIC) to actively and positively respond to the Philippines' growth momentum and the government's commitment to build the right infrastructure across the country as conduits to trade and progress. Our investment in Republic Cement & Building Materials, Inc. (RCBM) in partnership with CRH was the first in this sector.

The size, depth and breadth of the Aboitiz organization, and the growing complexity of the industries where our businesses operate, have made it imperative for us to preparing even better leaders who will lead us to truly drive change for a better world. Four years of going through a leadership journey have led us to pay special attention to the kind of leadership mindset and behavior that will take us forward. Earlier this year, 175 of the Group's top leaders actively participated in the first-ever Aboitiz Leaders' Conference with the theme "One Team. Lead Stronger".



Consolidating the AEV, AboitizPower and Group Sustainability reports underscore our desire for a better world, and that this should be reflected as part of our business strategy and in all our communications.

We are pleased to report that AboitizPower and AEV were once again recognized by the Philippine Stock Exchange for their exemplary performance in good corporate governance at the 2016 PSE Bell Awards. Both companies also scored high in the 2016 round of the ASEAN Corporate Governance Scorecard for publicly listed companies in the Philippines.

To cap a year of milestones, we celebrated the 50th anniversary of the Ramon Aboitiz Foundation, Inc. (RAFI), the family foundation of Don Ramon Aboitiz. RAFI has worked towards elevating lives through a comprehensive approach that champions best practices in community development in the Visayas and Mindanao. A symbolic handover ceremony was held last November to pass the torch to the fifth generation of Don Ramon's direct line.

Our Gratitude and Appreciation

For over a century now, the Aboitiz Group has stood witness to numerous changes and we have been able to adapt and succeed at seizing opportunities that these changes bring. To our dear shareholders, we thank you for your continued trust and confidence in the Group over all these years. You inspire us to push forward on our mission to create long-term value for all our stakeholders.

Our work has naturally led us to various collaborations within industries and across private and public

sectors to address societal issues. To all our business partners, government agency partners, and our host communities, we thank you for your strong commitment to achieving our common goals.

We are finding that talented and values-driven people are drawn to our company because of our purpose and unique way of doing things. To all our team members, we thank you for joining us in our mission. Your invaluable contributions to the Group's success are much appreciated.

With all these breakthrough developments happening in Aboitiz, we can all look to the future with much excitement and anticipation of more opportunities to come. Let us work together to drive change for a better world by advancing business and communities.

Sincerely yours,

Jon Ramon Aboitiz
Chairman of the Board
Aboitiz Equity Ventures, Inc.

Enrique M. Aboitiz
Chairman of the Board
Aboitiz Power Corporation



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Beyond business, we have invested substantially in ventures of social significance, believing that our businesses must touch the lives of people in a meaningful way, creating a better world that will be enjoyed by current and future generations. This year, your company will take even more deliberate steps in bringing progress to communities in line with our strategic objectives.”

Dear Fellow Stakeholders,

On behalf of the Aboitiz Group, I am pleased to report that our value creation efforts in 2016 have sustained your company's strength, performance, and reputation. With all of our businesses aligned under our four strategic pillars — grow the business, improve stakeholder engagement, build human capital, and execution excellence — we are poised even more to take advantage of this growth momentum and use our gains to continue to create long-term value for all our stakeholders.

We are gratified that our core businesses in power, banking and financial services, food, infrastructure, and land are able to realize our goals through ways that help

our country achieve and sustain its economic targets. As one of the largest employers in the country, we take very seriously our responsibility over the 31,000 team members that make up the Aboitiz Group.

Beyond business, we have invested substantially in ventures of social significance, believing that our businesses must touch the lives of people in a meaningful way, creating a better world that will be enjoyed by current and future generations. This year, your company will take even more deliberate steps in bringing progress to communities in line with our strategic objectives.

Performance of our Strategic Business Units

As the Philippines closed 2016 as the top-performing economy in the ASEAN region, AEV also finished strong with its consolidated net income increasing by 27% year-on-year (YoY) to reach PHP22.5 billion. We attribute this increase to fresh income contributions, which we had anticipated early on, from TSI and Republic Cement, as well as improved earnings from UnionBank.

Power

AboitizPower posted a PHP15.4 billion income contribution to AEV, a 14% increase from 2015, mainly driven by the first full-year income contribution from TSI's operations.

Power was our largest income contributor, making up 65% of AEV's 2016 consolidated income, albeit down from 73% in the previous year, stemming from a

move that forms part of our risk mitigation strategy to diversify our income streams.

The Generation Group's attributable net energy sales rose by 8% YoY to 13,495 GWh. This accounted for 82% of AboitizPower's total earnings equivalent to PHP16.3 billion for 2016, up by 17% YoY.

The Distribution Group's earnings dropped slightly by 4% from the previous year, contributing PHP3.7 billion to AboitizPower. Attributable electricity sales rose by 7% YoY, from 4,759 GWh to 5,105 GWh, fueled by continued growth in energy sales across all customer segments. Despite the increase in sales, net income declined due to lower margins resulting from the lag in billing higher priced power purchased during the year.

In terms of operational efficiency, we are proud of the Power Group's success in its target certifications. We especially want to congratulate Hedcor Sibulan and Hedcor Tudaya for being the first facilities in the Philippines to achieve ISO 55001:2014 certifications for their asset management operations and maintenance.

Our other business units are also pursuing international certifications in occupational health, safety, and environmental management systems to ensure that our processes meet global standards as we deliver quality products and services to our customers.

Since we launched Therma South's 300-MW Davao baseload power plant, other generators have

followed suit and built more plants in Mindanao. The entry of this additional capacity will not only assure Mindanaoans of adequate supply of power but will also diversify the islands power sources increasing its reliability.

We launched our first solar venture, SacaSun's 59-MWp San Carlos solar plant in Negros Occidental, delivering additional clean and renewable energy to the Visayas grid. Our 8.8-MW Aseagas biomass power facility in Batangas has also begun its commissioning phase.

Acquisitions have always been part of our growth strategy giving us access to assets that will contribute immediately to our earnings. Towards the end of 2016, we completed the acquisition of two baseload power assets of GNPower in Bataan, the 604-MW subcritical plant and the 2x668-MW supercritical plant project whose first phase is currently under construction.

On the international front, we were unsuccessful in our bid for Chevron's geothermal assets. We also decided to exit from the Ijen project in Indonesia. After reviewing the initial results of the slim hole drilling, the results did not meet our drill risk appetite. We however continue to believe Indonesia remains top in our opportunity list even as we continue to pursue investment opportunities in other Southeast Asian countries. With several other investment projects in the pipeline, we remain committed to our growth aspirations in the overseas market.

This year, we are looking at the completion of several power plants, namely: Hedcor's 68.8-MW hydro plant in Manolo Fortich Bukidnon, SNAP-Magat's 8.5-MW Maris Canal hydro plant in Isabel, Therma Visayas' 340-MW baseload plant in Toledo, Cebu, and Pagbilao Energy's 420-MW baseload plant in Quezon. We are also eager to start the construction of RP Energy's 600-MW baseload plant in Subic as soon we secure final ERC approval for it's PSA with Meralco.

We are confident of attaining our attributable ownership goal of 4,000 MW in net sellable capacity by 2020. Together with our partners, we currently have investments in 3,954 MW of net sellable capacity, of which our attributable share is 2,976 MW. Of this, 32% or 1,263 MW is renewable energy, making AboitizPower one of the largest renewable power producers in the country.

Given our diversified portfolio of power assets, we are uniquely positioned to provide our customers with the right power solution to address their needs, including ancillary services for grid stability and system management.

Core to our gentainer (generator-retailer) strategy is Open Access and Retail Competition, which ensures competitive rates and empowers end-users to choose their own electricity supplier. It also gives us the ability to expand our reach to end users beyond our distribution utilities' franchise areas. We are looking forward to the full implementation of Open Access where households will be given the power of choice over their electricity suppliers.



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Banking and Financial Services

UnionBank achieved another milestone in 2016 with a record-high income contribution to AEV of PHP4.9 billion, a 94% YoY upsurge from the previous year. The bank's growth rates in its assets and deposits have been significantly higher than in previous years, and outperforming even industry averages.

Continuing with its FOCUS 2020 roadmap, UnionBank is leveraging on innovation and customer centricity towards improving business competitiveness and adapting to rapidly changing customer expectations.

CitySavings also experienced record-setting revenues in 2016 and maintained a clear lead in an increasingly competitive market. Its loan products have been enhanced by digital services resulting to a better overall experience for its customers.

PETNET introduced its PERA HUB brand in May to highlight an expanded line-up of service offerings and a growing branch network with over 100 new locations nationwide. Moreover, the

company has established synergy with UnionBank, which has had a positive impact on its performance trajectory.

Food

Pilmico posted a steady performance in 2016 with an income contribution to AEV of PHP1.7 billion. Our food business remains well positioned at the start of the food value chain and its aggressive expansion of core business capacities will ensure that the demand from its growing regional footprint is met.

Feeds Philippines increased its income contribution by 13% to PHP963 million on the back of strong volume growth. With the completion of the feedmill expansions in Iligan and Tarlac, we added 50% to our capacity in the Philippines and doubled our capacity in Vietnam to support a growing customer base and product portfolio.

Lower margins brought about by depressed selling prices did not hamper the Flour segment's income contribution, resulting to a 1% YoY growth at PHP557



In pursuit of the highest governance standards, we updated our Code of Ethics and Business Conduct (the Code) and aligned it to current laws, existing company policies, and best corporate governance practices. Each of us bears the responsibility for upholding the principles and behavior that are in accordance with the Code, which lays down the basic principles that guide us in running our daily business operations.

million. Representative offices in Vietnam and Indonesia have been instrumental in opening strategic doorways to the ASEAN flour market that expanded our exports to Thailand, Malaysia, Myanmar, and Hong Kong.

The Farms business reached the 13,243-sow level under an expansion program to boost the capacity of market hogs and increase the volume of live hogs and meat sales.

Infrastructure

For its first full-year operations as part of the Aboitiz Group, Republic Cement recorded an income contribution of PHP1.6 billion, a 700% rise from 2015 principally because of the full year effect.

With the formal incorporation of Aboitiz InfraCapital, Inc., we now have an investment vehicle for our future infrastructure-related investments. We will ride on the national government's aggressive infrastructure spending estimated to amount to PHP8 trillion until 2022.

In 2017 alone, the infrastructure budget is pegged at 5.4% of GDP.

We continue to look into participating in public infrastructure projects across different modalities and are monitoring the progress of PPP (Public-Private Partnerships) projects like roads, airports, rail, and water systems, which are also our priority sectors. We have expressed intent on bidding for the Regional Airports Project (Iloilo, Bacolod, Davao, Misamis Oriental, and Bohol).

Design work on ApoAgua Infra's bulk water facility has already begun and we have completed land acquisition, alongside securing approval from the Board of Investments and other permits for this landmark project. As we begin its next phase, our team in Davao continues with initiatives to strengthen stakeholder relationships we have built over the past year.

Land

AboitizLand experienced a challenging year with an income contribution to AEV of PHP188 million, a 65%

decrease from 2015. Despite this, the company hit strides towards becoming a national player with the unveiling of new projects in Luzon and a master plan for 80 hectares that will bring its brand of Nurturing Communities to a new market.

Following in AEV's footsteps, AboitizLand will also be moving its official headquarters to Manila in June, which will support the launch of its major developments in Luzon. These include a residential project and The Outlets in Lipa, Batangas, which will have its first phase operational by the end of the year. Once fully occupied, it will have over 200 international brands offering marked-down prices. Gatewalk Central in Cebu, AboitizLand's joint project with Ayala Land, is progressing well with a focused plan to offer the Cebuano something different.

The year 2017 is set to be the inflection point in realizing AboitizLand's growth goals. Its new partnership with Aboitiz Construction is a major step towards greater synergy that will benefit both companies significantly.

Corporate Center

Our Corporate Center remains steadfast in its three-pronged role as knowledge center, governance agent, and business partner of the business units. In 2016 it spearheaded initiatives to maximize Group resources, optimize common processes, and bring everyone up to the same level of excellence.

We introduced the Aboitiz Talent Management System (ATMS) as our strategic tool that will cohesively drive our initiatives to build human capital. Through a cloud-based platform, the ATMS will strengthen our capabilities to attract, optimize, and retain the

best talents who will not only help us manage our businesses, but also enable us to navigate the ever-changing business landscape.

The only way for Aboitiz to maximize the benefits of a digitally connected world is to transform the way our people work using digitalized systems and processes. With the creation of the Digital Management Team, we kick started a groupwide digital revolution that is driven by four key building blocks: workplace transformation, customer experience, business operations, and business model innovation. We look forward to the dynamic changes it will bring on how we work, how we serve our customers, and how we provide better products and services. In December 2016, we launched our intranet portal called Agora, our very first initiative on digital transformation.

Our AEV Information Technology (IT) team secured the ISO 20000:2011 or IT Service Management System certification and achieved the re-certification of our corporate data centers. We also got a re-certification for our Quality Management System effectively maintaining our compliance to ISO 9001:2008 standards. With these, we are making strides towards enabling a shared IT services for the Group with the goal of delivering managed services for our businesses and customers following best practices and international standards.

In pursuit of the highest governance standards, we updated our Code of Ethics and Business Conduct (the Code) and aligned it to current laws, existing company policies, and best corporate governance practices. Each of us bears the responsibility for upholding the principles and behavior that are in accordance with the

CEO's Message



As part of our growth strategy, we believe in the need to preserve and strengthen the Aboitiz Way, our culture and unique way of doing things, which we attribute much of our success to. Culture, along with a unified purpose and brand positioning are three hallmarks of a high-performing organization. As we have increased in size, we believe that now is the opportune time to rearticulate what these mean to us in Aboitiz.

Code, which lays down the basic principles that guide us in running our daily business operations.

The rapid growth of the Aboitiz Group over the last few years has forced us to take stock of our leadership bench. We are investing in both homegrown talent and recruiting from outside to support not only our succession requirements but more importantly our growth strategy. We beefed up the senior leadership of our corporate center by hiring new leaders in key functions in digital management, legal, government relations, and finance. This supports our strategic pillar of building human capital, which seeks to attract, optimize, and retain the right talents, allowing us to develop team leaders who can be posted in identified critical leadership positions across the Group.

Aligning our Culture, Purpose, and Brand

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in size, we believe that now is the opportune time to rearticulate what these mean to us in Aboitiz.

We envision a Group culture that will unify us and yet allow our individual strategic business units to have their own variation while staying aligned with the culture of the whole organization.

With the help of Gallup, an independent research-based consulting firm, we will define the aspirational culture of the Group and look at aligning this across the organization to build a better work environment. The Aboitiz Way evolves as our guide in creating sustainable change that differentiates our brand in the marketplace, maximizes our team members' potential, and helps us stay ahead of our competitors.

Alongside this, we have launched our Group Purpose, "To drive change for a better world," and our brand positioning, "advancing business and communities" or ABC. Our Group Purpose is the reason why we do what we do and what greater good we serve; our brand positioning, on the other hand, is how we will make it happen.

While our unified purpose will guide all of us moving forward, we must note that it is no different from what we, and those before us, have been doing over the last century. We may not have formally articulated our purpose in the past but our journey has consistently been characterized by a desire to bring about positive change for all our stakeholders.

We are going to drive change for a better world by advancing business and communities through the various products and services that our business units provide. Each of our business units will further define the Group Purpose in ways that are complementary to their respective operational goals.

For power, we advance business and communities by providing reliable and ample power supply at a reasonable and competitive price, but more importantly, do so with the least possible adverse effects on our environment and our host communities.

For banking and financial services, we enhance financial supply chains by providing smart banking solutions that will elevate lives and fulfill the dreams of the communities we serve.

For food, we cultivate relationships with our partners to ensure the sustainability of the food chain.

For infrastructure, we play a key role in nation building by becoming a leader in innovative infrastructure-related solutions that will help drive economic progress and uplift the lives of every Filipino.

And for land, we build deliberately designed residential, commercial, and industrial communities that will help people live better lives.

Honors and Gratitude

In closing, we wish to pay tribute to a special group of individuals on their retirement from the Aboitiz Group. We are greatly honored to have worked with each one of them in various capacities through all these years. They have all been and will continue to be instrumental to the fulfillment of our Group's aspirations.

To Bobby Orig, Jovy Batiquin, and Art Milan of AboitizPower, Sonny Carpio of the Aboitiz Foundation, and Nap Pe and Stephen Tan of Aboitiz Construction—thank you for inspiring us with your leadership, commitment, vision, and loyalty. We wish you all the best!

To all our team members, thank you for your hard work and dedication. We are all very proud to have you as part of the Aboitiz family and equally excited for your continued personal and professional growth in the Group.

And to all of you, our dear stakeholders, thank you for your unwavering trust and confidence, inspiring us to pursue creating a positive impact on society by advancing business and communities to drive change for a better world.

Wishing you the very best always,

A handwritten signature in black ink.

Erramon I. Aboitiz
Chief Executive Officer
Aboitiz Equity Ventures, Inc.
Aboitiz Power Corporation

CFOs' Message



Dear Fellow Stakeholders,

Advancing business and communities also means providing equity and debt investors with a safe home for their investible funds, a reasonable and sustainable return, and a chance to be part of a growth story they believe in.

Through your support, the Aboitiz Group is able to drive change for a better world as we advance business and communities wherever we operate.

Creating value

In 2016, AEV posted a consolidated core net income of PHP22.8 billion, a 25% increase from the prior year. This core income translated to earnings per share of PHP4.08, and a Return on Shareholders' Equity of 20%.

Power continued to be the largest contributor to earnings, but its share decreased to 65% from the previous year's 73%, as the banking and financial



Advancing business and communities also means providing equity and debt investors with a safe home for their investible funds, a reasonable and sustainable return, and a chance to be part of a growth story they believe in.

services, and infrastructure strategic business units (SBUs) increased their contributions to 21% and 7%, respectively. Meanwhile, the food and land SBUs contributed 7% and 1%, respectively.

AEV's consolidated Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) rose by 20% year-on-year (YoY) to PHP48.1 billion. Beneficial EBITDA, which represents AEV's proportionate share of the EBITDAs of its investee companies, increased by 24% to PHP43.7 billion. By the end of the year, consolidated cash balance stood at PHP63.9 billion. This puts us in a good position to fund growth plans and acquisition opportunities as they arise.

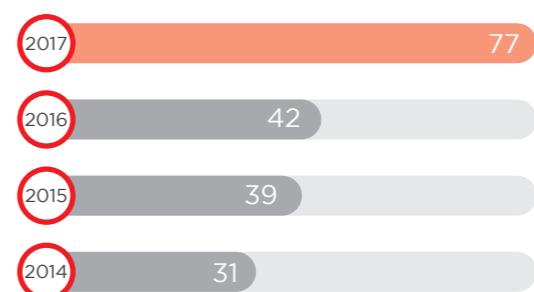
AboitizPower's income contribution to AEV was PHP15.4 billion, a 14% increase YoY. This is a result

of the company's successful implementation of its growth strategy, with expansion coming from greenfield developments and acquisitions, and existing assets providing steady cash flows. Over the years, AboitizPower has taken deliberate steps to ensure that its existing businesses are able to generate steady and stable income streams.

On a stand-alone basis, the company reported a consolidated core net income of PHP20.6 billion, a 12% increase from the previous year. This translated to earnings per share of PHP2.80. Core earnings growth was largely driven by the first full-year contribution of the two units of Therma South.

AboitizPower's beneficial EBITDA increased by 12% YoY to PHP39.5 billion. Cash balances stood at

AEV Group Capital Expenditures (in PHP billions)*



* includes 100% of subsidiaries and affiliates



Our growth journey over the past couple of decades has been characterized by prudence and preparedness.

PHP47.1 billion. Return on Equity improved to 23% and has been at the 20% level for the fourth year in a row. This is testament to the stable returns of the company's existing businesses as it continues to invest in new projects. It has maintained a healthy balance between strong dividend payments and funding for growth.

Growing with our communities

Whenever we grow our business and execute with excellence, we are able to advance business and communities where we operate. Local communities benefit from more tax, employment, commerce, and access to the goods, services, and sustainability programs our operating businesses provide.

To fund growth plans for 2017, AEV, along with its business units, is ramping up investments by 82% this year targeting to spend PHP76.7 billion in capital expenditures versus PHP42.0 billion spent last year.

AboitizPower's capex is pegged at PHP58.6 billion for the year as it remains committed, along with its partners, to increase total attributable net sellable capacity to 4,000 MW by 2020. The bulk of its capex this year will be channeled toward various ongoing power generation projects. Meanwhile, the company remains agile and well

positioned to seize opportunities that make sense and are consistent with its business strategy.

The rest of the capex will be spent by the other SBUs. For the banking and financial services SBUs, UnionBank has allocated capex mostly to fund the bank's digital transformation and shift to a recurring earnings stream; PETNET to expand its network, and CitySavings to realize the full execution of its loan origination program.

For the food SBU, Pilmico intends to support various expansion and upgrade initiatives for its flour, feeds, and farms divisions while pursuing various regional opportunities. Pilmico is currently expanding its customer reach in the ASEAN region while diversifying national operations.

For the infrastructure SBU, the BUs will continue to create a strong platform for future growth by investing in solutions that will help meet the country's rapidly growing infrastructure needs.

For the land SBU, AboitizLand has programmed to acquire more industrial and residential properties as it continues to expand its business outside of Cebu, and into the national arena.

Attracting equity and debt investors

Our growth journey over the past couple of decades

has been characterized by prudence and preparedness. We took AEV and AboitizPower public and raised money before actually needing the capital. We strengthened our balance sheets in anticipation of growth to come.

While our balance sheets and our capacity to raise money through the debt markets remain strong, we decided that it was timely to gear up for action. In line with this, we sold a block of roughly 63 million AEV treasury shares via a private placement, raising approximately USD100 million of additional equity. This improved the company's balance sheet by giving it further borrowing capacity to fund growth initiatives, and provided additional cash that can be used for investment opportunities as they arise.

Overall, AEV's private placement was well received. It was 1.7x oversubscribed, with 65% of the demand coming from foreign investors. We see this as a clear sign of the trust and confidence that the investment community has in our future and our ability to deliver on our commitments.

At year end 2016, AEV's net-debt-to-equity stood at 1.1x, with net-debt-to-EBITDA at 2.0x. Consolidated debt maturity profile remains within the parameters we have set to mitigate liquidity and refinancing risk over the remaining life of its debt.

The domestic economy saw another year of robust growth under a low interest-rate environment. In

2016, AboitizPower saw the completion of a number of special and major financing transactions.

The twin objectives of managing our single borrower's limit and yet achieving competitive pricing led to a number of innovative approaches to financing. One approach was the PHP12.5-billion APRI refinancing that AboitizPower closed with the Asian Development Bank and the Bank of the Philippine Islands, with a credit guarantee from the Credit Guarantee and Investment Facility.

Another noteworthy structure was the PHP4.1-billion refinancing of the Hedcor Sibulan plant which used credit enhancements and a unique loan structure that resulted in rates comparable to bond issuances of highly rated issuers.

Finally, AboitizPower financed its winning bid for the GNPower assets, which was funded by a combination of internally generated cash and financing from foreign banks. We consider the acquisition as strategic because it provides AboitizPower with immediate cash flow and earnings from its Mariveles plant.

Despite the large transactions above, we think it is important to let you know that AboitizPower was prepared to take on two winning bids. International lead banks put together the facilities we needed, which also strengthened our credibility as a bidder before the international investment community.



Through better monitoring and understanding of our risk exposures, we have implemented programs that ensure risk mitigations and business continuity.

AboitizPower's strong balance sheet has allowed it to take on all these additional debt, resulting in a consolidated net debt-to-equity ratio of 1.5x compared to the previous year's ratio of 0.6X. However, we expect this gearing level to be temporary and to improve quickly as we start generating cash from our GNPower acquisition and new capacities coming online during the year, and use it to pay down debt.

In this increasingly complex and unpredictable world, our view is that the most strategically, financially and operationally ready company will be in the best position to take advantage of the challenges and opportunities that emerge from the market.

It has been a challenging year, so it was quite gratifying to receive recognition from international and local award-giving bodies for AboitizPower's financing structures. The over a dozen awards included 10 for APRI, among them, Project Finance International's Best Bond Deal of the Year Award, held in London; and IJ Global's Asia Pacific Project Bond Deal of the Year Award. The APRI financing structure has also been certified by the Climate Bonds Initiative as the first of its kind in Asia and the Pacific, and the first-ever climate bond for a single project in an emerging market.

Hedcor Bukidnon, Inc. (HBI) and Therma Visayas, Inc. (TVI) were also awarded, including the Asset's Best

Energy / Renewable Energy Deal of the Philippines Award for HBI, and the Investment House Association of the Philippines' Best Fixed Income Deal Award for TVI.

Among our projects for 2017, AEV is seeking to close the financing of our first bulk water project, the country's largest private bulk water project to date. There are several other projects we are working on that will need financing, including the completion of a number of power plants for AboitizPower, as well as both onshore and offshore acquisition opportunities that may arise for any of our SBUs.

Managing risk

Through better monitoring and understanding of our risk exposures, we have implemented programs that ensure risk mitigations and business continuity. This improves our risk profile and reputation in the insurance industry and allows us to negotiate for competitive insurance terms, coverage and rates. As a result, our Total Cost of Insurable Risk was reduced by around 8%, despite additional insurance programs for newly operational plants.

In 2016, as part of our efforts to find better ways to manage our risks, we started exploring solutions beyond typical insurance programs for our risk financing initiatives. We partnered with one of the leading insurance companies and came up with a first-of-its-kind-in-the-Philippines risk transfer program for our power distribution group's

transmission and distribution lines. This will protect us if a catastrophic event, such as Typhoon Haiyan, happens in our power distribution franchise areas.

As the Aboitiz Group continues to grow, we will ensure that our risk financing programs will continually evolve and respond to the ever-changing risk environment we are in.

Continuing dividends

In March 2017, the AEV Board approved a cash dividend of PHP1.33 per share. Total dividends amounted to PHP7.5 billion, which is equivalent to 33% of the previous year's consolidated net income. This translates to a dividend yield of 1.8%. Comparatively, in March 2016, the cash dividend per share was PHP1.06.

Also in March 2017, the AboitizPower Board approved a cash dividend of PHP1.36 per share or total dividends amounting to PHP10.0 billion, representing 50% of the previous year's consolidated net income. This translates to a dividend yield of 3.1%. In contrast, the cash dividend paid out in March 2016 was PHP1.66 per share.

Ready to drive change

We enter 2017 fired up on all cylinders, ready to drive growth, and to deliver shared value in every community, sector and society that we serve. As your CFOs, we are passionately committed to deliver agile leadership as we prepare ourselves for a rapidly evolving environment both here at home and in the region.

For 2017, we are gearing up financially and preparing for these changes, mindful of our purpose to drive change for a better world by advancing business and communities.

We thank our shareholders, customers, partners, financial institutions, suppliers, government, and the communities for their continued support, and for their unwavering confidence and trust in our entire management team.

Sincerely yours,

Dmi

Manuel R. Lozano

Senior Vice President
Chief Financial Officer / Corporate Information Officer
Aboitiz Equity Ventures, Inc.

Liza

Liza Luv T. Montelibano

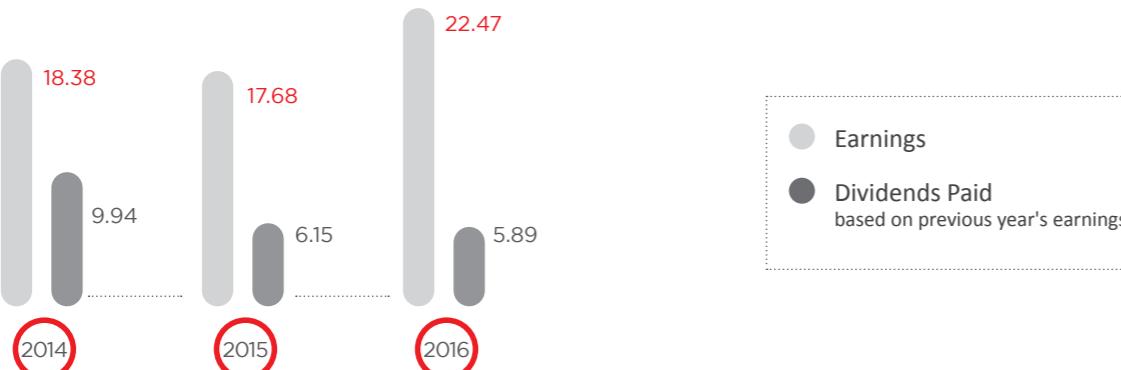
Senior Vice President
Chief Financial Officer / Corporate Information Officer
Aboitiz Power Corporation

Shareholder Value

Aboitiz Equity Ventures, Inc.

Earnings and Dividends

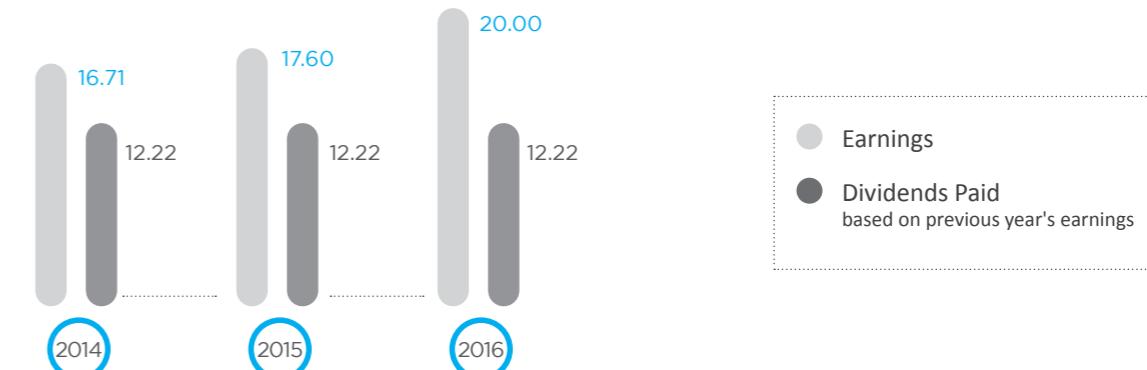
(in PHP billions)



Aboitiz Power Corporation

Earnings and Dividends

(in PHP billions)



Dividend Per Share (DPS) and Dividend Yield



Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)

Year	High	Low
2016	84.40	54.40
2015	59.00	51.95
2014	61.50	48.90

Share Price Performance

Year	2016	YTD
		March 31, 2017
AEV	22%	6%
PSEi	-2%	7%

Share Price (Peso/Share)

Year	High	Low
2016	48.90	39.40
2015	46.50	39.10
2014	42.90	33.90

Share Price Performance

Year	2016	YTD
		March 31, 2017
AP	0	0
PSEi	-2%	7%

Total Return to Shareholder (TRS)*

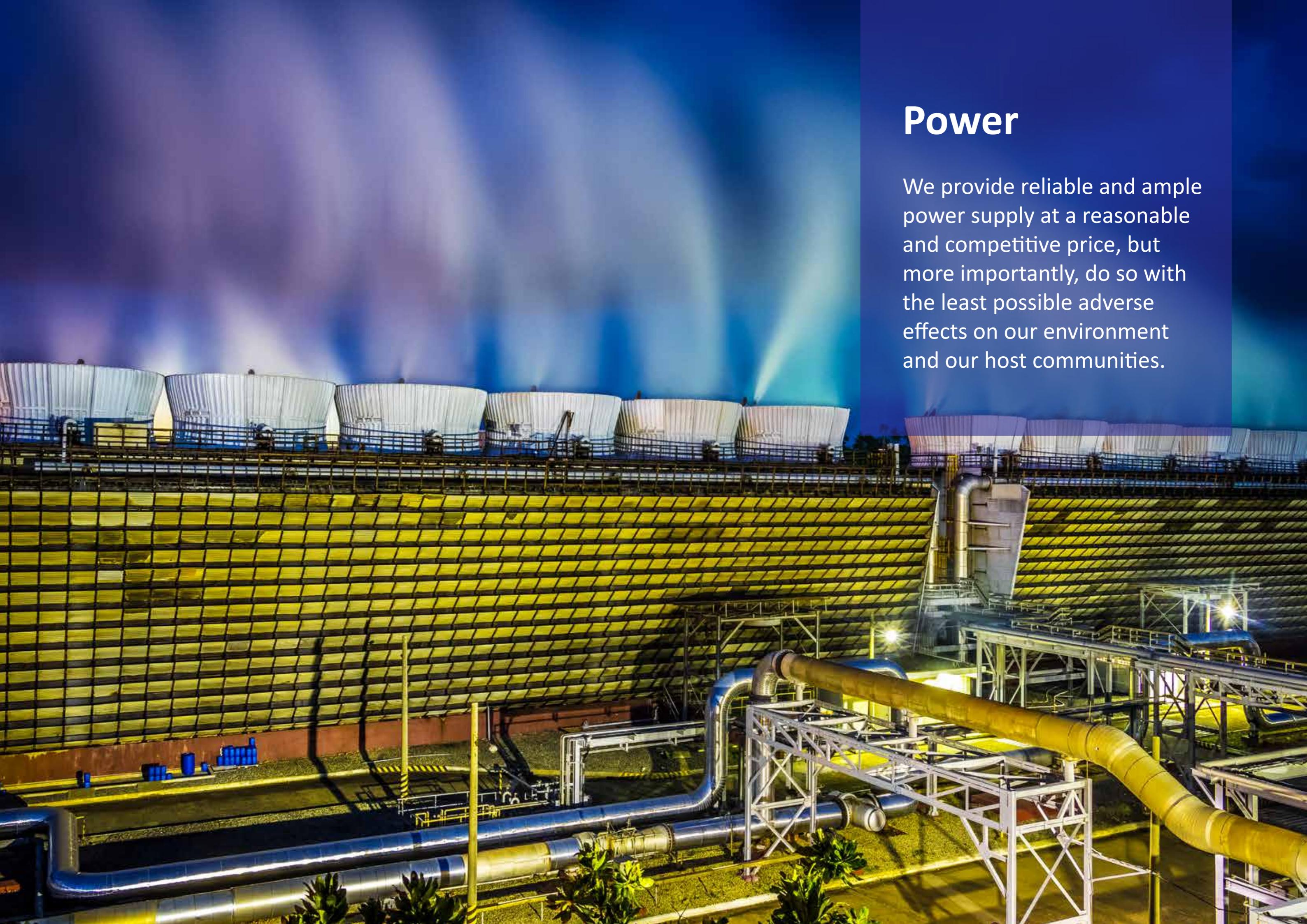
26%
(1 year) → **12%**
(3 years) → **15%**
(5 years)

Total Return to Shareholder (TRS)*

4%
(1 year) → **11%**
(3 years) → **11%**
(5 years)

*TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR)

*TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR)



Power

We provide reliable and ample power supply at a reasonable and competitive price, but more importantly, do so with the least possible adverse effects on our environment and our host communities.



As the landscape becomes more competitive, we will double our efforts in keeping our position in the industry. We will focus on getting more customers in the contestable market and in our franchise areas, and on sustaining our strong operational capability. We remain committed to powering our country's progress and energizing the lives of Filipinos through our balanced mix portfolio of energy sources and service excellence that our customers deserve. ”

Antonio R. Moraza
President and COO

Results of Operations

AboitizPower recorded a consolidated net income of PHP20.0 billion in 2016, a 14% increase from PHP17.6 billion in 2015. This translated to higher earnings per share of PHP2.72 compared to PHP2.39 in the previous year. Our core net income for 2016 amounted to PHP20.6 billion, up by 12% year-on-year.

(in PHP millions) Consolidated	2014	2015	2016	% change (2016 vs 2015)
Revenues	86,759	85,174	89,163	5%
EBITDA	31,765	33,664	38,086	13%
Net Income	16,705	17,604	20,003	14%
Core Net Income	16,841	18,366	20,614	12%
Beneficial				
Revenues	100,948	104,331	109,446	5%
EBITDA	32,615	35,176	39,450	12%



In 2016, 90% of AboitizPower's operating plants have achieved international standards in environmental management, quality management, and occupational health and safety.

Power Generation

Our Power Generation Business Group accounted for 82% of earnings contributions from AboitizPower's business segments, recording an income share of PHP16.3 billion for 2016, up by 17% from PHP13.9 billion in the prior year. The growth is largely driven by the first full-year effect of the two units of Therma South's 300-MW Davao baseload power plant, partially offset by the lower spot market prices in 2016 and the impact of lower hydrology at the large

and run-of-river hydro power plants due to El Niño. Our Group's revenues grew by 7% to PHP61.7 billion.

Attributable net energy sold increased by 8% from 12,550 GWh to 13,495 GWh, mainly from the 8% growth of the Bilateral Contracts Quantity (BCQ) to 12,279 GWh. The BCQ growth was driven by the full-year operation of Therma South's Davao plant in 2016. Spot market sales also grew by 4% from

(in PHP millions) Beneficial	2014	2015	2016	% change (2016 vs 2015)
EBITDA	27,041	29,447	33,449	14%
Income Contribution	13,476	13,915	16,262	17%

Hedcor's 7-MW Tundaya Hydro 2 run-of-river hydropower plant in Sta. Cruz, Davao del Sur generates clean and renewable energy for Davao del Sur Electric Cooperative.



1,168 GWh to 1,216 GWh. As a result, attributable capacity sales grew by 9% to 2,069 MW.

Geothermal

Net attributable energy sold from our Tiwi and MakBan geothermal plants of AP Renewables, Inc. (APRI) slightly increased by 2% to 2,688 GWh in 2016 due to better steam output. Capacity sold factor was also up at 78%.

In 2016, APRI issued the first Climate Bond in Asia-Pacific to secure credit facilities through the Asian Development Bank and Bank of the Philippine Islands, with a credit-enhanced service via the Credit Guarantee & Investment Facility.

Large Hydro

The El Niño phenomenon led to the decline of the attributable volume sold from our large hydropower plants of SN Aboitiz Power (SNAP) by 4% to 1,933 GWh, which resulted to a lower capacity sold factor of 73%.

