

**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

**Remarks** = pls. Use black ink for scanning purposes

SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

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

1. October 30, 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 September 30, 2012) |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------|
| <u>Common Stock P1 Par Value</u>  | <u>7,358,604,307</u>                                                                                         |
| <u>Amount of Debt Outstanding</u> | <u>P68,347,270,000.00</u>                                                                                    |

11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Power Corporation (AboitizPower or the Company) recorded a 10% Year-on-Year (YoY) increase in its consolidated net income for the third quarter of 2012, from P5.6 billion (bn) a year ago to P6.2 bn. The strengthening of the Philippine Peso resulted to a P220 million (mn) non-recurring gain (versus last year's non-recurring loss of P180 mn) due to the revaluation of dollar-denominated liabilities and placements across the group. In addition, a one-off net cost amounting to P385 mn was booked during the quarter due to a downward revenue adjustment of P263 mn by a wholly-owned subsidiary as a result of a recent ruling by the industry regulator regarding the tariff structure for its ancillary services contract and a debt prepayment cost of P122 mn incurred at Parent level. All these bring AboitizPower's core net income for the third quarter of 2012 to P6.4 bn, which is 13% higher than the same period last year.

On a Year-to-Date (YTD) basis, AboitizPower's net income performance recorded a 13% YoY improvement, from P16.2 bn to P18.4 bn. This translated to earnings per share of P 2.50. The revaluation of group-wide dollar-denominated loans and placements resulted

to a non-recurring gain of ₱1.2 bn (versus last year's non-recurring loss of ₱37 mn). In addition, AboitizPower logged ₱668 mn in one-off losses during the nine-month period, as the recorded gains due to the redemption of shares made by its associate companies during the first quarter of 2012 was countered by the higher fuel cost booked by its geothermal assets due to reimbursement made to its steam supplier, the downward revenue adjustment of a wholly-owned subsidiary as a result of an ERC ruling regarding its ancillary services contract, and the debt prepayment cost incurred at Parent level. Adjusting for these one-offs, the Company's core net income for the first nine months of 2012 amounted to ₱17.9 bn, up by 15% YoY.

## **Business Segments**

### ***Power Generation***

For the quarter ending September 30, 2012, the power generation business recorded an income contribution of ₱5.8 bn, a 12% YoY increase. Overall, tight supply conditions and stronger demand during the quarter in review pushed up the spot market price of electricity at the Wholesale Electricity Spot Market (WESM) resulting to the group's higher average selling price for the quarter as compared to the same period last year. Meanwhile, net generation level rose by 11% YoY, which was mainly driven by electricity sales via bilateral contracts. When adjusted for non-recurring items, the group registered a 12% YoY rise in its core net income, from ₱5.2 bn to ₱5.8 bn.

On a YTD basis, the generation business accounted for 89% of earnings contributions from AboitizPower's business segments, recording an income share of ₱17.2 bn for the first nine months of 2012, up 12% YoY. Netting out one-off items, AboitizPower's generation business earned ₱16.4 bn for the period, which was 12% higher than last year.

The group's average price for its power increased by 6% YoY during the period January to September 2012. This was on the back of a 38% YoY rise in average selling price of electricity at the Luzon Grid's WESM. Supply of power in Luzon was limited given higher outage levels during the period in review. The hotter climate was one of the major factors that led to the increase in power requirements.

AboitizPower's attributable net generation for the first nine months of 2012 grew by 10% YoY, from 7,175 GWh to 7,903 GWh. This was mainly accounted for by the 15% YoY expansion in power sales through bilateral contracts. On a capacity basis, the Company's attributable sales increased by 12% YoY, from 1,397 MW to 1,562 MW, given the rising capacity sales through bilateral contracts.

The partial completion of the rehabilitation of the Binga (2 of 4 units) hydropower plant coupled with the commercial operation of the 4-MW Irisan Greenfield hydropower plant resulted to a marginal increase in AboitizPower's attributable capacity to 2,353 MW as of end-September 2012.

### ***Power Distribution***

For the period July to September 2012, the power distribution group registered a 5% YoY increase in its income contribution, from ₱731 mn to ₱765 mn. AboitizPower's attributable electricity sales for the quarter ending September 30, 2012 was at 986 GWh, a 4% improvement from last year's 949 GWh. The strong performance of the distribution group can be attributed to the increase in sales across all customer classes as compared to the same period last year. Gross margin on a group-wide basis improved by 5% 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 24% YoY increase in the power distribution group's YTD 2012 earnings share, from ₱1.8 bn to ₱2.2 bn. Total attributable electricity sales increased by 6% YoY, from 2,764 GWh to 2,935 GWh. Demand from all customer segments continued to grow with the industrial segment recording a 7% YoY expansion in volume sales, while residential and commercial accounts registered 5% and 3% YoY growth, respectively. Gross margin for the group improved by 13% YoY mainly due to the implementation of the distribution utilities' approved rates under the PBR. Another driver for the group's enhanced gross margin was the reduced systems loss, with VECO in particular reducing its level of system loss by 0.7 percentage points, as a result of initiatives implemented during the period in review.

### **Financial Condition**

As of September 30, 2012, the Company's total consolidated assets amounted to ₱159.9 bn, 4% higher than year-end 2011 level of ₱153.5 bn. Meanwhile, AboitizPower's consolidated Cash and Cash Equivalents was registered at ₱26.8 bn, while total consolidated interest-bearing liabilities was at ₱68.3 bn. Equity Attributable to Equity Holders of the Parent increased by 13% to ₱77.1 bn from year-end 2011. As of September 30, 2012, the Company's current ratio was at 3.5x (similar to year-end 2011's 3.5x), while net debt-to-equity ratio was at 0.5x (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



**M. JASMINE S. OPORTO**

Corporate Secretary

Dated: October 30, 2012