COVER SHEET

2 6 1 2 6

SEC Registration Number

H O L C I M   P H I L I P P I N E S , I N C .   A N D   S U B S I D I A R I E S

(Company's Full Name)

7 t h   F l o o r ,   T w o   W o r l d   S q u a r e ,   M c k i n l e y   H i l l ,   F o r t   B o n i f a c i o ,   T a g u i g   C i t y

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

Dennis G. Segovia Jr.
(Contact Person)

(1st Quarter 2020)

8581-1511
(Company Telephone Number)

0 3 **3 1**
Month *Day*
(Fiscal Year)

SEC FORM 17-Q
For the quarter ended March 31, 2020
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

5,259
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2020

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [x] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange, Inc. Common Shares

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [x] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of March 31, 2020 and December 31, 2019
Exhibit II – Consolidated Statements of Income for the quarters ended March 31, 2020 and 2019
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2020 and 2019
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended March 31, 2020 and 2019
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended March 31, 2020 and 2019
Exhibit VI – Aging of Trade and Other Receivables as of March 31, 2020

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of March 31, 2020 and December 31, 2019
(In Thousands)

	31 Mar 2020	31 Dec 2019
ASSETS		
Current Assets		
Cash and cash equivalents	₱6,781,621	₱2,961,897
Trade and other receivables - net	3,475,954	3,447,117
Inventories	3,729,199	3,077,546
Short-term financial receivables	512,180	511,463
Other current assets	1,242,946	939,348
Total Current Assets	**15,741,900**	**10,937,371**
Noncurrent Assets		
Investments	4,362,748	4,363,425
Property, plant and equipment – net	19,890,504	19,999,303
Right-of-use assets	2,005,720	2,130,518
Goodwill	2,635,738	2,635,738
Intangibles – net	26,477	26,875
Retirement assets – net	2,290,827	2,313,807
Other noncurrent assets	2,422,251	2,420,872
Total Noncurrent Assets	**33,634,265**	**33,890,538**
	49,376,165	**44,827,909**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	10,376,963	10,340,029
Loan payables	7,725,849	3,925,849
Current portion of lease liabilities	340,892	396,704
Income tax payable	526,014	306,453
Total Current Liabilities	**18,969,718**	**14,969,035**
Noncurrent Liabilities		
Long-term lease liabilities	1,767,799	1,767,799
Provisions	77,082	77,082
Deferred tax liabilities – net	291,572	244,384
Total Noncurrent Liabilities	**2,136,453**	**2,089,265**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	1,624,206	1,624,206
Other reserves	4,475	4,475
Retained earnings	11,700,331	11,199,025
	28,257,113	**27,755,807**
Noncontrolling Interest	**12,881**	**13,802**
Total Stockholders' Equity	**28,269,994**	**27,769,609**
	₱49,376,165	**₱44,827,909**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended March 31, 2020 and 2019
(In Thousands, Except Per Share Data)

	Quarter Ended	
	Jan-Mar 2020	**Jan-Mar 2019**
Net Sales	**₱7,270,481**	**₱8,103,491**
Cost of sales	5,716,573	6,046,020
Gross Profit	**1,553,908**	**2,057,471**
Operating expenses	358,324	370,121
Operating EBITDA	**1,195,584**	**1,687,350**
Depreciation and amortization	439,607	487,290
Profit from Operations	**755,977**	**1,200,060**
Other income (expenses)		
Net financial expense	(92,736)	(205,441)
Other income (expense) - net	30,542	(710)
Total	(62,194)	(206,151)
Profit before Income Tax	**693,783**	**993,909**
Provision for income tax		
Current	218,048	309,108
Deferred	(25,808)	(19,060)
	192,240	290,048
Profit for the Period	**501,543**	**703,861**
Noncontrolling interest	(237)	(227)
Profit for the period attributable to Equity holders of the Parent Company	**₱501,306**	**₱703,634**

Basic/Diluted Earnings Per Share (EPS)		
Computation of EPS:		
(a) Profit for the period attributable to Equity holders of the parent company	**₱501,306**	₱703,634
(b) Common shares issued and outstanding	**6,452,099**	6,452,099
EPS [(a)/(b)]	**₱0.08**	₱0.11

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended March 31, 2020 and 2019
(In Thousands)