For 2017, SNAP remains committed to securing the necessary permits to develop the proposed 390-MW hydro complex project in Ifugao, foremost of which is the Free Prior and Informed Consent from the indigenous peoples. This consent is an important component of the project's feasibility review.

The construction of SNAP–Magat's 8.5-MW hydro plant project in Isabela is ongoing and on track to be completed by the last quarter of 2017.

Run-of-River Hydro

Attributable energy sold from our run-of-river hydropower plants dropped by 5% to 651 GWh year-on-year, brought also by lower hydrology during El Niño. Capacity sold factor was at 41%.

By the last quarter of 2017, Hedcor Bukidnon expects to complete the 68.8-MW hydropower plants in Manolo Fortich to deliver additional power supply to the Mindanao Grid.

Solar and Biomass

Our Group inaugurated San Carlos Sun Power, Inc.'s 59-MWp San Carlos solar power plant in Negros Occidental in April 2016. This is our first venture into solar energy production. Since its commissioning, the plant has posted an attributable energy sold of 18 GWh, while its capacity sold factor was at 10%.

In July 2016, we acquired the equity interests of AEV in Aseagas Corporation. The 8.8-MW biomass plant of Aseagas in Lian, Batangas is expected to start commercial operations in the last quarter of 2017. The plant, which is also a first in our renewable energy portfolio, will be utilizing organic effluent or wastewater to generate electricity.

Coal

For our coal business unit, the full-year operation of the first unit of Therma South's Davao plant, and the addition of its second unit in the first quarter of 2016 led to the increase of net attributable energy sold by 18% to 7,732 GWh. Capacity sold factor posted was at 91%.

The commercial operations of our Davao baseload plant enhanced the Group's asset base and was the first major plant to address the power shortfall in the Mindanao Grid.

Through our subsidiary Therma Power, Inc., we acquired indirect partnership interests in GNPower Mariveles Coal Plant Ltd. Co. and GNPower Dinginin Ltd. Co. in December 2016. GNPower-Mariveles operates a 604-MW subcritical baseload power plant, while GNPower-Dinginin is currently constructing the Phase I of the 2x668-MW supercritical baseload plant project in Bataan.

Meanwhile, the construction of Pagbilao Energy Corporation's 420-MW Pagbilao III baseload plant is expected to be completed within the last quarter of

2017, while Therma Visayas, Inc.'s 340-MW baseload plant by early 2018.

Oil

The entry of new capacities in the grid improved the competitive landscape and lessened the contribution from generation plants that operate at relatively higher costs such as oil-based plants. As a result, the net attributable energy of our oil business unit declined by 19% to 1,511 GWh, and capacity sold factor went down to 92%.

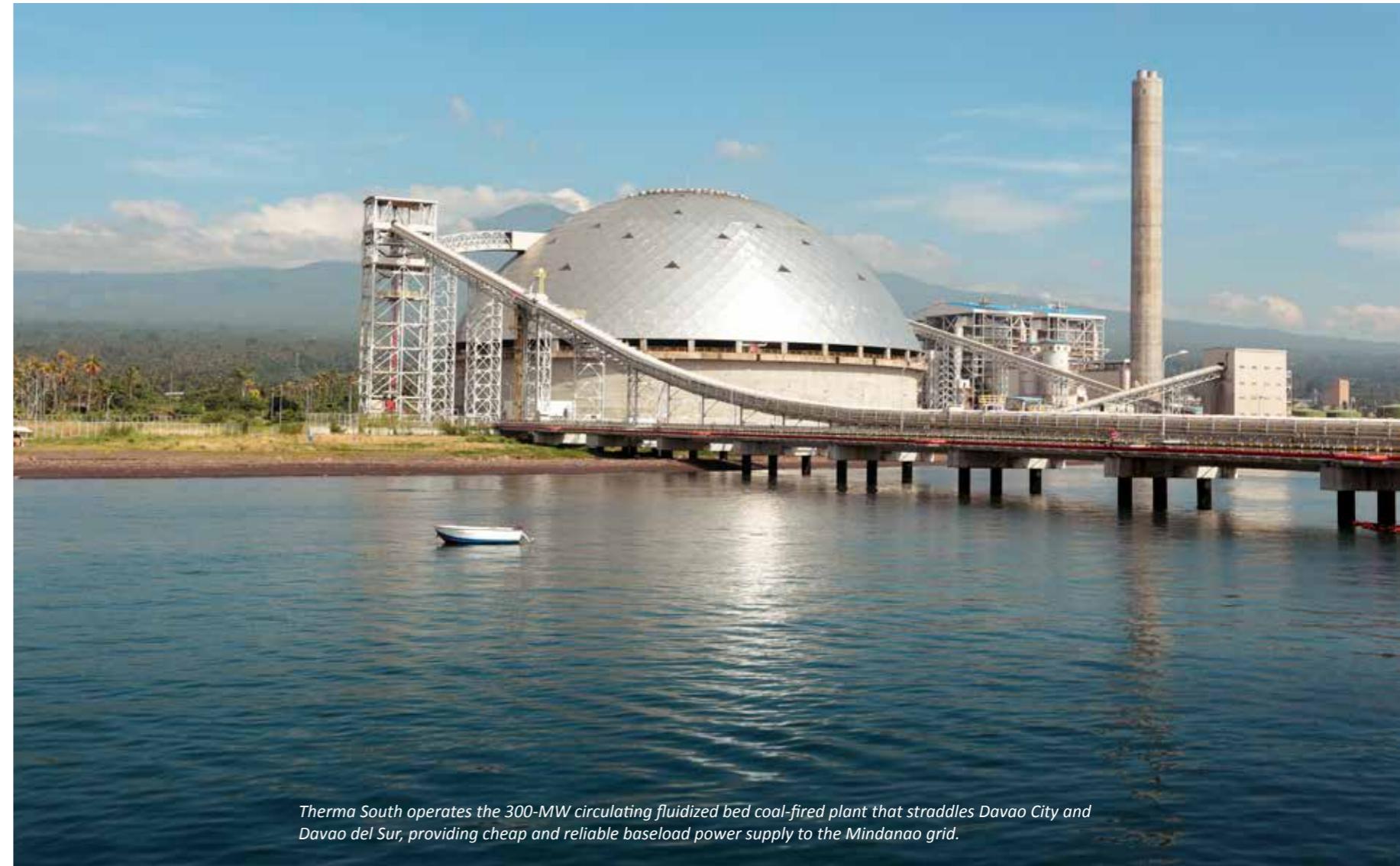
In June 2016, we successfully acquired the remaining 50% interest of El Paso Philippines Energy Company, Inc. in East Asia Utilities Corporation, increasing our ownership to 100%. This is part of the Group's effort to increase our generation portfolio.

Responsible Operator

In 2016, we certified 90% of our operating plants with two international standards. Therma Mobile, Therma Marine and Cebu Private Power Corporation were certified with Environmental Management Systems (EMS 14001) and Occupational Health & Safety Systems (OHSAS 18001) standards. SNAP, Hedcor, and APRI maintained their certifications for EMS 14001, OHSAS 18001 and Quality Management Systems (QMS 9001), and Therma Luzon and Therma South for their QMS 9001.

Safety, Health, Environment, and Quality (SHEQ) initiatives remain to be a top priority in our operations. In 2017, we target 100% certification to international standards, specifically EMS 14001, OHSAS 18001 and QMS 9001, to maintain world-class operations.

We will continue to improve operational efficiency by implementing various Asset Management



Therma South operates the 300-MW circulating fluidized bed coal-fired plant that straddles Davao City and Davao del Sur, providing cheap and reliable baseload power supply to the Mindanao grid.

initiatives that aim to increase the availability and reliability factor of our generation facilities. Our business units have started to align their Asset Management System to ISO 55001, aiming to get certified by 2017.

Hedcor Sibulan and Tudaya power plants are the first in the Philippines to pass the two-stage audits of the Asset Management Standard or ISO 55001:2014.

In pursuit of advancing business and communities, we are committed to expand our portfolio of renewable and thermal power plants through greenfield projects and acquisitions to be able to reach 4,000 MW attributable net sellable capacity by 2020. With the same fervor we have for growing our business, we will continue to actively work on improving the welfare of our host communities, and to strengthen relationships with our customers and partners by being a neighbor of choice and a responsible operator.

Generation Companies Overview*

Net Sellable Capacity by Type	Plant Name	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Management Company	Offtaker
Renewable 1,263 MW	Ambuklao	105	52.5	SNAP-Benguet	WESM
	Bakun	70	70	LHC	WESM / Coops / NGCP
	Benguet 1-11	37.5	37.5	Hedcor	NPC (2018) / BOO / Bilaterals
	Binga	140	70	SNAP-Benguet	WESM / NGCP
	Hydro 787 MW	Davao 1-5	4.5	4.5	Hedcor Davao Light
	Magat	360	180	SNAP-Magat	WESM / Coops / NGCP
	Sibulan	49	49	Hedcor Sibulan	Davao Light
	Sabangan	14	14	Hedcor Sabangan	FIT
	Tudaya	7	7	Hedcor Tudaya	FIT
	Geothermal 430 MW	Tiwi-MakBan	390	390	APRI WESM / Bilaterals
		Unified Leyte	40	40	AESI IPPA (2022) / VECO
Solar 46 MW	Solar 46 MW	San Carlos	46	23	SacaSun WESM
	Coal 1,990 MW	Davao	260	260	TSI Bilaterals
		Mindanao	210	71.4	STEAG Power NPC (2031) / BOT
		Mariveles	604	399.2	GNPower-Mariveles Bilaterals / WESM
		Pagbilao	700	700	TLI IPPA (2025) / Bilaterals / WESM
		Toledo	216	57	CEDC Bilaterals
	Thermal 2,691 MW	Cebu	66	39.6	CPPC VECO
		Cotabato	7	7	Cotabato Light Cotabato Light
		Bajada	38	38	Davao Light Davao Light
		General Santos	55	11	SPPC Bilaterals
		Oil 701 MW	Mactan	43	EAUC MEPZ I
		Mobile 1	96	96	TMI Bilaterals
		Mobile 2	96	96	TMI Bilaterals
		Mobile 3-6	200	200	TMO Meralco
		Zamboanga	100	20	WMPC Bilaterals
		Total	3,954	2,976	

* Capacity as of December 31, 2016

Power Distribution

In 2016, our Distribution Business Group's revenues increased by 8% to PHP36.4 billion from PHP33.7 billion in 2015. However, income contribution decreased by 4% to PHP3.7 billion for the period, representing 18% of earnings contribution to our bottom line.

Total energy sold grew by 7% to 5,105 GWh. Energy sales across all customer segments also grew, notably with our residential customers increasing by 10% and non-residential customers by 8%. VECO posted the highest growth in energy sales, both in residential and non-residential customers, averaging at 13%. In Cotabato Light,

sales to non-residential customers grew by 15%. Robust sales to residential customers were also seen in Davao Light, Cotabato Light, SFELAPCO and SEZ.

Our customer base for the Group grew by 4% with 916,876 customers served in 2016.

Service Excellence

Our system losses remained below the 8.5% government-mandated cap across the Group. Further reduction in these losses were also noted during the year. Lower system losses below the mandated cap translate to reduced power costs and result in customer savings.



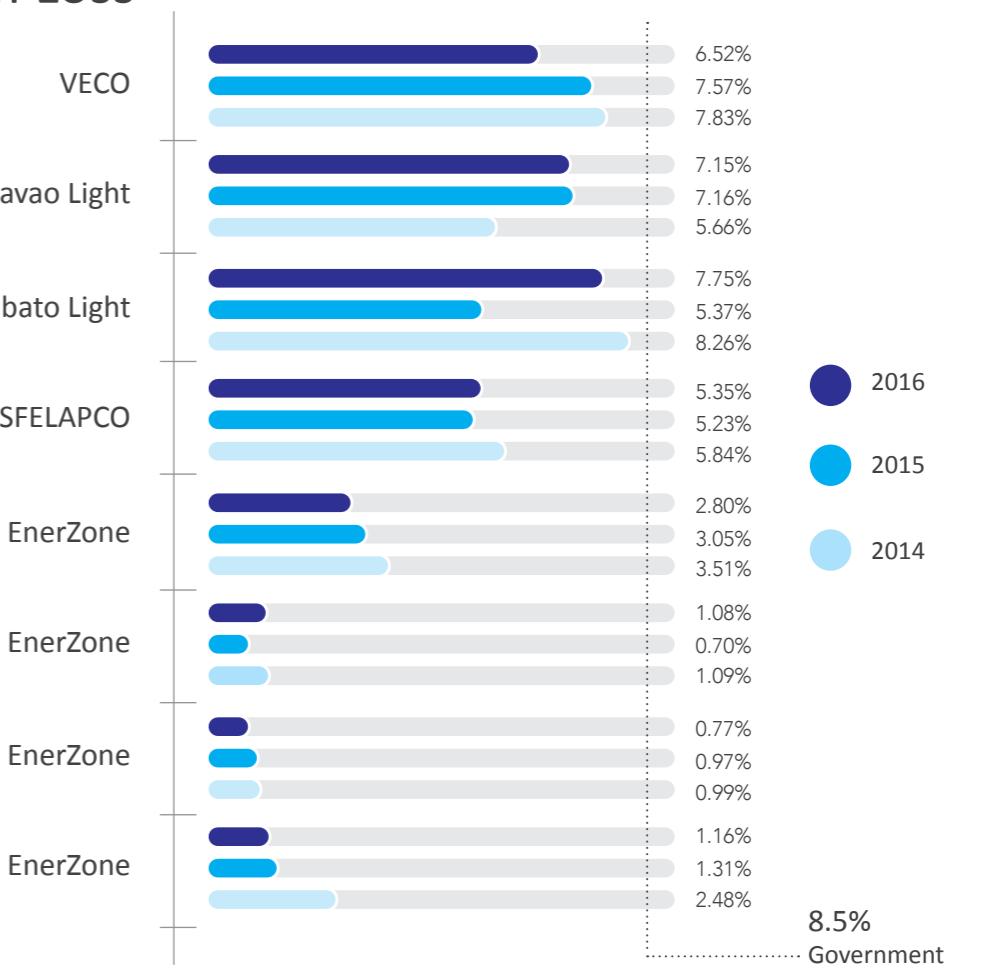
Process improvements have enhanced service delivery, with our current target of 100% emergency response within 30 minutes and 100% restoration time within 1 hour.



Beneficial	2014	2015	2016	% change (2016 vs 2015)
EBITDA	5,480	5,457	5,738	5%
Income Contribution	3,203	3,806	3,672	-4%

Beneficial Power Sales and Peak Demand	2014	2015	2016	% change (2016 vs 2015)
Power Sales (GWh)	4,480	4,759	5,105	7%
Peak Demand (MW)	1,102	1,138	1,231	8%

System Loss



The extended El Niño phenomenon continued to plague Mindanao until April 2016, which resulted in low generation from the Agus and Pulangi hydro plants. During the critical months, efforts were made to reduce the power outages by operating the standby plants of Davao Light and Cotabato Light as additional supply, and implementing the Interruptible Load Program.

In 2016, both Davao Light and Cotabato Light signed power supply agreements with Southern Philippines Power Corporation and San Miguel

Energy Corporation to help ensure a steady supply of power in 2017.

Due to the high growth of new locators in our Group's franchise areas, upgrades for our distribution network infrastructure were accelerated to meet the increasing demand. In 2016, we invested PHP1.9 billion on enhancement and expansion initiatives. These included the rehabilitation of transmission lines and substations, installation of transformers, and the deployment of Tree Wires.

Various IT solutions were also implemented to enhance customer service delivery.

For 2017, the expected boost in the grid's power supply and improvements in the market will require us to gear up our services and programs to attract more potential customers in our franchise areas.

We have set up process improvements to enhance our service delivery to customers. We are targeting a 100% emergency response within 30 minutes and a 100% restoration time within 1 hour. Our targets for same-day connections and reconnections will be increased to 50%. In addition, we are aiming to have our operations certified with international standard QMS 9001, starting with VECO and Davao Light for 2017.

For VECO and Davao Light customers, we will establish more satellite offices in large communities for easier handling of customer requirements. The Group will also continue the on-site application services in far-flung areas for convenient and shorter connection time for our potential customers.

Our call centers are also set to operate 24/7 to receive and process customers' complaints and requests. Our data and voice telephony systems between Davao and Cebu are now interconnected to ensure call centers in different locations support each other.

Our prepaid metering will be rolled out in VECO to allow our customers to budget and monitor their electric bills better. In addition, our mobile application will be launched to give customers easy access to service requests and billing inquiry via smartphones.

Meanwhile, VECO's Underground Distribution System (UDS) Project from Osmeña Boulevard to P. Del Rosario Street will continue in 2017.



In 2017, we set out to implement modernization initiatives worth PHP3.1 billion to improve reliability, safety, and delivery of electricity to our customers.

Davao Light will expand its UDS to cover the city's central business district within a five-year period.

We remain true to our commitment to create a more robust distribution network across our distribution utilities. For 2017, we have allocated PHP3.1 billion to

implement modernization initiatives that aim to improve reliability, safety, and delivery of electricity to our customers.

As the country continues to experience positive economic growth, we aim to

bring more investments into our franchise areas through partnerships with local government units and national agencies. Providing better energy solutions through innovation and service excellence remains as our top priority in 2017.

Powering Progress, Energizing Lives

Local community grows trees for the future

Marilog is a major water catchment for Davao City, which takes pride in its clean water resource. TSI, together with its host communities, is spearheading a timely effort that aims to preserve and protect this natural resource while offering a solution that supports the global effort to combat climate change.

Datu Juanito E. Mandahay surveys the rows of seedlings lining up in the nursery. These seedlings will be transferred to a bigger parcel of land. They will take root and in a few years' time, a majestic forest will rise in the land that he and his forebears call home.

Datu Juanito is a member of the Matigsalug Council of Elders, Marilog District Davao City, Inc. (MACOEMADDACI). The other elders and the rest of the community support the 1,000-hectare carbon sink program of TSI, operator of the 300-MW baseload power plant.



A-Park

is the Aboitiz Group's nationwide tree-planting program that targets to grow 9 million trees by 2020 in partnership with the national government and its host communities.

5.4 Million

trees planted by Aboitiz Group as of Dec. 2016
9.4 million trees planted inclusive of RAFI's contribution

3.22 Million

trees planted by AboitizPower as of Dec. 2016

81%

average survival rate

MACOEMADDACI is helping TSI implement a rehabilitation and management program that will grow trees and create a sink that will "capture" carbon not only for the power plant, but also to mitigate Davao City's growing industrial and transportation sectors.

This program creates a meaningful partnership with the host communities to achieve a shared objective of reviving forests in the Marilog ancestral lands. TSI

provides capacity-building interventions and, at the same time, extends technical support, equipment, and financial assistance for the Matigsalug community. The goal is for them to become stewards of the forests.

Aurelio Embang, a farmer and one of the beneficiaries, received a start-up grant of PHP10,000 so he could plant and nurture his own agro-forest. He decided to invest this amount on planting squash intercropped with the tree seedlings. Today, he supplies vegetable produce to the local market, generating additional income to provide for his family's daily needs.

The rest of the beneficiaries are equally determined to work on the success of this program. Since 2013, a total of 204,056 seedlings have been grown by the families who signed up for the program. They target to cover and rehabilitate a total of 1,000 hectares in ten years.

"We are hoping for the continuous success of this project. With the support of TSI, the richness of our land will be revived and peoples' lives will prosper further."

Datu Amado M. Mansabid

Tribal People Council of Elders/Leaders Davao, Inc.
Matigsalog-Manobo



The people of Davao City's Marilog district are instrumental in Therma South's carbon sink program that aims to reduce carbon dioxide from the atmosphere.



Carbon Sink Management Project

is part of the A-Park program that is being implemented by AboitizPower's Therma South, Inc. with its indigenous people's community partners in the Marilog District.

288 hectares

area planted out of target 430 hectares

215 families

partner-beneficiaries

860,000 seedlings

propagated at the TSI nursery

Hedcor biodiversity study yields inspiring findings

"Mt. Apo is one of the richest areas when it comes to biodiversity. This is why we greatly thank Hedcor for their initiative to do this biodiversity study as the first step to promote conservation for the mountain."

Marlon Achondo
Professor, College of Science and Mathematics, University of the Philippines Mindanao

In our 39 years of operating our run-of-river power plants, we have championed holistic environmental management. We have adopted four rivers in Luzon (Balili, Bakun, Upper Chico, and Elew) and two in Mindanao (Talomo and Sibulan).

We have partnered with our host communities, who are also members of the indigenous peoples' communities. We help them plant fruit-bearing trees and allow them to make alternative livelihood out of their produce.

We make an effort to educate people and build their capabilities so they can become watershed caretakers themselves.

As part of our commitment to conserve biodiversity, we partnered with the University of the Philippines Mindanao to conduct a wildlife inventory and biodiversity assessment project, which aims to protect and preserve the rich ecosystem around our watershed areas located within the Mount Apo Natural Park. The actual field research was conducted



For nearly four decades, Hedcor has been working to preserve and protect our endemic biodiversity, which includes the endangered Giant Scops Owl (*Otus gurneyi*) that can be found in watershed areas in Mindanao.



In partnership with Hedcor, the University of the Philippines Mindanao conducted a wildlife inventory in the vicinities of the Sibulan and Tudaya power plants and some parts of the foothills of Mount Apo, and have identified over 700 species thriving in these areas.

from June 2015 to February 2016. It covered seven areas near our power plants in Sibulan and Tudaya.

The study shows that there are more than 700 species thriving in the identified areas. The flora survey revealed 368 species of plants with 26 endemic and 23 threatened, most of which are dipterocarps (Dipterocarpaceae).

Insects are the most abundant fauna with more than 235 species: 26 species of butterflies, 89 species of moths, 20 species of dragonflies and damselflies, and more than 100 other insects that include beetles, hymenopterans, and dipterans, among others.

For the terrestrial vertebrate fauna, data shows there are 146 identified species with 64 endemic and 10 threatened. We are now drawing up a biodiversity management plan to complement the research study and deepen the conservation efforts in Mt. Apo in partnership with our Bagobo-Tagabawa host communities.



AboitizPower is a renewable power generation company

In 2001, Hedcor launched Cleanergy, an initiative that promotes the generation and use of renewable energy. Today, Cleanergy is AboitizPower's brand for clean and renewable energy.



29

renewable power generation facilities

1,263MW

Total net sellable capacity

VECO turns old bus into E-Learning facility

A dilapidated dental service bus that the Visayan Electric Company (VECO) converted into an E-Learning center has become a sought-after experience among kindergarten and grade school children. The E-Learning Center housed at the Mabolo Elementary School in Cebu City provides a fun environment for

reading sessions, art classes, and educational games. Because of this, Mabolo bested other schools during the National Book Week's Book Character Contest. VECO used wooden crates, old posts, and other scrap materials to build the center. The bus sits on the southern corner of the school surrounded by plants.



VECO turned an old decommissioned bus into an e-learning facility that has helped students from Mabolo Elementary School improve their reading skills and even win at the National Book Week's Book Character Contest.

Green buildings choose renewable power

While many Filipino developers remain reluctant to invest in green building technologies that they perceive as costly, a young real estate company did the opposite and was met with success.

The Net Group (TNG), the developer and owner of seven intelligent office buildings in Bonifacio Global City in Taguig, switched six of its buildings to Cleanergy, AboitizPower's brand for renewable energy.

"Real estate is, by nature, a long-term business. In order to be successful in the long-term, you can't just look at maximizing your profit today; you have to look at your impact on the environment and your partnership with the community," TNG Co-President Ramon Rufino said.

The Net Lima was the first project to be certified under the Building for Ecologically Responsive Design Excellence rating tool of the Philippine Green Building Council with a 4-Star rating. It includes features that are designed to reduce solar heat gain and optimize natural light to achieve energy efficiency. The property also uses a system that harvests rainwater and water condensate from air conditioning units.

"When we made the commitment to go green, we looked at so-called low-hanging fruits, things that we can do quickly while generating maximum positive impact. This is why we decided to get renewable energy from AboitizPower."

Ramon Rufino
Co-President, The Net Group

"We are happy to be part of TNG's leadership in sustainable building designs and in 'greenifying' communities. We will be partners with them in looking for better solutions and in building a better future for our communities."

Luis Miguel Aboitiz
EVP and COO, Corporate Business Group
AboitizPower

The Philippine Power Industry: Striving towards competitive power

Ballooning debt. Prolonged power outages. Very few investors. These characterized the electric power industry before the Electric Power Industry Reform Act (EPIRA).

Before EPIRA, the government-owned National Power Corporation (NPC) had sole control over the generation and transmission sectors of the industry. Political and economic difficulties during the 1980s resulted in shortage in supply and lack of short-term solutions. This led to a power crisis that caused long hours of rotating blackouts across the country.

During the power crisis of the early 1990s, NPC sought the help of private investors through Independent Power Producers (IPPs) to build additional plants. However, the contracts with IPPs were in the form of take-or-pay agreements, where NPC would purchase the entire capacities of the plants, even when they were not used. This became a problem as supply had eventually outpaced demand, and caused NPC to pay for electricity that was never used, resulting in large debts.

The government found a way to address these issues by enacting EPIRA on June 8, 2001.

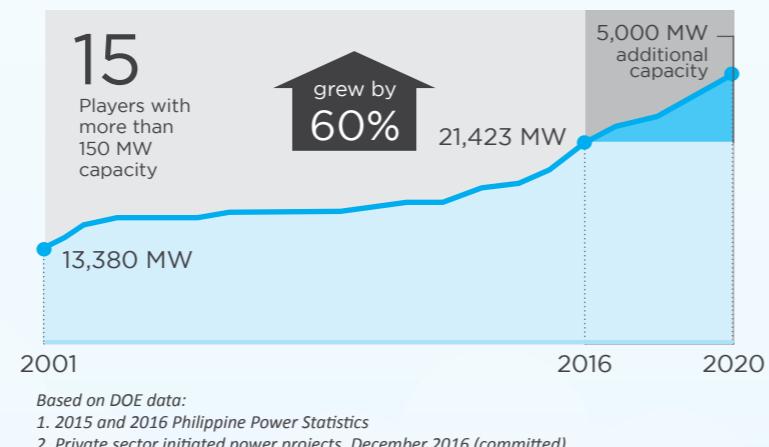
The radical restructuring

Under EPIRA, the government reformed the industry to address problems from the past. EPIRA primarily removed the monopoly of NPC in the generation and transmission sectors, and transferred the responsibility of running the industry to the private sector, making it competitive.

- The assets of NPC were privatized
- Building, operating, and maintaining power plants became the role of the private sector
- Privately owned National Grid Corporation of the Philippines (NGCP) took charge of operating, maintaining, and developing the transmission system
- Government involvement was relegated to the regulation and monitoring of the industry

Competition grew our power supply

With the influx of players, more capacity has been added to the Grid to help address our ever-growing demand for electricity.

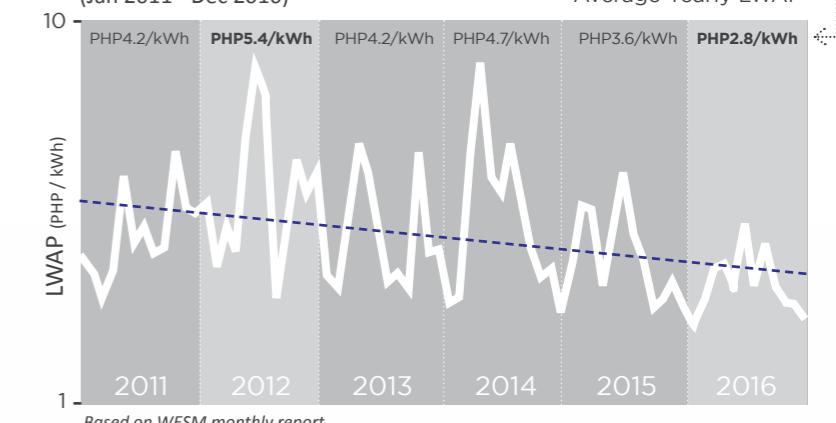


The growth of supply has led to the decline of electricity prices

As more power supply is generated, distribution utilities are able to contract electricity at lower rates. For instance, the Wholesale Electricity Spot Market (WESM) is able to offer cheaper electricity from its pool of generation supply.

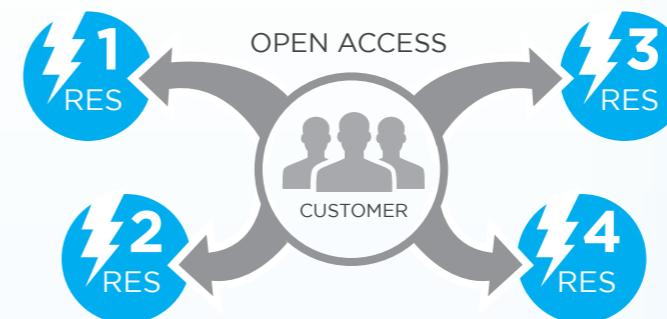
WESM's Load Weighted Average Price (LWAP) dropped from an average of PHP5.4/kWh in 2012 to PHP2.8/kWh in 2016.

System ex-post LWAP (Jan 2011 - Dec 2016)



EPIRA is giving customers the power to choose

The heart of EPIRA is Retail Competition and Open Access. This gives customers the power to choose their Retail Electricity Supplier (RES), allowing for the most efficient and cost-effective use of electricity.



EPIRA has relieved the burden of the government

Through privatization and liability management efforts, the financial obligations of NPC were reduced. This allowed the government to focus on delivering other vital services for the country.

While EPIRA is still being questioned for its relevance and benefits to consumers, the provisions of the law have proven their significant effect on our power industry. More importantly, it continues to be an important driver in the growth and sustainability of the Philippines.



Privatization proceeds

Based on PSALM data:
Financial Management as of 3Q 2016



A professional photograph of a man and a woman in business attire. They are standing in an office environment, looking down at a white tablet device held by the man. The tablet screen displays a complex financial interface with the UNIONBANK logo, a date range from 2008 to Nov, and various financial charts and data points. The woman is wearing a teal blazer and the man is wearing a dark suit. The background shows office windows and a blurred computer monitor.

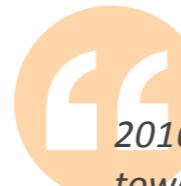
Banking and Financial Services

We deliver smart banking solutions that will elevate lives, fulfill dreams, and empower the communities we serve.



Justo A. Ortiz
Chairman
Chief Executive Officer

Edwin R. Bautista
President
Chief Operating Officer



2016 was a record year for UnionBank. We have successfully shifted towards a recurring income revenue base. All of our customer business segments are now contributing a significant portion to our operating income. In the midst of this business transformation, we have invested in the build-up of our information technology infrastructure and organizational capabilities. We have gained sufficient headway in achieving our objective of delivering 24/7, T+0 turnaround time, six-sigma reliability, and secured banking transactions for both our retail and corporate customers.

20.8% increase in total deposits to PHP376.5 billion, with low-cost CASA (current and savings accounts) deposits rising by 16.5% to PHP170.5 billion. These results are rooted in our commitment to create value for customers. We are fully committed to accelerating

Results of Operations

2016 was a remarkable year for UnionBank as we posted a record earnings performance, achieved a robust balance sheet expansion, and received several citations from international award-giving bodies. These milestones solidified our commitment to excellence not only on goals of profitability, but more importantly on opportunities for innovation and customer centricity made possible as we continuously strive to embed ourselves in the fabric of society and in the communities we serve.

UnionBank posted a record net income of PHP10.1 billion in 2016, 89.9% more than the PHP5.3 billion earned in 2015, as recurring income (net interest income and fee income) surged by 22.5% to PHP19.2 billion. This translated to a return on equity of 19.8% and a return on assets of 2.3%. Revenue-to-expense ratio also improved to 2.2x, among the industry's least cost producers.



Pursuing new and innovative banking and information solutions help UnionBank to be more agile and customer-responsive, improving not only business competitiveness but also the ability to adapt to rapidly changing customer expectations.

Banking

(in PHP millions)	2014	2015	2016	% Change (2016 vs 2015)
Net Income Contribution to AEV	3,244	2,534	4,914	94%
Net Interest Income	10.6	12.0	14.8	24%
Assets	445.8	433.3	515.8	19%
Total Loans	139.2	179.6	235.4	31%
Total Deposits	311.1	311.6	376.5	21%
Net NPL ratios	0.6%	0.6%	0.6%	
Return on Equity	15.2%	10.1%	19.8%	
Return on Average Assets	1.7%	1.4%	2.3%	

the development of new innovative banking and information solutions not only to improve business competitiveness, but more so to adapt to the rapidly changing customer expectations.

In 2016, UnionBank was recognized by prestigious award-giving organizations as being the Best in Retail Banking Innovation, Best Commercial Bank, and Best Company to Work for in Asia. The successes we have achieved, from financial returns to prominent distinctions, are testimony to UnionBankers' living our purpose: To fulfill dreams, to elevate lives, and to enable communities through Smart Banking in the spirit of Ubuntu, all with intentionality and focus to drive change for a better world.

As we journey towards a future where digital transformation is essential, UnionBank's purpose remains unchanged, but new strategies will emerge around engaging our customers in both digital and face-to-face interactions through integrated channels while working with them at co-creating these interactions. We will also pursue

collaborations and partnerships with Fintechs and others with shared interests.

To be agile and customer-responsive, we will build on an Enterprise Architecture and continuously invest in our people. We will also strengthen our risk management to handle the impact of this transformation yet continue seizing opportunities by applying data science methodologies.

As we build digital and channel networks we will also expand our reach beyond the current CitySavings customer base, cost effectively, to bring banking services to more Filipinos who otherwise would remain underserved. Most importantly, we will build an agile culture and organization so we can look forward to this journey of co-creation with our stakeholders and the communities we serve while continuing to be deserving of their trust and confidence.

For CitySavings, we marked a milestone in 2016 as we celebrated our 50th year of helping teachers fulfill

their aspirations. We registered our best-ever year in revenues, maintaining market leadership amid intensified competition. We served over 335,000 customers through our 106 branches and other banking offices nationwide, complemented by over 300 PERA HUB outlets. We remain ahead of the pack by pioneering cutting edge digital services such as the loan ranger and pensionado loans, bringing us closer to our customers.

In 2017, we will continue to strengthen our partnerships with DepEd through our education-related CSR projects, focusing our efforts in Mindanao. We will maximize our partnership with PERA HUB in the same region for our teacher's market.

We will remain relevant to our key stakeholders and to the communities we serve by constantly living up to our Simple is Good philosophy.



Elevating Lives through Smart Banking

UnionBank turns local SMEs to global enterprises at the UREKA Forum

Through UREKA, we help small and medium enterprises (SMEs) maximize e-commerce innovation in the digital marketplace using business development, enterprise partnerships, and thought leadership. Our trademark E-commerce Circuit provides a 10-step procedure that offers entrepreneurs access to the necessary components in operating an end-to-end e-commerce platform.

Mart Louis "Maui" Fernando was set on a life of a salaried employee before he joined UREKA in Baguio City. "Attending the UREKA forum gave me an explosion of ideas on the vast world that exists on the internet and the endless possibilities it brings," he said.

Soon after, he created "When In Baguio", a website that curates the city's many attractions, businesses establishments, services, products, and events. This year, his venture will launch an online clothing store and a lifestyle media line.

"I owe the amazing future that I am envisioning and will create to UREKA and UnionBank. My heart and soul will be forever thankful for all of these. My story is just unfolding," he said.

Through UREKA, we support the government's 2020 E-commerce Roadmap, which aims to activate 100,000 SMEs and make their businesses account for about 25% of the country's gross domestic product.



"UREKA has created harmony and continuity to assist the SME participants to develop the way they do their businesses and tackle their hurdles with a unique blend of determination."

Yasmin Vasquez
Retail Sales and Business Development, Air 21

"UREKA is promising, that's why I joined the E-commerce Circuit. It's an opportunity for us to market our products online. It's a great opportunity for my shop to reach out to my customers!"

Cynthia Madelo
Paquito y Catalina de Davao Processed Foods

UnionBankers share a common purpose through GoBeyond Communities

Located in Antipolo City, Kanlungan ni Maria is where the abandoned, homeless, and sick elderly find solace and care. In 2016, the home was chosen as the beneficiary of UnionBank's 'A heART U Share' art exhibit, an event that showcased the work of artists from Angono, Rizal. Each artist worked on themes that resolve around mother and child, grandparents and grandchildren, and love through the years. The proceeds of the exhibit helped raise funds for Kanlungan ni Maria's day-to-day operations.

The event was part of UnionBank's GoBeyond Communities, our employee engagement program that seeks to leverage team members' willingness to elevate lives and fulfill dreams. Team member projects have so far reached more than 285 communities, or more than 1.4 million beneficiaries, with donations amounting to over PHP5 million.



1,439,730
beneficiaries nationwide
(direct and indirect)

285
communities served

18,594
total volunteers hours have been invested

3,508
volunteers have participated



UnionBank recognized as 'Best Company to Work For'

"At UnionBank, we continuously empower our employees by giving them the access to trainings, workplace benefits, perks and a healthy organizational culture. We see to it that every UnionBanker knows that what they do contributes to the growth of the company."

Michelle Rubio

SVP, Human Resources Director, UnionBank

Harnessing the full potential of our team members is at the core of UnionBank's human capital-building efforts. Our engagement program revolves around the holistic development of our people. With capacity-building strategies such as My Performance, UnionBank University, Leader Executive Accelerated Development (LEAD) Management Trainee Program and Executive and Officer Development Program, we ensure that our collective competence is at its prime, and our team members are well-engaged to take charge of their careers.

Our corporate social responsibility initiatives such as the UCare and GoBeyond Communities serve to balance self-improvement measures with community-based activities that strengthen the team members' sense of belonging within and outside of the workplace.

Our efforts have been recognized by international bodies. The most recent was when we were bestowed the 'Best Company to Work For' at the Asia Corporate Excellence & Sustainability (ACES) Awards, held last November 2016 in Singapore.



