

**COVER SHEET**

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S.E.C. Registration Number

A B O I T I Z P O W E R C O R P O R A T I O N

( Company's Full Name )

A B O I T I Z C O R P O R A T E C E N T E R  
 G O V . M A N U E L A . C U E N C O A V E N U E ,  
 K A S A M B A G A N , C E B U C I T Y

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

**M. JASMINE S. OPORTO**

Contact Person

**032-411-1801**

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

3rd Monday of May

0 5 2 1

Month Day

Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

**530**

Total No. of Stockholders

**x**

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

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LCU

Document I.D.

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Cashier

STAMPS

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SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **August 3, 2012**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **C199800134** 3. BIR TIN **200-652-460**
4. **ABOITIZ POWER CORPORATION**  
Exact name of registrant as specified in its charter
5. **Cebu City, Philippines** 6.   
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City** **6000**  
Address of principal office Postal Code
8. **(032) 411-1800**  
Registrant's telephone number, including area code
9. **N.A.**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of Each Class               | Number of Shares of Common Stock<br>Outstanding and Amount of Debt Outstanding<br>(as of June 30, 2012) |
|-----------------------------------|---|
| <b>Common Stock P1 Par Value</b>  | <b>7,358,604,307</b>  |
| <b>Amount of Debt Outstanding</b> | <b>P72,306,738,000.00</b>   |
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Power Corporation (AboitizPower or the Company) recorded a 20% year-on-year (YoY) expansion in its consolidated net income for the second quarter of 2012, from P5.5 billion (bn) to P6.6 bn. The movements in the peso-dollar exchange rate resulted to a P442 million (mn) non-recurring gain (versus last year's P36 mn) due to the revaluation of consolidated dollar-denominated liabilities and placements. A one-off cost amounting to P297 mn was booked during the quarter as: (1) reimbursement was made to its steam supplier for operating expenses relating to power consumption for the period May 2009 to May 2012; and (2) a debt prepayment cost of P59 mn was incurred at Parent level. All these bring AboitizPower's core net income for the second quarter of 2012 to P6.4 bn, which is 22% higher YoY.

On a year-to-date (YTD) basis, AboitizPower's bottomline performance recorded a 15% YoY improvement, from P10.6 bn to P12.2 bn. This translated to earnings per share of P1.66. The revaluation of consolidated dollar-denominated loans and placements resulted to a non-recurring gain of P945 mn (versus last year's P143 mn). In addition, AboitizPower logged P283 mn in one-off losses during the six-month period, as the

recorded gains on the redemption of shares made by its associate companies during the first quarter of 2012 were countered by the higher fuel cost booked by its geothermal assets due to reimbursement made to its steam supplier, and the debt prepayment cost incurred at Parent level. Adjusting for these one-offs, the Company's core net income for the first semester of 2012 amounted to ₱11.5 bn, up by 16% YoY.

## **Business Segments**

### ***Power Generation***

For the quarter ending June 30, 2012, the power generation business recorded an income contribution of ₱6.3 bn, a 19% YoY increase. Tight supply conditions and stronger demand during the quarter in review pushed up the spot market price of electricity at the Luzon Grid's Wholesale Electricity Spot Market (WESM) resulting to the group's higher average selling price for the quarter. Meanwhile, net generation level rose by 7% YoY as electricity sales increased via bilateral contracts and sale transactions in the spot market. When adjusted for non-recurring items, the group registered a 19% YoY rise in its core net income, from ₱5 bn to ₱6 bn.

On a YTD basis, the generation business accounted for 89% of earnings contributions from AboitizPower's business segments, recording an income share of ₱11.3 bn for the first semester of 2012, up 11% YoY. Netting out one-off items, AboitizPower's generation business shored in ₱10.6 bn for the period, which was 12% higher than last year.

The group's average price for its power increased by 7% YoY during the first half of 2012. This was on the back of a 42% YoY rise in average selling prices at the Luzon Grid's WESM. Supply of power in Luzon was curtailed given higher outage levels during the period in review. Meanwhile, the Luzon Grid recorded a peak demand of close to 7,800 MW, a 5% YoY increase. The hotter climate was one of the factors that led to the increase in power requirements.

AboitizPower's attributable net generation for the semester grew by 10% YoY, from 4,640 GWh to 5,096 GWh. This was mainly accounted for by the 14% YoY expansion in power sales through bilateral contracts. On a capacity basis, the Company's attributable sales increased by 13% YoY, from 1,351 MW to 1,532 MW, given the rising capacity sales through bilateral contracts and improved levels of ancillary services.

The completion of the rehabilitation of the Ambuklao (all 3 units) and Binga (1 of 4 units) hydropower plants, coupled with the commercial operation of the 4-MW Irisan Greenfield hydropower plant resulted to a marginal increase in AboitizPower's attributable capacity to 2,350 MW as of end-June 2012.

### ***Power Distribution***

For the period April to June 2012, the power distribution group registered a 20% YoY increase in its income contribution, from ₱569 mn to ₱682 mn. AboitizPower's attributable electricity sales for the quarter ending June 30, 2012 was at 999 GWh, an 8% improvement from last year's 925 GWh. Growth was mainly accounted for by the strong showing of the industrial segment, which posted a YoY increase of 10%. Gross margin on a group-wide basis improved by 12% YoY, as the approved rates under the Performance Based Regulation (PBR) scheme were implemented. Davao Light & Power Company, Inc. (Davao Light) and Visayan Electric Company, Inc. (VECO) implemented their approved distribution rates for their second regulatory year in August 2011. Subic Enerzone Corporation (SEZ) and San Fernando Electric Light & Power Co., Inc. (SFELAPCO) were the last distribution utilities of AboitizPower that shifted to PBR. Both SEZ and SFELAPCO entered their respective 4-year regulatory period in October 2011, with implementation of approved tariffs taking place in January 2012 and March 2012, respectively.

Expansions in volumes and margins resulted to a 38% YoY increase in the power distribution group's earnings share for the first semester of 2012, from ₱1 bn to ₱1.4 bn. Total attributable electricity sales increased by 7% YoY, from 1,814 GWh to 1,949 GWh. Leading the pack was the industrial segment recording a 9% YoY expansion in volume sales, while residential and commercial accounts registered 6% and 4% YoY increases, respectively. Gross margin for the group improved by 18% YoY mainly due to the implementation of the distribution utilities' approved rates under the PBR.

### **Financial Condition**

As of June 30, 2012, the Company's total consolidated assets amounted to ₱157.6 bn, 3% higher than year-end 2011 level of ₱153.5 bn. The Company's consolidated Cash and Cash Equivalents was at ₱25.4 bn, while total consolidated interest-bearing liabilities was at ₱72.3 bn. Equity Attributable to Equity Holders of the Parent increased by 3% to approximately ₱71 bn from year-end 2011. Current ratio as of semester-end was at 3.4x (versus year-end 2011's 3.5x), while net debt-to-equity ratio was at 0.6x (versus year-end 2011's 0.7x).

SIGNATURE (S)

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

**ABOITIZ POWER CORPORATION**

By

A handwritten signature in cursive script, appearing to read "M. Jasmine S. Oporto".

**M. JASMINE S. OPORTO**

Corporate Secretary

Dated: August 3, 2012