	Quarter Ended	
	Jan-Mar 2020	**Jan-Mar 2019**
Profit for the Period	**₱501,543**	**₱703,634**
Other Comprehensive Loss	**–**	**(710,051)**
Total Comprehensive Income (Loss)	**₱501,543**	**(₱6,417)**
Attributable to:		
Equity holders of Parent Company	500,622	(3,942)
Noncontrolling interest	921	(2,475)
Total Comprehensive Income (Loss)	**₱501,543**	**(₱6,417)**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the three (3) months ended March 31, 2020 and 2019
(In Thousands)

	Jan-Mar 2020	Jan-Mar 2019
Capital Stock		
Common Stock		
Balance at beginning of period	₱6,452,099	₱6,452,099
Issuances (Retirement)	-	-
Balance at end of period	**6,452,099**	**6,452,099**
Additional Paid-in Capital		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	-	-
Balance at end of period	**8,476,002**	**8,476,002**
Other comprehensive income/loss	**1,624,206**	**2,008,554**
Other reserves	**4,475**	**3,270**
Retained Earnings		
Balance at beginning of period	11,199,025	7,607,112
Profit for the Period	501,306	703,634
Balance at end of period	**11,700,331**	**8,310,746**
Noncontrolling Interest	**12,881**	**13,598**
	₱28,269,994	**₱25,264,269**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three (3) months ended March 31, 2020 and 2019
(In Thousands)

	Jan-Mar 2020	Jan-Mar 2019
Operating Activities		
Profit before Income Tax	**₱693,783**	**₱993,909**
Adjustments to reconcile profit to cash		
Depreciation and amortization	439,607	487,290
Other items (net)	(107,436)	(312,878)
Changes in current assets and liabilities	(616,839)	(2,602,936)
Cash provided by (used in) operating activities	**409,115**	**(1,434,615)**
Investing Activities		
Additions to plant, property and equipment	(321,885)	(763,453)
Decrease (increase) in other investing activities	2,668	46,603
Cash used in investing activities	**(319,217)**	**(716,850)**
Financing Activities		
Proceeds from short-term loan	3,800,000	–
Repayment of long-term leases	(71,584)	(131,121)
Payment of short-term loans	–	(2,727,561)
Increase in short-term financial receivables	–	(167,639)
Cash provided by (used in) financing activities	**3,728,416**	**(3,026,321)**
Net decrease in cash and cash equivalents	**3,818,314**	**(5,177,786)**
Cash and cash equivalents, beginning	**2,961,897**	**5,400,112**
Effect of exchange rate changes on cash and cash equivalents	**1,410**	**9,289**
Cash and cash equivalents, end	**₱6,781,621**	**₱231,615**

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of March 31, 2020
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱912,034**	**₱885,553**	**₱7,681**	**₱3,230**	**₱15,570**
Other Receivables	**2,589,150**	**858,760**	**44,836**	**10,335**	**1,675,219**
Total	**3,501,184**	**₱1,744,313**	**₱52,517**	**₱13,565**	**₱1,690,789**
Allowance for Doubtful Accounts	**(25,230)**				
Net Receivables	**₱3,475,954**				

Certified correct:

Jesusa Natividad L. Rojas
Chief Financial Officer

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

At the end of the first quarter, the Group posted net sales of ₱7.3 billion, lower by 10% compared to ₱8.1 billion reported in the same period last year. Lower volume in March versus prior year was mainly due to the Enhanced Community Quarantine (ECQ) implemented by the government in Luzon to prevent the spread of COVID-19. Road closures from localized quarantine measures have hampered movement of labor and logistics around the country further slowing down construction activity in other parts of the country. Visayas and Mindanao operations have continued but demand was on a decline as more local government units began to implement their own quarantine measures.

The Group reported EBITDA of ₱1.2 billion, lower by 29% as compared to ₱1.7 billion reported during the same period last year. Unfavorable variance was attributable to lower net sales and lower prices as pricing actions were implemented to increase sales volume amid the lockdown situation and to maintain acceptable gap against competitor prices. The Group managed to incur lower financial expenses related to its short-term loans and lease liabilities. Net income after tax stood at ₱0.5 billion giving earnings per share of ₱0.08.

Financial Position

The Group's financial position has remained healthy with stable liquid cash position. However, the return on assets declined to 1.1% as of March 31, 2020 which is 0.4% lower from the end of 2019. Total assets stood at ₱49.4 billion as of March 31, 2020, 10% higher from end of 2019.