Public school teachers tackle money matters with Per@parasyon



DepEd public school teachers nationwide have gained valuable insights on practical wealth management from Project Per@parasyon conducted by CitySavings in its goal to make an impact on stakeholders through various education-related CSR interventions.

People of moderate means would benefit from a financial literacy program, especially at a time of great economic prosperity when the propensity to consume is at its highest. After all, it is advisable to spend hard-earned income wisely. This mindset is what we, in CitySavings, want to impart with the public school teachers.

Project Per@parasyon began in May 2016, with a pilot run at the Department of Education District of Oton in Iloilo City. Per@parasyon is a combination of the words *pera* (money) and *preparasyon* (preparation). Through the wealth management

approach, we extend the Bank's good governance advocacy of financial well-being while encouraging financial education among our customers. When done the right way, it can result to more than just being financially savvy; it can translate to a better future and resilience in times of financial exigency.

To date, more than 12,000 teachers have participated in the program. With the knowledge that our teachers have acquired through this project, we are fulfilling our philosophy of keeping it simple while creating a positive behavioral change among our primary customers.

"The training highlighted the proper and practical utilization of funds through the modernized saving formula. I've learned to value the importance of managing my finances to ensure financial security and stability."

Marjorie Tolosa,

Teacher, Don Juan Avalon National High School



In strengthening our retail brand, PERA HUB, will remain as one of our priorities as we explore new and better ways to heighten customer delight. We remain steadfast in our commitment to provide as much value as we can to all our stakeholders. ’’

Lorenzo T. Ocampo
President

Results of Operations

2016 was witness to many significant events for PETNET.

We introduced our retail brand PERA HUB in May, which was positively received by the market. All throughout the year, we undertook a rapid expansion of our branch network, opening over 100 new locations nationwide. We launched our PERA HUB Loyalty Card in September with a rapid uptake among our customers. We had product and service expansions as the outsourced service provider for DepEd salary loans and GSIS pension loans.

Our foreign exchange business showed tremendous growth. Apart from expanding our customer base, we were able to establish greater synergy with UnionBank which greatly contributed to this growth. Also of note is our added-value products which pulled their own weight in adding to the positive performance trajectory of the company.

Moreover, there was Western Union's strategy shift to now allow sub-agents to offer the Western Union money transfer service on a non-exclusive basis. In response to this, we signed up LBC as the

first non-exclusive Western Union sub-agent in the country. To jump-start the partnership, customers can initially receive remittances sent via Western Union through LBC's over 1,400 locations nationwide. This substantially expands PETNET's network reach resulting in greater convenience for customers.

Building a culture of environmental awareness is one of our commitments, instilling the sustainability mindset among our people. We have implemented waste segregation measures and started paper recycling in our offices and branches.



PETNET's rapid branch network expansion in 2016 was combined with the introduction of new products and services such as the PERA HUB Loyalty Card and becoming an outsourced service provider for DepEd salary loans and GSIS pension loans.



At the launch of the PERA HUB retail brand, AEV President and CEO Erramon Aboitiz (fourth from left) and AEV EVP and COO Sabin Aboitiz (farthest right) lead the ceremonial toast with (from left) PETNET VP for Marketing and Auxiliary Services Ian Ocampo, Western Union Business Development Director Jeffrey Navarro, PETNET President Larry Ocampo, and City Savings Bank Chairman Eugene Acevedo.

We also continue to educate our people on disaster preparedness and have put business continuity plans in place to ensure the timely delivery of services in case of disruptions.

2017 will definitely present greater challenges for us to face and greater heights to scale and conquer. All around us, we continue to face an environment that is more competitive in business trends and more stringent in regulation.

Thus, we have and continue to put in place IT, risk management, and compliance systems and processes to respond to these challenges. We will also continue to improve our business operations to adapt and better respond to the ever-growing needs of the market.

We are fully committed to innovate ways to automate our internal systems to speed up processes and to better serve both our internal and external customers.

Strengthening our retail brand, PERA HUB, will remain as one of our priorities as we explore new and better ways to improve customer delight.

We are excited to share with you our plans to make PERA HUB more accessible and convenient to our customers. As part of our digital initiative, we have introduced our mobile application, the first of its kind in the financial services industry. Customers will be able to locate the nearest PERA HUB branch, view the list of loan requirements, and monitor their loyalty card points. Users of the application will also be able to check out the latest promos and rewards, and explore other products and services. We aim to eventually roll out a functionality that will allow customers to conduct transactions through this application.

We will continue to support the CSR activities of the Aboitiz Group, alongside our continuing efforts to develop more purposive CSR activities for our company.

It is our goal to be fully aligned with the Aboitiz Group's level of corporate governance as we remain true to our core values as an organization.

We will continue to actively participate in getting to know the people and the community where we are present by engaging them to be a part of a social move that would benefit future generations.

We at PETNET remain steadfast in our commitment to provide as much value as we can to all our stakeholders.

PERA HUB services now on mobile

As part of its value-added service to its customers, PERA HUB goes high-tech and rolls out its first ever mobile application, the first of its kind in the financial services industry.

Features

- Branch locator
- Information on products and services
- List of requirements for loan applications
- Latest promos and rewards
- Track reward points





FOOD

We cultivate relationships with our partners to ensure the sustainability of the food chain.



Our ABC is strengthening relationships through our consistent quality, thereby promoting sustainable livelihoods that ensure market competitiveness and uplifting our communities through our brand promise of being Partners for Growth.

Sabin M. Aboitiz
President
Chief Executive Officer

In 2016, Pilmico recorded a 4% YoY increase in revenues at PHP23.7 billion. The increase was largely driven by the strong volume growth of Feeds Philippines and the Farms businesses, which offset the performance of both Feeds Vietnam and the Flour business.

The Food Group's full-year EBITDA grew by 4% YoY, reflecting challenged margins for our

Flour, Feeds Vietnam, and Farms businesses as a result of lower selling prices. Feeds Philippines supported the Group's EBITDA growth given the healthy volume growth and margins.

These translated to a 1% YoY increase in Pilmico's net income contribution to AEV of PHP1.7 billion.



Results of Operations

2016 was a year of great strides for the Food Group. With our deliberate efforts to add value in everything that we do, we were able to deliver business growth and expansions across all our flour, feeds, and farms businesses, while at the same time staying true to our vision of being our customers' Partners for Growth.

(in PHP millions)	2014	2015	2016	% change (2016 vs. 2015)
Revenues	20,020	22,768	23,702	4%
EBITDA	2,309	3,026	3,156	4%
Net Income Contribution to AEV	1,307	1,710	1,730	1%

2016 Highlights

Our Feeds Business operationalized three feed mill expansions in Iligan, Tarlac, and Vietnam. Our Aquafeeds in Vietnam exported products to Philippines and Cambodia.

Our Farm Business operationalized first layer farm and built a new breeder farm, a nursery farm, and three growing finishing farms. We also broke ground for a new meat processing and fabrication plant.

Our Flour Business expanded exports to Vietnam, Thailand, Indonesia, Malaysia, Myanmar, and Hong Kong. We also established Pilmico Viet Nam Trading Company in Ho Chi Minh City.

For our CSR, we co-launched The Care Package, which introduced our high-energy biscuit packs which are conducive for relief operations.

The growth of Southeast Asian economies over the last three years has demonstrated resilience amid a challenging external environment. Strong domestic consumption and investment have supported the growth in ASEAN.

The economic forecast for the Philippines for 2017 remains positive. Driven by private and government spending, GDP is projected to increase by 6.2% while inflation is at 2.6%. We believe that the continued growth in the economy will result in an expanded purchasing power of Filipinos.

The administration's renewed focus on agriculture gives us the confidence that Pilmico's business model will open new opportunities for inclusive



growth. Being well situated at the beginning of the food chain puts the company in a stronger position.

The Aboitiz unified long-term strategies of business growth, stakeholder engagement,

execution excellence and building human capital will continue to be our pillars as we work towards building a purpose-driven organization. We will continue to grow domestically and internationally, increasing our stakeholders' value.

We will pursue working on our aggressive pipeline of projects to grow and diversify our businesses in the countries we operate in.

Our vision to be our customers' Partner for Growth will remain at the heart of our stakeholder engagements strategy in 2017.

Mahalin Pagkaing Atin will continue to be our main advocacy as we work towards elevating the lives of backyard farmers and the communities we serve. We plan to expand our reach nationwide and seek more opportunities that will have a positive and sustainable impact on our communities. We also intend to further strengthen our relationships with our customers.

Digitalization will play a key role in advancing our business. We will create a greater impact through the use of digital tools and applications that will address the needs of our customers.

We will continue to make culture and engagement our top priority across the regions. We will strengthen our people strategies anchored on the Aboitiz core values of integrity, teamwork, innovation and responsibility, and pursue our strategy of creating better leaders.

Partnering for Growth

Agripost seller becomes a backyard farmer



Backyard swine farming has become a full-grown business for Manuel, who started by setting up a Pilmico agripost to sell animal feeds. With 13 sows, his piglets are prized for the quality of their genetics.



Mahalin Pagkaing Atin

is our advocacy to save backyard farming, to boost the local agriculture industry, and to celebrate the farmers who put food on our tables. We are building skills and capacity so that families can pursue sustainable livelihood opportunities.

44

egg machines
distributed

729

family
beneficiaries
(since 2014)

30

bakery starter
kits distributed

198

livelihood
projects generated

120

piglet kits
distributed

Manuel Colarina, a small businessman from the province of Isabela expanded his store when he was offered to set up a Pilmico agripost to sell animal feeds. Being a dedicated businessman, Manuel wanted to educate himself on the various Pilmico products that he will carry in his store, so he decided to go into swine farming. What started as an experimental project has now turned into a profitable business.

Manuel shared, “Nag-umpisa ako sa 23 heads para mapatunayan na itong feeds na pinapakain ko ay talagang maganda at hindi naman ako nabigo kasi nakita ko na mabilis lumaki ang baboy (I started with 23 heads to test the quality of the feeds that I was selling, and I was happy because the animals grew with satisfying results).”

Since then, Manuel made backyard swine farming a staple business activity. His animals' growth is boosted by the Pilmico feeds that he uses. Today, he has 13 sows that are bestsellers among his customers. Their piglets are prized for the quality of their genetics. Not only does Manuel generate income from feeds sales, he also earns from hog raising.

There's been a lot of feed companies that approached Manuel and convinced him to carry their products over the years, but, he remains a loyal Pilmico partner.

A scholar joins the Pilmico Team

Freniemer Dacaya is one of our scholars who is now working as a Swine Section Supervisor in our Pilmico Animal Nutrition Corporation, based in Tarlac. He narrates his story and shares why he chose to join the company after graduating from college.

“I started my Pilmico journey in 2014 as a scholar. After I graduated and earned my license as a veterinarian in 2015, it was my personal choice to join Pilmico under the Swine Farms Department. I am not obliged to work with the company, but it is the culture of Pilmico that has attracted me - the culture of creating leaders.

Pilmico encourages my professional growth. Despite being a young professional, I was given tasks and responsibilities, which some people may think as an additional burden. But for me, it became an avenue of opportunities to learn and grow as a professional and as a person. I looked at it as a way to develop and harness my decision-making skills and competence in the field of swine production and herd health management.

As I work on the genetic improvement of our stocks, it profoundly excites me to challenge my thinking and planning capacity and on how these assignments will successfully



Pilmico scholar turned veterinarian Freniemer is currently part of a team in charge of genetic improvement of stocks, a role he appreciates as it challenges to his thinking and planning capacity.

materialize. Through these activities, it widely opened the portal of continuous learning in my chosen field. Learning that blazes my passion for swine production, and nurtures my profession with experience that I can only acquire with Pilmico.

Learning through experience with Pilmico, I think that is the most important part of growing that no monetary value can ever compensate.”

Young Pinoys champion local delicacy in bread-baking competition

To celebrate the Filipino's rich bread-making culture, we partnered with leading local bread store Max's Corner Bakery to run the Tinapay Natin Pinoy Bread Baking Competition, a nationwide contest that is anchored on our corporate social responsibility program Mahalin

Pagkaing Atin, allowing us to further promote the love of local food and champion backyard farmers.

Inspired by local breads that carry the distinct taste, flavors, and history of their home province, Tinapay Natin encourages Filipino bakers to pursue

and share their passion for bread and baking, that reflects the unique culture and agricultural landscape of our country.

During the final round, three competing teams from the provinces of Benguet, Iloilo, and Cavite vied for the top baker title. After intense preparation, baking, and waiting, Roy Tabocolde and Greegy Cabarrubias from Iloilo City were proclaimed the champions of the inaugural run of the bread baking contest.

Their bread entries, Cagayan Pastel and the Ensaymada Royale, showcased innovation in presenting local favorites as viable intercontinental offerings. The duo had been working hard with their coach on improving these two bread recipes in the weeks leading up to the finals. They also created a new bread, the Sesame Streusel Roll, which is their take on the classic cinnamon roll.

Their winning creations will be carried out by Max's Corner Bakery stores nationwide, with part of its proceeds going to their chosen charity.

Roy and Greegy wanted their parents to be proud of their talent as bakers as well as to represent the unique taste of their native Iloilo province.

"We made this recipe so we can come up with a new twist on the classic cinnamon roll; we added toasted sesame and caramelized sugar to imbue it with the essence of another local classic, the butterscotch," they said.

With their proud achievement, the boys had these words to share with fellow aspiring bakers:

"Keep on baking and always remember that food tastes better if we pour our hearts in the preparation."

**Roy Tabocolde
Greegy Cabarrubias**
Tinapay Natin Champions





Infrastructure

We play a key role in nation building by becoming a leader in innovative infrastructure-related solutions that will drive economic progress and uplift the lives of every Filipino.



Erramon I. Aboitiz
Chairman

Sabin M. Aboitiz
President



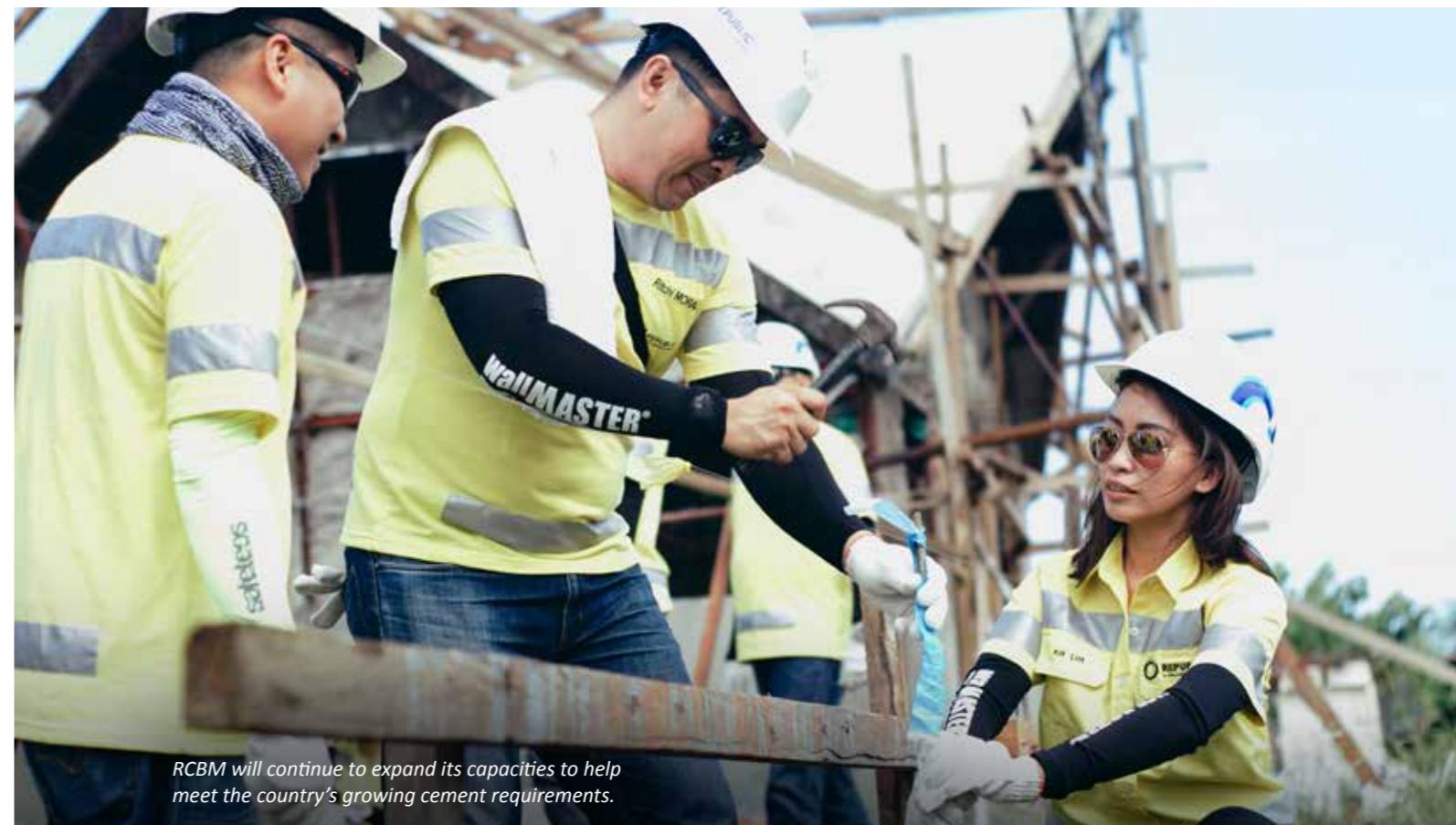
We are optimistic about the national government's plans to BUILD, BUILD, BUILD the country's infrastructure requirements. Aboitiz InfraCapital wants to play a significant role across various infrastructure sectors, to help drive economic progress and uplift the lives of every Filipino.

water facility to supply the people of Davao, to participating in some of the very first Public-Private Partnership project bids of government for critical projects throughout the country.

Our first foray into infrastructure was AEV's investment in RCBM, the Philippines' second largest producer of cement with six operating facilities strategically located across the country.

For its first full year as a CRH-Aboitiz company, RCBM contributed PHP1.6 billion to AEV in 2016.

Aside from a recently commissioned finish mill in Norzagaray, Bulacan that expands its annual production capacity by 850,000 metric tons, RCBM recently approved a five-year capex program that will expand its clinker and cement capacities to help meet the country's growing cement requirements.



RCBM will continue to expand its capacities to help meet the country's growing cement requirements.

Results of Operations

In line with the Aboitiz Group's strategic objective to grow the business, we have added infrastructure and infrastructure-related businesses as the fifth leg of our investment portfolio. We recently launched the formal incorporation of Aboitiz InfraCapital, Inc. to serve as our strategic business unit (SBU) for all future infrastructure-related investments of the Group.

We expect to pour in large expenditures to narrow the current infrastructure gap in our country. We are fully committed to our mandate to deliver infrastructure projects that help bolster national development essential to the continued advancement of our economy.

Since we first announced our intent to enter the infrastructure space in 2014, we have been actively seeking opportunities to be a major player in this sector—from acquiring a stake in a cement business, to developing a large bulk

Infrastructure

ApoAgua Infra is our maiden venture into the dynamic water sector, through which we aim to supply an average of 300 million liters per day to Davao City with a sustainable surface water source and a water treatment plant powered from a renewable energy source.

The ApoAgua Infra team has already started design works and completed land acquisition for this PHP12-billion landmark project, alongside securing necessary local and national permits, including the Environmental Compliance Certificate. Even before

construction begins, the team in Davao has been in close engagement with all stakeholders, including host communities and the local government, to ensure they are properly informed of the project's progress.

We are optimistic about the national government's plans to BUILD, BUILD, BUILD the country's infrastructure requirements. Aboitiz InfraCapital wants to play a significant role across various infrastructure sectors, including but not limited to roads, airports, rail and water systems.



Driving Economic Progress

Eco-minded high school students win engineering competition



Ms. Santos along with her team of five students Jason Gepte, Norlejan Piquit, Enrico Baer, Jason Talin and Mark Joseph Borbon from Sto. Niño National High School, bested the other 19 public secondary schools that joined the inter-school contest.

Days and nights of hard work paid off for the team of students from Sto. Niño National High School, Davao City. Their coach and teacher, Rudith Santos, was teary eyed when her students went up the stage to receive the First Prize of Apo Agua's Davao City Bulk Water Supply Project: Scale Model-Making Competition.

Ms. Santos shared how she was reluctant to join the competition. "I do not know anything about creating scale models. All I knew was that my students wanted to join the competition badly and they toiled until the wee hours of the night just to build their entry," she said.

The Sto. Niño National High School team created a three dimensional scale model of the project, which

featured miniature representations and components of the bulk water facility. The scale model was created using recyclable materials.

We wanted to educate our young stakeholders, their teachers, and their community about the benefits of the Davao City Bulk Water Supply Project. We provided an avenue for the youth to be creative and imbibe among them our BetterWorld sustainability mindset.

The two other runners up were Bernardo D. Carpio National High School and Maria Cristina P. Belcar Agricultural High School in second and third places, respectively. Aside from plaques, medals and certificates, the winning schools received a cash prizes and school supply packages.

Co-processing technology converts organic waste to fuel



A megacity like Metro Manila generates approximately 8,000 tons of waste everyday. While a portion of that is recycled, a significant portion is sent to sanitary landfills. At Republic Cement, we opted to adopt co-processing, a sustainable waste management solution that allows for the simultaneous recovery of thermal and/or mineral resources of wastes from other sources for use in cement manufacture.

Our partner sorts and processes solid waste from Payatas before they are delivered to our facility. From the garbage collection, the waste is transported to the trommel screen, a machine that separates organic waste. The processed waste undergoes “cement kiln co-processing,” which turns it into fuel while simultaneously manufacturing cement.

The process uses up all the materials and leaves no residual waste for disposal.

Our plants have been co-processing wastes since 2002. Our extensive experience in co-processing wastes includes biomass and refuse-derived fuel from segregated, pre-processed solid wastes. We also serve other industries' need for safe and sustainable management of some of their industrial wastes.

Co-processing is thus a more environment-friendly alternative to landfilling and chemical treatment waste management options with complete combustion, zero ultimate wastes, and lower CO₂ emissions. By helping reduce waste in the Payatas landfill, we contribute to protecting the environment.

LLDA redefines green roofs with Republic Cement

We are developing solutions that help mitigate the negative effects of urban land use. The Bio Roof, our latest innovation, can be integrated within a building's structure, creating many design benefits. These include improved cooling, better energy efficiency, water management, and the conversion of idle roofs to green spaces.

The Laguna Lake Development Authority (LLDA) is one of our customers that pioneered the use of the Bio Roof. Its newest two-wing, four-storey building now enjoys a green roofing solution. Its new building adopted a vegetative layer that

protects the roof's membrane from climatic extremes, ultraviolet ray exposure and mechanical damage. The Bio Roof can also significantly increase the lifespan of LLDA's roof.

“The aggregates in the Bio Roof hold the water and nutrients for the plants and reduces our watering cycle to only three times a week.”

Engineer Erickson De Guzman
Facilities Manager, LLDA

Republic Cement invests in waste heat recovery system

A large amount of heat is produced in the production of cement. Only a small portion of this heat is utilized in the production process, with most of the heat ending up being wasted. In 2010, we commissioned the Waste Heat Recovery System for the Republic Teresa Plant. This involved the installation of a 4.5MW capacity turbine that captures and uses most of the waste heat to generate electricity. This is the first of its kind in the Philippine cement industry.

Before this, we used rice husk as an occasional substitute for coal, the primary energy source for cement production. Through this, we were able to reduce our energy expenses, lower our cement production's impact on the environment, and utilize what used to be agricultural waste. We also followed the international practice of using industrial by-products such as fly ash and bottom ash as supplements to cement.

The Waste Heat Recovery System has the capacity to meet approximately 30% of Teresa Plant's power requirements, thereby decreasing the plant's dependence on the power grid and cutting our carbon emissions by approximately 12,000 tons per year.

The Waste Heat Recovery System was approved as a Clean Development Mechanism by the United Nations Framework Convention on Climate Change in 2011.



The Waste Heat Recovery System at the Republic Teresa Plant is the first of its kind in the Philippine cement industry.



Land

We build deliberately designed residential, commercial, and industrial communities that will help people live better lives.



Andoni F. Aboitiz
Chief Executive Officer

Patrick B. Reyes
President
Chief Operating Officer

Results of Operations

With AboitizLand's resulting PHP188 million net income for 2016, our contribution to AEV decreased by 65% from 2015. The anticipated decline was primarily due to deferred industrial business unit revenue recognition, increases in our operating expenses intended for the organization's future growth, including planning for the launch of new projects, and the fair valuation gain on investment properties recognized in 2015.

(in PHP millions)	2014	2015	2016	% change (2016 vs. 2015)
Revenues	3,270	2,733	2,441	-11%
EBITDA	698	630	340	-46%
Net Income Contribution to AEV	633	536	188	-65%

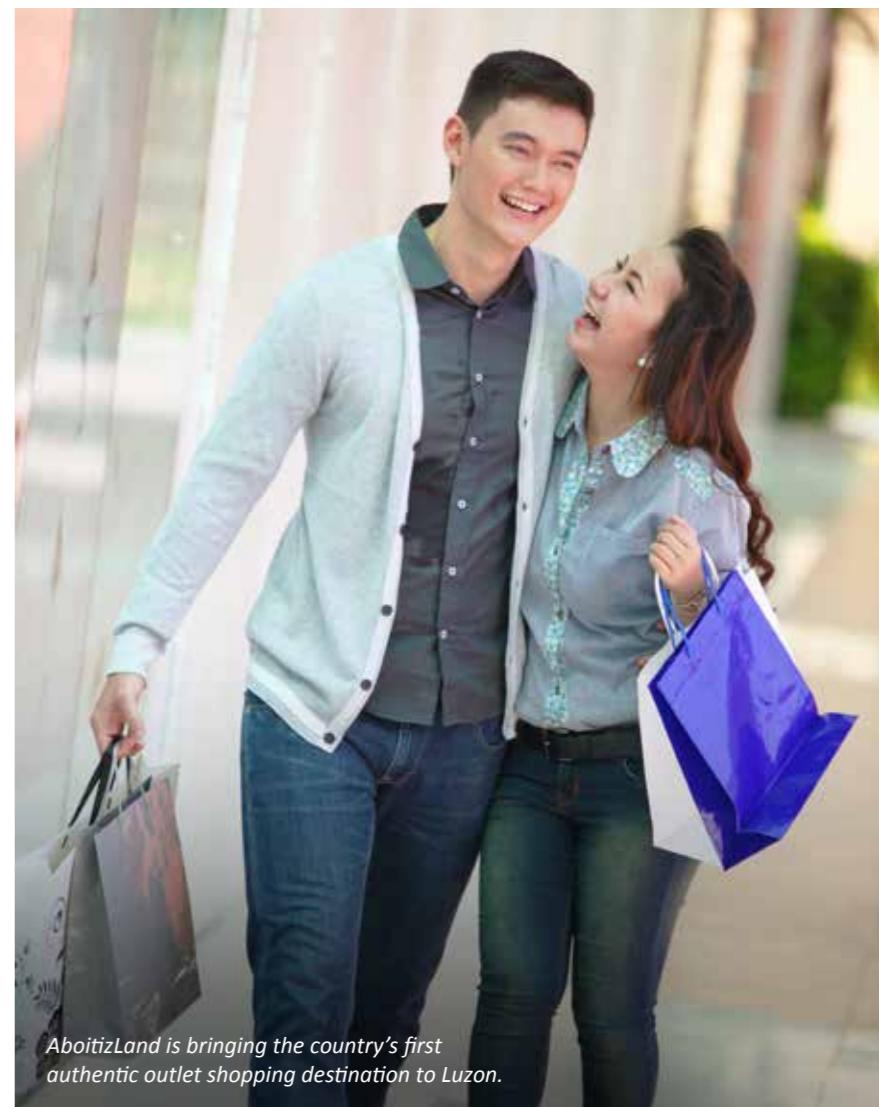


Advancing business and communities is and has always been the AboitizLand way. We strive to uphold our vision that as the company grows, so do our communities and neighbors fostering relationships that are nurtured through time. We will continue to help people live better lives through the communities we build and curate. ”

With AboitizLand's new projects, we are set to bring the company to the national playing field. The transfer of our corporate headquarters from Cebu to Taguig City will be completed in mid-2017. This move is designed to open more opportunities for the group to view the landscape from a wider perspective and intensify our participation in nation building with increasing projects.

In the residential segment, we admit to experiencing challenges in 2016, which in hindsight should have been expected in what was a start-up effort, hence the moving of project launches to 2017. But we have worked on process improvements and are now more confident we can deliver growth.

In preparation for the launch of new projects, we have sealed our partnership with Aboitiz Construction, Inc. for our expansion efforts in Luzon and upcoming developments in other parts of the country. This strategic alliance will create greater predictability for



AboitizLand is bringing the country's first authentic outlet shopping destination to Luzon.

the construction of AboitizLand's residential and commercial developments.

Meanwhile, our launched projects continue to make significant progress. Our residential business unit capped the year with a 20% revenue increase over its 2015 result. Amoa sustains its sales track record while construction of other residential projects is nearing completion and will soon be turned over to *vecinos*.

Moreover, the opening of new brands in The Outlets at Pueblo Verde has made it an even more popular destination, as proven by a 36% increase in foot traffic year-on-year. This prime shopping and dining complex now features 45 top global brands, including seven restaurants at its dining enclave, Fork in the Road.

Sustaining the momentum of The Outlets at Pueblo Verde, we are bringing the country's first authentic outlet shopping destination to Luzon with The Outlets at Lipa. Its groundbreaking in September 2016 created even more excitement as the Lipa branch will have over 200 local and international brands with year-round premium discounts. The Outlets at Lipa, set to open in the first half of 2018, signals opportunities for the company for more commercial play.

West Cebu Industrial Park in Balamban, Cebu, Mactan Economic Zone II in Lapu-Lapu City, Cebu and LiMA Technology Center between Lipa and Malvar, Batangas have maintained their positions as new age industrial parks. These economic zones have a well-planned

physical infrastructure, strong relationships with their clients, and responsive processes.

Continuous land development for expansion has been made available to new investors. The newly developed 70-hectare expansion area of LiMA Technology Center is now occupied by new locators as well as existing ones who want to expand. Success notwithstanding, the expansion of these industrial parks are continuously being explored.

As our company's presence became more prominent in Luzon in 2016, we maintained our foothold within Cebu, our anchor province. Gatewalk Central, our joint venture with Ayala Land, Inc., was launched

while simultaneously groundbreaking its commercial hub in June 2016. We expect this mixed use development located in Mandaue City, Cebu to become the city's newest dynamic center.

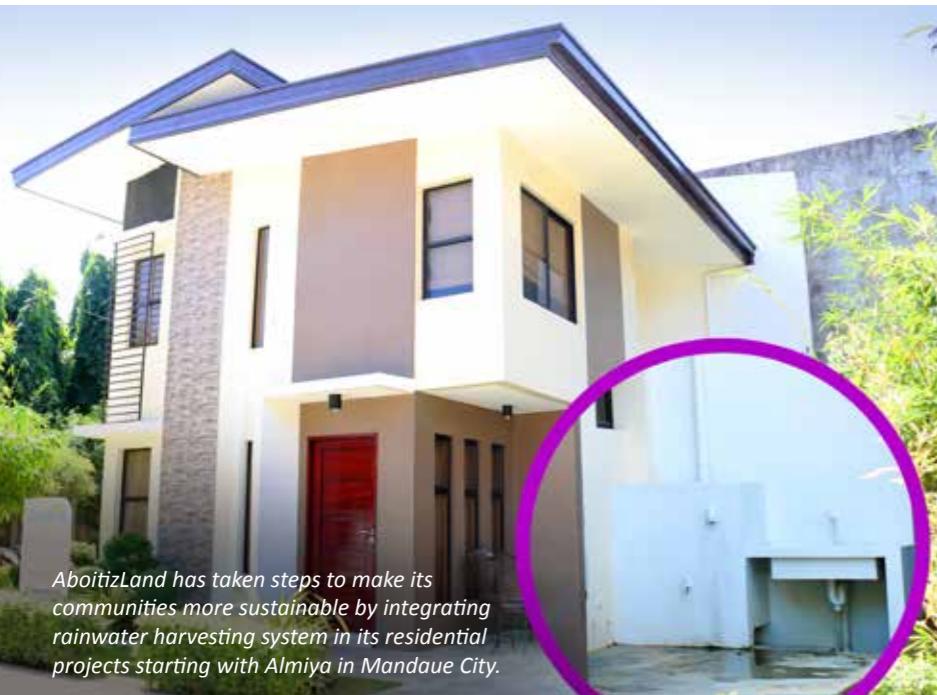
Having invested in a highly capable human resource base and refined systems and processes, 2017 will be known as the "Watershed Year" for AboitizLand. It will be the time to launch our new exciting projects and execute strategies as planned. This year will also see the company fully transition to Luzon, taking shape more concretely as a national player. To do this, we will maximize our investments and will put a good team that is united and ever more focused to take on the challenge of bringing to life the plans from the previous years.



The newly developed 70-hectare expansion area of LiMA Technology Center is now occupied by new locators as well as existing ones who want to expand.

Nurturing Communities

Almiya houses use rainwater harvesting system



AboitizLand has taken steps to make its communities more sustainable by integrating rainwater harvesting system in its residential projects starting with Almiya in Mandaue City.

We take steps to make our communities more sustainable by integrating a rainwater harvesting system in our residential projects, starting with Almiya in Mandaue City.

Rainwater harvesting is the practice of collecting and storing runoff rainwater from roofs and using it for landscape irrigation and other purposes. Installed in all Almiya home units, the rainwater harvesting system can store up to 150 liters of water. It is equipped with a 100mm-thick concrete water tank with a faucet, drain valve, and an overflow pipe, which allows excess water to flow through the drainage line.

AboitizLand supports women-led cooperative

The Kalipunan ng mga Liping Pilipina (KALIPI) provides employment opportunities for unskilled women in Mabolo, Cebu City. It started with a motley crew of women graduates from the housekeeping livelihood skills training that we organized a few years ago. Today, KALIPI functions as a non-formal manpower agency that provides housekeeping services for The Persimmon condominium project of AboitizLand.

“Dako kaayo among pasalamat sa AboitizLand aning higayun nga makakat-on ug makapanginabuhi mi ug tarung (We are very thankful to AboitizLand for this opportunity to learn and be able to get a decent job),” said single parent Susan Ceniza, 44, one of the graduates of the Mabolo KALIPI Housekeeping Program.

Susan joined KALIPI in 2011 and started earning income from doing housekeeping work at AboitizLand’s residential projects like The Persimmon. With this simple means, she is able to send her five children to school.



Graduates of KALIPI's housekeeping training are finding livelihood opportunities by providing services to The Persimmon condominium project of AboitizLand.

Stakeholders learn new livelihoods skills

An estimated 10.5 million Filipino families consider themselves poor, according to the 2016 first quarter survey released by the Social Weather Station.

But we also know that a number of these poor families are striving to improve their lives, like Lito Amorganda, 41, a resident of Balamban, Cebu, and a father of two kids. Lito drives the habal-habal, a private motorcycle carrying commuters for a fee. His income from this is not enough to support his family's needs. He accepts extra work as a farm laborer and does backyard farming to put food on the table.

“Lisod kaayo ang panginabuhi nga usahay naa, usahay wala. (Life is difficult without a steady source of income),” said Lito.

Seeing the plight of Lito and other families, AboitizLand started the free carpentry skills training in his community. The training will award the beneficiaries with the National Certification II, or NC II, status after an assessment by the Technical Education and Skills Development Authority. This initiative is also accepting out-of-school youth and the unemployed. We already graduated our first batch of 34 trainees, including Lito.

We are also offering trainings in electrical installation and maintenance, plumbing, and masonry. Moreover, we recently started a culinary arts program in Bacayan, Cebu, through which habal-habal and pedicab drivers train to become masters in the kitchen.



AboitizLand's free vocational training for communities offers carpentry, electrical installation and maintenance, plumbing, masonry, and culinary arts.

A photograph of a group of approximately ten children of various ages, mostly boys, sitting on a concrete ledge outdoors. They are all smiling and waving their hands towards the camera. The background features lush green trees and a range of mountains under a clear sky. The children are dressed in casual clothing like t-shirts, shorts, and backpacks.

Corporate Social Responsibility

We drive change for a better world through our CSR programs by co-creating communities that are safe, empowered, and sustainable.

Corporate Social Responsibility



The Aboitiz Group's CSR journey has come a long way. From basic philanthropy, to implementing programs that ensure long-term growth for the communities, our compassion has brought us to a much greater purpose: to drive change for a better world.

Guided by our four strategic pillars – execution excellence on our program development initiatives; stakeholder engagement through meaningful partnerships and effective communications; capability building through better people, processes and systems, and governance to instill balance between responsibility and accountability – we will continue to help people help themselves, empower communities, and consequently bring about positive change. „

Susan V. Valdez
President
Aboitiz Foundation
WeatherPhilippines

As the Aboitiz Group businesses continue to grow, our role to lead by doing good and making a difference is taking on bigger challenges as we move towards the next level of corporate social responsibility and sustainable development. Our programs have evolved to deliver bigger projects with positive sustainable impact of national scope that are geared towards co-creating safe, empowered, and sustainable communities. Together with our business units, we will use the power of the Aboitiz brand, the energy and passion of our team members, and the scale of our business to drive change for a better world.

Aboitiz Foundation

Driving Change For A Better World

For the past 28 years, the Aboitiz Foundation has been steadfast in implementing CSR and sustainability initiatives that not only provide for but aspire at making our communities safe, empowered, and sustainable.

