

# 2018 Annual Report





Holcim Philippines, Inc. (Philippine Stock Exchange: HLCM) is one of the leading building solution companies in the country. The company has a deep portfolio of innovative solutions fostered by a full range of products, from structuring to finishing applications, that can help local builders execute with high performance and efficiency a wide array of projects, from massive infrastructure to simple home repairs.

With cement manufacturing facilities in La Union, Bulacan, Batangas, Misamis Oriental and Davao, as well as aggregates and dry-mix business and technical support facilities for building solutions, Holcim Philippines is a reliable partner of builders in the country.

Holcim Philippines is also committed to the highest standards of sustainable operations and manufacturing excellence, with its plants certified under ISO 14001:2004 (Environmental Management System), ISO 9001:2008 (Quality Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System).

Holcim Philippines is a member of the LafargeHolcim Group, the world leader in the building materials industry, present in 80 countries with over 80,000 employees.

*Cover photo is of an employee of Norzagaray Plant*



2018 Annual Report



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# PERFORMANCE HIGHLIGHTS



	<b>2018</b>	<b>2017</b>
Revenues (in million pesos)	Php 35, 623.1	Php 34,740.8
Operating EBITDA (in million pesos)	Php 4,894.8	Php 5,447.4
Net Income (in million pesos)	Php 2,545.4	Php 2,689.8
Total Assets (in million pesos)	Php 47,196.2	Php 35,587.6
Equity (in million pesos)	Php 25,273.2	Php 22,354.7
Net financial debt (in million pesos)	Php 4,222.3	Php 2,729.1
Gearing ratio	(+16.7%	(+12.2%
Earnings per share	Php 0.39	Php 0.42

# MESSAGE FROM THE CHAIRMAN

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DEAR SHAREHOLDERS,

**2**018 has been a dynamic year for Holcim Philippines. As I look back, I am reminded of the word *halaga*, which, when translated to English, may mean *value* and *values*.

Value in the sense that the company remains positive in its performance, generating profit for our shareholders who continue to believe in our business. It also means having core values that we keep and stay committed to so that our company remains true to its thrust of operating responsibly and with good governance. With both kinds of values (or *halaga*) intact, we can withstand the challenges and stringent scrutiny, and ensure that we continue to be part of the country's progress for the long haul.

Ladies and gentlemen, you are assured of these values being present in Holcim Philippines. For many decades, your company has delivered steady returns to shareholders, while following the highest standards of safety, integrity, and sustainability in supporting the development of this nation.

Holcim Philippines' role as a partner for progress has become more pronounced in recent years. With the robust economy, there has been widespread construction activity in the country that Holcim Philippines has supported by providing a steady supply of quality building materials.

This has not abated despite economic growth moderating to 6.2% from 6.7% in 2017, after a number of external developments weighed down on the country's performance. In fact, the construction sector was among the bright spots last year, growing by

22%, as the efforts to improve the country's competitiveness over the long term continued.

This was apparent in the 27.7% rise in government expenditures for infrastructure in 2018, an improvement on the already remarkable 14.9% growth in 2017. The heavy state spending is a manifestation of the government's promise to step up investments to upgrade the country's infrastructure until 2022. The growth in private construction was similarly impressive, rising by 18.4% from 5.9% in 2017, energized by the increased confidence and wealth of consumers and companies that are expanding to capture the opportunities in the growing economy.

The lively construction sector led to a recovery in cement consumption, which was estimated to have increased in double-digits last year, compared to less than 4% in 2017.

These conditions were strongly reflected in the fourth quarter of 2018, wherein our operating EBITDA (earnings before interest, taxes, depreciation and amortization) jumped 48% to Php 1.5 billion, while net income more than doubled to Php 804.6 billion. I am pleased to share with you that these results reversed seven quarters of declining performance. The improvements were anchored on operational excellence and cost prudence that allowed us to benefit from the healthy market. Our consistent emphasis on these areas resulted to considerable gains, particularly in our manufacturing and logistics operations, that will remain relevant and important as we grow this company moving forward.

Our full-year results, however, highlighted that the business environment remains challenging. Prices remained stale as new players from the region, who enjoy subsidies from their governments, were able to sell products cheaper. Managing costs was also tougher as external factors drove up expenses of key production inputs such as energy and fuel.

With these, full-year revenues only grew by 3% year-on-year to reach Php 35.6 billion, while operating EBITDA and net income declined from 2017 levels. While the full-year results were short of expectations, we are confident that we have finally put these challenges behind due to the aggressive measures we implemented to improve performance.

Our confidence is reflected in our resolve to continue growing. We started our capacity expansion projects in 2017 with new cement grinding capacity in La Union and Davao. La Union completed its expansion in January 2019, two months ahead of schedule, while Davao is slated to start commercial production within the the second half of 2019. Improving our capacities in North Luzon and South Mindanao are critical as these are fast-growing markets that have experienced significant growth in cement demand in the past few years.