Cash Flow Generation

The Group's cash requirements have been mainly sourced through cash flow provided by operating activities coupled with proceeds on short-term financing liabilities from third party sources. Please refer to the attached statement of cash flow for more details.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended March 31, 2020 and 2019 were as follows:

Financial KPI	Definition	For the period ended March 31	
		2020	**2019**
<u>Profitability</u>			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	1.8%	2.8%
Return on Asset (ROA)	Net Income / Average Total Assets	1.1%	1.5%
<u>Efficiency</u>			
EBITDA Margin	Operating EBITDA / Net Sales	16.4%	20.8%
<u>Liquidity</u>			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	4.5%	25.9%
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	12.8 times	9.5 times

Profitability and Efficiency

Profitability indicators have decreased as compared to the same period of last year due to lesser assets and lower equity while efficiency indicators is lower to the same period of last year due to lower income generated from operations.

Liquidity

The Group's liquidity position remained strong evidenced by higher cash balance.

Notes to Financial Statements

1. *Summary of Significant Accounting Policies*

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2019.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2019:

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
    i. a risk-adjusted present value of the future cash flows (the fulfillment cash flows) that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
    ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2022. Earlier application is permitted.

The adoption of the new standard does not have an impact on the Group for it is not an issuer of insurance contracts.

Amendments to PAS 1 and PAS 8, *Definition of Material*

PAS 8.31(b-d) The amendments relate to a revised definition of 'material':
"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 1, 2020. Earlier application is permitted.

The Management of the Group is still evaluating the impact of these new amendments.

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period

The Management of the Group is still evaluating the impact of these new amendments.

New Accounting Standards Effective in 2019 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by the Board of Accountancy.

PIC Q&A No. 2019-01, PFRS 15, *Revenue from Contracts with Customers – Accounting for Service Charges*

The interpretation clarifies the treatment of service charges collected from hotel guests or restaurant customers.

Salient points of the interpretation are the following:

- Eighty-five (85%) percent, as a minimum, of the collected Service Charge should be excluded from the transaction price and as such should be recognized as a liability to the employees pursuant to Article 96 of the Labor Code.
- As paragraph 47 of PFRS 15 defines transaction price as “the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties”.
- The remaining portion should be included in the transaction price because this is an additional consideration in exchange for the goods and services provided and benefits directly inure to the hotel/restaurant.

The interpretation is effective for periods beginning on or after February 13, 2019.

The Management of the Group is still evaluating the impact of the new interpretation.

PIC Q&A No. 2019-03, PFRS 15, *Revenue from Contracts with Customers – Revenue Recognition guidance for Sugar Millers*

The interpretation clarifies the revenue recognition of Sugar Milling Companies under: (i) Output Sharing Agreement, and (ii) Cane Purchase Agreement.

Under Output Sharing Agreement, revenue recognition commences upon conversion of Planter’s canes into raw sugar. Further, unsold raw sugar owned by the Miller shall be accounted for as inventory in accordance with PAS 2, Inventories.

Under Cane Purchase Agreement, revenue recognition commences upon transfer of control, at a point in time, to customer or buyer of a sale transaction. Further, the cost of purchased canes shall be treated either as production or milling cost of the Miller.
The interpretation is effective for periods beginning on or after March 28, 2019.
The new interpretation does not have an impact on the Group for it is not a Sugar Milling Group.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for Cryptographic assets. In classifying Cryptographic assets, two relevant factors to consider are (i) its primary purpose, and (ii) how these assets derive its inherent value. The interpretation provided two (2) Cryptographic classifications based on the aforementioned factors, these are (a) Cryptocurrency, or (b) Cryptographic assets other than Cryptocurrencies, which are (b.1) Asset-based token, (b.2) Utility token, and (b.3) Security token, or collectively the “Security Tokens”.

From the holder of these assets’ point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report Cryptographic assets in the financial statements as either (i) Cryptocurrencies held by an entity, or (ii) Cryptographic assets other than cryptocurrencies.

From the Issuer of these assets' point of view, as a consensus, the following accounting treatments are suggested:

- Cryptocurrencies held by an entity can be treated either as (i) Inventory under PAS 2, or (ii) Intangible asset under PAS 38.
- Cryptographic assets other than Cryptocurrencies, the interpretation suggested the following relevant accounting frameworks for consideration:
  a. If the Token meets the definition of a financial liability, apply guidance in PFRS 9;
  b. If the Token meets the definition of an equity instrument, apply guidance in PAS 32;
  c. If the Token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and
  d. If the Token does not meet any of the aforementioned, consider other relevant guidance.

The interpretation is effective for periods beginning on or after February 13, 2019.

The Management of the Group is still evaluating the impact of the new interpretation.