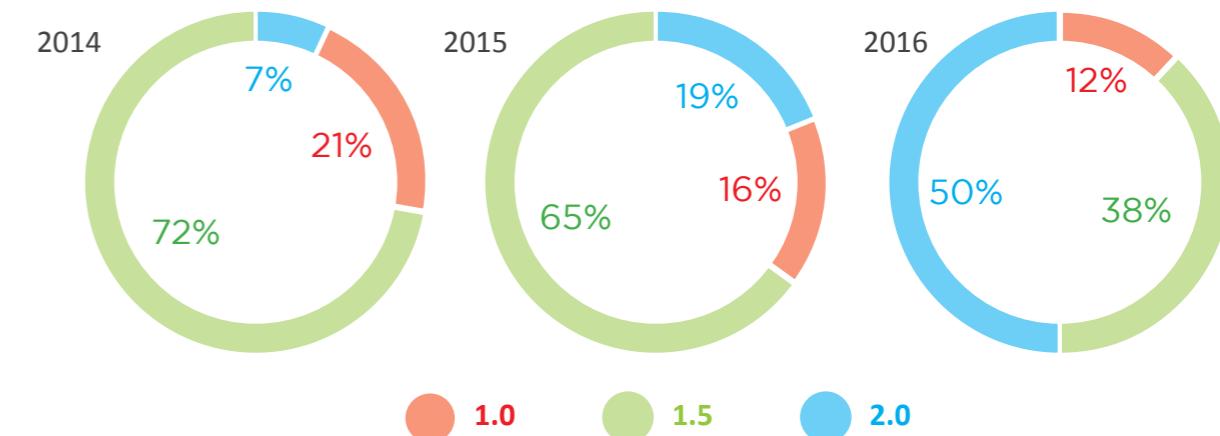
By the end of 2016, close to 500,000 beneficiaries were given a chance to live better lives. We accomplished this through scalable programs that deliver longer-term benefits and a more positive sustainable impact while embedding the value of responsibility among Aboitiz Group team members.

This direction aptly echoes our newly launched purpose "To drive change for a better world" as the Foundation pursues more meaningful stakeholder relations and deeper social impact.

In 2016, we marked a significant transition when 50% of our CSR programs achieved CSR 2.0 status, which meant that projects were more sustainable, inclusive, and aligned to the Group's core competencies.

Achieving CSR 2.0

(Percentage based on amounts of approved projects)



The Aboitiz Foundation leads the Group in helping more people help themselves while fulfilling its vision to be the neighbor of choice, especially in communities where Aboitiz BUs operate.

Corporate Social Responsibility

Strategic Pillars

Our strategic pillars further steered us towards the right track, bringing to life our Group Purpose:



Program Development

Making a meaningful difference in people's lives requires the Aboitiz Foundation to carefully select CSR initiatives to be implemented in the areas of education, enterprise development, environment, and health and well-being. It gives priority to projects that are aligned with the CSR 2.0 direction.

In 2016, there was a 31% increase in the total amount of approved CSR 2.0 projects by our various BUs nationwide. We rolled out 9 of our 10 flagship projects, measuring and monitoring them against key performance indicators (KPIs) for further improvement.

Stakeholder Engagement

We seek to achieve effective stakeholder engagement through communications and partnerships as the

Foundation sustains its presence and participation in various collective groups that carry similar goals. One such partnership is with the Center for Agriculture and Rural Development (CARD), Inc. in the area of enterprise development program.

Likewise, we continue to communicate inspiring CSR stories via digital and traditional platforms.

Capability Building

Our skills training and capability building programs are geared towards building competency through better people, processes, and systems. To further improve their efficiency, we are implementing a quality management system (QMS) for documentation of policies, guidelines, and procedures that will eventually be automated along

with program effectiveness monitoring. As part of this initiative, the Foundation has begun conducting CSR 101 training for all BUs to reinforce service level agreements.

Governance

As we accelerate and advance our efforts to co-create communities that are safe, empowered and sustainable, we need to ensure that we always balance the interests of our many stakeholders.

As one of the most trusted corporate institutions in the country, the Aboitiz Foundation will continue to set standards by closely working with our Board of Trustees, and reinforcing our position as a 'business'

partner and knowledge center-provider to our internal stakeholders.

Education

The Foundation continues to establish Aboitiz BetterWorld schools that aim to help improve the country's public education system. Our commitment to a better learning environment for students has allowed us to develop more special science elementary schools (SSES) and technical-vocational (techvoc) high schools, build AGAPP Silid Pangarap kindergarten and regular classrooms, and donate assets to various public schools. We also help in elevating the competency of teachers by providing training and in assisting under privileged



Corporate Social Responsibility



10
SSES adopted

35
techvoc high schools adopted

4,190
rewired classrooms

663
college scholars
(as of December 2016)

925
classrooms constructed
including 246 AGAPP classrooms

1,695
stand-alone computer units

2,055
thin-client computer units

but deserving students with scholarships and financial assistance.

In 2016, PHP217 million or 49% of the Group's total CSR budget was allocated to roll out these programs in collaboration with our various BUs. We continued the development of SSES and techvoc high schools, our purposive college scholarship program, and the rewiring of classrooms as flagship projects.

We also assisted 4 SSES schools and 18 techvoc schools, rewired 1,012 classrooms, and granted scholarships to 297 college students. The Foundation built and donated 35 classrooms (including AGAPP kindergarten classrooms), and donated six stand-alone and 464 thin-client computer units to various public schools.

To gauge changes that result from our programs, we now monitor and measure their social impact.

For instance, in 2016, from out of 675 techvoc scholars, 484 students have obtained Technical

Education and Skills Development Authority (TESDA) NC II certification, with 380 now gainfully employed.

Meanwhile, out of 663 college scholars, 218 have already graduated, 74 of whom with honors, 27 are now Aboitiz team members, and 96 others are employed in other companies.

Enterprise Development

Community empowerment comes in the form of livelihood and capacity building programs that the Aboitiz Foundation has been implementing over the years. Under our enterprise development program, we provide microfinance through our partnership with CARD, livelihood starter kits for individuals and cooperatives through the Mahalin Pagkaing Atin program, and capability-building trainings to create better opportunities for its beneficiaries.

In 2016, a total PHP33 million-worth of approved projects benefited 6,509 individuals all across the country.

Through initial funding from the Foundation, CARD established two pilot branches and one sub-branch under the Adopt-a-Microfinance Branch Program in Tiwi, Albay and Davao. We ended the year with PHP7.1 million in loans released with 100% collection efficiency, reaching more beneficiaries.

Under our Wholesale Fund Program for partner cooperatives, PHP15.4 million in loan renewals were released with 97% collection efficiency in 2016. These loans gave 2,597 families the opportunity to establish decent sources of income. We complemented this with capability-building and skills enhancement trainings for 485 individuals. Out of 189 who took TESDA's NC II certification, 97% passed.



22.5
million worth of loans released through CARD, Inc.

2,597
individuals provided with loans through CARD, Inc.

729
families benefited under the Mahalin Pagkaing Atin program
(as of December 2016)



Corporate Social Responsibility

Meanwhile, the Mahalin Pagkaing Atin program created 198 livelihood opportunities in 2016 through bakery starter kits, egg machines, hog scales, and piglets donated to chosen beneficiaries.

Environment

The Aboitiz Group is strongly committed to build a BetterWorld through its various environmental programs. Through its flagship programs including A-Park and Race to Reduce (R2R), the Aboitiz Foundation, together with various BUS, contribute to mitigating carbon footprint, preserving biodiversity, and creating awareness on these issues.

Our partnership with the Department of Environment and Natural Resources (DENR) for the National Greening Program targets to plant 9 million trees by 2020. As of yearend 2016, the Aboitiz Group has planted 5.4 million trees; 548,413 of which were planted within the same year.

On resource efficiency, we continue to partner with our BUS towards reducing the consumption of power, water, and paper. In 2016, team members across the Group participated in the No Impact Challenge, a corporate inter-department competition that encouraged our team members



As part of the National Greening Program, the Aboitiz Group targets to plant 9 million trees by 2020 through the A-Park project, which includes growing mangroves that protect coastal areas from natural hazards such as storms, tsunamis, and coastal erosion.



5.4 million
trees planted
9.4 million trees planted inclusive of RAFI's contribution

28,791
Cleanergy Center visitors

3,906
Aboitiz Cleanergy Park visitors

470
Energy Education Center visitors

(as of December 2016)

to examine the environmental footprint of their day-to-day choices and act on these accordingly. The competition covered water and electricity conservation, healthy lifestyle, and commercial waste reduction, among others. It resulted to a total

reduction of 31 tons or 30.8 million grams carbon emission equivalent (CO₂e).

In the area of environmental preservation, we embarked on a campaign called "Let's Make a

Corporate Social Responsibility



With the vision to be the neighbor of choice, Aboitiz Foundation will continue to challenge the effectiveness of CSR programs and carry out various social development initiatives that address the specific needs of Aboitiz host communities.

#BetterWorld for the Pawikan” to support the enhancement of the Aboitiz Cleanergy Park. The outdoor facility is an eight-hectare protected marine area and biodiversity park that is currently one of the few remaining turtle sanctuaries in the country. To date, 21 pawikan nests have been discovered on its shore and 2,231 pawikan hatchlings released to the sea. In addition to this, the park is also becoming a resting stop for 55 migratory and native bird species.

Health and Well-Being

The Aboitiz Group aims to be among the first to respond during calamities. In 2016, we started

distributing Pilmico’s The Care Package high-energy biscuits as part of our disaster relief efforts. This ready-to-eat food item is packed with 450 kilocalories, or the equivalent of one full meal.

In the aftermath of typhoons Ferdie, Lawin, and Nina, fire and conflict incidents, and even during El Niño, the Aboitiz Foundation immediately extended assistance to affected communities nationwide. We distributed relief packs to 9,887 families and assisted 18,661 residents with re-electrification, specifically those in Tiwi, Albay and Cagayan Province.



49
water systems donated

20
day care centers constructed

15
health centers constructed

(as of December 2016)

With our BUs, we conducted medical missions for 14,690 individuals while educating 740 families on proper health and sanitation.

Team Member Engagement

The Aboitiz Group instills the core value of responsibility among its team members and, in 2016, a total of 6,387 shared their time and resources to volunteer in the Foundation’s CSR initiatives.

Among these CSR activities that have been institutionalized Groupwide are the Brigada Eskwela, simultaneous tree planting, and Christmas outreach.

Business Units’ Direct CSR Initiatives

In our commitment to be a neighbor of choice, the Aboitiz BUs actively carry out various social development initiatives that address the specific needs of their host communities.

Our BUs spent a total of PHP156 million in 2016 on these projects for their respective communities. CitySavings presented Project Synergy, a professional development program for DepEd non-teaching staff and school principals; Davao Light introduced a solar charging station that provides a Lumad community in Malabog district with access to electricity; and SNAP-Benguet built various social infrastructure in Itogon and Benguet.

In 2017, through the leadership of our new Chief Operating Officer Maribeth Marasigan, the Foundation will continue to challenge the effectiveness of our CSR programs and measure their social impact guided by the same strategic pillars. The Foundation’s goal is to sustain CSR leadership while continuously driving positive change on the lives of the communities we serve.

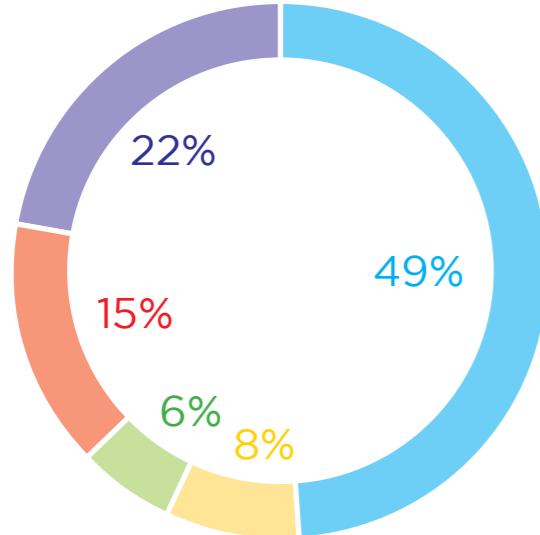
Corporate Social Responsibility

2016 Financial Highlights

The Aboitiz Group allocated a total of PHP442 million for our corporate social responsibility (CSR) projects implemented in 2016, up by 7% from the previous year. This amount represents allocations from the Aboitiz Foundation as well as from our business units (BUs) for their direct CSR spending.

Education-related initiatives account for the largest portion – PHP217 million or 49% of the total allocation.

Aboitiz Group Initiatives



Program Component
(in PHP thousands)

Education	216,691
Enterprise Development	33,209
Environment	27,516
Health & Well-Being	68,267
Other Donations	95,987

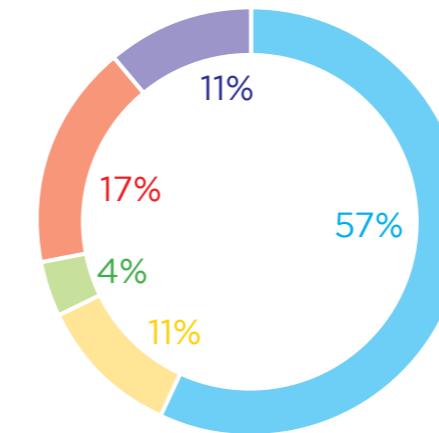
Area
(in PHP thousands)

Luzon	227,271	51%
Visayas	127,295	29%
Mindanao	87,104	20%

Total

PHP442 Million

Aboitiz Foundation, Inc.



Program Component
(in PHP thousands)

Education	162,034
Health & Well-Being	48,415
Enterprise Development	31,256
Environment	10,476
Other Donations	33,257

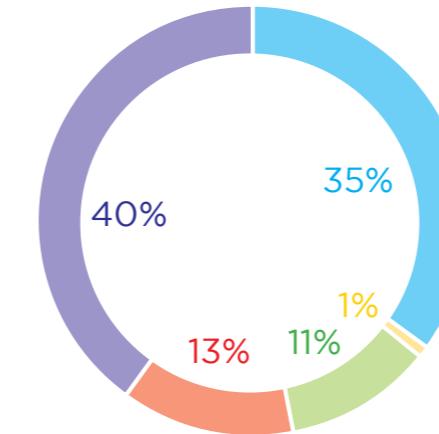
Area
(in PHP thousands)

Luzon	120,120	42%
Visayas	94,437	33%
Mindanao	70,881	25%

Total

PHP286 Million

Business Units' Direct CSR Initiatives



Program Component
(in PHP thousands)

Education	54,657
Health & Well-Being	19,852
Enterprise Development	1,953
Environment	17,041
Other Donations	62,729

Area
(in PHP thousands)

Luzon	107,151	69%
Visayas	32,858	21%
Mindanao	16,223	10%

Total

PHP156 Million

Corporate Social Responsibility

WeatherPhilippines

Paving the Path for a WeatherWiser Nation

WeatherPhilippines Foundation is helping build a #WeatherWiser nation, one partnership at a time.

WeatherPhilippines is a multi-sectoral initiative that aims to provide Filipinos with the premier weather-sensing and forecasting system made possible by technology, inclusive partnerships, and engagement. Initially, we sought to help local governments and communities by making accurate and localized weather available to them for free, to facilitate timely response during severe weather conditions. Since then, we have expanded our advocacies towards building a #WeatherWiser Philippines by optimizing weather knowledge for socio-economic growth and progress. One of the

foundation's thrusts is to apply weather knowledge to maximize the potential of the agricultural sector through sustainable farming.

In 2016, a total of 2,402 individuals from the public and private sectors were trained in Weather 101 and Tropical Cyclone 101, a program that explains in layman's language technical weather terminologies and shares weather knowledge necessary for effective decision-making and planning.

Moreover, we have expanded our frontiers through new partnerships, which opened up new possibilities for the foundation and welcomed La Filipina Uy Gongco Corporation as the foundation's



Technology

792

**automated weather stations (AWS)
- the Philippines' biggest network**

Our AWS deployed all over the country provide communities with accurate and timely weather information.

Partnerships

577

donors and partners

With the addition of one platinum sponsor and four gold sponsors, plus a capability-building grant from an international partner, we progress towards building a #WeatherWiser nation.

Engagement

4,076

**capacity-building training
beneficiaries**

Individuals obtained better understanding of weather and how to prepare for extreme weather events.

21,708

mobile application user base

Total number of people using the WeatherPhilippines mobile application to stay in the loop on the latest weather updates.

(as of December 2016)



WeatherPhilippines continues its initiatives to promote a #WeatherWiser nation that applies weather knowledge to maximize the potential of the agricultural sector through sustainable farming.

newest platinum sponsor. Believing in the value of helping build a #WeatherWiser nation, four new gold sponsorships were signed with AboitizLand, Republic Cement, Cotabato Light, and CPPC, equivalent to eight new donor sites. We also secured a new capability-building partner in WxBunka Foundation of Japan, which provided a JPY2.5-million grant to help us in efforts to improve the reliability of our automated weather station (AWS) network.

Aside from financial support, these partnerships boost WeatherPhilippines' move towards program-based initiatives such as the Weather for Agriculture program to be piloted in 2017. We believe that

introducing the use of weather information can help improve productivity in various sectors, especially agriculture.

2017 also brings renewed excitement to the foundation as we move to a new technology partner, Meteologix AG. This partnership will further boost capability in delivering localized weather information with the introduction of new features as well as the application of a new weather forecasting model.

To date, our nationwide network of 792 AWS serve as vital tools for communities that rely on the accuracy and immediate availability of our weather data for all their weather and disaster mitigation requirements.

Management Approach

Our approach to sustainability is guided by our Group Purpose to drive change for a better world. We seek to make good decisions and act with integrity to ensure we can deliver our strategic priorities and create long-term value for all our stakeholders. It is complementary to and supportive of the implementation of the Aboitiz Group strategic pillars, corporate social responsibility (CSR) thrusts, corporate policies, commitments, and industry best practices.

By adopting a consolidated performance report, we reinforce our long-held position that sustainability is part and parcel of our business strategy. We focus

on the interrelated areas of ensuring responsible operations and excellence in environmental management, enabling social progress in communities we serve, and developing innovative solutions that create shared value.

This section outlines our strategic approach to the management of material sustainability and CSR areas. Detailed information on the Aboitiz activities and financial performance is in the Aboitiz 2016 Annual Report on SEC Form 20-IS filed with the Philippines' Securities & Exchange Commission which is available online at <http://aboitiz.com/site/investor-relations/disclosures/#2017>



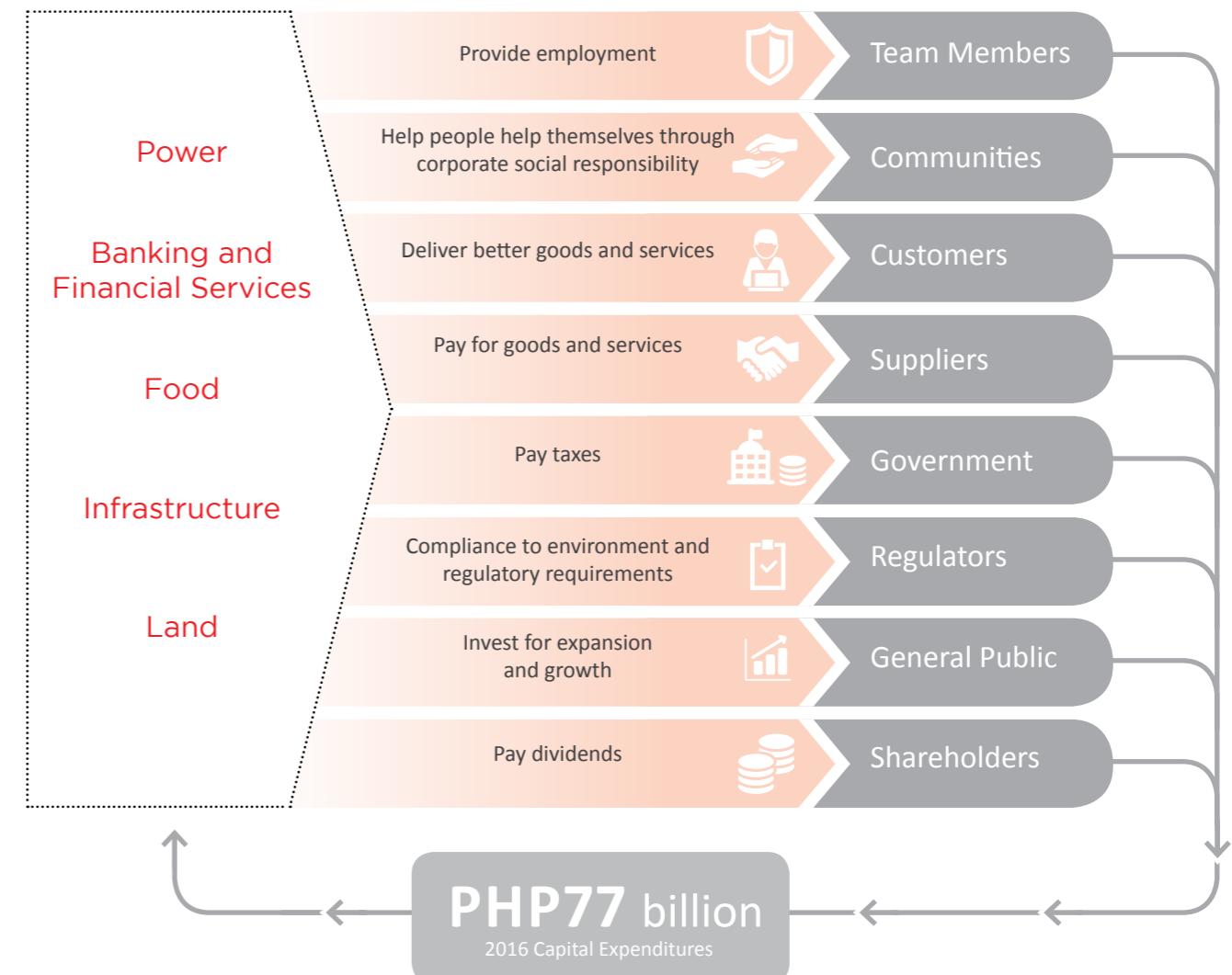
In 2016, the “Let’s Make a #BetterWorld for the Pawikan” campaign continued in support of the Aboitiz Cleanergy Park in Davao City, an integral component to the Group’s sustainability focus area of Carbon Emissions Reduction.

Our Economic Contribution and Distribution of Stakeholder Value

Our purpose, mission, core values, and strategic pillars form our character and business principles, and define who we are as an organization and what makes us distinctive. We aim to bring these to life through the various product and service offerings of our five strategic business units.

By managing a sustainable enterprise that can be entrusted to future generations, Aboitiz is able to make a valuable contribution to the national economy. We provide not only services to our customers but also pay dividends to our shareholders, give remuneration to our team members, pay our suppliers, pay our taxes, and most importantly, invest in communities that help advance society as our business grows.

Providing Stakeholder Value

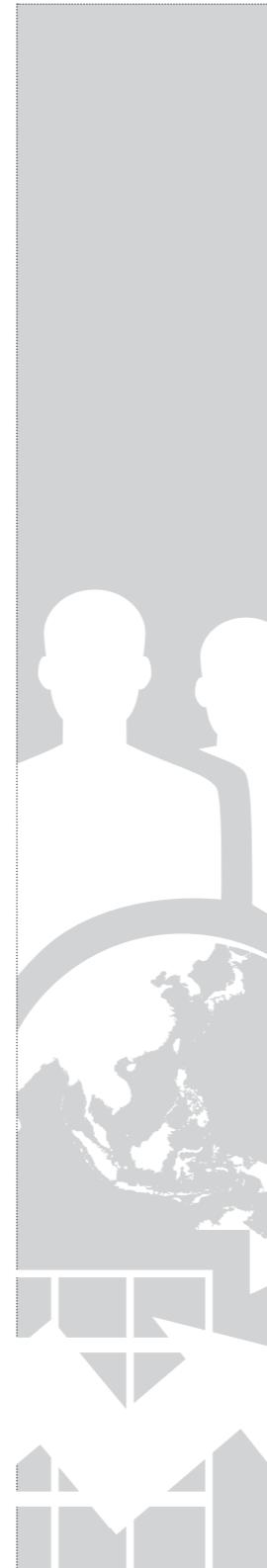
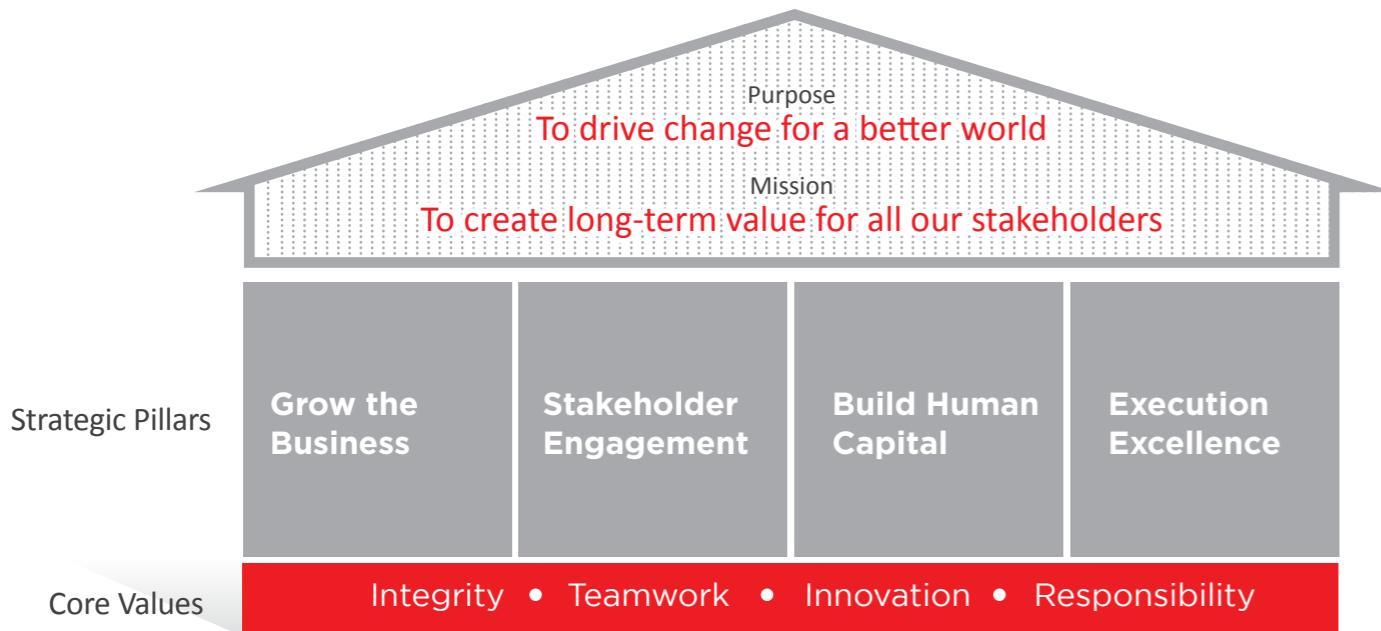


Management Approach

Our Group Strategic Pillars

The objective to conduct business in a responsible and sustainable manner is a key element of the Aboitiz Group strategic pillars. The delivery of the Group strategy is centered on:

- Grow the Business: We don't want to grow for growth's sake. Our challenge is to find investments that make sense to us, cover our cost of capital, are within our risk parameters, and create value.
- Stakeholder Engagement: In creating long-term value for all our stakeholders, it is fundamental that the shareholders are not the only beneficiaries in our value creation efforts. The only way our business enterprise will truly be sustainable and enduring is if all our stakeholders benefit from it.
- Build Human Capital: We are evolving from a family-run business to a family-led one. Crucial to our success is to attract top-caliber professionals who will not only help us manage our business, but will also upgrade the Group's capabilities and skills, engage people who can and will actually teach us. This entails the strengthening of the Aboitiz Group Human Resources' own pillars, which are to Attract, Optimize, and Retain the best and the brightest.
- Execution Excellence: We execute our plans in a timely and effective manner. Best-in-class processes are continuously being upgraded in our corporate center and across the Group's operating units to ensure we sharpen our competitive edge.



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Our Sustainability Policy

We can do well by doing good, always making the right long-term decisions that balance the interests of people, planet, and profit.

We are guided by the following principles:

- Stakeholders must be treated with fairness.
- Corporate social responsibility is an integral part of doing business.
- Decisions are made with the highest regard for their long-term impact.
- We live our core values of integrity, teamwork, innovation, and responsibility.

We make decisions based on our objectives to:

- Partner with communities to promote inclusive growth
- Provide a commercially sustainable customer experience
- Attract, retain, and optimize A-People
- Build, protect, and enhance our reputation
- Minimize our environmental impact
- Enhance overall long-term effectiveness of the organization
- Grow profitably

We focus on achieving our purpose to drive change for a better world by advancing business and communities.

We are committed to making Aboitiz a truly sustainable enterprise that we can entrust to future generations.

Management Approach

Our Sustainability Framework (G4-19)

We operate with the intent to balance the triple bottom line of sustainability: people, planet, and profit. Each has its own set of focus areas where we can make the greatest positive impact. All these define our framework, which we use to set targets, improve performance, and extend the scope of the value that we create.

(G4-19)

	FOCUS AREA	OBJECTIVE	MEASURE	TARGET	2016 RESULTS	
People Goal Partner with our stakeholders to create shared value	Team Member Engagement and Development	Attract, optimize, and retain A-People	Team members (TMs) employed ⁽¹⁾	More than previous year's number of employed TMs	31,070 TMs (includes non-direct hires)	
			TM satisfaction rating	3.5 and above (using a 5-point scale)	3.6 ⁽²⁾	
			Average training hours per TM	40 hours	28 hours	
			Volunteerism	More than previous year's number of volunteers	38,152 hours	
	Corporate Social Responsibility		Retention rate (100% less turnover rate) ≥ 93%		92%	
			Number of beneficiaries	More than previous year's number of direct beneficiaries	461,893 direct beneficiaries ⁽³⁾	
			CSR fund allocation (PHP)	100% implementation of planned projects for the year	PHP442 million	
	Disaster Resilience and Preparedness	Increase the capacity of local government and the public in disaster preparedness	CSR projects	100% implementation of planned projects for the year	1,446 CSR projects	
			Number of deployed Automated Weather Stations (AWS) nationwide	1,000 AWS	792 AWS	
			Trained individuals on weather for disaster preparedness (from media, public, and private sectors)		2,402 individuals	
	Customer Focus	Provide a commercially sustainable customer experience	Customer satisfaction rating	More than or equal to "satisfied" rating (using a 5-point scale)	4.2	
			Customers served		8,114,128	
Planet Goal Minimize our environmental impact	Carbon Emissions Reduction	Reduce Greenhouse Gas (GHG) emissions across facilities under our control	Carbon productivity	More than previous year	0.43 PHP million revenue/tCO2e	
			Number of trees planted (cumulative)	9 million trees by 2020	5.4 million 9.4 million <i>including RAFI</i>	
	Resource Efficiency	Manage resources efficiently	Water consumption (m³)	Less than previous year's consumption	1,310,675 m³	
			Energy consumption (MWh)	Less than previous year's consumption	582,126 MWh	
	Waste Management	Reuse and recycle	Weight of waste materials recycled	More than previous year's recycled waste	80 tons	
			RE source capacity (net sellable capacity)	More than previous year's RE source	1,263 MW	
	Renewable Energy (RE)	Tap other RE sources and strengthen our renewable energy portfolio with the development of more hydropower and geothermal capacity	Generating capacity from RE (net sellable capacity)	Ratio of RE to non-RE (%)	32% RE	
			Total Return to Shareholders	Achieve target	15%	
Profit Goal Grow profitably	Financial Return	Grow profitably	Return on Equity	Achieve target	19.7%	
			Net Income After Tax		PHP22.5 billion	
	Financial Growth	Grow profitably	EBITDA		PHP48.1 billion	

⁽¹⁾ The total number of team members employed both direct and non-direct hires of all business units in the Aboitiz Group, including those outside the five strategic business units.

⁽²⁾ Last survey conducted in 2014.

⁽³⁾ Effective 2015, the number of beneficiaries includes those of business unit CSR initiatives.

Management Approach

Business thrives in a society that works. Our belief, therefore, is simple: business can be part of the solution, correcting social imbalances that get in the way of development. We make it a point to implement fair and beneficial practices toward our team members, customers, communities, and society. (G4-19)

Our People focus areas contribute to the following UN Sustainability Development Goals:



Many organizations undertake efforts thinking of the kind of planet they will leave behind for their children. But we ask the opposite: what kind of children are we leaving behind for our planet? It is incumbent upon us to teach the values of caring for the environment to those who will succeed us in the business, and to those who will live tomorrow in our host communities. We impart to them an important lesson: the laws of business must align with the laws of nature.

Our Planet focus areas contribute to the following UN Sustainability Development Goals:



As it was more than 100 years ago, we in the Aboitiz Group today remain steadfast in our role as the Filipino's partner in nation building. We will continue along the path of creating shared value, addressing social development and environmental stewardship while driving profitability for our businesses.

Our Profit focus areas contribute to the following UN Sustainability Development Goals:



Stakeholder Engagement (G4-24, G4-25, G4-26, G4-27)

Stakeholder groups that we work and engage with on an ongoing basis include team members, shareholders, suppliers and contractors, financial institutions, government regulators, public agencies, and local communities where our assets are located.

As we engage our stakeholders, it is crucial to understand what they consider important, and to create positive relationships with them through the appropriate management of their expectations and agreed objectives.

The expectations and requirements of our stakeholders are taken into consideration in our strategic decision making, goal setting, and then throughout project delivery and operation. Team members from across the Aboitiz Group participate in several workshops designed to make them understand, apply, and fully embody the principles and processes of stakeholder relationship management (SRM) and communication.

Our stakeholder engagement and dialogue process is multi-layered and primarily visible and public at



Part of stakeholder engagement in Aboitiz is ensuring that team members are able to participate in programs that enable them to make a meaningful impact in support of various causes such as environmental preservation.

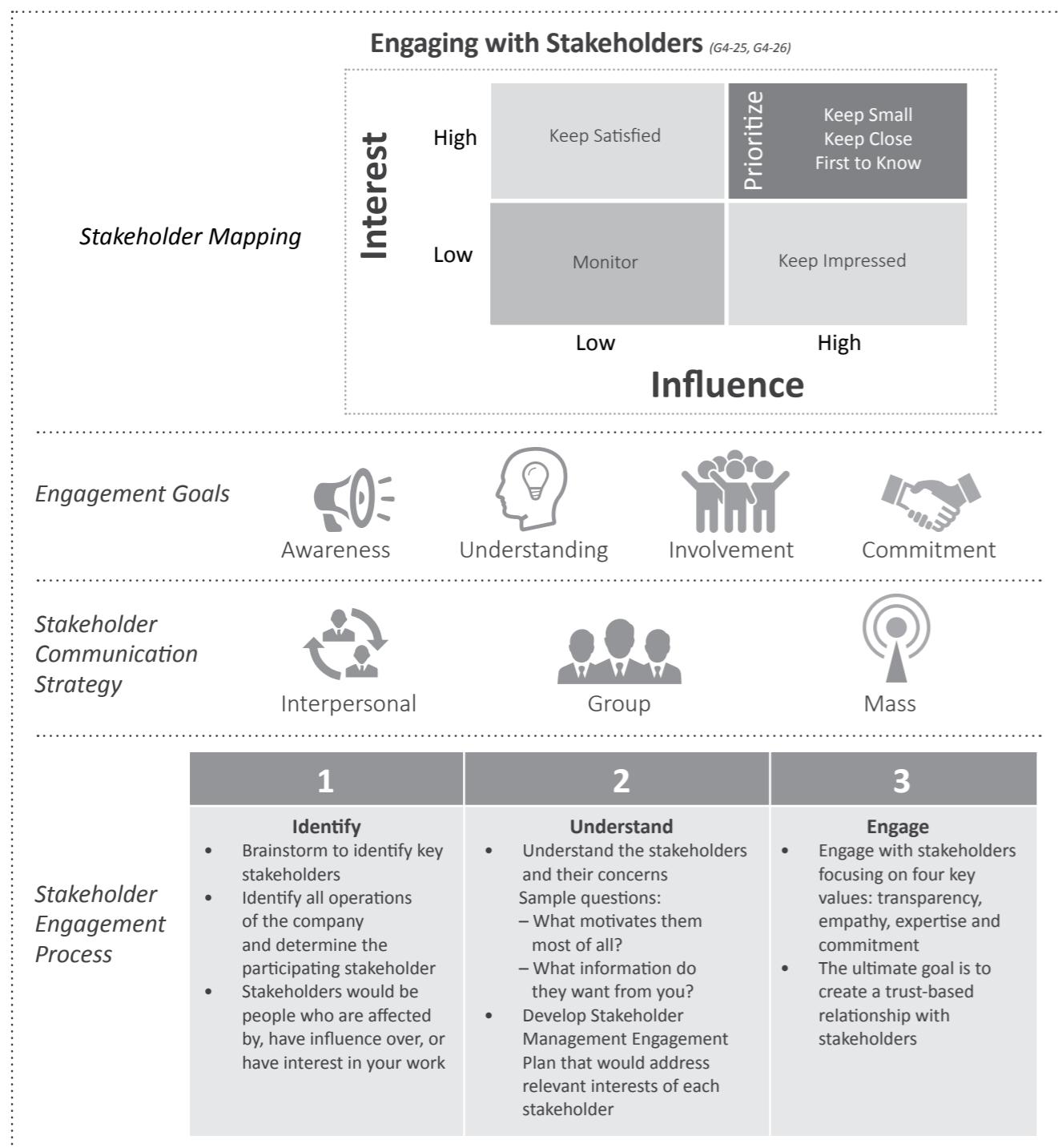
Management Approach

the asset level. Engagement is an important shared task and one of the key business processes of our operations through:

- Project development and bidding processes
- Undertaking environmental and social impact assessment statements, which incorporate stakeholder engagement
- Budgeting for supporting and promoting local socio-economic development

- Local networks and structures focusing on community development, economic impact, capacity building, and recruitment

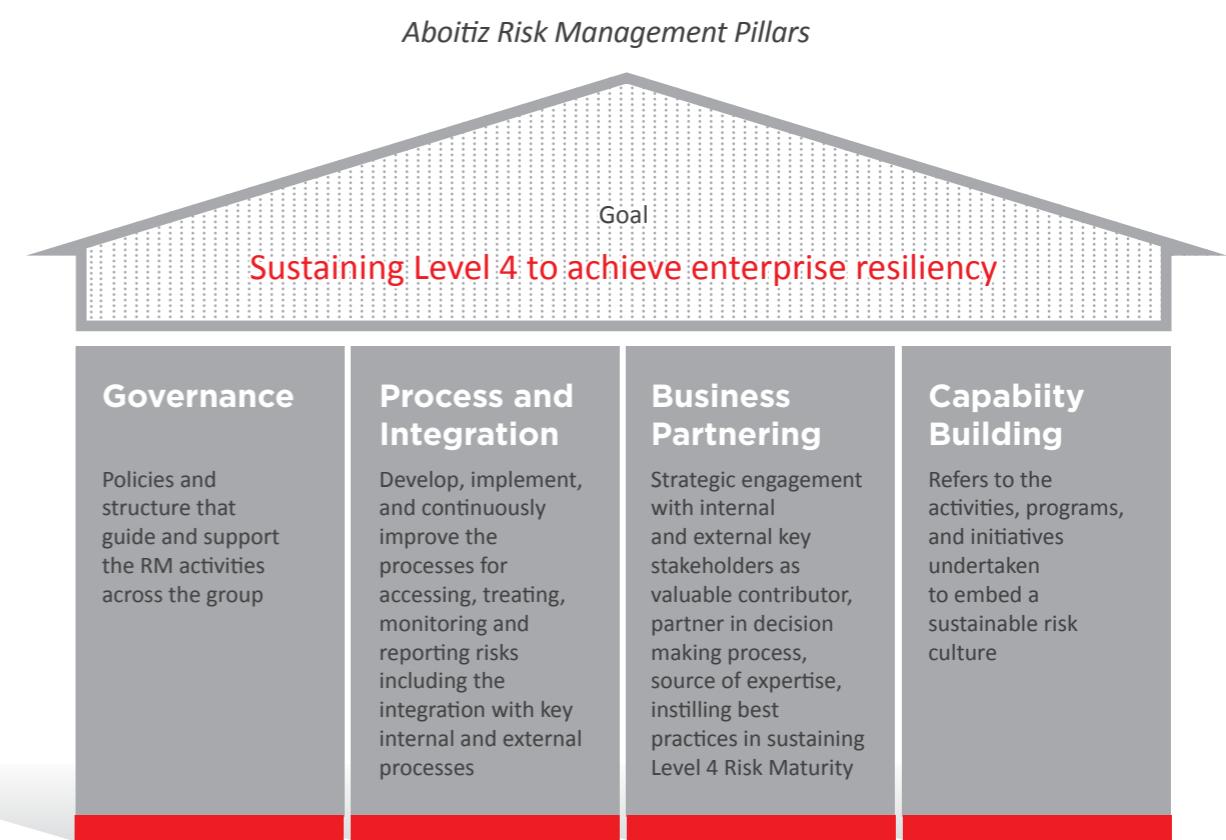
Reviewing our stakeholder engagement processes and the multitude of engagement activities is an ongoing and evolving task for all concerned. We continue to share good practices internally and to learn from both our challenges and achievements.