We are already preparing for the expansion of our plants in Bulacan and Misamis Oriental. Your company is ready to invest up to USD 300 million for these projects, bringing our total cement capacity to 13 million metric tons by 2020. These enable Holcim Philippines to remain one of the major players in this industry, and to continue to improve our ability to further support the country's growth.

We are driving more focus on innovation to further bolster our efforts to improve



cement production capacity. With the “Go Blended” strategy, we developed a special blended cement for structural applications that outperforms ordinary Portland cement in terms of durability, strength, and environmental impact. This new product also supports efforts to improve the company's performance by increasing cement production at a lower cost.



Holcim Philippines' role as a partner for progress has become more pronounced in recent years. With the robust economy, there has been widespread construction activity in the country that Holcim Philippines has supported by providing a steady supply of quality building materials.

To complement our cement business, we are continuously growing our aggregates and dry-mix portfolio as demand for these products rise in lockstep with construction activity. Our aggregates have become the material of choice by major infrastructure builders in the National Capital Region, due to our partners' recognition of our ability to provide a reliable supply of top quality products. The terrific performance of our aggregates unit helped cushion the decline of our cement business. Our dry-mix unit is smaller than our other businesses, but we are looking to aggressively grow it in the years ahead due to its potential to strongly contribute to our bottom line.

Our growth will only be meaningful if it is profitable. It is critical to preserve gains made in 2019 by instilling the importance of efficiency and cost prudence in our operations. The men and women of Holcim Philippines are committed to the same goal, and numerous ideas across the organization guide the efforts and actions for improvement.

People being the most valuable resource of this company, we have strengthened programs focusing on their development and ability to contribute today and in the future, with emphasis on preparing them to take on greater responsibilities as we put more efforts to improve our facilities and operations.

Aside from taking care of our people, supporting our communities is also important to Holcim Philippines. I am proud to share that our company, in partnership with private and public sectors, helped more than 350,000 people nationwide with social and environmental initiatives under Holcim Helps. This proves Holcim Philippines' positive impact goes beyond supplying cement. Our goal is to sustain and build on Holcim Helps to continuously make positive contributions to our communities together with our partners.

While our full-year results fell short of expectations and the volatile business environment remains, important reforms have been enacted that enable Holcim Philippines to deliver excellent results that match the bright prospects of the country. The strong performance in the fourth quarter shows that we are on the right path, and this encourages us to continue our transformation.

Rest assured that we are driven to continuously improve because it is only by doing so that we can deliver on the high standards that we have set for ourselves and are expected of us by our customers, our neighbor in the communities, our Holcim family, and you, our shareholders. *Mahalaga sa amin na patuloy na maging matatag ang ating kumpanya.* By staying committed to our values, we can become a stronger partner in building a better future for our country.

With your support, we are confident in being able to deliver excellent value to you and the rest of the nation.

Thank you for your continued trust.

**TOMAS I. ALCANTARA**  
Chairman  
Holcim Philippines, Inc.



# MESSAGE FROM THE PRESIDENT AND CEO

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DEAR SHAREHOLDERS,

Last year, we succeeded in laying down the foundations to transform Holcim Philippines into a blue chip company that delivers excellent results to our shareholders and contributes to the progress of this country in a sustainable manner.

Our dramatic turnaround in the fourth quarter highlights the effective changes that we have made. Our strong finish at the end of 2018 makes us more confident in growing Holcim Philippines to better support our partners in the construction industry as they build the important structures for a more prosperous Philippines.

We saw the beginnings of the massive government program to build the infrastructures that will drive this nation forward. This will steadily rise over the medium term, and lead to an increased demand for cement. We took important steps to meet that challenge in 2018.

Growing our operations is key to this and we again demonstrated our company's commitment to supporting the development. The upgrades to our facilities in La Union and Davao are on track to be completed in 2019. On top of this, we will proceed with plans to invest USD 300 million more in our Bulacan and Misamis Oriental plants. Combined, these will raise our total cement capacity to 13 million metric tons by 2020, bolstering our position as the largest producer of cement in the market.

Growth is also our direction for our aggregates and dry-mix businesses. These

business lines delivered strong performance that contributed to our bottom line. Our aggregates unit, in particular, had a banner year on the back of record volumes and strong prices. We continue to explore opportunities to expand this business because local builders recognize that a consistent supply of quality aggregates is important, and they are willing to support those that can reliably provide this.

But we emphasized that growth should go with operational and cost excellence so that we deliver better results as we become bigger. Last year, we intensified our focus on managing costs in all areas of our business. Greater emphasis was given on the importance of efficiently running our plants and delivering products to our customers. These enabled us to optimize our production and logistics assets to better meet our commitment of providing reliable supply to the market.