2. *Seasonality Aspects of the Business*

Like any other company in the construction industry, the operations of the Group are affected by seasonality. Net sales are generally higher in dry months from February to May and lower during the rainy months of June to November. Low sales are also experienced during December due to holidays until early January. Unpredictable weather could also significantly affect sales and profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in productions.

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

The Group is exposed to various financial risks, which include the effect of changes in debt structure, equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential and adverse effects on the financial performance of the Group. The Group does not enter into other derivative or financial transactions which are unrelated to its operating business as a risk-averse approach is pursued.

Financial risk management of the Group is governed by policies approved by management. It provides principles for overall risk management, as well as policies covering specific risk areas such as interest rate risk, foreign exchange risk, counterparty risk, and use of derivative financial instruments and investing assets in excess of liquidity requirements.

The Group's principal financial instruments, other than derivatives, consist of cash and cash equivalents and notes payable. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group also has various other financial assets and liabilities such as trade and other receivables, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Group's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

The Group is exposed to market risks, such as foreign currency and interest rate risks. To manage volatility relating to these exposures, the Group enters into derivative financial instruments, when necessary. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency, interest rate and equity price.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of March 31, 2020, there are no revenues denominated in currencies other than the Philippine Peso.

Due to the local nature of the cement business, transaction risk is limited. However, income may primarily be in local currency whereas debt servicing and significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, the Group may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of March 31, 2020, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at March 31, 2020 and 2019, the Group has minimal exposure to interest rate risk.

Credit Risk

Credit risk is the risk that counterparties may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

The Group constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group trades only with recognized, credit-worthy third parties. It is the Group's policy that all third party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts to minimum.

With respect to credit risk arising from the other financial assets of the Group, which consist of due from related parties, advances to employees, AFS financial assets, and guarantee and refundable deposits, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group monitors this risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities, finance leases and purchase contracts. It is responsible for its own cash surpluses and the raising of loans to cover cash deficits, subject to policies and guidelines approved by management and, in certain cases, at the BOD level.

The Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at March 31, 2020, the Group has unutilized credit facilities of ₱13.6 billion.

Capital Management Policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in light of the changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of gearing ratio.

4. ***Financial Assets and Liabilities***

Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at March 31, 2020 and December 31, 2019. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade and Other Receivables, Advances to Employees, Restricted Cash, Short-term Financial Receivable, Loans Payable and Trade and Other Payables. Due to the short-term nature of the transactions, the fair values of these instruments approximate the corresponding carrying values as at end of each reporting period.

Derivative Liabilities. The fair values of the embedded currency forwards are calculated by reference to current forward exchange.

AFS Financial Assets. The fair values of publicly traded instruments are determined by reference to quoted market prices as at the end of each reporting period. Investments in unquoted equity securities are carried at cost, net of any impairment in value.

Long-term Financial Receivable and Guarantee Deposits. These are carried at cost, less any impairment in value, which approximates their fair values calculated using the discounted cash flows method.

Fair Value Hierarchy

As at March 31, 2020 and December 31, 2019, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at March 31, 2020 and December 31, 2019, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2020 and 2019.

5. ***Segment Reporting***

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), which operating results are regularly reviewed by the chief operating decision maker* to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management reassesses on an annual basis whether there have been any change in the operating segments or in the reportable operating segments in accordance with PFRS 8, *Operating Segments*.

For management purposes, the Group is organized into activities based on their products and has two segments, as follows:

- Clinker and Cement segment, which manufactures and sells clinker and cement for both domestic and export customers; and

- Other Construction Materials and services segment, which includes operations from Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group's finance income and charges and income taxes are managed on a group basis, and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

Segment revenues, EBITDA, assets and liabilities as at March 31, 2020 and 2019 are presented below:

	2020				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱6,971,648**	**₱269,453**	**₱7,241,101**	**₱29,380**	**₱7,270,481**
Inter-segment	**13,072**	**–**	**13,072**	**(13,072)**	**–**
	₱6,984,720	**₱269,453**	**₱7,254,173**	**₱16,308**	**₱7,270,481**
Operating EBITDA	**₱1,266,970**	**₱201,647**	**₱1,468,617**	**(₱273,033)**	**₱1,195,584**
Segment assets	**32,519,479**	**348,377**	**32,867,856**	**16,508,309**	**49,376,165**
Segment liabilities	**9,251,894**	**75,675**	**9,327,569**	**11,778,602**	**21,106,171**

	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱7,769,253	₱647,290	₱8,416,543	(₱313,052)	₱8,103,491
Inter-segment	85,013	-	85,013	(85,013)	-
	₱7,854,266	₱647,290	₱8,501,556	(₱398,065)	₱8,103,491
Operating EBITDA	₱1,787,107	₱188,010	₱1,975,118	(₱287,768)	₱1,687,350
Segment assets	38,910,722	511,159	39,421,880	7,006,959	46,428,839
Segment liabilities	7,573,292	213,746	7,787,038	13,377,532	21,164,570

* Chief operating decision maker is composed of the Group's Executive Committee

6. *Retained Earnings*

The BOD did not declare any cash dividends during the quarter.