Risk Management: Sustaining Risk Maturity Level 4 to Achieve Corporate Resiliency

In recognizing changing business requirements and trends, we at Aboitiz Risk Management reviewed and reassessed our purpose and initiatives. In July 2016, all our risk managers across the Group convened to discuss the existing and emerging risks of the business units (BUs). This is with the understanding that various factors such as our businesses' geographical locations, the nature of our operations, and the growing complexity of our business could drive these risks.

As a result, we have updated our strategic pillars and refined our risk management focus for 2017 onwards with the goal of "Sustaining Risk Maturity Level 4 to Achieve Corporate Resiliency". We have integrated Risk Finance under Process and Integration, and replaced it with Business Partnering.



2016 Risk Management Milestones

- We fully automated and implemented the Risk Management Information System (RMIS) with two modules – Insurance and Strategic Risk Management. The Strategic RM module provides our risk managers and management with common taxonomy and definitions, using one risk universe across the Group.
- We continue to achieve the optimal balance between retaining and transferring risks. In 2016, Total Cost of Risk (TCOR) decreased by 10%, even with additional assets and coverage, with better cover and improved wordings that best fit the requirements of the BUs.
- The validation of the existence of risk treatment plans was one of the major initiatives of Risk

Management Approach

Management in 2016. Internal Audit played a major role in the validation being the third line of defense. They validated the existence of risk treatment plans, not only during the operations but also all throughout the construction of new plants. Included was the validation of operational readiness during the transition from construction to operations.

- Consistently over the years, information security risk has always been at the top 5 of our Groupwide risks. In 2016, the Information Security Management System (ISMS) was transferred under the oversight of Risk Management, with the implementation of the ISMS across the Group using the ISO 27001/2: 2013 framework.
- We conducted 38 risk-related trainings in 2016 with total of 540 attendees. This is part of our capability building to further embed risk culture throughout the Group.

Business Continuity Management: Advancing Business and Communities

Since our BUs are spread out across the archipelago, business continuity planning (BCP) is more complex due to the interdependencies among these units. Using mapping technology and available disaster applications alongside the existing Business Continuity Management Framework of the Aboitiz Group, we have developed a Regional Business Continuity Plan to ensure that we look after our people and the implementers of the Site BCPs should they be affected.

The concept of mutual aid was introduced through the development of these Regional BCPs wherein BUs, regardless of business type, that are in close proximity to the affected BU will be the primary responders.

Another major initiative is to increase the self-resiliency of our team members through education and training. In 2016, Family Preparedness Training sessions were conducted for our Metro Manila team members, focusing on the West Valley Fault scenario.

Moving forward, we will have an external party audit our BCPs to provide assurance that we are following standards and are in accordance with the requirements of the BUs.

Next Phase of Aboitiz Risk Maturity Journey

The Aboitiz Group is currently in the process of implementing an integrated management system enabled by a GRC (governance, risk and compliance) technology that is capable of generating business risk intelligence across all our BUs.

Quality Management System

We ensure that in the course of the company's operations, we fully adhere to established standards in the management of business processes. Keeping in mind the interdependence of the various systems in place throughout the Aboitiz Group, we are able to offer our customers the products and services that meet their requirements.

Through the Aboitiz Integrated Management System (AIMS), we fully commit to the improvement of processes and maximizing resources in carrying out our Information Security Management System (ISMS) and Quality Management System (QMS). ISMS safeguards the confidentiality, integrity, and availability of company information, while QMS makes certain that systems are always updated and improved across our corporate service units (CSUs).



Streamlining and consistency in upholding standards and best practices — regardless of location, area of organization, and type of work — are key to the Aboitiz Group's Quality Management System.

We also further refined our Safety, Health, Environment and Quality (SHEQ) Policy for the AboitizPower Generation Business Group in 2015 to guarantee the well-being of team members in the performance of their respective functions. The improvement of health and safety practices within the company allows for a more streamlined and consistent application of the standards regardless of location, area of organization, and type of work.

In 2016, we undertook ISO certification initiatives that demonstrate the caliber of SHEQ, information security and systems management, both at the holding company level and in our different

strategic business units (SBUs). These initiatives include standards such as QMS 9001, Environment Management System (EMS 14001), Occupational Health and Safety System (OHSAS 18001), Asset Management System (AMS 55001), and Information Technology Service Management Systems (ITSMS).

These accreditations will not only allow us to leverage our existing frameworks and position ourselves to benefit from the Philippines' economic development, but will also enable the Aboitiz Group to surpass its current organizational configuration. This is an affirmation of our drive to become a truly sustainable enterprise.

Management Approach

Talent Management

We acknowledge that building human capital is the only way the Aboitiz Group can sustain its growth. This is a big responsibility that rests on the HR team's ability to help the Group advance business and communities. We in HR are expected to work our best to attract, optimize and retain talent in the organization.

Building a team of high-caliber leaders ranks high in our priority list. In 2016, we willingly took on this challenge, setting our sights on filling up the demand for a new generation of leaders who will upgrade the organization's capabilities and take the Group to greater heights. Our efforts resulted to a number of carefully selected new top leaders joining the Group.

To us, placing these new leaders within the projected timeline was important but not as crucial as making the right decision on who to select and hire. An Aboitiz leader is expected to possess many attributes, most of them behavioral and values-based. By using an advanced leader assessment technology, we are able to make more precise and effective choices.

But the work does not stop there. Once on board, assimilating these new leaders into The Aboitiz Way is the key to ensuring their success. At planned intervals during their first 100 days at work, we introduce interventions to help these leaders quickly adapt to the Aboitiz culture and get to know their new teams. This has paved the way toward more open and candid conversations that foster a more productive relationship with peers, team members, customers, and other stakeholders.

Our leaders also undergo a number of executive leadership development programs, designed to impart knowledge and sharpen the leaders' competencies in leading people, particularly in the 6 Aboitiz leadership dimensions. These dimensions are Teamwork, Courageous Authenticity, Integrity, Sustainable Growth, Coaching & Developing, and Achieving Results. Based on their individual Leadership Circle profiles, they are guided to maximize their potentials.

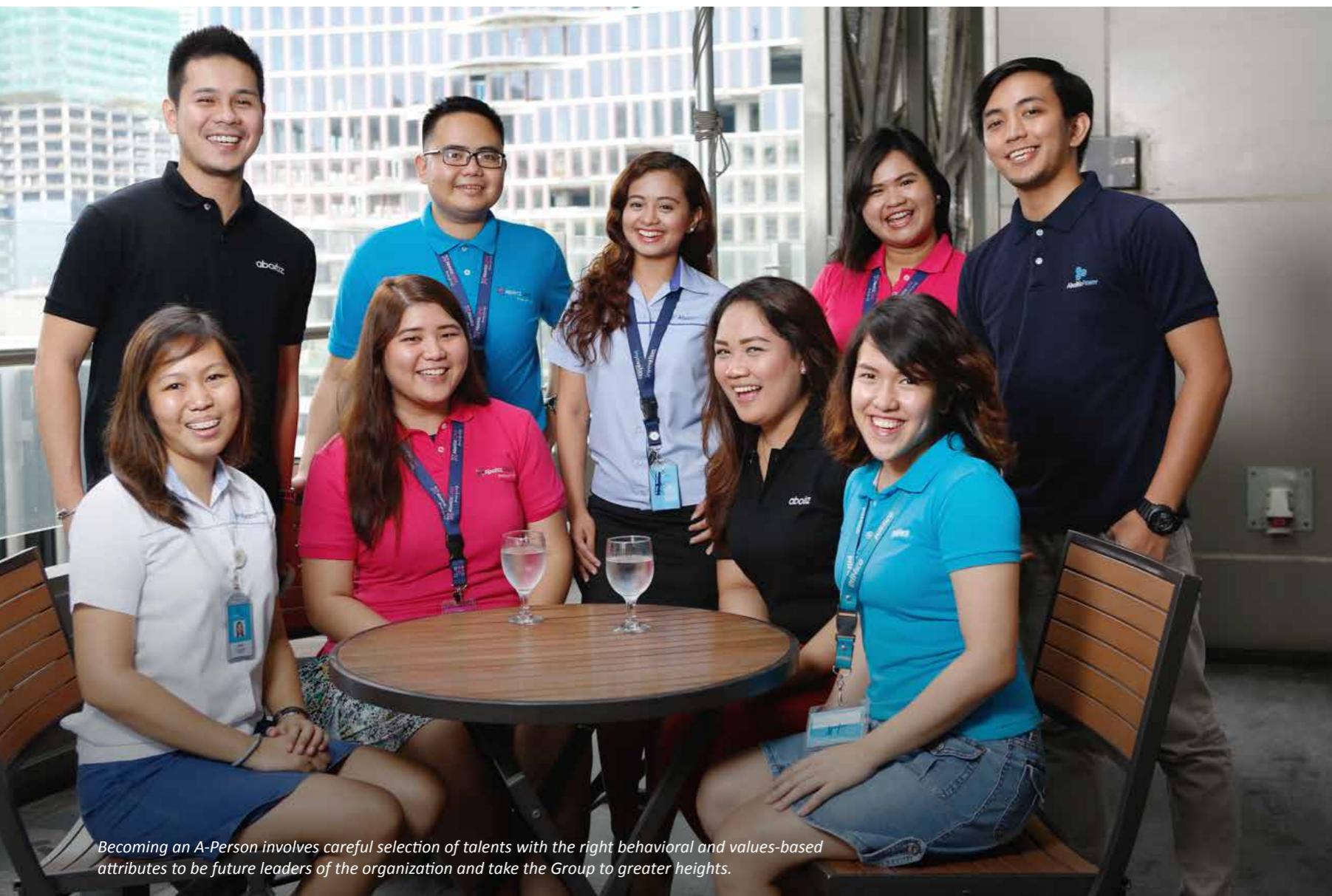
On January 19, 2017, the first Aboitiz Leaders Conference was held, bringing together all the top leaders across the Group in one major event dedicated to topics and discussions about raising leadership quality.

Propagating the Aboitiz culture is a never-ending task for HR. Embracing digitalization is an inevitable path for us to take to advance business and communities. In keeping up with the times, HR has upgraded its Strategic Human Resources Management System into a single enterprise-wide talent management solution. Known as the Aboitiz Talent Management System (ATMS), this technological support enables us to deliver on talent management in a standard and harmonized manner across the Group thus providing us with better talent insights and intelligence. Talent analytics also came to fore in 2016 as we introduced this new discipline in the Group HR and laid the groundwork for more data-driven talent decisions.

While employee turnover in the Group has remained stable over the last three years, understanding what makes an A-person stay engaged, committed, and passionate about working in Aboitiz helps us improve the overall A-people experience in the workplace. This has led us to engage Gallup as our external partner in taking us to a journey toward aligning our purpose, brand, and culture.

Finally, within and among the Group's HR leaders, a Core HR Group has been formed to serve as a community of experts responsible for driving high priority strategic HR initiatives. This core group is responsible for creating and directing people programs tailored to inspire, engage, and entrench every team member in the Aboitiz Way experience.

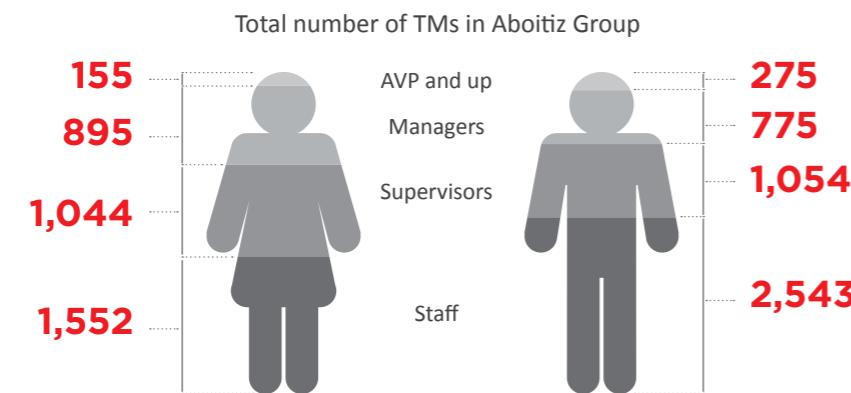
With these significant steps being taken that are aligned with the Group's business agenda, we are confident that HR will bring even more critical value to the organization.



Becoming an A-Person involves careful selection of talents with the right behavioral and values-based attributes to be future leaders of the organization and take the Group to greater heights.

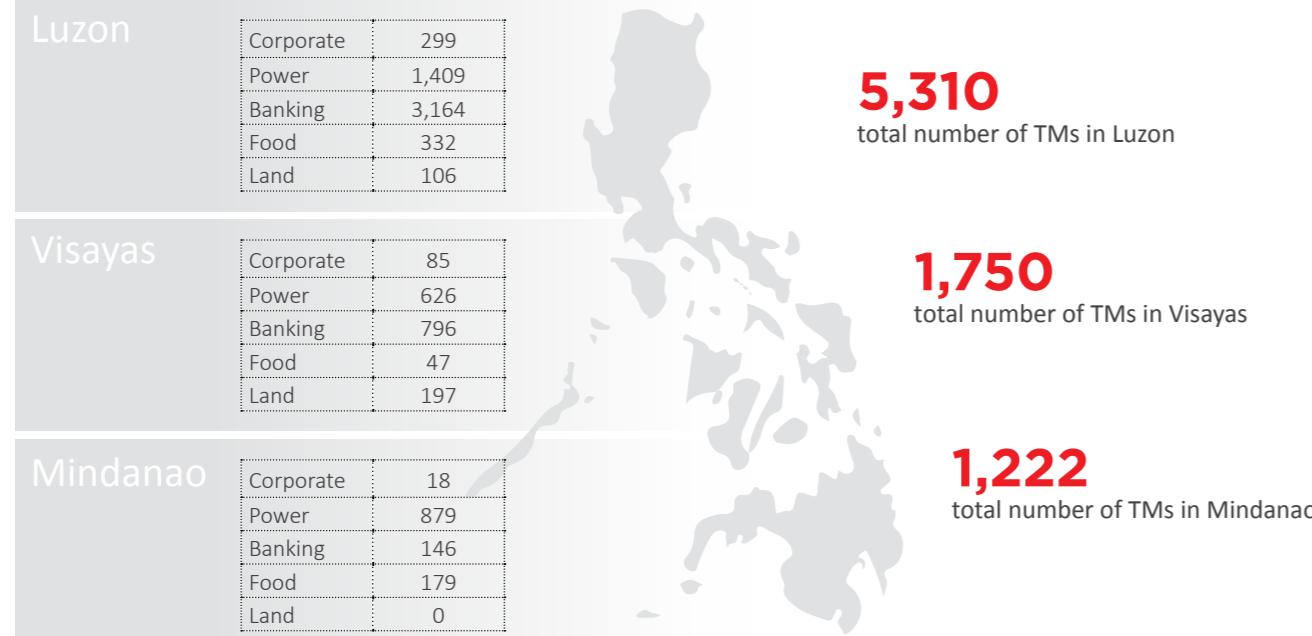
2016 Talent Analytics⁽¹⁾

By Gender vs. Level



	Corporate		Power		Banking		Food		Land	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Staff	96	97	528	1,588	746	611	119	193	63	54
Supervisors	24	30	111	334	780	527	63	109	66	54
Managers	46	36	62	161	742	524	26	36	19	18
AVP and up	25	47	34	96	82	94	7	16	7	22

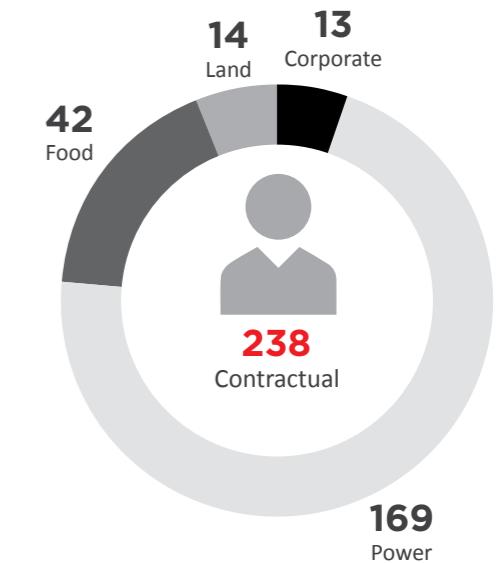
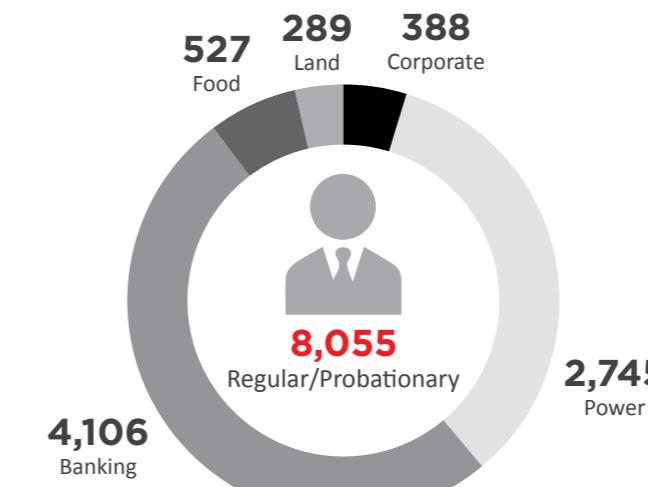
By Region⁽²⁾



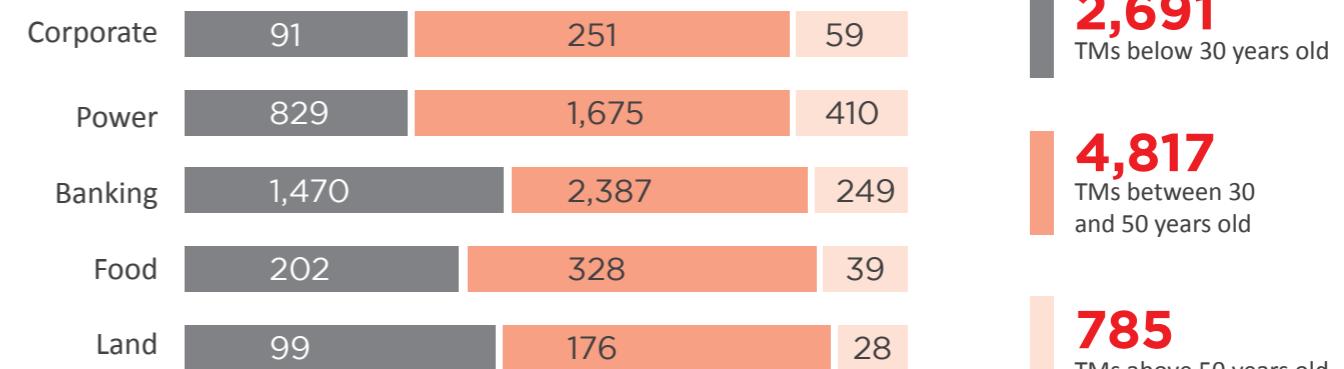
⁽¹⁾ The scope includes the 8,293 direct hires of the five strategic business units. The remainder of the Group's 31,070 team members are the non-direct hires of the five SBUs and team members of other business units outside the scope of the report.

⁽²⁾ 11 team members of the Food group are stationed outside the Philippines.

Employment Type



Ages



Years of Tenure

Years of Service	Corporate	Power	Banking	Food	Land	Total
<1	110	296	495	49	26	976
1–5	156	1,139	772	279	192	2,538
6–10	62	806	799	133	50	1,850
11–15	34	223	360	55	22	694
16–20	9	133	292	33	6	473
21–25	11	229	247	7	5	499
>25	19	88	77	13	2	199

Good Corporate Governance Advances Business and Communities

The Aboitiz Group's new purpose statement, "To drive change for a better world", is an inspired commitment to transform Aboitiz business practices and culture into a more wholistic and enduring engagement of all our stakeholders. It is a commitment to create long-term value for our stakeholders. The purpose statement reflects a visionary perspective of what a corporation can purposively build when, guided by its core values of integrity, teamwork, innovation and responsibility, a company makes it its business to be in the business of uplifting people's lives.

Over the years, Aboitiz Equity Ventures, Inc. (AEV) and Aboitiz Power Corporation (AboitizPower) have actively pursued growth in the Group's core power, banking and financial services, food, infrastructure, and land. But in today's competitive, volatile and disruptive business environment, creating, building and growing a sustainable business can certainly be a challenge. In this environment, it is therefore important to embed the hallmarks of a high-performing organization – a strong purpose, a differentiated brand and a rich culture.

Good corporate governance practices have strengthened and supported the Aboitiz culture, purpose, and brand. These practices provide the Group with a clear path for advancing business and communities. These practices enable the Group to drive economic and social development alongside the Group's host communities' growth.

2016 was another busy year for AEV and AboitizPower. Both companies worked on

ways to further improve or deepen corporate governance practices and ingrain them into the corporate culture. The Board of Directors of AEV and AboitizPower reviewed and updated the companies' Codes on Ethics and Business Conduct, and the Manual on Corporate Governance. The Boards also reviewed existing governance policies such as the securities trading and whistleblowing policies. Management was in constant flux as the leaders realigned, reorganized or created new teams, new organizational structures and committees, and pursued strategies to respond to the demands of the Group's growth and changes in regulatory regimes. All these initiatives were intended to improve the Group's agility, competence and capability to execute with excellence the agreed strategic objectives, to raise the levels of stakeholder engagement, to build up its human capital, and to achieve steady sustainable growth for the Group.

Despite regulatory challenges, 2016 still proved to be a productive year for the AboitizPower organization as its companies implemented improvements in business processes, systems and operations.

The various corporate service units of AEV and AboitizPower ensured that our directors were fully informed of important developments in the industries and business environment, and likewise shared their expertise and insights with Management. The team leaders and members of AEV and AboitizPower collectively pursued the Group's 2017 strategic goals and business objectives. Our Boards worked tirelessly to ensure

accountability of past and current company actions through a review of corporate strategies and reports to shareholders, legal and regulatory compliance reports, audit reports, financial results and budgets, and contemporaneous events that affect the business of AEV and AboitizPower.

Strategic Objectives

AEV's and AboitizPower's strategic goals are still the same, namely Grow the Business, Stakeholder Engagement, Execution Excellence and Building Human Capital. AboitizPower needed to navigate through a more complex regulatory environment and fierce competition under an unsettled open access market. 2016 required a disciplined business approach. AEV and AboitizPower recognize that 2017 will also need a disciplined and flexible tack in pursuing their strategic goals.

Aboitiz Corporate Governance Guiding Principles

The Aboitiz governance structure is underpinned by our core values of integrity, teamwork, innovation, and responsibility. These values guide the Group in meeting our day-to-day business as usual challenges and in balancing the interests of our various stakeholders. The inspired Group Purpose, the core values, and leadership dimensions create the totality of the Aboitiz corporate culture. More importantly, these values and fundamental beliefs constitute the strong foundation for the organization's corporate governance structure.

In 2016, the AEV and AboitizPower Boards reviewed and updated our Code of Ethics and Business Conduct, Whistleblowing Policy and the Manual on

Corporate Governance. The Boards also studied and approved a new Related Party Transactions Policy and a Related Party Transactions Committee. The Board Risk & Reputation Committee and the Board Audit Committee embedded regular assurance procedures for the Aboitiz risk universe. The Aboitiz Group continued the practice of risk-based audits across all business units. These are intended to preserve and protect the rights of shareholders, to ensure shareholders' equitable treatment by the companies, to enhance stakeholder value, to promote continuous improvement of stakeholders' engagement, and to make timely and responsive corporate disclosures balanced with the requirements for confidentiality in a competitive business environment.

Selection of Directors

The Board Corporate Governance Committee, acting as nomination committee and in accordance with the existing Guidelines for the Nomination and Election of Directors, oversee the selection of candidates for directors of AEV and AboitizPower.

The selection process involves the nomination of directors by both controlling shareholders and minority shareholders who actively participate in the nomination and election. For the 2016-2017 term, minority shareholders actively nominated the independent directors. The Board Corporate Governance Committee oversees the nomination process.

The criteria for selection of independent directors include not only their expertise and professional

backgrounds, but also their track records for being independent minded, their strategic thinking, and their understanding of the drivers of our Group's businesses. The Board Corporate Governance Committee believes that this contributes to the successful execution of our vision as a conglomerate doing business in our specific industries. The Committee, sitting in its capacity as a Nominations and Compensation Committee, then approves the nomination by shareholders of executive and independent directors for endorsement to the shareholders at the annual shareholders' meeting.

Shareholders Right to Vote

All shareholders have the right to cast their votes in the election of directors for the Board of Directors. Directors are elected at the annual shareholders' meeting in person by the shareholder or by way of a shareholder's proxy. The Aboitiz Proxy Validation Committee validated all proxies prior to the 2016 Annual Stockholders' Meeting. Voting at the 2016 Annual Stockholders' Meeting was done through an electronic platform and the results were immediately disclosed to the assembly within a few minutes of the completion of the voting. The 2017 Annual Stockholders' Meeting follows the same procedure and adopts the same controls.

Responsibilities of the Board

Our Boards of Directors are fully engaged Boards composed of highly regarded professionals. The directors lend their broad experience and expertise to the Board and the Management team in all relevant matters affecting the Aboitiz Group. AEV and AboitizPower are continually reviewing the

roles and responsibilities of their Boards to assess the propriety and value of existing and proposed Board and Board Committee protocols, systems and policies. All directors have been carefully selected and nominated based on their credentials as well as their ability to contribute and share their expertise in all relevant matters affecting the business units of AEV and AboitizPower.

The existing company policies of AEV and AboitizPower, such as those found in the By-Laws, the Manual on Corporate Governance, the Code of Ethics and Business Conduct, Board protocols, other Board secretariat guidelines, and the Aboitiz Information Management System protocols, ensure excellence in the performance of the directors' roles and responsibilities.

In 2016, the Independent Directors of both AEV and AboitizPower worked closely with the internal audit teams in the performance of their functions as members of the Board Audit Committee, the Board Corporate Governance Committee, the Board Risk and Reputation Committee and of course, as members of the Board.

Our directors were quite engaged in Board work and very focused on their responsibilities as directors. They actively participated at regular and special meetings, either in person or through the use of video and teleconferencing. They were diligent in the performance of their duties.

To broaden the directors' depth of knowledge and industry competence, AEV and AboitizPower

organized seminars, lectures and orientations on highly technical topics unique to or relevant to the Aboitiz Group's businesses. These include discussions on changing regulatory oversight of the energy market and their impact on AboitizPower, analysis and review of Aboitiz risk maturity index results up to 2016, top residual risks of the Aboitiz Group, cyber risks, political and country risks and the World Economic Forum Global Risks. They participated in the in-house mandatory corporate governance seminar, Philippine economic briefings, and a review of the Aboitiz Group's strategic objectives and identified business strategies.

AEV and AboitizPower each have three Board committees that assist the Board in its oversight responsibility over the Aboitiz business units - the Board Corporate Governance Committee, the Board Risk and Reputation Management Committee, and the Board Audit Committee. Three Independent Directors sit on the Board Corporate Governance and Board Audit Committees, comprising a majority of the membership of these Board Committees. In the Board Risk and Reputation Management Committee, while not constituting the majority of the committee membership, two Independent Directors sit on the respective Board Committees.

On February 21, 2017, The Board Corporate Governance Committee approved a new Related Party Transactions (RPT) Policy, the creation of a Related Party Transactions (RPT) Committee and an RPT Committee Charter. The RPT Committee will be composed entirely of Independent Directors.

Rights of Shareholders

The rights of shareholders are unequivocally recognized in the AEV and AboitizPower By-laws, Code of Ethics and Business Conduct, and the Manual on Corporate Governance. The policy statements found in these documents reflect the commitment of AEV and AboitizPower to ensure the protection of shareholder interests and concerns, as well as the free exercise of these rights. These include the rights to receive notices and attend shareholders' meetings, to participate and vote in meetings on the basis of the one-share one-vote policy, to cumulate their votes, to inspect corporate books and records, to vote in person, in absentia or by proxy, to receive dividends, to nominate and elect directors to the Board, and to ratify corporate action, among others.

The Aboitiz Group believes that the rights and interests of shareholders are aligned to that of the controlling shareholders, not only in terms of returns on their investments, but also in the sustainability of the businesses. AEV and AboitizPower take exceptional efforts to ensure that shareholders receive timely public information affecting the businesses they have invested in, and that everyone receives their dividends in accordance with the established dividend policy.

The commitment of AEV and AboitizPower to its shareholders' rights may be shown in a well-defined and disclosed dividend policy, the regular holding of the annual shareholders' meetings, and the timely and accurate disclosures with the Securities and Exchange Commission, the Philippine Stock Exchange,

the Philippine Dealing Exchange, the scheduled annual investor relations roadshows and analysts briefing, and corporate governance communications. The Board Secretariat of AEV and AboitizPower liaise with and provide directions to the companies' stock transfer agent to ensure a prompt or immediate resolution of shareholders' queries and requests brought to its attention. The Board Secretariat strictly follows Board protocols and procedures certified under ISO 9001:2015 for effectiveness of Board and shareholders' commitments.

Equitable Treatment of Shareholders and Fair Dealings for All Shareholders

All shareholders, regardless of the amount of their shareholdings, are given the right to participate in company decision-making, pursuant to the one-share one-vote policy of AEV and AboitizPower. As a matter of policy and practice, to ensure that directors, officers, and even majority shareholders do not take advantage of their position of knowledge in AEV and AboitizPower, related party transactions and amounts are fully disclosed in the Audited Financial Statements and the Notes. AEV and AboitizPower also strictly enforce the General Trading Policy of Company Securities, and also enforce and implement the Policies against Insider Trading and trading blackout rules. The Board Secretariat is committed to vigilantly ensuring compliance with these rules by all team leaders and team members who are privy to sensitive transactions and information.

The Boards encourage active shareholder participation by sending, at least 28 days before the

shareholders' meeting, the notice of shareholders' meetings and all agenda items to be discussed and decided upon during the meetings. No new agenda items are taken up during the meeting. For the guidance of shareholders, the rationale of agenda items subject to shareholder approval are disclosed in the notices of shareholders' meetings.

As long as shareholders provide their contact details, AEV and AboitizPower send out notices to all shareholders of record for all annual shareholders' meeting, as well as provide them with copies of the Information Statement, the Annual Report, and the Aboitiz integrated annual report. At the shareholders' meeting, the Board of Directors, the chief executive officer (CEO), chief financial officer (CFO), the independent auditors, the stock transfer agent, and other key officers of AEV and AboitizPower attend and make themselves accessible and available to answer any questions that shareholders and investors may raise. Questions from shareholders on the floor are always encouraged by the Chairman and the CEO.

The Code of Ethics and Business Conduct of AEV and AboitizPower embodies our commitment to the principles of fair dealings with our stakeholders. The Code provide an ethical compass for the day-to-day activities in the Company. The Code of Ethics and Business Conduct, recently amended in 2016, clearly articulates our commitment to the compliance with laws and regulations; to the equitable treatment of stakeholders; to fair dealings with stakeholders; to the protection of corporate assets and interests, including conflict of interest; to the proper handling

of proprietary and confidential information; to making truthful disclosures of material information; to transparency in the best interests of shareholders and the public; and to our commitment to sustainable business practices.

AEV and AboitizPower strictly enforce the Code of Ethics and Business Conduct, as an integral element of the corporate culture. The Code applies to all directors, officers and employees. This provides assurance to shareholders and other stakeholders.

Role of Stakeholders

The business model of AEV and AboitizPower is anchored on the sustainable growth of the Group's businesses and the full engagement of our stakeholders. The key stakeholders include team leaders and team members who work toward achieving business strategies; the host communities of the companies and business units; the local government units that support and host the Group's businesses; the regulators of the businesses; the customers whom they serve; and the environment that sustains growth. (See Stakeholder Engagement Timeline at www.aboitiz.com)

The Group recognizes that corporate governance principles revolve around relationships between and among these stakeholders and the Group's goals. Together, they contribute to the successful pursuit of business goals. AEV and AboitizPower corporate governance practices include policies and procedures that promote awareness and observance of stakeholders' rights at the company level. Indeed, stakeholder engagement is one

of the strategic pillars and part of the Aboitiz corporate culture.

Social Development + Environmental Stewardship for Sustainability

The Group launched its Sustainability Policy in 2013, in the belief that all stakeholders must be treated with fairness and that corporate social responsibility is an integral part of doing business. In 2014, AboitizPower continued to implement this policy and as an initiative for the year, jointly launched the BetterWorld campaign to encourage all stakeholders to adopt this policy for sustainability. In 2015, the Group explored a wholistic approach to corporate governance integrating the concept of Creation of Shared Value. (See Sustainability Report at www.aboitiz.com). Through the Aboitiz Foundation, Inc. (Aboitiz Foundation) the Aboitiz Group is pursuing concrete projects to fulfill eight out of the 17 Global Goals for Sustainable Development, namely: No Poverty, Zero Hunger, Good Health & Well Being, Quality Education; Responsible Production & Consumption; Climate Change; Life Below Water; and Life on Land.

Our Group is especially proud of our track record in corporate social responsibility. AEV and AboitizPower, through their business units and through the Aboitiz Foundation, have consistently pursued and supported long standing CSR commitments and partnerships.

Over the past 10 years, the Group has invested PHP4.5 billion in CSR programs. These CSR programs are focused on education, enterprise

Corporate Governance

development, disaster response and recovery, sustainable communities, energy efficiency, ecological biodiversity, climate change and other environmental regeneration. For 2016, the Aboitiz Foundation budgeted around PHP450 million for its CSR projects. These projects were funded by AEV and AboitizPower business units. (See Aboitiz Foundation Report at www.aboitizfoundation.org).

Disclosure and Transparency

The Boards and Management of AEV and AboitizPower believe that a commitment to proper disclosure and transparency of the businesses elicit the trust and confidence of stakeholders. The Aboitiz Group puts a high premium on its reputation and works at keeping this well-earned trust of stakeholders gained over the years.

Pursuant to the Group's commitment to transparency and accountability, AEV and AboitizPower continue to improve and update the corporate governance pages on our websites (www.aboitiz.com) and (www.aboitizpower.com). These web pages contain company information. The corporate websites make available to the public copies of the annual corporate governance reports, annual reports, company disclosures and investor reports, organizational information, Board and Board Committees membership, policies such as the Manual on Corporate Governance, Code

of Ethics and Business Conduct, minutes of the Annual Stockholders' Meetings, Investor Relations information, and other information relevant to stakeholders. The websites serve as a resource center for stakeholders and the public.

The Board Secretariat for AEV and AboitizPower is also fully committed to ensuring full and accurate disclosures of information to shareholders, to the general public, and all other stakeholders.

Statutory and Regulatory Compliance

AEV and AboitizPower are committed to legal and regulatory compliance and overall good corporate governance practices. In 2016, there was no deviation from or violation of the rules under the Manual on Corporate Governance, other company governance and compliance policies, and protocols.

2016 Awards

AEV and AboitizPower, along with subsidiaries and affiliates, have been consistently recognized in local and international surveys, assessments, and governance scorecards, as among the Philippines' best-managed companies.