We also asked our employees to be more prudent on discretionary spending. Indeed, employees responded by sharing numerous ideas across all areas of our operations to further reduce costs. These resulted in actions that cushioned the impact of headwinds in 2018, particularly rising energy and fuel costs.

Count on us to further simplify our processes for faster decision-making and increased responsiveness to our customers. Count on us to drive excellence in our operations so we can get the most of our facilities. And count on us to be mindful on costs, ensuring we spend only on those that generate the best returns for our business.



I firmly believe that leaning on our innovation advantage is also key to generating the best returns to the business. Last year we developed a high-performance blended cement that is specially formulated to provide superior workability, durability, and crack resistance for a wide range of concrete applications. Increasing blended

cement in our product portfolio also allows us to conserve clinker, thereby increasing our cement volumes, lowering production costs, and reducing our overall carbon emissions. Called Solido, this new product will be available in 2019 and will further widen the range of high-quality building products and solutions available to our customers.



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We are determined to bring new solutions to the country's building sector. These are exciting times for the Philippines' construction industry, and we should match that by bringing in equally thrilling innovations. We continue to share products and solutions from the LafargeHolcim Group that have benefitted builders from other parts of the world to help improve building practices in the country, particularly in construction projects that have specialized needs. At the same time, as local builders take on more advanced and complicated construction projects, we can tap on the wealth of expertise and experience of the LafargeHolcim Group.

I would like to congratulate the men and women of this company for effectively executing our strategies and energetically following the direction we set. I am confident in their abilities to build on our strong finish last year and further elevate our performance in 2019. It is on their shoulders that the sustained success of this company rests on, and I am proud to have the opportunity to serve with them.

Our company will continue its efforts to develop them by providing our people the opportunities to take on bigger assignments and responsibilities, aside from investing in learning and development programs. I am hopeful that through these efforts, the people of Holcim Philippines will eventually have a chance to take on leadership roles in other companies of the LafargeHolcim Group.

The efforts to improve this company will continue this 2019. Holcim Philippines is uniquely positioned to be a partner for progress. As we channel our energies into the strategies to execute this coming year, we shall at all times remain steadfast in our commitment to perform with the highest level of integrity, to uphold health, safety, and sustainability, and to deliver results for our customers, people, and shareholders.

Thank you for your continuing support and confidence.

**JOHN STULL**  
 President and CEO  
 Holcim Philippines, Inc.



The Holcim plant in Davao

## Efficiency and innovation bolster rising cement capacities

**T**he Asian financial crisis dealt a critical blow to the Philippine cement industry. The local players were on expansion mode before the crisis hit in 1997, on expectations that the consecutive years of rising consumption will continue. By 1998, cement consumption plummeted from 19 million to 13 million metric tons from the year before.

The local industry has gone a long way since then. In 2013, Philippine cement consumption finally breached the 19 million ton-mark and has steadily climbed, driven by the steady expansion of the private sector and rising infrastructure investment. In fact, there are rosy projections for cement demand with

the continued growth of the construction industry, one of the key drivers of the economy in 2018. Holcim Philippines is keen to be among the top providers of this essential building material moving forward.

The company is targeting to raise its annual cement production capacity by 2020 to 13 million metric tons—equal to the total cement consumption of the Philippines back in 1998. To reach this level, Holcim Philippines will invest close to USD 300 million to upgrade its facilities in Bulacan and Misamis Oriental. This follows expansion projects in La Union and Davao that were started in 2017 and set to be completed in 2019.





From left, Barangay Quirino Captain Marvin Cardinez, Senior Vice President for CIP Niels Ledinek, La Union Board Member Reynaldo Mosuela, DTI Region 1 Director Daria Mingaracal, President and CEO John Stull, DTI-Bureau of Philippine Standards Director James Empeño, and La Union Plant Manager Erano Santos during the inauguration of the new roller press on March 5.

Holcim Philippines' decision to raise the production levels of all its integrated plants is a reflection of its commitment to provide stable supply to its customers all over the country. Since the construction activity is happening nationwide, Holcim Philippines is making sure it has the means to support the country as much as it can.

John Stull, Holcim Philippines President and CEO: "These projects enable our company to continue playing an important role in the country's growth. Our capacity expansion ensures that we can provide a steady supply of quality building materials to support the government's infrastructure program and the resulting construction activity from the economy's sustained rise."

Aside from higher cement demand, the past two decades have also brought wider awareness on the value of sustainability, with consumers demanding that industries play a bigger role in securing the future.

Holcim Philippines is equally committed to this, determined to supply the country's growing cement needs while taking care of the environment. A particular area it is dedicated to improving is its emissions. Cement production is an energy-intensive process that leads to high carbon emissions. To improve in this area, the company is prioritizing operational excellence to maximize its production facilities, and leaning in on its strength on innovation for new products that have a lower environmental footprint.