Interim Disclosures

On 10 May 2019, an agreement for the sale and purchase of shares in the Company was executed by Holderfin B.V., First Stronghold Cement Industries, Inc., San Miguel Corporation and Lafargeholcim Ltd. Subject to the Philippine Competition Commission's ("PCC's") prior written approval and fulfillment of customary closing conditions, it was agreed that Holderfin B.V. shall sell its shares in the Company and shall procure Cemco Holdings, Inc. and Union Cement Holdings Corporation to likewise sell their shares in the Company to First Stronghold Cement Industries, Inc. ("Proposed Transaction").

As of 31 March 2020, the Proposed Transaction is being reviewed by the PCC.

Aside from the disclosure above, the Group is not aware of the following or is not applicable to the Group’s interim operations:

1. Unusual items that materially affect the Group’s consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.

7. Events that will trigger direct or contingent material financial obligations to the Group.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group with unconsolidated entities or other persons created during the year.

9. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.

10. Significant elements of income or loss that did not arise from the Group’s continuing operations.

11. Material events subsequent to end of the reporting period that have not been reflected in this report.

12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

129% increase in Cash and cash equivalents
Mainly due to higher cash from operations, lower spending in capital expenditure and proceeds from short-term loans.

1% increase in Trade and other receivables - net
Increase was mainly due to higher credit sales outstanding as of the period.

21% increase in Inventories
Increase in inventories was due to stoppage of operations of plants in relation to the Enhanced Community Quarantine placed in Luzon and some parts of Visayas and Mindanao resulting in non-consumption of produced goods, goods-in-transit and raw materials.

32% increase in Other current assets
Increase pertains mostly to prepaid Real Property Taxes and business taxes and the deferral of plant shutdown costs.

6% decrease in Right-of-Use Assets
Mainly due to the depreciation expense recognized for the period.

97% increase in Loan payables
Proceeds from loan extended to the Company by third parties.

0.4% increase in Trade and other payables
Majority pertains to the increased intercompany transactions during the quarter.

72% increase in Income tax payable
Mainly due to additional taxable income for the period and outstanding tax payable from previous year's net income.

14% decrease in lease liability-current portion
Mainly due to the payment of leases for the quarter.

4% increase in Retained earnings
Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

10% decrease in Net sales
Mainly due to lower volumes sold from the interruption in the sales operations as a result of the Enhanced Community Quarantine implemented nationwide.

5% decrease in Cost of goods sold
Mainly due to lower fixed costs spending on cost reduction programs; and lower prices of power, fuels and imported raw materials.

3% decrease in Operating expenses
Mainly due to lower advertising expense as compared from prior year.

10% decrease in Depreciation and amortization
Mainly due to decrease in Right-of-Use Assets (RoU)-depreciation under IFRS 16.

55% decrease in Net financial expenses
Mainly due to lower finance charges paid due to settlement of all outstanding loans from third parties in the prior year, net of losses from foreign denominated payables to third parties.

4408% increase in Income (Expenses) on non-operating assets
Mainly due to reversal of final withholding tax during the month of February 2020, also there are no write-offs as of March 2020 as compared to the same period last year that pertains to intangible assets, net of loss recognized this year from the share of net profit of associates compared the income from same period last year.

34% decrease in Provision for income tax
Due to lower taxable income for the first quarter of the year.

4% increase in Noncontrolling interest in net income
Increase was mainly due to higher profit of subsidiaries compared to same period last year.

Holcim Philippines, Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

Financial KPI	Definition	For the three (3) Months Ended March 31	
		2020	**2019**
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	82.4%	63.3%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	4.6%	25.9%
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	174.8%	183.8%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	5.8 times	5.6 times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	0.8%	1.5%
Return on Equity	Net Income / Average Total Equity	1.4%	2.8%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Jena Rojas

Jesusa Natividad L. Rojas
Chief Financial Officer
Date: April 29, 2020