As in previous years' PSE Bell Awards, AEV was cited for its good corporate governance and AboitizPower received the Bell Award for Excellence in Corporate Governance. AboitizPower was also

recognized in 2016 as Overall Best Managed Power Company in Asia by FinanceAsia. Both companies scored very high in the 2016 round of the ASEAN Corporate Governance Scorecard (ACGS) for publicly listed companies in the Philippines. The ACGS is reviewed by the Institute of Corporate Directors in partnership with the SEC.

Awards are mere validation or recognition of our corporate governance practices. These are not the "whys" of what we do every day. At the heart of our governance culture is the mindfulness that if the one thing we do "doesn't advance both our business and the community", then it serves no other purpose. It will not be the Aboitiz way.

OUR PSE SCORECARD	Aboitiz Equity Ventures, Inc.	Aboitiz Power Corporation
Develops and executes a sound business strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Establishes a well-structured and functioning board	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Maintains a robust internal audit and control system	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Recognizes and manages its enterprise risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ensures the integrity of financial reports as well as its external auditing function	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Respects and protects the rights of its shareholders, particularly those that belong to the minority or non-controlling group	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Adopts and implements an internationally-accepted disclosure and transparency regime	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Respects and protects the rights and interests of employees, community, environment, and other stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Does not engage in abusive related-party transactions and insider trading	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Develops and nurtures a culture of ethics, compliance, & enforcement	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Group Awards

Company	Award	Category
Aboitiz Equity Ventures	MORS Group Asia Corporate Excellence and Sustainability Awards	<ul style="list-style-type: none"> • Top CSR Advocate in Asia
	4th Philippine Stock Exchange (PSE) Annual Bell Awards	<ul style="list-style-type: none"> • Citation for Good Corporate Governance
	In-House Community Counsels of the Year Awards 2016	<ul style="list-style-type: none"> • Integration Legal Team of the Year • Financial Services (ex-Banking) Legal Team of the Year • Asian Legal Team of the Year
	ASEAN Corporate Sustainability Awards 2016	<ul style="list-style-type: none"> • Resource Efficiency (1st Runner-Up)
	Institutional Investors' Governance Award	<ul style="list-style-type: none"> • Citation, USD2-billion to USD10-billion Category
	Asian Legal Business Philippine Law Awards 2016	<ul style="list-style-type: none"> • M&A Deal of the Year – AEV-CRH's Acquisition of Lafarge's Cement Business
AboitizPower	4th Philippine Stock Exchange (PSE) Annual Bell Awards	<ul style="list-style-type: none"> • Bell Award for Excellence in Corporate Governance
	9th Alpha Southeast Asia Annual Deal and Solution Awards	<ul style="list-style-type: none"> • Best Renewable Finance Deal of the Year in Southeast Asia — Hedcor Bukidnon (PHP10-billion finance project for the PHP13-billion Manolo Fortich run-of-river hydropower project)
	FinanceAsia 16th Best Companies in Asia Poll	<ul style="list-style-type: none"> • Overall Best Managed Power Company in Asia • Best Energy/Renewable Energy Deal - Hydroelectric, Philippines — Hedcor Bukidnon (PHP10-billion loan facility) • Most Innovative Deal, Philippines — Therma Visayas (PHP31.97-billion loan facility) • Project Sponsor of the Year • Energy/Renewable Energy Deal of the Year — Sacasun • Project Finance Deal of the Year - Solar, Philippines — Sacasun • Best Energy/Renewable Energy Deal - Solar, Philippines — Sacasun
	The Asset Triple A Asia Infrastructure Awards 2016	<ul style="list-style-type: none"> • National Winner, Individual Category (Gold Award) SHESQ Sr. Manager Hollis Fernandez • National Winner, Industrial Category (Silver Award) SNAP Benguet • National Winner, Industrial Category (Bronze Award) Therma Marine
	DENR - Environmental Management Bureau 5th National Multipartite Monitoring Team Convention	<ul style="list-style-type: none"> • Citation — APRI Multipartite Monitoring Team
	Dept. of Labor and Employment "Gawad Kaligtasan at Kalusugan National Award"	<ul style="list-style-type: none"> • Debt Market Deal of the Year – AP Renewables' Issuance of First Climate Bond
Frost & Sullivan Philippines Excellence Awards	Asian Legal Business Philippine Law Awards 2016	<ul style="list-style-type: none"> • Philippines Biomass Power Competitive Strategy Innovation and Leadership Award (Aseagas)
	Project Finance PFI Awards 2016	<ul style="list-style-type: none"> • Bond Deal of the Year

Company	Award	Category
UnionBank	24th Global HR Excellence Awards	<ul style="list-style-type: none"> • CEO of the Year (UnionBank Chairman and CEO Justo A. Ortiz) • Organization with Innovative HR Practices
	5th Dream Companies to Work For Awards	<ul style="list-style-type: none"> • CEO of the Year — UnionBank Chairman and CEO Justo A. Ortiz • Organization with Innovative HR Practices
	10th Employer Branding Awards	<ul style="list-style-type: none"> • Best Employer Brand of the Year • Award for Excellence in Training • Award for Innovation in Career Development
	MORS Group Asia Corporate Excellence and Sustainability Awards	<ul style="list-style-type: none"> • Best Company to Work for in Asia
CitySavings	6th Asian Excellence Recognition Awards	<ul style="list-style-type: none"> • Best Investor Relations Company
	51st Anvil Awards	<ul style="list-style-type: none"> • Gold Anvil — Lumina Pandit II project • Silver Anvil, Issues Management and Crisis Communication category — Stop The Scammers campaign
Republic Cement Group	BIR Large Taxpayers Division Cebu	<ul style="list-style-type: none"> • Top Contributor for Taxable Year 2015
	62nd Annual National Mine Safety and Environment Conference	<ul style="list-style-type: none"> • Safest Cement Operation Award — Batangas Plant • Safest Mining Operation - Non-Metallic Award — Batangas Plant • Titanium Environmental Award — Bulacan Plant • Safest Cement Operation Award (Runner-up) — Teresa Plant
	PANA Marketing Effectiveness Awards	<ul style="list-style-type: none"> • Gold, Internal Communications category — Tibay ng Samahan: A 60-Year Journey with Republic • Silver, Brand Integrated Program category — Republic Bossing sa Tibay • Finalist, Advocacy Marketing - Integrated Program category — Tahanan Ko Program
Aboitiz Foundation	Philippine Center for Environmental Protection and Sustainable Development, Inc.	<ul style="list-style-type: none"> • The Green Choice Seal of Approval — REPUBLIC PORTLAND PLUS®, WallMASTER®, and KAPIT-BALAY™ cements
	MERALCO	<ul style="list-style-type: none"> • Meralco Luminaries 2016 — Republic Cement
	13th International Business Awards	<ul style="list-style-type: none"> • Silver Stevie Award for Sponsorship of the "2015 Green Fashion Revolution"
DepEd Region VII		<ul style="list-style-type: none"> • Harvest of Excellence Award



From L-R: Antonio, Enrique, Jon, Roberto

From L-R: Stephen, Erramon, Justo, Raphael, Jose

Board of Directors

Aboitiz Equity Ventures, Inc.

Jon Ramon Aboitiz
Chairman of the Board

Erramon I. Aboitiz
Director

Enrique M. Aboitiz
Director

Roberto E. Aboitiz
Director

Justo A. Ortiz
Director

Jose C. Vitug
Independent Director

Raphael P.M. Lotilla
Independent Director

Antonio R. Moraza
Director

Stephen T. CuUnjieng
Independent Director

Corporate Officers

Aboitiz Equity Ventures, Inc.

Erramon I. Aboitiz

President
Chief Executive Officer



Sabin M. Aboitiz

Executive Vice President
Chief Operating Officer



M. Jasmine S. Oporto

Senior Vice President
Corporate Secretary
Chief Compliance Officer

Gabriel T. Mañalac

Senior Vice President
Group Treasurer



Xavier Jose M. Aboitiz

Senior Vice President
Chief Human Resources Officer

Luis Miguel O. Aboitiz

Senior Vice President

Horacio C. Elicano

First Vice President
Chief Technology Officer

Narcisa S. Lim

First Vice President
Human Resources and Quality

Melinda R. Bathan

First Vice President
Controller



Manuel R. Lozano

Senior Vice President
Chief Financial Officer
Corporate Information Officer



Robert McGregor

Senior Vice President
Chief Strategy and Investment Officer



Manuel Alberto R. Colayco

First Vice President
Chief Legal Officer

Annacel A. Natividad

First Vice President
Chief Risk Officer



Susan V. Valdez

Senior Vice President
Chief Corporate Services Officer

Juan Antonio E. Bernad

Senior Vice President

Jojo S. Guingao

First Vice President
Digital Management

David Jude L. Sta. Ana

First Vice President
Government Relations



Business Units Heads

Aboitiz Equity Ventures, Inc.

Antonio R. Moraza

President
Chief Operating Officer
Aboitiz Power Corporation



Luis Miguel O. Aboitiz

Executive Vice President
Chief Operating Officer - Corporate Business Group
Aboitiz Power Corporation



Sabin M. Aboitiz

President
Chief Executive Officer
Pilmico Foods Corporation
President
Aboitiz InfraCapital, Inc.

Erramon I. Aboitiz

Chairman
Aboitiz InfraCapital, Inc.



Emmanuel V. Rubio

Executive Vice President
Chief Operating Officer - Generation Business Group
Aboitiz Power Corporation

Jaime Jose Y. Aboitiz

Executive Vice President
Chief Operating Officer - Distribution Business Group
Aboitiz Power Corporation

Andoni F. Aboitiz

Chief Executive Officer
Aboitiz Land, Inc.

Patrick B. Reyes

President
Chief Operating Officer
Aboitiz Land, Inc.



Justo A. Ortiz

Chairman
Chief Executive Officer
Union Bank of the Philippines



Edwin R. Bautista

President
Chief Operating Officer
Union Bank of the Philippines



Catalino S. Abacan

President
Chief Executive Officer
City Savings Bank, Inc.

Lorenzo T. Ocampo

President
PETNET, Inc.

Management Directory 2016-2017

Aboitiz Equity Ventures, Inc.

Board of Directors

Jon Ramon Aboitiz Chairman of the Board	Enrique M. Aboitiz Director	Justo A. Ortiz Director	Jose C. Vitug Independent Director	Raphael P.M. Lotilla Independent Director
Erramon I. Aboitiz Director	Roberto E. Aboitiz Director	Antonio R. Moraza Director	Stephen T. CuUnjieng Independent Director	

Corporate Officers

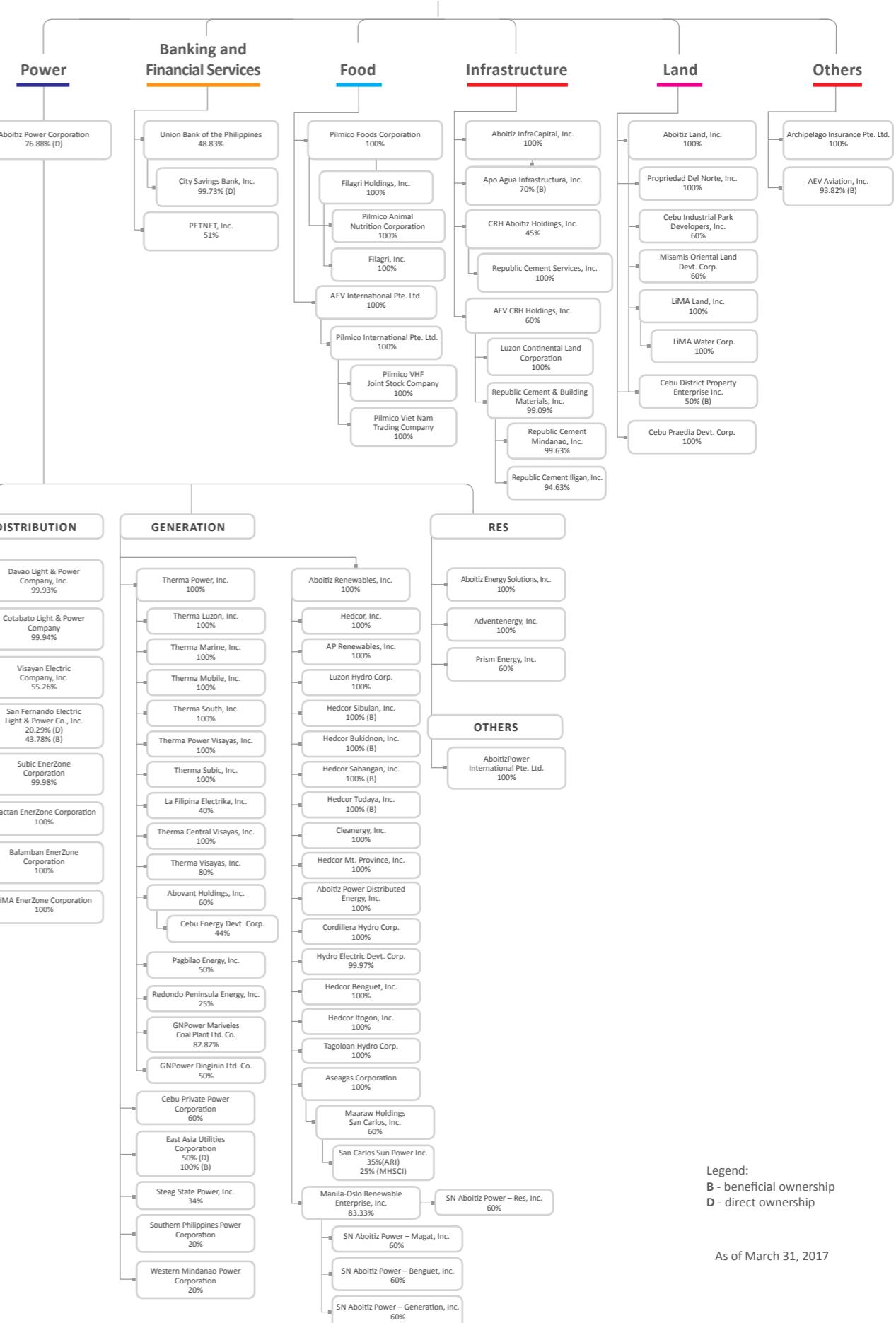
Erramon I. Aboitiz President Chief Executive Officer	Narcisa S. Lim First Vice President Human Resources and Quality	Susan S. Policarpio Vice President Government Relations	Marwell D. Dalangin Assistant Vice President Digital Solutions	Andy G. Torrato Assistant Vice President Physical Assets Security
Sabin M. Aboitiz Executive Vice President Chief Operating Officer	Manuel Alberto R. Colayco First Vice President Chief Legal Officer	Rodrigo M. San Pedro Vice President Special Projects	Marc Daniel K. Dy Assistant Vice President Corporate Finance	Norman Brian P. Yap Assistant Vice President Litigation
Xavier Jose M. Aboitiz Senior Vice President Chief Human Resources Officer	Annacel A. Natividad First Vice President Chief Risk Officer	Maria Veronica C. So Vice President Treasury Services Group	Leah I. Geraldez Assistant Vice President Corporate Compliance	Martin John S. Yasay Assistant Vice President Government Relations
Luis Miguel O. Aboitiz Senior Vice President	Jojo S. Guingao First Vice President Digital Management	Maria Elizabeth L. Tan Chong Vice President Talent Retention and Systems	Raul N. Imperial Assistant Vice President Risk Management	Mercedes Maria B. Zamora Assistant Vice President Succession and Career Management
Manuel R. Lozano Senior Vice President Chief Financial Officer Corporate Information Officer	David Jude L. Sta. Ana First Vice President Government Relations	Maria Lourdes Y. Tanate Vice President Group Internal Audit	Kenneth M. Lim Assistant Vice President Information Systems	Louie R. Lagman Assistant Vice President Digital Transformation and Delivery
Robert McGregor Senior Vice President Chief Strategy and Investment Officer	Julie Ann T. Dióngzon Vice President Treasury Services Group	Joseph Y. Tugonon Vice President Tax Advisory and Compliance	Ma. Clarice U. Marucut Assistant Vice President Project Finance	
Susan V. Valdez Senior Vice President Chief Corporate Services Officer	Belinda E. Dugan Vice President Legal Services Management	Marjolein M. Van den Bosch Vice President Investments	Pascualito Timothy D. Masion Assistant Vice President IT Operations	
Juan Antonio E. Bernad Senior Vice President	Ricardo F. Lacson Vice President Strategy	Juan Alejandro A. Aboitiz Assistant Vice President Corporate Finance	Olyzza O. Mellomida Assistant Vice President Accounting	
M. Jasmine S. Oporto Senior Vice President Corporate Secretary Chief Compliance Officer	Maria Luisa L. Marasigan Vice President Reputation Management	Pagan N. Arches-Reyes Assistant Vice President Contracts and Commercial Transactions	Marilou P. Plando Assistant Vice President Risk Management	
Gabriel T. Mañalac Senior Vice President Group Treasurer	Mary Geraldine P. Onganon Vice President Chief of Staff	Lehua L. Cabrera Assistant Vice President Labor Relations and Compliance	Francisco Victor G. Salas Assistant Vice President Investor Relations	
Horacio C. Elicano First Vice President Chief Technology Officer	Ma. Analina Y. Pedro Vice President Talent Attraction and Development	Christopher M. Camba Assistant Vice President Government Relations	Jose Grego U. Sitoy Assistant Vice President IT Security	
Melinda R. Bathan First Vice President Controller	Aylmerita C. Peñaloza Vice President Project Finance	Francis S. Cabanban Assistant Vice President Enterprise Architecture and Project Management	Percival Vincent P. Tan Assistant Vice President Government Relations	

Board Committees

Board Corporate Governance Committee				
Jon Ramon Aboitiz Chairman of the Board Chairman of the Committee	Jose C. Vitug Independent Director Member of the Committee	Stephen T. CuUnjieng Independent Director Member of the Committee	Xavier Jose M. Aboitiz Chief Human Resources Officer Ex-Officio Member of the Committee	
Roberto E. Aboitiz Director Member of the Committee	Raphael P.M. Lotilla Independent Director Member of the Committee	M. Jasmine S. Oporto Corporate Secretary Chief Compliance Officer Ex-Officio Member of the Committee		
Board Audit Committee				
Jose C. Vitug Independent Director Chairman of the Committee	Raphael P.M. Lotilla Independent Director Member of the Committee	Stephen T. CuUnjieng Independent Director Member of the Committee	Roberto E. Aboitiz Director Member of the Committee	Justo A. Ortiz Director Member of the Committee
Board Risk and Reputation Management Committee				
Enrique M. Aboitiz Director Chairman of the Committee	Jon Ramon M. Aboitiz Chairman of the Board Member of the Committee	Erramon I. Aboitiz President Chief Executive Officer Member of the Committee	Raphael P.M. Lotilla Independent Director Member of the Committee	Susan V. Valdez Chief Corporate Services Officer Ex-Officio Member of the Committee
Justo A. Ortiz Director Member of the Committee	Stephen T. CuUnjieng Independent Director Member of the Committee	Jose C. Vitug Independent Director Member of the Committee	Manuel R. Lozano Chief Financial Officer Ex-Officio Member of the Committee	

Corporate Structure

Aboitiz Equity Ventures, Inc.





From L-R: Jon, Erramon, Mikel, Alfonso, Enrique

From L-R: Antonio, Jaime, Romeo, Carlos

Board of Directors

Aboitiz Power Corporation

Enrique M. Aboitiz
Chairman of the Board

Jon Ramon Aboitiz
Vice Chairman of the Board

Erramon I. Aboitiz
Director

Antonio R. Moraza
Director

Mikel A. Aboitiz
Director

Carlos C. Ejercito
Independent Director

Romeo L. Bernardo
Independent Director

Jaime Jose Y. Aboitiz
Director

Alfonso A. Uy
Independent Director

Corporate Officers

Aboitiz Power Corporation

Erramon I. Aboitiz
Chief Executive Officer



Antonio R. Moraza
President
Chief Operating Officer



Liza Luv T. Montelibano
Senior Vice President
Chief Financial Officer
Corporate Information Officer

Robert McGregor
Executive Director
Business Development



Luis Miguel O. Aboitiz
Executive Vice President
Chief Operating Officer
Corporate Business Group

Juan Antonio E. Bernad
Executive Vice President
Regulatory and Strategy



Emmanuel V. Rubio
Executive Vice President
Chief Operating Officer
Generation Business Group

Jaime Jose Y. Aboitiz
Executive Vice President
Chief Operating Officer
Distribution Business Group

Gabriel T. Mañalac
Senior Vice President
Group Treasurer

Susan V. Valdez
Senior Vice President
Chief Reputation and Risk Management Officer

M. Jasmine S. Oporto
Senior Vice President
Corporate Secretary
Compliance Officer



Donald L. Lane
Executive Director
Project Development and Execution

Thomas J. Sliman, Jr.
Executive Director
Project Execution



Corporate Officers

Aboitiz Power Corporation

Ma. Chona Y. Tiu

First Vice President
Chief Financial Officer
Distribution Business Group



Beverly B. Tolentino

First Vice President
Chief Financial Officer
Generation Business Group



Rene Manuel B. Ronquillo

President
Chief Operating Officer
Hedcor Business Unit

Felino M. Bernardo

President
Chief Operating Officer
Geothermal Business Unit



John A. Crane

Senior Director
Business Development



John Earl Crider, Jr.

Executive Director
Chief Technology Officer
Generation Business Group

Joseph S. Yu

Executive Vice President
Chief Operating Officer
SN Aboitiz Power Business Unit

Juan Felipe A. Alfonso

Senior Vice President
Chief Operating Officer
Aseagas Corporation



Danel C. Aboitiz

President
Chief Operating Officer
Oil Business Unit

Sebastian R. Lacson

President
Chief Operating Officer
Coal Business Unit



Alvin S. Arco

First Vice President
Regulatory Affairs

Rochel Donato R. Gloria

First Vice President
Energy Trading and Sales

Manuel M. Orig

First Vice President
Mindanao Affairs (*Retired December 2016*)

Anton Mari G. Perdices

Senior Vice President
Chief Operating Officer
Visayan Electric Company, Inc.

Rodger S. Velasco

Executive Vice President and Chief Operating Officer
Davao Light and Power Company, Inc.
Senior Vice President and Chief Operating Officer
Cotabato Light and Power Company

Dante T. Pollescas

Senior Vice President
Chief Operating Officer
Subic, Balamban, Mactan, and LiMA EnerZones



Management Directory 2016-2017

Aboitiz Power Corporation

Board of Directors

Enrique M. Aboitiz Chairman of the Board	Erramon I. Aboitiz Director	Mikel A. Aboitiz Director	Carlos C. Ejercito Independent Director	Alfonso A. Uy Independent Director
Jon Ramon Aboitiz Vice Chairman of the Board	Antonio R. Moraza Director	Jaime Jose Y. Aboitiz Director	Romeo L. Bernardo Independent Director	

Corporate Officers

Erramon I. Aboitiz Chief Executive Officer	Ralph T. Crisologo First Vice President Project Development	Noel M. Gonzales Vice President Project Execution	Gil G. Cardiel Assistant Vice President Geosciences	Carlos Copernicus S. Payot Assistant Vice President Accounting Operations (Support) Distribution Business Group
Antonio R. Moraza President Chief Operating Officer	Joseph Trillana T. Gonzales First Vice President General Counsel	Riella Mae Christa B. Guioguio Vice President Accounting and Finance Distribution Business Group	Belen B. Catanduanes Assistant Vice President Human Resource Distribution Business Group	Nelson V. Perez Assistant Vice President Accounting and Compliance Distribution Business Group
Luis Miguel O. Aboitiz Executive Vice President Chief Operating Officer Corporate Business Group	Alvin S. Arco First Vice President Regulatory Affairs	Cherry A. Javier Vice President Industry Affairs for Regulatory	Gedeon L. Gavan, Jr. Assistant Vice President Distribution Finance Regulatory Affairs	Lemuel P. Quilos Assistant Vice President IT Operations Distribution Business Group
Jaime Jose Y. Aboitiz Executive Vice President Chief Operating Officer Distribution Business Group	Rochel Donato R. Gloria First Vice President Energy Trading and Sales	Crisanto R. Laset, Jr. Vice President Energy Trading	Joan Margareth C. Hao Assistant Vice President Business Process Management	Clovis B. Racho Assistant Vice President Supply Chain Management Distribution Business Group
Juan Antonio E. Bernad Executive Vice President Regulatory and Strategy	Manuel M. Orig First Vice President Mindanao Affairs (Retired December 2016)	Raul C. Lucero Vice President Engineering Distribution Business Group	Nemeley F. Jabla Assistant Vice President Energy Economics	Wilfredo A. Rodolfo III Assistant Vice President Corporate Branding and Communication
Emmanuel V. Rubio Executive Vice President Chief Operating Officer Generation Business Group	John A. Crane Senior Director Business Development	Artemio D. Magnayon Vice President Project Execution	Arazeeli L. Malapad Assistant Vice President Divisional Operating Profit Management and Special Projects	Rowena V. Romero Assistant Vice President Commercial Support Services
Robert McGregor Executive Director Business Development	John Earl Crider, Jr. Executive Director Chief Technology Officer Generation Business Group	Reynaldo A. Pangilinan Vice President Project Execution	Marnie F. Mañalac Assistant Vice President Strategy and Performance Management	Raymond Carl R. Roseus Assistant Vice President Industry Relations for Regulatory
Liza Luv T. Montelibano Senior Vice President Chief Financial Officer Corporate Information Officer	Ronald Enrico V. Abad Vice President Project Development	Katrina M. Platon Vice President Legal for Regulatory Affairs	Raizza L. Manuel Assistant Vice President Retention and Systems Human Resource	Benedick M. Salvador Assistant Vice President Energy Sales - Visayas and Mindanao
Gabriel T. Mañalac Senior Vice President Group Treasurer	Ana Liza M. Aleta Vice President Strategy, Systems and Performance	Ronaldo S. Ramos Vice President Enterprise Risk Management	Jose Rafael R. Mendoza Assistant Vice President Business Attraction Distribution Business Group	James Byron P. Yu Assistant Vice President Energy Products
Susan V. Valdez Senior Vice President Chief Reputation and Risk Management Officer	Cristina B. Beloria Vice President Controller	Ma. Kristina C.V. Rivera Vice President Human Resource and Admin	Junisse P. Mercado Assistant Vice President Land Search, Environmental and Social	Rienzi O. Zano Assistant Vice President Project Development
M. Jasmine S. Oporto Senior Vice President Corporate Secretary Compliance Officer	Katrina Michaela D. Calleja Vice President Corporate Branding and Communication	Timothy Joseph P. Abay Assistant Vice President Assistant Controller	Ma. Consolacion C. Mercado Assistant Vice President Legal for Energy	Ruby O. Jaucian Assistant Vice President Organizational Development Human Resource
Donald L. Lane Executive Director Project Development and Execution	Marco R. Carlos Vice President Safety, Health, Environment and Quality	Lee Hazel T. Balangue Assistant Vice President Business Development	Saturnino E. Nicanor, Jr. Assistant Vice President Internal Audit Generation Business Group	
Thomas J. Sliman, Jr. Executive Director Project Execution	Dennis Edward A. De La Serna Vice President Regulatory Affairs	Aladino B. Borja, Jr. Assistant Vice President Information Technology and Services Distribution Business Group	Roberto V. Orozco Assistant Vice President Project Execution	
Ma. Chona Y. Tiu First Vice President Chief Financial Officer Distribution Business Group	Rolando U. Gaerlan Vice President Energy Sales and Marketing	Roberto Alexander U. Camay Assistant Vice President Information Systems Management	Angeli A. Parcia Assistant Vice President Generation Finance Regulatory Affairs	
Beverly B. Tolentino First Vice President Chief Financial Officer Generation Business Group	Bienamer D. Garcia Vice President Customer Services Distribution Business Group	Mark Albert B. Canlas Assistant Vice President Project Development	Socorro L. Patindol Assistant Vice President Environment	

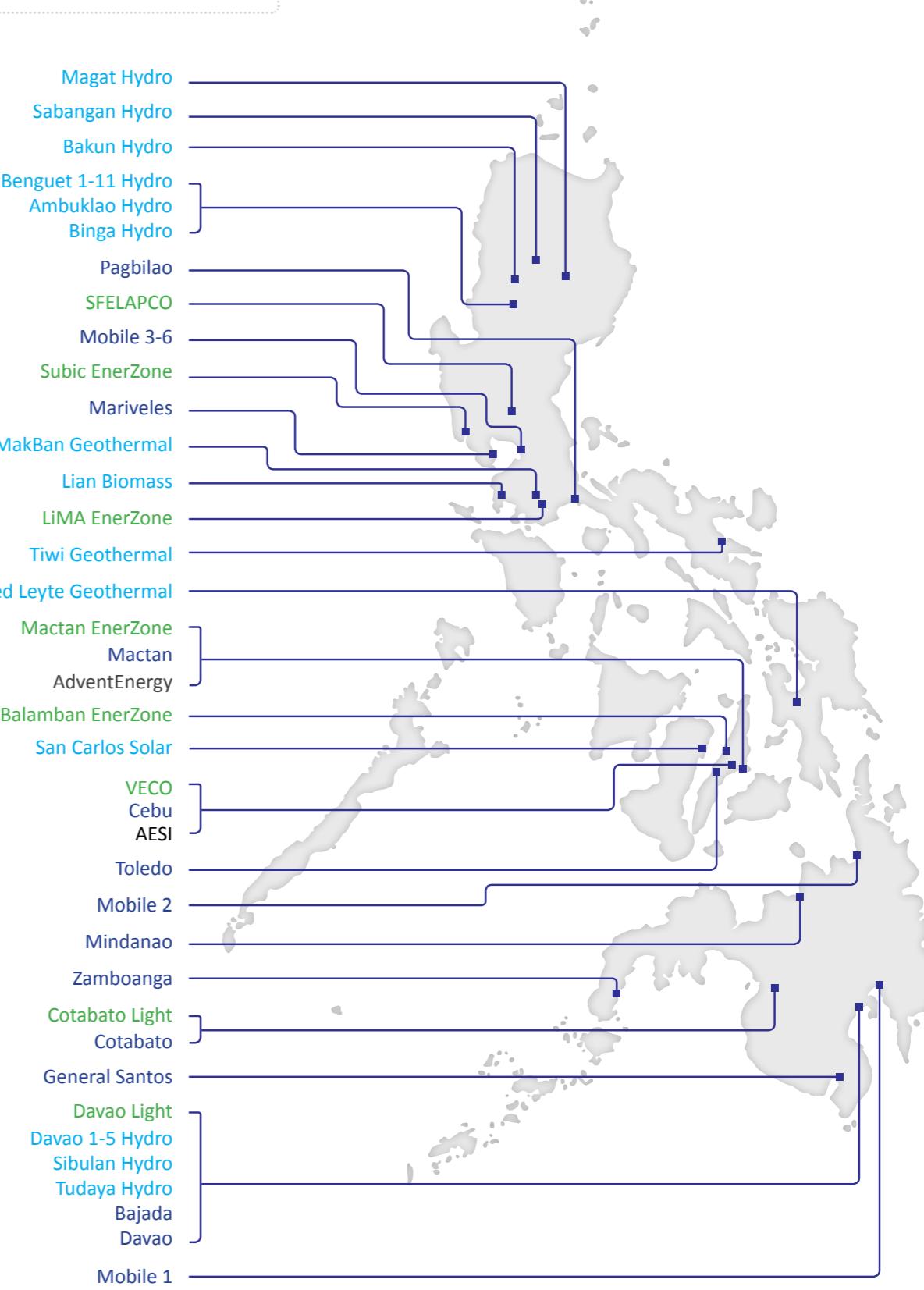
Board Committees

Board Corporate Governance Committee				
Jon Ramon Aboitiz Vice Chairman/Director Chairman of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Alfonso A. Uy Independent Director Member of the Committee	Xavier Jose M. Aboitiz Chief Human Resources Officer Ex-Officio Member of the Committee	
Erramon I. Aboitiz Director Member of the Committee	Romeo L. Bernardo Independent Director Member of the Committee	M. Jasmine S. Oporto Compliance Officer Ex-Officio Member of the Committee		
Board Audit Committee				
Carlos C. Ejercito Independent Director Chairman of the Committee	Romeo L. Bernardo Independent Director Member of the Committee	Alfonso A. Uy Independent Director Member of the Committee	Mikel A. Aboitiz Director Member of the Committee	Antonio R. Moraza Director Member of the Committee
Board Risk and Reputation Management Committee				
Enrique M. Aboitiz Chairman of the Board Chairman of the Committee	Mikel A. Aboitiz Director Member of the Committee	Romeo L. Bernardo Independent Director Member of the Committee	Manuel R. Lozano Chief Financial Officer Ex-Officio Member of the Committee	Susan V. Valdez Management Officer Chief Reputation and Risk Management Officer Ex-Officio Member of the Committee
Antonio R. Moraza Director Member of the Committee	Carlos C. Ejercito Independent Director Members of the Committee	Alfonso A. Uy Independent Director Member of the Committee	Liza Luv T. Montelibano Chief Financial Officer Ex-Officio Member of the Committee	

Map of Operations

Aboitiz Power Corporation

- Generation – Renewable
- Generation – Thermal
- Distribution
- Retail Electricity Supplier



The Audit Committee Report to the Board of Directors

Aboitiz Equity Ventures, Inc.

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2016.

Audit Committee Responsibility

In giving effect to its duly approved charter, the Audit Committee assisted the Board of Directors in fulfilling its oversight responsibility to the Company and its stakeholders by providing guidance relating to: (a) the adequacy and efficiency of the company's system of internal controls, governance and risk management processes; (b) the quality and integrity of the company's accounting, auditing, legal, ethical and regulatory compliances; (c) the annual independent audit of the Company's financial statements and the external auditors' qualification and independence; (d) due observance of applicable laws and regulations that may have financial and other material exposure to the Company; and (e) providing an avenue of communication among the independent auditors, the management, the internal audit and the Company.

It has established a constructive and collaborative relationship with the Company's senior leadership to assist not to pre-empt any responsibility in making final audit-related decisions.

Committee Membership

The Audit Committee is composed of five (5) members, three (3) of whom are independent directors including the Chairman.

Jose C. Vitug, a retired Justice of the Supreme Court (an Independent Director) is the Chairman of the Committee. He is ably assisted by Atty. Raphael P. M. Lotilla (Independent Director), Stephen T. CuUnjieng (Independent Directors), Justo A. Ortiz (Non-Executive Director) and Roberto E. Aboitiz (Non-Executive Director).

Meetings and Attendance

The Audit Committee carried out its function through its meetings with management, internal audit, independent external auditors, and advisers, where appropriate.

The audit charter provides for the Committee to hold at least four regular meetings a year, with the authority to convene special meetings when deemed required. It also holds an annual joint meeting with the Board Risk and Reputation Committee.

In 2016, six meetings were held. The attendance by each member of the committee is as so indicated below:

Member	Mar 4, 2016 Regular Meeting	May 3, 2016 Regular Meeting	July 26, 2016 Regular Meeting	Oct 24, 2016 Regular Meeting	Oct 26, 2016 Regular Meeting	Nov 22, 2016 Joint with Risk
JOSE C. VITUG Chairman, Independent Director	✓	✓	✓**	✓	✓	✓
STEPHEN T. CUUNJIENG Independent Director	✓	✓	✓	✓	✓	✓
RAPHAEL P. M. LOTILLA Independent Director	✓	✓	✓	✓	✓	✓
ROBERTO E. ABOITIZ Non-Executive Director	✓*	✓*	✓	✓	✓	✓
JUSTO A. ORTIZ Non-Executive Director	✓	✓	✓	✓	✓	✓

* Attended via videocon

** Attended via telecon

Attendees to these meetings also include the Group Internal Audit Head, the Chief Reputation and Risk Management Officer and by invitation the Chief Financial Officer, Controller and other key leaders when deemed appropriate.

Financial Reports

The Audit Committee reviewed, discussed, and endorsed for the approval of the Board the 2016 quarterly unaudited consolidated financial statements and the 2016 annual audited financial statements of Aboitiz Equity Ventures, Inc., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV)—a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Audit Committee are performed in the context—

- (a) That management has the primary responsibility for the financial statements and the financial reporting process; and
- (b) That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

External Auditors

Upon the endorsement of the Audit Committee to the Board which, in turn, sought the approval of the shareholders of Aboitiz Equity Ventures, Inc., during its Annual General Stockholders Meeting held last May 16, 2016, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2016. The overall scope and audit plan of SGV were reviewed and approved during the October 24, 2016 regular Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 3, 2017. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results.

No non-audit services were provided by SGV for AEV parent in 2016.

Internal Auditors

The Audit Committee is satisfied with the internal audit function and has assessed that it is operating effectively and is able to generally cover the top risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor.

With reference to the IPPF Attribute Standard 1100 which states that "*The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work.*", the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impairments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2016. Internal audit is organizationally positioned to be independent—functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

We are satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit (GIA) remains to be the single-point-of-contact for the Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the group audit teams which, in turn, focus their reviews on the top risks of their respective business units. Cybersecurity risks, however, still remain to be an area covered by the group information systems auditors.

Based on audit reports and highlights presented to the Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Committee concurs with internal audit's assessment that, overall there is reasonable assurance that the existing system of internal controls allows for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

The Audit Committee Report to the Board of Directors

Aboitiz Equity Ventures, Inc.

Review of the Audit Charters

The Committee reviewed and assessed the current audit charters in its meeting held October 26, 2016. Minor revisions were effected on the internal audit charter. Should there be any change in the Board Audit Committee Charter, approval of the Board of Directors would be required.

Self-Assessment

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Cir. No. 4, series of 2012. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

It is essential for the internal audit function to consider and evaluate how to provide assurance against the top risks of the company.

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the board on the effectiveness of risk management, a joint audit and risk committee meeting is held at least once a year. In November 22, 2016, internal audit presented and discussed the results of its validation review of the risk management action plans identified by the different business and corporate service units. Assurance was given when results of the review show that majority of risk action plans for the year generally, were either acted upon (done) or being addressed (in-progress).