Holcim Philippines made significant gains in both areas last year. Starting in the fourth quarter, emphasis on operational excellence allowed it to plug leaks in the system that lead to production losses. Not only does better plant production lead to better business results as the company avoids using expensive imported clinker and cement to supply the market, it also



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improves environmental performance. The benefits are twofold: first, the company does not have to consume fuel in shipping the materials into the country; second, higher efficiency means more cement produced relative to energy consumption.

Holcim Philippines also developed a new blended cement product, Solido, that is friendlier to the environment and delivers superior performance in durability and strength for structural applications.

The company noted that ordinary Portland cement is the preferred building material for infrastructure in the country. However, in some instances, blended cement is the better choice, which is why Solido was developed. In engagement with partners in the building industry, Solido's environmental performance feature is among those they have responded positively to.



The key to this is Solido's lower clinker content, an intermediate product responsible for a significant amount of CO<sub>2</sub> emissions during cement production. By adding the right mineral additives, Holcim has formulated Solido to have enhanced performance for structural applications, while reducing its environmental impact.

"These are the seven-star advantages of Solido that makes it the best in the class of blended cement. This new product is further proof of Holcim Philippines' determination

to be a partner for progress of the country, anchored on our strengths in innovation and sustainability. As the construction boom in the country continues, Solido will help our customers in building high-quality and sustainable structures," said Holcim Philippines Senior Vice President for Marketing and Innovation Ram Maganti.

With these, Holcim Philippines will be able to ensure that its efforts to support the country's progress are consistent with its commitment to sustainability. The company believes that doing so makes it a better partner in building a better future for the country. •



Holcim Philippines' new high-performance blended cement, Solido, is designed to help partners build better structures while improving its ability to supply customers and its environmental performance.



Aggregates production plant in Angono, Rizal

## Growing aggregates business demonstrates value

Last year, Holcim Philippines' financial performance received a considerable boost from its aggregates trading business, which posted record highs in sales volumes, revenues, and profits. This was made possible through its success in consistently providing high-quality materials to its ready-mix, precast, and asphalt customers supplying major projects in Metro Manila.

The 2018 performance marks a new peak for this business that has consistently delivered strong results, as partners in the industry have grown to appreciate the value it provides.

Builders understand that aggregates play an important role in construction. These materials strongly contribute to the compressive strength and durability of concrete. With more sophisticated projects

such as high-rise buildings and complex infrastructures being built in Metro Manila, demand for top-quality aggregates has steadily risen. Holcim Philippines has an advantage in meeting this demand due to its partnership with the leading producer of aggregates in Rizal, a short drive away from the National Capital Region, which operates the largest manufacturing facility of such materials. Aside from its proximity and size, Holcim Philippines' partner is known for its good quality stone deposits that produce the aggregates that are sought after by leading builders in Metro Manila.

A key to the unit's performance is its ability to convince customers of the advantages of partnering with Holcim Philippines. The company's Head of Sales for Aggregates Dante Hernandez has a simple but consistent message to clients.



“On top of our aggregates helping them produce better concrete, we highlight our technical service and customer support, including engagement of their value chains, to see how we can help. We also note our partner’s strong record of operational excellence and regulatory compliance that ensures supply stability,” he says.

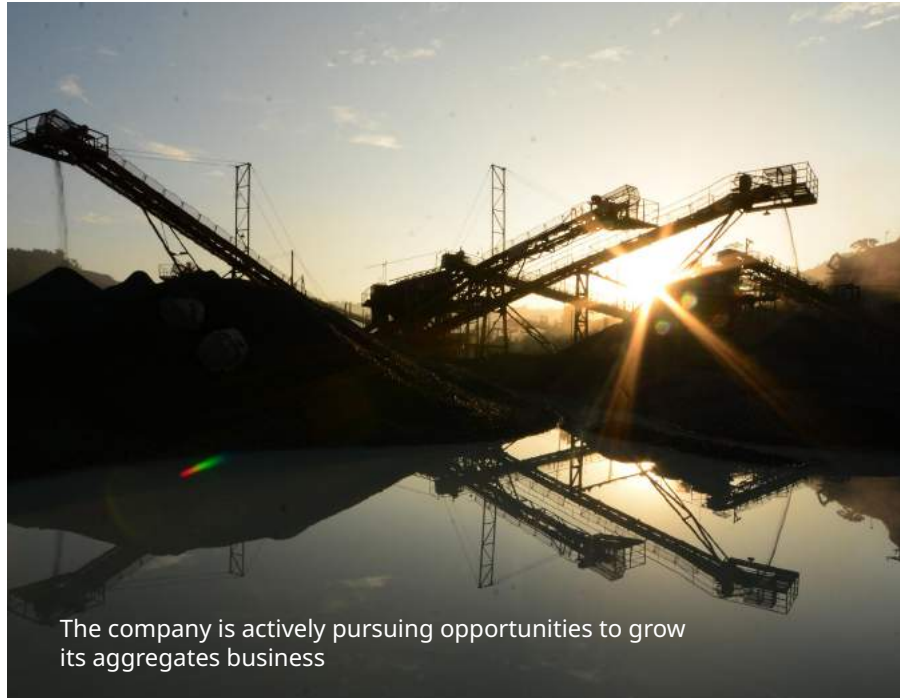
The message is another articulation of a constant message of Holcim Philippines to stakeholders: we are a company guided by positive core values that enable us to generate value for our partners.