Also presented in the joint meeting are the top strategic risks that present a significant impact to the Company's ability to execute its plans, strategies and business objectives for the following year. These top risks guide audit's risk-based planning.

After considering, analyzing and reviewing all pertinent information on the integrity of financial reporting, effectiveness of internal controls, risk management, governance and compliance within the Aboitiz group of companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Committee,



Jose C. Vitug
(Retired Justice, Supreme Court/Independent Director)
Chairman

Statement of Management's Responsibility for Financial Statements

Aboitiz Equity Ventures, Inc.

SECURITIES & EXCHANGE COMMISSION

SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Aboitiz Equity Ventures, Inc. (Parent) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

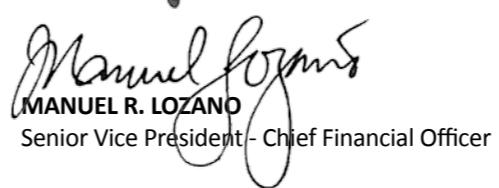
Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



JON RAMON M. ABOITIZ
Chairman of the Board



ERRAMON I. ABOITIZ
President & Chief Executive Officer



MANUEL R. LOZANO
Senior Vice President - Chief Financial Officer

Signed this 7th day of March, 2017.

Statement of Management's Responsibility for Financial Statements

Aboitiz Equity Ventures, Inc.

Republic of the Philippines
Taguig City) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC	Date/Place Issued
Jon Ramon M. Aboitiz	EB9718353	November 29, 2013, Cebu City
	26525303	January 24, 2017, Cebu City
Erramon I. Aboitiz	EB7151577	January 14, 2013, Cebu City
	26533114	January 24, 2017, Cebu City
Manuel R. Lozano	EC1926563	August 18, 2014, NCR South
	00808330	February 3, 2017, Taguig City

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

MAR 22 2017

Witness my hand and seal this _____ day of _____ 2017.

Doc. No. 98; Page No. 21; Book No. 1; Series of 2017.



Racquel Rose M. Guma
Notary Public for Taguig City
Notarial Commission No. 51
Until December 31, 2018
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-3162202; Taguig City; January 04, 2017
IBP No. 010832; Davao City; March 19, 2012
Roll No. 35605
MCLE No. V-0011250

The Board of Directors and Stockholders
Aboitiz Equity Ventures, Inc.
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

Opinion

We have audited the consolidated financial statements of Aboitiz Equity Ventures, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2016 and 2015, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Independent Auditors' Report

Aboitiz Equity Ventures, Inc.

Independent Auditors' Report

Aboitiz Equity Ventures, Inc.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Business Combinations: Acquisition of GNPower Mariveles Coal Plant Ltd. Co. (GMCP) and GNPower Dinginir Ltd. Co. (GNPD)

As disclosed in Note 9 to the consolidated financial statements, on October 4, 2016, the Group, through Therma Power, Inc. (TPI), entered into a Purchase and Sale Agreement to acquire partnership interests in GMCP and GNPD held by affiliated investment funds of The Blackstone Group L.P. for US\$1.2 billion. We consider the accounting for this acquisition to be a key audit matter due to the transaction's financial significance to the Group and significant management's judgment involved in determining the acquisition date and the existence of control.

Philippine Financial Reporting Standards (PFRS) 3, *Business Combinations*, allows the fair value of assets acquired to be continually refined for a period of one year after the acquisition date in cases where judgment is required to ensure the adjustments made reflect new information obtained about facts and circumstances that existed as of acquisition date. As of December 31, 2016, the accounting for this business combination was provisionally determined.

Audit Response

We obtained an understanding of the transaction through discussions with management and our review of the Purchase and Sale Agreement. We also reviewed management's accounting for the business acquisition, including the provisional purchase price allocation and goodwill, and the assessment of control in accordance with PFRS 3, *Business Combinations*, and PFRS 10, *Consolidated Financial Statements*. We evaluated management's assessment of the acquisition date and performed procedures to check the results of operations commencing from the acquisition date. We also evaluated the presentation and the disclosure of the transaction in the consolidated financial statements.

Accounting for Business Combinations: Increased ownership in East Asia Utilities Corporation (EAUC)

As disclosed in Note 9 to the consolidated financial statements, on June 14, 2016, Aboitiz Power Corporation (APC), through TPI, acquired the remaining 50% ownership interest in EAUC from El Paso Philippines Energy Company, Inc. for ₱513.2 million, and consolidated EAUC as of the acquisition date. As of December 31, 2016, EAUC is a wholly owned subsidiary of APC. Based on the quantitative materiality of the acquisition and the significant degree of management judgment that the remeasurement of previously-held interest and purchase price allocation requires, we have determined this to be a key audit matter.

Audit response

We reviewed the sale/purchase agreement covering the acquisition and evaluated the payment of the purchase price to the sellers. We also involved our internal specialist in reviewing the valuation methodologies and assumptions used in valuing acquired assets, including the fair value of the previously-held interest. We then compared the key assumptions used in the provisional purchase price allocation against historical trends and external data.

Revenue Recognition of Distribution Utilities

The Group's revenue from the sale of electricity accounts for 38% of the Group's consolidated revenue and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities. Disclosures related to this matter are provided in Notes 3 and 25 of the consolidated financial statements.

Audit Response

We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

Accounting for Investment in an Associated Company

Aboitiz Equity Ventures, Inc. (AEV) exercises significant influence over Union Bank of the Philippines (UBP), a universal bank publicly listed in the Philippine Stock Exchange. AEV's investment in UBP is accounted for under the equity method. UBP's income is significantly affected by the level of provisioning of its loans and receivables, which requires significant management judgment. The Group's disclosure on investments in associates is in Note 10 to the consolidated financial statements.

Audit Response

Our audit procedures included, among other things, requesting the statutory auditor of UBP to perform an audit on the relevant financial information of UBP for the purpose of the consolidated financial statements of the Group. We met with the statutory auditor of UBP and discussed the risk assessment, audit strategy and significant developments in UBP. We also performed a review of the working papers at the statutory auditor's office, which included a review of the loans and receivables of UBP including the inputs and assumptions for specific and collective impairment assessment. We recomputed the Group's share in the net income of UBP and assessed the disclosures on the investment in associate in the consolidated financial statements.

Independent Auditors' Report

Aboitiz Equity Ventures, Inc.

Consolidation Process

As disclosed in Note 2 to the consolidated financial statements, AEV owns a significant number of domestic and foreign entities at varying equity interests. We considered the consolidation process as a key audit matter because it required significant auditor attention, particularly on the following areas: (a) fair value adjustments arising from business combinations, (b) numerous intercompany transactions, (c) alignment of accounting policies of the investees with the Group's policy on property, plant and equipment and investment properties, (d) translation of investees' foreign-currency-denominated financial information to the Group's functional currency and (e) other equity adjustments. The Group's disclosure on the basis of consolidation and business segment information are in Notes 3 and 33 to the consolidated financial statements.

Audit Response

We obtained an understanding of the consolidation process and the related controls, the Group's process for identifying related parties and related party transactions, as well as the reconciliation of intercompany balances. We also checked the entities included in the consolidation. We reviewed the eliminating entries recorded, including fair value adjustments. In addition, we reviewed the currency translation adjustments, as well as the alignment of accounting policies on property, plant and equipment and investment properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report

Aboitiz Equity Ventures, Inc.

Independent Auditors' Report

on Supplementary Schedules

Aboitiz Equity Ventures, Inc.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Leovina Mae V. Chu.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu
Partner
CPA Certificate No. 99910
SEC Accreditation No. 1199-AR-1 (Group A),
June 22, 2015, valid until June 21, 2018
Tax Identification No. 209-316-911
BIR Accreditation No. 08-001998-96-2015
January 5, 2015, valid until January 4, 2018
PTR No. 5908776, January 3, 2017, Makati City

March 7, 2017

The Board of Directors and Stockholders
Aboitiz Equity Ventures, Inc.
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries included in this Form 17-A and have issued our report thereon dated March 7, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, as amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu
Partner
CPA Certificate No. 99910
SEC Accreditation No. 1199-AR-1 (Group A),
June 22, 2015, valid until June 21, 2018
Tax Identification No. 209-316-911
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January 5, 2015, valid until January 4, 2018
PTR No. 5908776, January 3, 2017, Makati City

March 7, 2017

Consolidated Balance Sheets

Aboitiz Equity Ventures, Inc.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱63,857,528	₱63,581,884
Trade and other receivables (Note 5)	21,732,203	18,828,936
Inventories (Note 6)	10,221,448	7,945,304
Derivative asset (Note 36)	188,417	185,283
Other current assets (Notes 7 and 8)	9,579,230	6,492,012
Total Current Assets	105,578,826	97,033,419
Noncurrent Assets		
Property, plant and equipment (Notes 13 and 19)	201,894,769	143,997,702
Investments and advances (Note 10)	86,950,461	73,435,061
Investment properties (Notes 14 and 29)	5,372,390	5,183,780
Intangible asset - service concession rights (Note 15)	3,222,123	3,226,536
Land and improvements (Note 13)	3,525,381	2,960,646
Goodwill (Notes 9 and 12)	38,174,105	2,073,972
Deferred income tax assets (Note 31)	2,207,259	699,549
Trade receivables - net of current portion (Note 5)	277,771	224,395
Derivative asset - net of current portion (Note 36)	977,769	378,083
Available-for-sale (AFS) investments (Note 3)	563,748	367,716
Net pension assets (Note 30)	115,264	106,621
Other noncurrent assets (Notes 8 and 16)	15,217,185	10,430,383
Total Noncurrent Assets	358,498,225	243,084,444
TOTAL ASSETS	₱464,077,051	₱340,117,863
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Note 17)	₱8,259,028	₱8,883,056
Trade and other payables (Notes 18, 34 and 38)	22,210,909	18,565,557
Derivative liability (Note 36)	127,442	-
Current portions of:		
Long-term debts (Note 19)	7,698,261	3,133,346
Long-term obligation on Power Distribution System (PDS) (Note 15)	40,000	40,000
Obligations under finance lease (Notes 13 and 22)	2,968,491	2,583,754
Income tax payable	685,215	957,497
Total Current Liabilities	41,989,346	34,163,210

(Forward)

	2016	2015	December 31
Noncurrent Liabilities			
Noncurrent portions of:			
Obligations under finance lease (Notes 13 and 22)			
	₱49,371,713	₱51,085,100	-
Long-term debts (Note 19)			
	187,533,762	95,414,386	-
Long-term obligations on PDS (Note 15)			
	197,248	207,184	-
Trade payables (Notes 18 and 34)			
	578,892	302,202	-
Derivative liability - net of current portion (Note 36)			
	233,435	-	-
Customers' deposits (Note 20)			
	7,040,347	6,581,459	-
Asset retirement obligation (Note 21)			
	1,821,577	3,016,528	-
Deferred income tax liabilities (Note 31)			
	1,567,411	1,607,906	-
Net pension liability (Note 30)			
	347,699	755,446	-
Total Noncurrent Liabilities	248,692,084	158,970,211	-
Total Liabilities	290,681,430	193,133,421	-
Equity Attributable to Equity Holders of the Parent			
Capital stock (Note 23)			
	5,694,600	5,694,600	-
Additional paid-in capital (Note 23)			
	13,013,197	7,683,568	-
<i>Other equity reserves:</i>			
Gain on dilution (Note 2)			
	5,376,176	5,376,176	-
Excess of book value over acquisition cost of an acquired subsidiary (Note 9)			
	469,540	469,540	-
Acquisition of non-controlling interests (Note 2)			
	(1,577,075)	(1,577,075)	-
<i>Accumulated other comprehensive income:</i>			
Net unrealized mark-to-market gains on AFS investments			
	9,106	14,188	-
Cumulative translation adjustments (Note 36)			
	34,262	176,379	-
Actuarial losses on defined benefit plans (Note 30)			
	(783,891)	(795,967)	-
Share in actuarial losses on defined benefit plans of associates and joint ventures (Note 10)			
	(513,132)	(334,456)	-
Share in cumulative translation adjustments of associates and joint ventures (Note 10)			
	(95,378)	(193,921)	-
Share in net unrealized mark-to-market losses on AFS investments of associates (Note 10)			
	(3,938,424)	(3,748,731)	-
Retained earnings (Note 24)			
Appropriated			
	2,717,000	-	-
Unappropriated			
	120,390,178	106,521,242	-
Treasury stock at cost (Note 23)			
	(521,132)	(1,065,585)	-
Non-controlling Interests	140,275,027	118,219,958	-
Total Equity	33,120,594	28,764,484	-
TOTAL LIABILITIES AND EQUITY	₱464,077,051	₱340,117,863	-

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Aboitiz Equity Ventures, Inc.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2016	2015	2014
REVENUES			
Sale of:			
Power and electricity (Note 25)	₱88,585,890	₱84,874,038	₱86,136,648
Goods	21,848,393	20,982,378	17,862,179
Real estate (Notes 13 and 25)	2,440,854	2,732,878	3,267,741
Fair value of swine (Note 8)	1,854,053	1,786,095	1,878,236
Service fees (Note 38)	1,453,336	827,222	252,028
Others (Note 34)	232,554	57,357	470,458
	116,415,080	111,259,968	109,867,290
COSTS AND EXPENSES			
Cost of generated and purchased power (Notes 6, 26, 27 and 38)	46,226,259	46,426,239	50,870,515
Cost of goods sold (Notes 6 and 27)	18,886,189	18,011,108	14,722,760
Operating expenses (Notes 27, 34, 38 and 39)	21,187,182	17,972,039	17,383,920
Cost of real estate sales (Note 6)	1,084,740	1,328,650	2,235,576
Overhead expenses (Note 27)	109,671	103,532	108,789
	87,494,041	83,841,568	85,321,560
OPERATING PROFIT			
Share in net earnings of associates and joint ventures (Note 10)	28,921,039	27,418,400	24,545,730
Interest expense (Notes 22 and 35)	(9,567,997)	(7,881,566)	(6,696,445)
Interest income (Notes 4, 34 and 35)	1,436,933	1,132,001	591,136
Other income - net (Notes 5, 29 and 34)	2,501,026	224,010	1,906,530
INCOME BEFORE INCOME TAX	32,942,788	27,482,297	27,591,192
PROVISION FOR INCOME TAX (Note 31)	4,289,663	4,324,819	4,026,326
NET INCOME	₱28,653,125	₱23,157,478	₱23,564,866
ATTRIBUTABLE TO:			
Equity holders of the parent	₱22,473,458	₱17,679,116	₱18,380,620
Non-controlling interests	6,179,667	5,478,362	5,184,246
	₱28,653,125	₱23,157,478	₱23,564,866
EARNINGS PER SHARE (Note 32)			
Basic and diluted, for net income for the year attributable to ordinary equity holders of the parent	₱4.017	₱3.184	₱3.324

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Aboitiz Equity Ventures, Inc.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2016	2015	2014
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱22,473,458	₱17,679,116	₱18,380,620
Non-controlling interests	6,179,667	5,478,362	5,184,246
	28,653,125	23,157,478	23,564,866
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to consolidated statements of income:</i>			
Movement in net unrealized mark-to-market gains (losses) on AFS investments	(5,848)	(439)	1,405
Movement in cumulative translation adjustments, net of tax	(203,067)	174,906	64,539
Share in movement in cumulative translation adjustments of associates and joint ventures (Note 10)	128,173	119,113	13,068
Share in movement in net unrealized mark-to-market gains (losses) on AFS investments of associates (Note 10)	(189,693)	(2,245,010)	1,914,372
	(270,435)	(1,951,430)	1,993,384
<i>Items that will not be reclassified to consolidated statements of income:</i>			
Movement in actuarial gains (losses) on defined benefit plans, net of tax	12,076	(87,519)	149,154
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	(178,244)	(8,751)	(172,593)
	(166,168)	(96,270)	(23,439)
TOTAL COMPREHENSIVE INCOME	₱28,216,522	₱21,109,778	₱25,534,811
ATTRIBUTABLE TO:			
Equity holders of the parent	₱22,068,509	₱15,543,938	₱20,353,550
Non-controlling interests	6,148,013	5,565,840	5,181,261
	₱28,216,522	₱21,109,778	₱25,534,811

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

Aboitiz Equity Ventures, Inc.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

(Amounts in Thousands, Except Dividends Per Share Amounts)

Attributable to equity holders of the parent											
	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary (Note 9)	Additional Paid-In Capital (Note 23)	Gain on Dilution (Note 2)	Net Acquisition of Non-controlling Interest (Note 2)	Market-to-Market Gains on AFS Investments (Note 2)	Cumulative Translation Adjustment (Note 36)	Benefit Plans, net of tax (Note 30)	Defined Benefit Plans, and Joint Ventures (Note 10)	Retained Earnings Appropriated (Note 24)	Treasury Stock (Note 23)	Non-controlling Interest Total
Balances at January 1, 2016	₱5,591,600	₱7,583,568	₱5,376,176	₱469,540	(₱1,577,075)	₱1,577,075	₱14,188	₱176,379	₱795,967	₱334,456	₱193,921
Net income for the year											
Other comprehensive income											
Movement of net unrealized mark-to-market losses on AFS investments											
Movement in cumulative translation adjustments on defined benefit plans, net of tax											
Sale in movement in actuarial losses on defined benefit plan of associates and joint ventures											
Share in cumulative translation adjustment of associates and joint ventures											
Share in movement in unrealized mark-to-market losses on AFS investments of associates											
Total comprehensive income (loss) for the year											
Cash dividends ₱1.06 per share (Note 24)											
Appropriation during the year											
Cash dividends paid to non-controlling interests											
Sale of treasury shares											
Changes in non-controlling interests											
Balances at December 31, 2016	₱5,591,600	₱13,013,597	₱5,376,176	₱469,540	(₱1,577,075)	₱9,106	₱24,262	₱793,891	(₱513,132)	₱94,938,424	₱2,717,000
Net income for the year											
Other comprehensive income											
Movement of net unrealized mark-to-market losses on AFS investments											
Movement in cumulative translation adjustments on defined benefit plans, net of tax											
Sale in movement in actuarial losses on defined benefit plan of associates and joint ventures											
Share in cumulative translation adjustment of associates and joint ventures											
Share in movement in unrealized mark-to-market losses on AFS investments of associates											
Total comprehensive income (loss) for the year											
Cash dividends ₱1.11 per share (Note 24)											
Cash dividends paid to non-controlling interests											
Sale of treasury shares											
Changes in non-controlling interests											
Balances at December 31, 2015	₱5,594,600	₱6,911,044	₱5,376,176	₱469,540	(₱1,577,075)	₱14,627	₱35,533	₱708,248	(₱277,293)	₱1,496,305	₱94,935,596
Net income for the year											
Other comprehensive income											
Movement of net unrealized mark-to-market losses on AFS investments											
Movement in cumulative translation adjustments on defined benefit plans, net of tax											
Sale in movement in actuarial losses on defined benefit plan of associates and joint ventures											
Share in cumulative translation adjustment of associates and joint ventures											
Share in movement in unrealized mark-to-market losses on AFS investments of associates											
Total comprehensive income (loss) for the year											
Cash dividends ₱1.11 per share (Note 24)											
Cash dividends paid to non-controlling interests											
Sale of treasury shares											
Changes in non-controlling interests											
Balances at December 31, 2014	₱5,594,600	₱7,683,568	₱5,376,176	₱469,540	(₱1,577,075)	₱14,188	₱176,379	(₱795,677)	₱334,456	(₱193,921)	₱94,935,596
Attributable to equity holders of the parent											
	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary (Note 9)	Additional Paid-In Capital (Note 23)	Gain on Dilution (Note 2)	Net Acquisition of Non-controlling Interest (Note 2)	Market-to-Market Gains on AFS Investments (Note 2)	Cumulative Translation Adjustment (Note 36)	Benefit Plans, net of tax (Note 30)	Defined Benefit Plans, and Joint Ventures (Note 10)	Retained Earnings Appropriated (Note 24)	Treasury Stock (Note 23)	Non-controlling Interest Total
Balances at January 1, 2016	₱5,591,600	₱7,583,568	₱5,376,176	₱469,540	(₱1,577,075)	₱9,106	₱24,262	₱793,891	(₱513,132)	₱94,935,596	₱1,175,397
Net income for the year											
Other comprehensive income											
Movement of net unrealized mark-to-market losses on AFS investments											
Movement in cumulative translation adjustments on defined benefit plans, net of tax											
Sale in movement in actuarial losses on defined benefit plan of associates and joint ventures											
Share in cumulative translation adjustment of associates and joint ventures											
Share in movement in unrealized mark-to-market losses on AFS investments of associates											
Total comprehensive income (loss) for the year											
Cash dividends ₱1.06 per share (Note 24)											
Cash dividends paid to non-controlling interests											
Sale of treasury shares											
Changes in non-controlling interests											
Balances at December 31, 2015	₱5,591,600	₱7,583,568	₱5,376,176	₱469,540	(₱1,577,075)	₱14,188	₱176,379	(₱795,677)	₱334,456	(₱193,921)	₱94,935,596
Attributable to equity holders of the parent											
	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary (Note 9)	Additional Paid-In Capital (Note 23)	Gain on Dilution (Note 2)	Net Acquisition of Non-controlling Interest (Note 2)	Market-to-Market Gains on AFS Investments (Note 2)	Cumulative Translation Adjustment (Note 36)	Benefit Plans, net of tax (Note 30)	Defined Benefit Plans, and Joint Ventures (Note 10)	Retained Earnings Appropriated (Note 24)	Treasury Stock (Note 23)	Non-controlling Interest Total
Balances at January 1, 2016	₱5,591,600	₱7,583,568	₱5,376,176	₱469,540	(₱1,577,075)	₱9,106	₱24,262	₱793,891	(₱513,132)	₱94,935,596	₱1,175,397
Net income for the year											
Other comprehensive income											
Movement of net unrealized mark-to-market losses on AFS investments											
Movement in cumulative translation adjustments on defined benefit plans, net of tax											
Sale in movement in actuarial losses on defined benefit plan of associates and joint ventures											
Share in cumulative translation adjustment of associates and joint ventures											
Share in movement in unrealized mark-to-market losses on AFS investments of associates											
Total comprehensive income (loss) for the year											
Cash dividends ₱1.11 per share (Note 24)											
Cash dividends paid to non-controlling interests											
Sale of treasury shares											
Changes in non-controlling interests											
Balances at December 31, 2015	₱5,591,600	₱7,683,568	₱5,376,176	₱469,540	(₱1,577,075)	₱14,188	₱176,379	(₱795,677)	₱334,456	(₱193,921)	₱94,935,596
Attributable to equity holders of the parent											
	Excess of Book Value Over Acquisition Cost of an Acquired Subsidiary (Note 9)	Additional Paid-In Capital (Note 23)	Gain on Dilution (Note 2)	Net Acquisition of Non-controlling Interest (Note 2)	Market-to-Market Gains on AFS Investments (Note 2)	Cumulative Translation Adjustment (Note 36)	Benefit Plans, net of tax (Note 30)	Defined Benefit Plans, and Joint Ventures (Note 10)	Retained Earnings Appropriated (Note 24)	Treasury Stock (Note 23)	Non-controlling Interest Total
Balances at January 1, 2016	₱5,591,600	₱7,583,568	₱5,376,176	₱469,540	(₱1,577,075)	₱9,106	₱24,262	₱793,891	(₱513,132)	₱94,935,596	₱1,175,397
Net income for the year											
Other comprehensive income											
Movement of net unrealized mark-to-market losses on AFS investments											

Consolidated Statements of Changes in Equity

Aboitiz Equity Ventures, Inc.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Aboitiz Equity Ventures, Inc.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱32,942,788	₱27,482,297	₱27,591,192
Adjustments for:			
Interest expense (Note 35)	9,567,997	7,881,566	6,696,445
Depreciation and amortization (Note 27)	6,829,395	4,956,308	5,160,897
Net unrealized foreign exchange losses	1,532,081	1,392,912	188,901
Provision for decline in value of project costs and various assets	372,828	138,553	64,677
Write-off of goodwill on investment (Note 12)	169,469	–	–
Unrealized mark-to-market losses (gains) on derivatives	3,316	(317,645)	897
Provision for impairment loss on investments and advances (Note 10)	–	13,937	2,834
Dividend income (Note 29)	(250)	(1,810)	(89)
Loss (gain) on sale of:			
Property, plant and equipment (Note 13)	(50,125)	71,402	(15,958)
AFS investments (Note 3)	(25,105)	–	23
Investment in subsidiary and associate (Notes 9 and 10)	(16,051)	–	(638,878)
Net unrealized valuation gain on investment property (Notes 14 and 29)	(166,476)	(186,512)	(5,001)
Unrealized excess of fair value over historical acquisition cost (Notes 9 and 29)	(350,939)	–	–
Interest income	(1,436,933)	(1,132,001)	(591,136)
Share in net earnings of associates and joint ventures (Note 10)	(9,651,787)	(6,589,452)	(7,244,241)
Operating income before working capital changes	39,720,208	33,709,555	31,210,563
Decrease (increase) in:			
Trade and other receivables	(894,679)	(499,797)	(5,034)
Inventories	(810,917)	(638,947)	1,514,708
Pension asset	–	24,942	–
Other current assets	(1,559,481)	(2,669,217)	(560,495)
Increase (decrease) in:			
Trade and other payables (Note 9)	(24,234)	351,764	(2,600,976)
Pension liability	(59,559)	123,329	–
Long-term obligation on PDS	–	(40,000)	(40,000)
Customers' deposits	510,517	953,714	605,996
Net cash generated from operations	36,881,855	31,315,343	30,124,762
Income and final taxes paid	(4,868,433)	(4,056,356)	(3,020,302)
Net cash flows from operating activities	32,013,422	27,258,987	27,104,460

CASH FLOWS FROM INVESTING ACTIVITIES

Cash dividends received (Note 10)	8,608,988	5,126,894	5,957,286
Interest received	1,472,936	1,123,646	506,094
Proceeds from sale of common shares and redemption of preferred shares of associates and joint ventures (Note 10)	51,976	2,649,204	637,732
Proceeds from sale of:			
AFS investments	37,155	214,555	456
Property, plant and equipment	168,381	145,378	25,176

(Forward)

Consolidated Statements of Cash Flows

Aboitiz Equity Ventures, Inc.

	Years Ended December 31		
	2016	2015	2014
Acquisition through business combination, net of cash acquired (Note 9)	(₱44,572,591)	₱101,374	(₱1,229,760)
Disposal of a subsidiary, net of cash disposed (Note 9)	-	-	254,343
Additions to:			
AFS investments	(213,931)	-	(1,173)
Land and improvements (Note 13)	(438,962)	(685,642)	(200,083)
Property, plant and equipment and investment properties (Notes 13 and 14)	(31,024,798)	(19,514,009)	(16,651,075)
Investments in and advances to associates (Note 10)	(12,408,168)	(24,229,823)	(1,400,685)
Increase in intangible asset - service concession rights (Note 15)	(45,875)	(20,046)	(36,286)
Increase in other noncurrent assets	(6,303,485)	(1,504,063)	(2,285,272)
Net cash flows used in investing activities	(84,668,374)	(36,592,532)	(14,423,247)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of long-term debts - net of transaction costs (Note 19)	74,674,514	44,494,653	22,788,325
Net proceeds from (settlements of) bank loans	(625,532)	1,055,647	3,666,100
Proceeds from issuance of treasury shares (Note 23)	5,874,083	885,336	916,853
Acquisition of non-controlling interests (Note 9)	-	-	(1,010,045)
Interest paid	(5,002,512)	(3,350,218)	(2,033,042)
Cash dividends paid and other changes to non-controlling interest	(4,434,075)	(4,243,450)	(3,752,913)
Cash dividends paid to equity holders of the parent (Note 24)	(5,887,523)	(6,153,470)	(9,939,369)
Payments of:			
Long-term debts (Note 19)	(4,232,593)	(2,813,140)	(2,002,259)
Obligations under finance lease (Note 21)	(7,517,917)	(7,482,447)	(6,970,625)
Net cash flows from financing activities	52,848,445	22,392,911	1,663,025
NET INCREASE IN CASH AND CASH EQUIVALENTS	193,493	13,059,366	14,344,238
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	82,151	40,952	19,138
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	63,581,884	50,481,566	36,118,190
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱63,857,528	₱63,581,884	₱50,481,566

See accompanying Notes to Consolidated Financial Statements.

Investor Information

Aboitiz Equity Ventures, Inc.

Head Office:

NAC Tower, 32nd Street, Bonifacio Global City,
Taguig City, Metro Manila 1634, Philippines
Tel (632) 886-2800 | Fax (632) 886-2407

Cebu Office:

Aboitiz Corporate Center
Gov. Manuel A. Cuenco Avenue,
Kasambagan, Cebu City 6000, Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock

The Company's common stock is listed and traded in the Philippine Stock Exchange.

Stockholders' Meeting

The Company's regular stockholders' meeting is held on the third Monday of May of every year.

Stockholder Services and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock transfer agent registrar.

For matters concerning dividend payments, account status, lost or damaged stock certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.
34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Tel (632) 403-3798 | (632) 403-2410 | (632) 403-2412
Fax (632) 403-2414

Contact person:

Mr. Michael C. Capoy - mccapoy@stocktransfer.com.ph

AEV welcomes inquiries from institutional investors, analysts, and the financial community.

Please write or call:

Investor Relations

Aboitiz Equity Ventures, Inc.
Mr. Judd Salas or Ms. Jana Charisse Pedro
Tel (632) 886-2702 | Fax (632) 817-3560

Email: aev_investor@aboitz.com
Website: www.aboitz.com

The Audit Committee Report to the Board of Directors

Aboitiz Power Corporation

The Board Audit Committee is pleased to present our report for the financial year ended December 31, 2016.

Audit Committee Responsibility

In giving effect to its duly approved charter, the Audit Committee assisted the Board of Directors in fulfilling its oversight responsibility to the Company and its stakeholders by providing guidance relating to: (a) the adequacy and efficiency of the company's system of internal controls, governance and risk management processes; (b) the quality and integrity of the company's accounting, auditing, legal, ethical and regulatory compliances; (c) the annual independent audit of the Company's financial statements and the external auditors' qualification and independence; (d) due observance of applicable laws and regulations that may have financial and other material exposure to the Company; and (e) providing an avenue of communication among the independent auditors, the management, the internal audit and the Company.

It has established a constructive and collaborative relationship with the Company's senior leadership to assist not to pre-empt any responsibility in making final audit-related decisions.

Committee Membership

The Audit Committee is composed of five (5) members, three (3) of whom are independent directors including the Chairman. Carlos C. Ejercito (Independent Director) is the Chairman of the Committee. He is ably assisted by Romeo L. Bernardo (Independent Director), Alfonso A. Uy (Independent Director), Antonio R. Moraza (Executive Director), and Mikel A. Aboitiz (Non-Executive Director).

Meetings and Attendance

The Audit Committee carried out its function through its meetings with management, internal audit, independent external auditors, and advisers, where appropriate.

The audit charter provides for the Committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings, when deemed required. It also holds an annual joint meeting with the Board Risk and Reputation Committee.

In 2016, five (5) meetings were held. The attendance by each member of the committee is as so indicated below:

Member	Mar 4, 2016 Regular Meeting	May 3, 2016 Regular Meeting	July 26, 2016 Regular Meeting	Oct 26, 2016 Regular Meeting	Nov 22, 2016 Joint with Risk
CARLOS C. EJERCITO Chairman, Independent Director	✓	✓	✓	✓	✓
ROMEO L. BERNARDO Independent Director	✓	✓	✓	✓	✓
ALFONSO A. UY Independent Director	✓	✓	✓	✓	✓
ANTONIO R. MORAZA Executive Director	✓	✓	✓	✓	X
MIKEL A. ABOITIZ Non-Executive Director	✓	X	✓*	✓*	✓

*Attended via Videocon

Attendees to these meetings also include the Group Internal Audit Head, the Chief Reputation and Risk Management Officer and, by invitation, the Chief Financial Officer, Controller and other key leaders when deemed appropriate.

Financial Reports

The Audit Committee reviewed, discussed, and endorsed for the approval of the Board the 2016 quarterly unaudited consolidated financial statements and the 2016 annual audited financial statements of Aboitiz Power Corporation, its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV)—a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Audit Committee are performed in the context—

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

External Auditors

Upon the endorsement of the Audit Committee to the Board which, in turn, sought the approval of the shareholders of Aboitiz Power Corporation during its Annual General Stockholders Meeting held last May 16, 2016, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2016. The overall scope and audit plan of SGV were reviewed and approved during the October 24, 2016 regular Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 3, 2017. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results.

No non-audit services were provided by SGV for AP parent in 2016.

Internal Auditors

The Audit Committee is satisfied with the internal audit function and has assessed that it is operating effectively and is able to generally cover the top risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor.

With reference to the IPPF Attribute Standard 1100 which states that "*The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work*", the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impairments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2016. Internal audit is organizationally positioned to be independent—functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

We are satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit (GIA) remains to be the single-point-of-contact for the Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the group audit teams which, in turn, focus their reviews on the top risks of their respective business units. Cybersecurity risks, however, still remain to be an area covered by the group information systems auditors.

The Audit Committee Report to the Board of Directors

Aboitiz Power Corporation

Based on audit reports and highlights presented to the Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Committee concurs with internal audit's assessment that, overall there is reasonable assurance that the existing system of internal controls allows for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

Review of Audit Charter

The Committee reviewed and assessed the current audit charters in its meeting held October 26, 2016. Minor revisions were effected on the internal audit charter. Should there be any change in the Board Audit Committee Charter, approval of the Board of Directors would be required.

Self-Assessment

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Cir. No. 4, series of 2012. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

It is essential for the internal audit function to consider and evaluate how to provide assurance against the top risks of the company.

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the board on the effectiveness of risk management, a joint audit and risk committee meeting is held at least once a year. In November 22, 2016, internal audit presented and discussed the results of its validation review of the risk management action plans identified by the different business and corporate service units. Assurance was given when results of the review show that majority of risk action plans for the year generally, were either acted upon (done) or being addressed (in-progress).

Also presented in the joint meeting are the top strategic risks that present a significant impact to the Company's ability to execute its plans, strategies and business objectives for the following year. These top risks guide audit's risk-based planning.

After considering, analyzing and reviewing all pertinent information to the integrity of financial reporting, effectiveness of internal controls, risk management, governance and compliance within the Aboitiz group of companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Committee,


Carlos C. Ejercito
Chairman, Independent Director

Statement of Management's Responsibility for Financial Statements

Aboitiz Power Corporation

SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Power Corporation** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

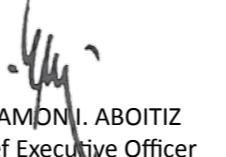
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

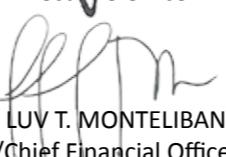
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ENRIQUE M. ABOITIZ, JR.
Chairman of the Board


ERRAMON I. ABOITIZ
Chief Executive Officer


LIZA LUV T. MONTELIBANO
SVP/Chief Financial Officer/Corporate Information Officer

Signed this 7th day of March 2017

Statement of Management's Responsibility for Financial Statements

Aboitiz Power Corporation

Republic of the Philippines
Taguig City) S.S.

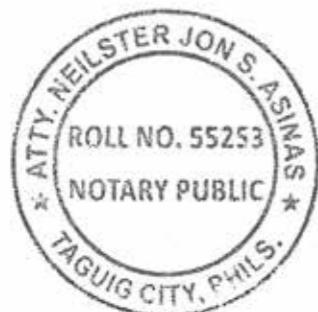
Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC	Date/Place Issued
ENRIQUE M. ABOITIZ, JR.	EB9219812	September 24, 2013, Manila
	26635742	February 13, 2017, Cebu City
ERRAMON I. ABOITIZ	EB7151577	January 14, 2013; Cebu City
	26533114	January 24, 2017, Cebu City
LIZA LUV T. MONTELIBANO	EC1111684	May 16, 2014, NCR South
	25044302	January 26, 2017, Makati City

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 07 2017.

Doc. No. 101;
Page No. 22;
Book No. IV;
Series of 2017.



Atty. Neilster Jon S. Asinas
Notary Public for Taguig City
Notarial Commission No. 25
Until December 31, 2017
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-3162296; Taguig City; January 05, 2017
IBP Lifetime Membership No. 09307
Roll No. 55253
MCLE No. V-0015211

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

Opinion

We have audited the consolidated financial statements of Aboitiz Power Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2016 and 2015, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditors' Report

Aboitiz Power Corporation

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Business Combinations: Acquisition of GNPower Mariveles Coal Plant Ltd. Co. (GMCP) and GNPower Dinginin Ltd. Co. (GNPD)

As disclosed in Note 9 to the consolidated financial statements, on October 4, 2016, the Group, through Therma Power, Inc. (TPI), entered into a Purchase and Sale Agreement to acquire partnership interests in GMCP and GNPD held by affiliated investment funds of The Blackstone Group L.P. for US\$1.2 billion. We consider the accounting for this acquisition to be a key audit matter due to the transaction's financial significance to the Group and significant management's judgment involved in determining the acquisition date and the existence of control.

Philippine Financial Reporting Standards (PFRS) 3, *Business Combinations*, allows the fair value of assets acquired to be continually refined for a period of one year after the acquisition date in cases where judgment is required to ensure the adjustments made reflect new information obtained about facts and circumstances that existed as of acquisition date. As of December 31, 2016, the accounting for this business combination was provisionally determined.

Audit Response

We obtained an understanding of the transaction through discussions with management and our review of the Purchase and Sale Agreement. We also reviewed management's accounting for the business acquisition, including the provisional purchase price allocation and goodwill, and the assessment of control in accordance with PFRS 3, *Business Combinations*, and PFRS 10, *Consolidated Financial Statements*. We evaluated management's assessment of the acquisition date and performed procedures to check the results of operations commencing from the acquisition date. We also evaluated the presentation and the disclosure of the transaction in the consolidated financial statements.