This was proven in September when Holcim Philippines’ supplier was among the first ones cleared by the government to operate, which ordered a temporary halt to mining operations nationwide to ensure these are ran according to safety and environmental standards. This demonstrated to customers the value of having a reliable aggregates supplier, Hernandez adds.

With the market convinced about the value of Holcim Philippines’ aggregates, the next challenge is meeting the expected rise in demand as the building activity in Metro Manila continues due to government infrastructure projects and commercial and residential construction. Holcim Philippines is determined to maintain its leading position as the market grows.

Christine Bellen, Holcim Philippines’ Performance Manager for Aggregates, Construction Materials, and Infrastructure explains that the source of the products is competitively positioned to provide high-quality materials for sophisticated projects in Metro Manila. With the growing demand for aggregates, she anticipates an increase in new competitors who might attempt to raise their standards as well.

“It’s a welcome development for the construction industry if more players would step up their standards. What seems to set us apart, however, is how we do our business—ensuring that we understand the needs of our customers, offering the right products and services, and delivering



The company is actively pursuing opportunities to grow its aggregates business

our commitment to them. Our goal now is to keep developing our presence in key markets,” she says.

Plans for growing the aggregates business in Metro Manila are actively being pursued, while expansion in other areas such as Mindanao is also being considered. Holcim Philippines’ consistently strong performance and opportunities elsewhere provide positive incentives for expansion. Aside from this, the company believes that a stronger aggregates unit enables it to become a better partner for progress. •

Builders understand that aggregates play an important role in construction as these materials strongly contribute to the compressive strength and durability of concrete. With more sophisticated projects such as high-rise buildings and complex infrastructures being built in the Metro Manila, demand for top-quality aggregates has steadily risen.



# Building a culture of excellence through people focus



The company's Gabi ng Parangal celebrates the valuable role of people in its achievements

Lugait Plant Manager Bobby Garza was proudly beaming when he introduced Edwin Villamor, a shift operations manager from his plant and one of the winners of the 2018 Mahusay Award, the highest recognition given by Holcim Philippines to employees for outstanding performance and exemplary behavior.

Garza noted that six of the 11 people shortlisted for the Mahusay Award came from the Lugait plant, then shared that Villamor comes from a family of achievers, with his wife and a sibling having received similar awards from their companies. He believes that the culture of excellence of Villamor's family is another proof that Holcim Philippines made the right choice.

The 2018 Gabi ng Parangal is the culminating activity of Holcim Philippines' Saludo Program, an initiative to recognize employees for exemplifying core values, contributing to the company's performance, and length of service. Over 100 people were recognized during the activity and the ones

that followed at its different sites. These were warmly received by the organization, further reinforcing the company's message that its people are its most important asset in navigating a more challenging business environment.

Along with improvements in performance management and people development programs, the Saludo Recognition Program is part of the continuing drive of Holcim Philippines to build a high-performance culture. The reforms were a follow-through of the company's promise to equip its people to take on current and upcoming challenges. These also reflected the management's strategy of identifying "People and Vision" as a key enabler of the company's transformation.

Another manifestation of this was the institutionalization of the discussion of people matters such as manpower planning, talent development, succession planning, performance management, and labor relations (called People Review) during key functional meetings. This improvement relays to the company's leaders that people matters are important topics that

they must devote time discussing, and provides a structured approach in tackling these topics.

Furthermore, the company continued to invest in people development even as it pushed for greater cost prudence. Still, the Organization and Human Resources team continued to emphasize that experience is the best teacher by reiterating to the organization that 70% of individual development should come from learning on the job.

The focus on people has started to yield results. In 2018, Holcim Philippines implemented over 200 people actions—promotions, development assignments, and lateral transfers, demonstrating the company’s confidence in the talent of its workforce and their ability as stewards of its transformation. With these, the company is hoping that it will be able to produce more leaders to take on senior roles within the organizations and in other LafargeHolcim Group companies.

The company is determined to push this agenda further in 2019. During the 2018 Gabi ng Parangal, O&HR Senior Vice President Bernadette Tansingco reiterated this commitment.

“People and Vision go together with our core values. This means that realizing the

Vision of HPI rests on the shoulders of its men and women,” she said during the Gabi ng Parangal.

“From the O&HR team, I can guarantee that we will continue to build on last year’s achievements particularly in strengthening our high performance culture and preparing our people for bigger responsibilities and leadership roles in the future. And finally, we will support the continuing efforts to inculcate our core values that enable HPI to be an excellent organization,” she added.

For his part, Holcim President and CEO John Stull also acknowledged the importance of people in building an organization that can deliver sustained excellence. He noted that the company owes its current status as one of the leading building solutions provider in the country to the previous generations of employees, and called on the current workforce to live up to this legacy.

“Tonight we are standing on the shoulders of giants. The gentlemen we have awarded are the ones who made the commitment each day to improve our company. It’s really humbling what they have done for us. Let us carry on. Take what’s best from them and add to what is best from us, and continue to develop the company and make it stronger,” he said. ●



The Saludo Program puts the spotlight on people for outstanding performance, exemplary behavior and longevity of service



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## Our Sustainability Journey

In 2018, Holcim Philippines continued to make progress in its commitment to have a lasting and positive impact on its communities and the rest of the country, as well as in contributing to the achievement of the sustainability objectives of the LafargeHolcim Group.

The company made significant gains in several of its sustainability commitments, particularly in its social programs for communities, wherein it already surpassed its 2020 target. The company also made headway in managing its environmental footprint as efficiency and innovation initiatives enabled it to further maximize resources.

Here are some of 2018 highlights in Holcim Philippines' sustainability journey:

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"Never refuse to re-use.  
Recycle today and save  
the Future..."

Ang basura ay dapat itapon sa tamang lugar, para malinis ang ating kapaligiran. At makalanghap ng sariling hangin.

Learn, share and  
things out of No  
To help the New G  
and Proud to  
SOMETH

"Ang Planeta ay  
alagaan p





# Our Economy

# Water and Nature

# People and Communities



"Trashing our nature is  
Trashing our future..."

Huwag itapon ang kinabukasan  
sa halip sa basura hanapin  
ang kayamanan"

King lahat ng Basura ay may  
Pakinabang,  
Huwag mung isipin itay kalat  
Lang!!!

"Plant together, lets  
make the world greener."



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## HEALTH AND SAFETY

### LH Group Targets for Health and Safety: Achieve a zero-fatality target, a Lost Time Injury Frequency Rate of 0.2, a 50% reduction in Total Injury Frequency Rate (vs. 2015), and an Occupational Illness Frequency Rate of 0.05

Last year, the LafargeHolcim Group's 2025 Health and Safety Strategy was set with the goal of completely eliminating onsite fatalities, called "Ambition 0." To contribute to this, Holcim Philippines focused its Health and Safety Improvement Plan (HSIP) to address the top H&S risks identified during Group and Corporate H&S audits, and support continuous improvement.

These guided Holcim Philippines in having zero onsite fatalities in 2018. Aside from this, HPI recorded 10,440, 516 man-hours without any lost-time injury during the year, which contributed to a remarkable LTIFR of 0.14.

The keys to the H&S success in 2018 include line managers leading trainings and increasing visibility in the field, and having good engagement at all levels of the organization led by its President and CEO. Other H&S highlights in 2018 were as follows:

- For road safety, the company had 303 drivers trained and 310 in-vehicle monitoring system (iVMS) installed to track driver behavior. Holcim Philippines also became the first country in Southeast Asia to use the Transport Analytics Center (TAC) to manage driver data.



Holcim Philippines received several citations from Group Health and Safety for outstanding practices and ideas in 2018

- Health initiatives focused on dust, noise, and manual handling were successfully completed. A total of 1,443 employees and contractors were trained on respiratory awareness and were fit-tested to promote correct usage of dust masks.
- Awareness trainings for all employees on the 13 Health and Safety LafargeHolcim standards, review of 128 high-risk projects as part of contractor management, and improvement of site traffic management implementation for all sites were conducted.
- Holcim Philippines also received Group H&S recognition for sharing best practices in managing Computer Vision Syndrome for offices and Safety Intervention program at its Lugait plants.





## **LH Group 2030 Targets for Climate: Produce 40% less net CO<sub>2</sub> per ton versus 1990 levels**

In its endeavor to meet the market's increased demand for cement as a result of the continuous construction boom, Holcim Philippines accelerated its efforts to lower the carbon emissions per ton of cement and aggressively pushed for the conversion from ordinary Portland cement (OPC) to special blended in 2018.

Further, efforts to reduce CO<sub>2</sub> emission will be supported by a promotion campaign of Holcim Solido, a special blended cement that has a much lower clinker factor, in 2019. Aside from highlighting the performance advantages of Solido over OPC in various construction applications, Holcim Philippines is also explaining the environmental benefits of this product line.