Accounting for Business Combinations: Increased ownership in East Asia Utilities Corporation (EAUC)

As disclosed in Note 9 to the consolidated financial statements, on June 14, 2016, APC, through TPI, acquired the remaining 50% ownership interest in EAUC from El Paso Philippines Energy Company, Inc. for ₱513.2 million, and consolidated EAUC as of the acquisition date. As of December 31, 2016, EAUC is a wholly owned subsidiary of Aboitiz Power Corporation. Based on the quantitative materiality of the acquisition and the significant degree of management judgment that the remeasurement of previously-held interest and purchase price allocation requires, we have determined this to be a key audit matter.

Audit response

We reviewed the sale/purchase agreement covering the acquisition and evaluated the payment of the purchase price to the sellers. We also involved our internal specialist in reviewing the valuation methodologies and assumptions used in valuing acquired assets, including the fair value of the previously-held interest. We then compared the key assumptions used in the provisional purchase price allocation against historical trends and external data.

Accounting for Business Combinations under Common Control: Purchase of Aboitiz Power Corporation (AP) of Aseagas Corporation from Aboitiz Equity Ventures, Inc. (AEV)

As disclosed in Note 9 to the consolidated financial statements, on July 4, 2016, AP, through Aboitiz Renewables, Inc. (ARI), completed its acquisition of 100% ownership in Aseagas Corporation from AEV for ₱605.0 million. The acquisition was accounted for in the books of ARI under the pooling of interests method applied on a prospective basis in accordance with Philippine Accounting Standards 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, since this is a business combination involving entities under common control of AEV, and such control is not transitory. This transaction is material to the Group and requires management judgment in assessing how the acquisition is accounted for under the pooling of interest method.

Audit response

We discussed the nature of the transaction with management and reviewed the relevant documents supporting the acquisition. We also reviewed the consolidation adjustments and management's assessment of the propriety of the accounting treatment in accordance with the relevant accounting standards. We evaluated whether AP has consistently applied the accounting policy on common control transactions in the consolidated financial statements for transactions of a similar nature. Furthermore, we assessed the disclosures in the financial statements regarding the transaction.

Revenue Recognition of Distribution Utilities

The Group's revenue from the sale of electricity accounts for 50% of the Group's consolidated revenue and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities. Disclosures related to this matter are provided in Notes 3 and 21 of the consolidated financial statements.

Audit Response

We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

Independent Auditors' Report

Aboitiz Power Corporation

Consolidation Process

As disclosed in Note 2 to the consolidated financial statements, AP owns a significant number of domestic and foreign entities at varying equity interests. We considered the consolidation process as a key audit matter because it required significant auditor attention, particularly on the following areas : (a) fair value adjustments arising from business combinations, (b) numerous intercompany transactions, (c) alignment of accounting policies of the investees with the Group's policy on property, plant and equipment and investment properties, (d) translation of investees' foreign-currency-denominated financial information to the Group's functional currency and (e) other equity adjustments. The Group's disclosure on the basis of consolidation is in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the consolidation process and the related controls, the Group's process for identifying related parties and related party transactions, as well as the reconciliation of intercompany balances. We also checked the entities included in the consolidation. We reviewed the eliminating entries recorded, including fair value adjustments. In addition, we reviewed the currency translation adjustments, as well as the alignment of accounting policies on property, plant and equipment and investment properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditors' Report

Aboitiz Power Corporation

Independent Auditors' Report on Supplementary Schedules

Aboitiz Power Corporation

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Leovina Mae V. Chu.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu
Partner
CPA Certificate No. 99910
SEC Accreditation No. 1199-AR-1 (Group A),
June 22, 2015, valid until June 21, 2018
Tax Identification No. 209-316-911
BIR Accreditation No. 08-001998-96-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 5908776, January 3, 2017, Makati City

March 7, 2017

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries included in this Form 17-A and have issued our report thereon dated March 7, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, as amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu
Partner
CPA Certificate No. 99910
SEC Accreditation No. 1199-AR-1 (Group A),
June 22, 2015, valid until June 21, 2018
Tax Identification No. 209-316-911
BIR Accreditation No. 08-001998-96-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 5908776, January 3, 2017, Makati City

March 7, 2017

Consolidated Balance Sheets

Aboitiz Power Corporation

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱47,094,741	₱51,098,269
Trade and other receivables (Note 6)	15,465,121	13,692,393
Derivative assets (Note 34)	188,417	185,283
Inventories (Note 7)	4,452,812	2,040,603
Other current assets (Note 8)	6,448,096	3,392,473
Total Current Assets	73,649,187	70,409,021
Noncurrent Assets		
Property, plant and equipment (Note 12)	192,633,546	134,810,627
Investments and advances (Note 10)	30,595,989	22,551,845
Intangible assets (Note 13)	43,642,533	7,592,720
Investment properties	3,300	3,300
Derivative assets - net of current portion (Note 34)	977,770	378,083
Available-for-sale (AFS) investments - net of allowance for impairment of ₱5,254	100,309	3,620
Net pension assets (Note 27)	45,667	34,777
Deferred income tax assets (Note 29)	2,115,951	584,879
Other noncurrent assets (Note 14)	11,011,983	6,120,374
Total Noncurrent Assets	281,127,048	172,080,225
TOTAL ASSETS	₱354,776,235	₱242,489,246
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 16)	₱4,155,600	₱2,568,000
Current portions of:		
Long-term debts (Note 17)	7,458,363	2,368,161
Finance lease obligation (Note 35)	2,968,491	2,583,754
Long-term obligation on power distribution system (Note 13)	40,000	40,000
Derivative liabilities (Note 34)	127,442	—
Trade and other payables (Note 15)	17,398,218	14,140,576
Income tax payable (Note 29)	654,392	852,709
Total Current Liabilities	32,802,506	22,553,200

	December 31	
	2016	2015
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 17)	₱150,263,301	₱56,006,863
Finance lease obligation (Note 35)	49,371,713	51,085,100
Long-term obligation on power distribution system (Note 13)	197,248	207,184
Customers' deposits (Note 18)	6,831,242	6,383,278
Derivative liabilities - net of current portion (Note 34)	233,435	—
Asset retirement obligation (Note 19)	1,821,577	3,016,528
Net pension liabilities (Note 27)	247,387	492,848
Deferred income tax liabilities (Note 29)	1,043,996	1,130,678
Other noncurrent liabilities (Notes 11 and 36)	334,398	—
Total Noncurrent Liabilities	210,344,297	118,322,479
Total Liabilities	243,146,803	140,875,679
Equity Attributable to Equity Holders of the Parent		
Paid-in capital (Note 20a)	19,947,498	19,947,498
<i>Other equity reserves:</i>		
Excess of cost over net assets of investments (Note 9)	(526,883)	(421,260)
Acquisition of non-controlling interests	(259,147)	(259,147)
<i>Accumulated other comprehensive income:</i>		
Net unrealized loss on AFS investments	(3,311)	—
Share in net unrealized valuation gains on AFS investments of an associate (Note 10)	114,920	114,920
Cumulative translation adjustments (Note 34)	(78,232)	185,431
Share in cumulative translation adjustments of associates and joint ventures (Note 10)	(128,203)	(256,376)
Actuarial losses on defined benefit plans (Note 27)	(607,913)	(609,066)
Share in actuarial losses on defined benefit plans of associates and joint ventures (Note 10)	(1,878)	(3,748)
Retained earnings (Note 20b)		
Appropriated	34,060,000	20,900,000
Unappropriated (Notes 10 and 20c)	52,597,568	57,970,269
	105,114,419	97,568,521
Non-controlling Interests	6,515,013	4,045,046
Total Equity (Note 20c)	111,629,432	101,613,567
TOTAL LIABILITIES AND EQUITY	₱354,776,235	₱242,489,246

See accompanying Notes to Consolidated Financial Statements.

(Forward)

Consolidated Statements of Income

Aboitiz Power Corporation

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share)

	Years Ended December 31		
	2016	2015	2014
OPERATING REVENUES			
Sale of power (Notes 21 and 32):			
Distribution	₱44,585,832	₱41,379,270	₱39,975,961
Generation	35,692,441	33,368,797	36,877,070
Retail electricity supply	8,478,789	10,227,771	9,702,714
Technical, management and other fees (Note 32)	406,207	198,114	203,641
	89,163,269	85,173,952	86,759,386
OPERATING EXPENSES			
Cost of purchased power (Notes 22 and 32)	28,909,987	27,902,180	29,834,149
Cost of generated power (Note 23)	17,316,272	18,524,059	21,037,658
General and administrative (Note 24)	6,613,876	5,818,090	5,500,130
Depreciation and amortization (Notes 12 and 13)	6,043,527	4,322,000	4,643,302
Operations and maintenance (Note 25)	3,969,307	3,921,046	3,393,388
	62,852,969	60,487,375	64,408,627
FINANCIAL INCOME (EXPENSES)			
Interest income (Notes 5 and 32)	1,083,535	846,293	471,915
Interest expense and other financing costs (Notes 16, 17 and 33)	(7,704,011)	(6,633,858)	(5,994,097)
	(6,620,476)	(5,787,565)	(5,522,182)
OTHER INCOME (EXPENSES)			
Share in net earnings of associates and joint ventures (Note 10)	3,641,210	3,979,947	4,009,488
Other income (expenses) - net (Note 28)	1,669,212	(336,639)	591,925
	5,310,422	3,643,308	4,601,413
INCOME BEFORE INCOME TAX	25,000,246	22,542,320	21,429,990
PROVISION FOR INCOME TAX (Note 29)	3,496,140	3,589,669	3,424,089
NET INCOME	₱21,504,106	₱18,952,651	₱18,005,901
ATTRIBUTABLE TO:			
Equity holders of the parent	₱20,002,582	₱17,603,797	₱16,705,184
Non-controlling interests	1,501,524	1,348,854	1,300,717
	₱21,504,106	₱18,952,651	₱18,005,901
EARNINGS PER COMMON SHARE (Note 30)			
Basic and diluted, for income for the year attributable to ordinary equity holders of the parent	₱2.72	₱2.39	₱2.27

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Aboitiz Power Corporation

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2016	2015	2014
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱20,002,582	₱17,603,797	₱16,705,184
Non-controlling interests	1,501,524	1,348,854	1,300,717
	21,504,106	18,952,651	18,005,901
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Share in net unrealized valuation gains (losses) on AFS investments of an associate (Note 10)			
Movement in unrealized loss on AFS investments			
Movement in cumulative translation adjustments, net of tax			
Share in movement in cumulative translation adjustment of associates and joint ventures (Note 10)			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods			
	69,505	262,286	106,570
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gains (losses) on defined benefit plans, net of tax (Note 27)			
Share in actuarial gains (losses) on defined benefit plans of associates and joint ventures, net of tax (Note 10)			
Net other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent periods			
	1,717	(36,364)	153,470
Total other comprehensive income for the year, net of tax	71,222	225,922	260,040
TOTAL COMPREHENSIVE INCOME	₱21,575,328	₱19,178,573	₱18,265,941
ATTRIBUTABLE TO:			
Equity holders of the parent	₱20,124,770	₱17,821,712	₱16,969,872
Non-controlling interests	1,450,558	1,356,861	1,296,069
	₱21,575,328	₱19,178,573	₱18,265,941

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

Aboitiz Power Corporation

ABOITIZ POWER CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014 (Amounts in Thousands, Except Dividends Per Share)

	Attributable to Equity Holders of the Parent										
	Share in Net Unrealized Gains on AFS Investments of an Associate (Note 10)	Net Unrealized Loss on AFS Investments (Note 20a)	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 10)	Actuarial Gains (losses) on Defined Benefit Plans of Associates and Joint Ventures (Note 27)	Acquisition of Non-controlling Interests (Note 10)	Excess of cost over net assets of investment (Note 9)	Retained Earnings (Note 20b)	Appropriated Unappropriated (Note 20b)	Non-controlling Interests (Note 20b)	Total
Balances at January 1, 2016	₱19,947,498	₱-	₱185,431	₱256,376	₱609,066	₱259,147	₱421,260	₱20,900,000	₱7,970,269	₱4,045,046	₱101,613,567
Net income for the year	-	-	-	-	-	-	-	-	20,002,582	1,501,524	21,504,106
Other comprehensive income											
Movement in unrealized loss on AFS investments	-	(3,311)	-	-	(5,697)	-	-	-	-	-	(3,311)
Movement in cumulative translation adjustments	-	-	-	-	128,173	-	-	-	-	-	(55,357)
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	-	2,527	-	-	-	-	-	128,173
Actuarial gains (losses) on defined benefit plans, net of tax	-	-	-	-	-	-	-	-	-	(1,306)	1,221
Share in actuarial gains on defined benefit plans of associates and joint ventures	-	-	-	-	-	496	-	-	-	-	496
Total comprehensive income (loss) for the year	(3,311)	-	(5,697)	128,173	2,527	496	-	-	20,002,582	1,450,558	21,575,328
Acquisition of subsidiaries (Note 9)	-	-	(257,966)	-	(1,374)	1,374	(105,623)	-	13,160,000	(13,160,000)	2,584,442
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	2,220,853
Cash dividends - ₱1.66 a share (Note 20b)	-	-	-	-	-	-	-	-	(12,215,283)	-	(12,215,283)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,614,684)	(1,614,684)
Change in non-controlling interests	-	-	(₱3,311)	₱114,920	(₱78,232)	(₱128,203)	(₱607,913)	(₱1,878)	(₱259,147)	(₱52,597,568)	49,651
Balances at December 31, 2016	₱19,947,498	₱-	₱114,920	₱256,376	₱609,066	₱259,147	₱421,260	₱20,900,000	₱57,970,269	₱4,045,046	₱101,613,567

	Attributable to Equity Holders of the Parent											
	Share in Net Unrealized Gains on AFS Investments of an Associate (Note 10)	Net Unrealized Loss on AFS Investments (Note 20a)	Movement in Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 10)	Actuarial Losses on Defined Benefit Plans (Note 27)	Benefit Plans of Associates and Joint Ventures (Note 10)	Acquisition of Non-controlling Interests (Note 10)	Excess of cost over net assets of investment (Note 9)	Retained Earnings (Note 20b)	Appropriated Unappropriated (Note 20b)	Non-controlling Interests (Note 20b)	Total
Balances at January 1, 2015	₱19,947,498	₱-	₱119,087	₱375,489	₱48,569	₱259,147	₱421,260	₱20,900,000	₱2,581,755	₱2,581,755	₱4,118,348	₱26,080,440
Net income for the year	-	-	-	-	-	-	-	-	17,603,797	-	1,348,854	18,952,651
Other comprehensive income												
Share in net unrealized valuation losses on AFS investments of an associate	-	-	(4,167)	-	-	-	-	-	-	-	-	(4,167)
Movement in cumulative translation adjustments	-	-	-	-	147,340	-	-	-	-	-	-	147,340
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	-	-	119,113	-	-	-	-	-	119,113
Actuarial gains (losses) on defined benefit plans, net of tax	-	-	-	-	-	(89,212)	-	-	-	-	8,007	(81,205)
Share in actuarial gains on defined benefit plans of associates and joint ventures	-	-	-	-	-	-	44,841	-	-	-	-	44,841
Total comprehensive income (loss) for the year	-	-	(4,167)	147,340	119,113	(89,212)	44,841	-	17,603,797	1,356,861	19,178,573	
Cash dividends - ₱1.66 a share (Note 20b)	-	-	-	-	-	-	-	-	-	(12,215,283)	-	(12,215,283)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,278,953)	(1,278,953)	
Change in non-controlling interests	-	-	(₱1,660)	₱185,431	₱256,376	₱609,066	₱259,147	₱421,260	₱20,900,000	₱57,970,269	₱4,045,046	₱101,613,567
Balances at December 31, 2015	₱19,947,498	₱-	₱114,920	₱256,376	₱609,066	₱259,147	₱421,260	₱20,900,000	₱2,581,755	₱2,581,755	₱4,118,348	₱26,080,440

Consolidated Statements of Changes in Equity

Aboitiz Power Corporation

	Attributable to Equity Holders of the Parent										
	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate (Note 10)	Net Unrealized Loss on AFS Investments - P- (Note 20a)	Movement in AFS Translation Cumulative Adjustments (P24,511)	Cumulative Translation Adjustments (P388,557)	Share in Gains on AFS Investments of an Associate (Note 10)	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate (Note 10)	Share in Movement in AFS Translation Cumulative Adjustments (P24,511)	Share in AFS Investments of an Associate (Note 10)	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate (Note 10)	Attributable to Equity Holders of the Parent	
Balances at January 1, 2014	P19,947,498	-	-	(P694,746)	(P31,815)	(P259,147)	(P259,147)	-	P- 16,705,184	P91,250,757	
Net income for the year	-	-	-	-	-	-	-	-	-	18,005,901	
Other comprehensive income											
Share in net unrealized valuation gains on AFS investments of an associate	-	-	-	-	-	-	-	-	-	-	
Movement in cumulative translation adjustments	-	-	30,900	-	-	-	-	-	-	30,900	
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	62,602	-	-	-	-	-	62,602	
Actuarial gains (losses) on defined benefit plans, net of tax	-	-	-	-	13,068	-	-	-	-	13,068	
Share in actuarial losses on defined benefit plans of associates and joint ventures	-	-	-	-	-	174,892	-	-	-	(4,648)	
Total comprehensive income (loss) for the year	-	-	-	-	-	(16,774)	-	-	-	(16,774)	
Acquisition of a subsidiary	-	-	30,900	62,602	13,068	174,892	(16,774)	-	16,705,184	1,296,069	
Appropriation during the year	-	-	-	-	-	-	(421,260)	-	20,900,000	(421,260)	
Cash dividends - P1.66 a share (Note 20b)	-	-	-	-	-	-	-	-	(20,900,000)	-	
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(12,215,283)	-	
Change in non-controlling interests	-	-	-	-	-	-	-	-	(1,141,673)	(1,141,673)	
Balances at December 31, 2014	P19,947,498	P- 119,087	P38,091	(P375,489)	(P51,9359)	(P48,559)	(P259,147)	(P21,260)	P20,900,000	P52,581,755	P96,080,440

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Aboitiz Power Corporation

ABOITIZ POWER CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (Amounts in Thousands)

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P25,000,246	P22,542,320	P21,429,990
Adjustments for:			
Interest expense and other financing costs (Note 33)	7,704,011	6,633,858	5,994,097
Depreciation and amortization (Notes 12 and 13)	6,043,527	4,322,000	4,643,302
Net unrealized foreign exchange losses	1,505,671	1,390,459	188,018
Write-off of project costs and other assets (Note 13)	249,176	69,137	26,000
Impairment loss on goodwill (Note 13)	169,469	-	-
Unrealized fair valuation losses (gains) on derivatives (Note 34)	3,316	(317,645)	897
Impairment losses on AFS and investment in an associate (Note 10)	-	-	2,834
Fair valuation gain on investment property (Note 28)	-	-	(15,000)
Gain on redemption of shares (Note 28)	(16,051)	-	(4,904)
Gain on disposal of property, plant and equipment (Note 28)	(70,252)	(5,656)	(13,195)
Gain on remeasurement in step acquisition (Notes 9 and 28)	(350,939)	-	-
Interest income (Notes 5 and 32)	(1,083,535)	(846,293)	(471,915)
Share in net earnings of associates and joint ventures (Note 10)	(3,641,210)	(3,979,947)	(4,009,488)
Operating income before working capital changes	35,513,429	29,808,233	27,770,636
Decrease (increase) in:			
Trade and other receivables	401,465	(249,822)	200,799
Inventories	(996,007)	128,229	477,019
Other current assets	(1,831,918)	(1,453,104)	(202,403)
Increase (decrease) in:			
Trade and other payables	464,167	(421,548)	(2,834,127)
Long-term obligation on power distribution system	(40,000)	(40,000)	(40,000)
Customers' deposits	447,964	696,788	548,335
Net cash generated from operations	33,959,100	28,468,776	25,920,259
Income and final taxes paid	(4,071,120)	(3,269,179)	(2,482,280)
Net cash flows from operating activities	29,887,980	25,199,597	23,437,979
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	7,847,263	4,071,041	4,618,730
Interest received	1,132,366	837,978	390,638
Proceeds from sale of property, plant and equipment	162,190	35,714	17,406
Proceeds from redemption of shares (Note 10)	57,076	2,677,204	31,599
Net collection of advances (Note 10)	-	285,520	101,835

(Forward)

Consolidated Statements of Cash Flows

Aboitiz Power Corporation

Investor Information

Aboitiz Power Corporation

Head Office:

NAC Tower, 32nd Street, Bonifacio Global City,
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Tel (632) 886-2800 | Fax (632) 886-2407

Cebu Office:

Aboitiz Corporate Center
Gov. Manuel A. Cuenco Avenue,
Kasambagan, Cebu City 6000, Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock

The Company's common stock is listed and traded
in the Philippine Stock Exchange.

Stockholders' Meeting

The Company's regular stockholders' meeting is held
on the third Monday of May of every year.

Stockholder Services and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock
transfer agent registrar.

For matters concerning dividend payments, account status, lost or damaged stock
certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.

34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Tel (632) 403-3798 | (632) 403-2410 | (632) 403-2412
Fax (632) 403-2414

Contact person:

Mr. Michael C. Capoy - mccapoy@stocktransfer.com.ph

AboitizPower welcomes inquiries from institutional investors, analysts, and the financial
community.

Please write or call:

Investor Relations

Aboitiz Power Corporation
Mr. Judd Salas or Ms. Jana Charisse Pedro
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GRI G4 Context Index



(G4.32) General Standard Disclosure				
	Section	Page No.	Remarks	
G4.1	Statement from the senior most decision maker of the organization	Chairman's Message, CEO's Message	26-33	
G4.2	Description of key impacts, risks and opportunities	Risk Management	129	
G4.3	Name of Organization	Cover Page	1	
G4.4	Primary Brands, Products and / or services	Our Businesses	8-9	
G4.5	Location of Organization's Headquarter	Contact Details		
G4.6	Number of countries of operation	Contact Details		
G4.7	Nature of ownership and legal form	Corporate Structure	153	
G4.8	Markets Served (Geographic Breakdowns)	Our Businesses	8-9	
G4.9	Scale of Reporting Organization	Our Businesses	8-9	
G4.10	Number of Employees by employment contract	Talent Analytics	134-135	
G4.11	Percentage of Employees under collective bargaining	Talent Analytics	134	
G4.12	Describe Organization's Supply Chain		In Progress	
G4.13	Report any significant changes in the reporting period	About the Report	7	None
G4.14	Report precautionary approach principle by organization			None
G4.15	Externally developed EES charter & Principles			None
G4.16	List of memberships in associations / industry associations			Undisclosed
(G4.33) General Standard Disclosure				
	Section	Page No.	Remarks	
G4.17	List of entities included in Organization's consolidated financial statement	About the Report	7	
G4.18	Explain process for defining report content & aspect boundaries	Materiality	7	
G4.19	List all identified material aspects in process of defining report content	Our Sustainability Framework	124-125	
G4.20	For each material aspect, report aspect boundary (within)	Scope, Boundary and Limitations	7	
G4.21	For each material aspect, report aspect boundary (outside)	Scope, Boundary and Limitations	7	
G4.22	Any statements from previous report has been restated & reason for restatement			None
G4.23	Significant changes in Scope & Aspect boundaries from previous reporting period	Scope, Boundary and Limitations	6-7	None
G4.24	List of all stakeholder groups engaged by organization	Stakeholder Engagement	127-128	
G4.25	Report basis for identification and selection of stakeholders	Stakeholder Engagement	127-128	
G4.26	Organization's approach to stakeholder engagement	Engaging with Stakeholders	128	
G4.27	Key topics & concerns raised through stakeholder engagement	Stakeholder Engagement	127	

Category	Aspects	Relevant section	Material concerns	Within organization	Outside organization	Relevance outside the organization
Environment	Energy	Power and Infrastructure	Energy Conservation Renewable Energy Generation	✓		
	Water		Efficient use of Water Maintain the standard quality of water are discharge	✓		
	Waste		Recycling of waste Proper Disposal	✓	✓	Dispose the waste through accredited recycler
	Compliance to Environmental Laws		Meet the environmental regulations	✓		
	Biodiversity		Minimize the impact on Biodiversity	✓		
	GHG Emission		To be carbon neutral	✓		
Society	Community	Corporate Social Responsibility, Banking, Landand Food	Be the neighbor of Choice	✓		
	Disaster Resilience		Increase the capacity of local government and communities in disaster preparedness	✓		
Product Responsibility	Product & Service Labeling	Power and Food	Transparency of Products & Services	✓		
	Customer Privacy		Client Information Security / Privacy	✓		
	Compliance		Compliance to Regulatory Requirements	✓		
Labor Practices	Employment	Talent Management	Attract, retain and optimize A-People	✓		
	Training & Development			✓		
	Health & Safety			✓		
Economic	Financial Return	Power, Banking, infrastructure, Land, Report of the CEO, Report of the CFO	Grow Profitably	✓		
	Financial Growth					

General Standard Disclosure		Section	Page No.	Remarks
G4.28	Reporting Period for information provided	About the Report	6-7	
G4.29	Date of most previous report	About the Report	6-7	
G4.30	Reporting Cycle	About the Report	6-7	
G4.31	Contact point for questions	Contact Details		aev-investorrelations@aboitz.com betterworld@aboitz.com
G4.32	GRI Content Index Sheet	GRI Index Sheet	206	
G4.33	Policy/practice of seeking External Assurance			Financial statements are assured
G4.34	Governance Structure of the Organization – committees		137	http://bit.ly/2nqEMfn
G4.35	Process for delegating authority for EES topics from highest governance body to Senior executives & employees			In process of setting up
G4.36	Has organization appointed an executive level position with EES responsibility			Chief Corporate Services Officer

General Standard Disclosure		Section	Page No.	Remarks
G4.37	Report process for consultation between stakeholders and highest governance body	Corporate Governance	141	http://bit.ly/2nH5iDM
G4.38	Composition of highest governance body and its committee	Corporate Governance	138	http://bit.ly/2nqEMfn
G4.39	Report whether chair of highest governance body is also and executive officer	Board of Directors	146	http://bit.ly/2nqEMfn
G4.40	Nomination & selection process for highest governance body and its committees	Corporate Governance	137	http://bit.ly/2nqEMfn
G4.41	Process in place to avoid conflict of interest at workplace	Corporate Governance	138	http://bit.ly/2nSdwto
G4.42	Role of highest governance body in developing and approving Values, mission, strategies, policies & goals	Corporate Governance	138	
G4.43	Measures taken to enhance collective knowledge of governance body on EES topics			Through participation in trainings, workshops & conferences
G4.44	Process for evaluation of highest governance body performance and actions taken in response to evaluation	Corporate Governance: Socrecard		http://bit.ly/2oGEBMZ
G4.45	Role of highest governance body in identifying EES risks, impacts & opportunities	Risk Management	129	http://bit.ly/2oiH8ku
G4.46	Role of highest governance body in reviewing effectiveness of Risk Management process for EES	Our Sustainability Policy: Risk Management	123, 129	
G4.47	Frequency of review of EES risks, impacts & opportunities	Our Sustainability Policy: Risk Management	125, 129-130	
G4.48	Highest committee or position that formally reviews and approves SR			The President & CEO
G4.49	Process for communicating critical concerns	Management Approach	128	
G4.50	Nature and quantity of critical concerns communicated	Management Approach	128	None
G4.51	Remuneration policy of highest governance body	Corporate Governance: Board Remuneration		http://bit.ly/2op30ri
G4.52	Process for determining remuneration	Corporate Governance: Board Remuneration		Confidential
G4.53	How stakeholder views & thoughts are accounted on remuneration			http://bit.ly/2oiH8ku
G4.54	Ratio of total annual compensation of highest paid individual to median annual total compensation	Corporate Governance: Board Remuneration		http://bit.ly/2oiH8ku
G4.55	Ratio of percentage increase of annual total compensation for highest paid and median paid	Corporate Governance: Board Remuneration		http://bit.ly/2oiH8ku
G4.56	Organization's values, principles, standards and norms	The Aboitiz Way	5	
G4.57	Internal / external mechanism for seeking advice on ethical and lawful behavior related to integrity – such as helplines			http://bit.ly/2oiPyse
G4.58	Internal / external mechanism for reporting concerns about unethical or unlawful behavior related to integrity – such as helplines			http://bit.ly/2oiPyse

Aspect	Specific Disclosure		Section	Page No.	Remarks
ECONOMIC					
Economic Performance	G4-EC1	Direct Economic values generated & distributed, including revenues and other costs	Financial Highlights	16-19	Financial implication of risk due to climate change is very much applicable to Power (Generation & Distribution) SBU. When doing the Risk Management for this SBU, the impacts are identified and preventive measures are taken.
	G4-EC2	Financial implications and other risks due to climate change			
Market Presence	G4-EC5	Range of ratio of standard entry level wage compared to minimum wage of operation at significant locations of operation	Appendix	We meet the Department of Labor & Employment requirements and pay higher than the entry level wage.	
	G4-EC6	Proportion of Senior Management hired from local community at significant location			
	G4-EC7	Impact of infrastructure investments & services			
Indirect Economic Impacts	G4-EC8	Indirect economic impacts	Corporate Social Responsibility	106-119	
			Economic Contribution	121	
ENVIRONMENT					
Energy	G4-EN3	Energy Consumption Within the organization	Appendix	211	
	G4-EN7	Reduction in Energy requirements of products & services			
Water	G4-EN8	Total Water Withdrawal by Source	Appendix	211	Use of Renewable Energy Sources
	G4-EN9	Significant affect on water sources caused due to withdrawal			
Biodiversity	G4-EN11	Location & Size of Land owned, leased adjacent to protected areas and areas of high biodiversity	Power	211 58	None. We meet the Water quality standards set by Department of Environment & Natural Resources
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity			
	G4-EN13	Habitats Protected or restored			
Emissions	G4-EN15	Direct GHG Emissions by Weight (Scope 1)	Appendix	211	
	G4-EN16	Energy indirect GHG Emissions by weight (Scope 2)			
	G4-EN17	Other indirect GHG Emissions by weight (Scope 3)			
	G4-EN20	Emissions of Ozone Depleting Substance (ODS)			
Effluents & Waste	G4-EN23	Total Weight of waste by type and disposal method	Appendix	211	
Compliance	G4-EN29	Monetary value of significance fines due to non-compliance with environmental laws and regulations			
Overall	G4-EN31	Total environmental protection expenditures and investment by type	Corporate Social Responsibility	117	
Environmental Grievance Mechanism	G4-EN34	Number of grievances about environmental impacts filed, addressed & resolved through formal grievance mechanisms			None

Aspect	Specific Disclosure		Section	Page No.	Remarks
SOCIAL					
Employment	G4-LA1	Total number & rate of employee turnover by age group, gender & region	Appendix	212	
Occupational Health & Safety	G4-LA5	Percentage of total workforce represented in health and safety committee		212	to follow
	G4-LA6	Rates & type of injury, occupational diseases, fatalities by region			to follow
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation			to follow
	G4-LA 8	Health & Safety topics covered in formal agreement with trade unions			to follow
Training & Education	G4-LA9	Average hours of training per year per employee by employee category	Appendix	212	
	G4-LA10	Programs for skill management and lifelong learning	Corporate Social Responsibility	110-113	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews		110-113	All employees receive performance review annually.
	G4-LA13	Ratio of basic salary of men to women by employee category			Employee wage are based on position level and not by gender
Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed & resolved			None
Discrimination	G4-HR3	Total number of incidents of discrimination and actions taken			None
Child Labor	G4-HR5	Operations & suppliers identified as having significant risk for incidents of child labor and measure taken to abolish it			None
Forced labor	G4-HR6	Operations & suppliers identified as having significant risk for incidents of forced labor and measure taken to abolish it			None
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken			None
Human Rights Grievance Mechanism	G4-HR12	Number of grievances about human rights impacts filed, addressed & resolved through formal grievance mechanisms			None
Community	G4-SO1	Percentage of operations with implemented local community engagement, impact, assessments and developing programs	Corporate Social Responsibility	106-119	None
	G4-SO2	Operations with significant actual & negative impact on local community			None
Anti-Corruption	G4-SO3	Percentage & total number of operations analyzed for risk related to corruption and risk identified			All the operations are assessed and analyzed and are part of the Risk Management.
	G4-SO4	Communication & training on anti-corruption policies & procedures			http://bit.ly/2op64nk
	G4-SO5	Confirmed incidents of corruption & actions taken			None
Compliance	G4-SO8	Monetary Value of significant fines for non-compliance with laws & regulations			None
Product Responsibility	G4-PR5	Results of surveys measuring customer satisfaction	Appendix	211	

Focus Areas & Metrics		2014	2015	2016
People				
Team Member and Engagement				
No. of team members employed ¹		28,518	31,132	31,070
Team member satisfaction rating result		3.6	new survey not conducted	new survey not conducted
Average training hours per team member		28	36	28
No. of volunteered hours		35,133	36,167	38,152
Retention rate		94%	92%	92%
Corporate Social Responsibility				
No. of direct beneficiaries ²		114,449	507,086	461,893
Amount of CSR fund allocation in millions (PhP)		610	415	442
No. of CSR projects		847	1,038	1,446
Customer Focus				
Customer satisfaction rating		4	4.2	4.2
No. of customers served		6,648,149	6,592,007	8,114,128
Disaster Resilience				
No. of automated weather stations deployed		750	777	792
No. of individuals trained in capacity-building training		860	922	2,402
Planet				
Carbon Emissions Reduction				
Carbon productivity in PHP million revenue/t CO2e ³		-	-	0.43
No. of trees planted in millions (cumulative)		4.3	4.9	5.4
Resource Efficiency				
Water consumption in cu.m		459,349	1,143,118	1,310,675
Energy consumption in mWh		489,001	413,421	582,126
Waste Management				
Weight of materials recycled in tons ⁴		-	-	80
Renewable Energy				
RE source, net sellable capacity (cumulative)		1,189	1,217	1,263
Ratio of RE to non-RE source		40% RE 60% non-RE	38% RE 62% non-RE	32% RE 68% non-RE
Profit				
Financial Return				
Total shareholder return (5 years)		46%	12%	15%
Return on equity		29%	17%	19.7%
Financial Growth				
Net income after tax		18.4	17.7	22.5
EBITDA		38.4	40.2	48.1

¹ The scope of the total number of team members includes non-direct hires and the direct hires of other business units of the Aboitiz Group not yet included in the G4 reporting scope of the Group.

² In 2016, the scope expanded to include beneficiaries from business unit's direct CSR initiatives.

³ Beginning 2016, the Group will use carbon productivity as its metric for carbon emissions reduction.

⁴ Beginning 2016, the Group will use weight of materials recycled as its metric for waste management.

Appendix of Tables

	2015	2016
Total Work-Force G4-9		
Corporate Center ⁵	286	293
Power ⁷	5,784	5,898
Banking	3,750	4,282
Food	2,621	2,828
Land	399	458
Other ⁶	18,292	17,311
Total	31,132	31,070

	2015	2016
Training Hours G4-LA9		
Corporate Center ⁵	8,214	3,915
Power ⁷	117,564	14,670
Banking	63,227	78,294
Food	23,262	8,658
Land	8,282	10,217
Total	220,549	115,754

	Male	Female	Male	Female
Corporate Center ⁵	98	149	210	191
Power	2,074	629	2,179	735
Banking	1,607	2,171	2,350	1,756
Food	457	242	354	215
Land	164	144	148	155

	New Hires	Turnover	New Hires	Turnover
Corporate Center ⁵	34	25	111	32
Power	369	309	387	265
Banking	510	293	506	250
Food	189	93	81	69
Land	154	31	41	67

	Luzon	Visayas	Mindanao	Luzon	Visayas	Mindanao
Corporate Center ⁵	185	59	3	299	84	18
Power	1,289	571	843	1,409	626	879
Banking	2,817	678	255	3,164	796	146
Food	510	42	167	332	47	179
Land	38	270	-	106	197	-

	2015			2016		
	Below 30	30-50	Over 50	Below 30	30-50	Over 50
Corporate Center ⁵	63	154	30	91	252	59
Power	745	1,595	363	827	1,675	410
Banking	1,253	2,227	270	453	591	20
Food	213	460	46	202	328	39
Land	128	167	13	98	176	28

⁵ Includes WeatherPhilippines and Aboitiz Foundation team members.

⁶ Others refer to Construction Group, Shipbuilding, Ramon Aboitiz Foundation, and other business units of the Aboitiz Group not yet included in the G4 reporting scope.

⁷ 2015 training hours data for Power is not available.

Percent of team members in a collective bargaining agreement	Corporate Center	Power	Banking	Food	Land
	0%	18%	28%	3%	0%
New Hires Profile					
Male	42%	62%	42%	59%	56%
Female	58%	38%	58%	41%	44%
Below 30	47%	68%	102%	57%	44%
30 to 50	47%	30%	33%	42%	51%
Above 50	6%	2%	1%	1%	5%
Luzon	84%	59%	91%	70%	63%
Visayas	8%	20%	9%	6%	37%
Mindanao	8%	21%	0%	22%	0%
Staff	47%	85%	22%	67%	59%
Supervisor	10%	6%	32%	21%	22%
Manager	28%	7%	41%	11%	10%
AVP and Up	15%	2%	5%	1%	10%

Materials and Waste G4-EN1

	2015	2016
Solid Waste in tons	353	246
Hazardous Waste in tons	2,613	3,132
Fuel oil in liters	346,396,632	329,204,466

Energy G4-EN3

Energy Consumption in GJ	2015	2016
Corporate Center	8,986	6,163
Power	1,233,076	1,806,851
Banking	98,064	99,695
Food	145,703	182,945
Land ⁸	2,488	-
Total	1,488,316	2,095,654

Water G4-EN8

Water consumption (in cubic meters)	2015	2016
Corporate Center	9,235	9,828
Power	441,895	671,830
Banking	212,365	215,208
Food	67,963	413,808
Land ⁸	411,660	-
Total	1,143,118	1,310,675

Greenhouse Gas Emissions G4-EN15

Emissions in tons CO2e	2015	2016
Total	1,636,601	2,855,666

⁸ In 2016, the energy and water consumption of Land was folded into Corporate Center.



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