The plants have invested and upgraded equipment to use more cement additives to deliver better blended cement portfolio that addresses the needs of the market with even greater benefits. In addition to this, the continuous equipment and process upgrades for energy efficiency to reduce thermal and electrical power consumption and increased usage of alternative fuels allow us not just to reduce cost, but also ensure that Holcim plants operate efficiently while remaining committed to its environment-related ambitions.



# WATER AND NATURE

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## **LH Group 2030 Targets for Water:**

Reduce by 30% the amount of freshwater withdrawn to produce each ton of cement

Holcim Philippines is one of the biggest consumers of water in the communities where we operate. This makes it very important for our operations to find ways to reduce freshwater consumption. While there are major challenges, these were addressed in 2018 by water recycling facilities in the plants and improving the water consumption in the process lines. These will be continuously implemented to achieve the targets. For expansion projects in the pipeline, the plant design shall consider water-efficient operations, such as a close-loop system to reduce water consumption.

The sites are also actively engaged in the protection of freshwater resources such as nearby rivers. The plants partner with communities, local government, and the Department of Environment and Natural Resources to implement regular clean-up activities, water quality monitoring, and information education campaigns.



A former quarry turned fresh water reservoir in the Norzagaray, Bulacan plant



## LH Group 2030 Targets for Circular Economy Target: Use 80 million tons per year of resources made from waste in operations

Our company continued to provide sustainable waste management to our partners through the co-processing services of Geocycle. This service is more crucial as waste generation in the country rises with the continued growth of the economy. Our sustainable waste management services further reinforce Holcim Philippines' commitment to be a partner for progress and an environmental steward.

This was again evident last year as our facilities co-processed almost 30,000 tons of contaminated soil from the oil and gas industry and 125,000 tons of carbon-neutral biomass. Overall, Geocycle co-processed over 180,000 tons of agricultural, industrial, and sorted municipal solid waste in 2018. This brings the total co-processed volumes of Geocycle to over 600,000 tons since 2015.

Expansion projects of plants in Bulacan and Misamis Oriental are set to be implemented in 2019 and will further improve Geocycle's capacity to co-process additional tonnages, especially sorted municipal solid waste.





## PEOPLE AND COMMUNITIES



With support from government and private sector partners, Holcim Davao was able to provide new homes at a safer site to people in its communities

### LH Group 2030 Targets for Communities: Develop initiatives to benefit 75 million people

Holcim Philippines directly assisted 356,917 individuals in 2018 through its corporate social responsibility (CSR) initiatives under its Holcim Helps program. With this, the company has aided more than 600,000 people since 2015 to surpass its commitment to the LafargeHolcim Group of assisting 400,000 people by 2020.

The company invested the highest share of its Holcim Helps budget on initiatives for Livelihood and Inclusive Business (34.5%), followed by Infrastructure and Shelter (22.3%) and Education (21.3%).

Among the CSR highlights in 2018 were the potable water system project in La Union, the welding course for the community in Bulacan, handwashing facilities for daycare centers in Misamis Oriental, and the forklift operations training in Davao. Employees and other partners across Holcim sites also actively participated in volunteer programs throughout the year.

Holcim Philippines Vice President for Communications Ann Claire Ramirez said the Holcim Helps initiatives are aligned with the company's message that its contribution to progress goes beyond supplying essential building materials. She noted that the Holcim Helps initiatives have also been improved to be more sustainable and supportive of the company's objectives.

"We moved away from the traditional donations as the primary form of assistance towards more active collaborations with our communities to develop programs that are responsive to their needs. This helps our programs to have a more lasting positive impact," added Ramirez.





# Helps

*Working together for a future that's for keeps.*

Build Better With Certainty



# BOARD OF DIRECTORS



**Chairman, Tomas I. Alcantara** holds a Bachelor of Science degree in Economics from the Ateneo de Manila University, a Master's in Business Administration degree from Columbia University, USA, and attended the Advance Management Program of the Harvard Business School. He is presently the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group.

He is Chairman of the Eagle Ridge Golf & Country Club, Inc. and Philweb Corporation. Mr. Alcantara was Undersecretary for the Industry & Investment Group of the Department of Trade and Industry and the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He was also Special Envoy of the Philippine President to APEC in 1996. He was elected Director of the Company on July 4, 2003.



**Vice Chairman, Martin Kriegner** holds an MBA from the University of Economics in Vienna and a Doctorate degree from Vienna University Law Centre. He joined the Lafarge Group in 1990. In 1995, Mr. Kriegner was appointed as Chief Financial Officer of Lafarge Perlmöser AG, Austria. He served as Country CEO of Lafarge Austria from 1998 to 2001 and Lafarge India from 2002 to 2005 and 2012 to 2015. Mr. Kriegner was Lafarge Regional President, Asia and Southwest Asia, and was a member of the Lafarge Executive Committee from 2005 to 2012. Mr. Kriegner served as LafargeHolcim Area Manager for Central Europe from 2015 to 2016. He is presently LafargeHolcim Group's Head of India and Southeast Asia, and a member of the LafargeHolcim Group Executive Committee. He was elected as director of the Company on August 18, 2016.



**Director, John William Stull** is an accomplished leader with deep knowledge of the building materials industry. Prior to being assigned to Holcim Philippines, Inc. in April 2018, he was the CEO for LafargeHolcim's Cement Operations in the United States from 2015. Before that, he served in various positions across the Group, including responsibility for the US, as well as markets in sub-Saharan Africa and Latin America. Mr. Stull received his Bachelor of Science in chemical engineering from the University of Akron in Ohio and earned an Advance Management Degree from Harvard University in Massachusetts.



**Director, Rajani Kesari** is a certified public accountant licensed in the USA. She is a senior management and finance professional with more than 30 years of experience. Prior to joining the LafargeHolcim Group, she worked for Schneider Electric for 9 years, during which she led the Finance teams of East Asia, Japan, and Greater India Zones. During her tenure, she has supported significant growth in India and strong profitability in East Asia and Japan. Ms. Rajani was with Dr. Reddy's for more than 10 years where she held the roles of Strategic Planning Head and CFO for European business, CFO of API business, Chief Internal Auditor of the Group reporting to the Audit Committee Chairman, and Head of Global Tax. Ms. Kesari also worked with KPMG in Dubai, handling both manufacturing and banking clients.

**Independent Director, Simeon V. Marcelo** graduated among the top of his class at the University of the Philippines - College of Law, and placed 5th in the 1979 bar examination. He served as Solicitor General from February 2001 to October 2003, and was Ombudsman from October 2003 to November 2005. From 2007 to 2010, Mr. Marcelo served as Executive Secretary of the Asian Development Bank Administrative Tribunal, and from 2008 to June 2014 was a member of the World Bank's Independent Advisory Board (on good governance and anti-corruption matters). Mr. Marcelo was also elected as the President of the Philippine Bar Association from 2009 to 2010. During its Centennial Year 2013, the University of the Philippines Alumni Association conferred upon him the Distinguished Alumni Award in Public Service. Mr. Marcelo was elected as independent director of the company in 2014.

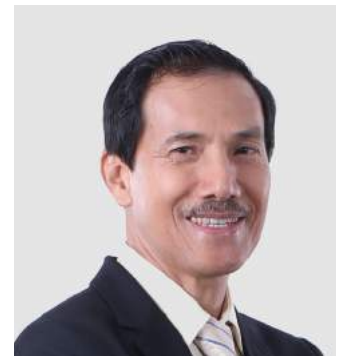


**Independent Director, Yasuo Kitamoto** holds a Bachelor of Laws degree from the Doshisha University in Kyoto, Japan. He is currently General Manager responsible for International Business for Sumitomo Osaka Cement Co., Ltd. Prior to his current position, he was Deputy General Manager, General Affairs Department in 2005, and General Manager, Corporate Planning Department in 2008 in Sumitomo Osaka Cement Co., Ltd.



**Independent Director, David Lucas B. Balangue** is a certified public accountant with a Bachelor's Degree in Commerce in Commerce, major in Accounting, Magna Cum Laude, from Manuel L. Quezon University, and a Master of Management degree, with distinction, from the Kellogg Graduate School of Management. He placed second highest in the 1972 Philippine CPA Board Examinations.

Mr. Balangue's career in the accounting and auditing professions spanned 38 years at SGV & Co., where he was Chairman from January 2004 to January 2010 and Managing Partner from January 2004 to February 2009, after being admitted to partnership in 1982. He is currently the Chairman of the Philippine Center for Population and Development, the Philippine Financial Reporting Standards Council, the National Citizens Movement for Free Elections (NAMFREL), and Coalition Against Corruption, and a non-executive independent director of the following listed companies: Phinma Energy Corp., Roxas Holdings, Inc., Philippine Bank of Communications, and Manulife Financial Corp.



**General Counsel and Corporate Secretary, Belinda E. Dugan** is the General Counsel, Corporate Secretary, and Compliance Officer of the company. She obtained her Juris Doctor degree from the Atezneo Law School and has over 23 years of experience with various multinational firms and a consulting company. Prior to joining Holcim Philippines, Inc., she was Vice President for Legal Management Services of Aboitiz Equity Ventures, Inc. (AEV) from October 2015 to October 2017. She served as Assistant Vice President for Legal and Compliance of SN Aboitiz Power from May 2009 to October 2015.





# EXECUTIVE COMMITTEE AND LEADERSHIP TEAM



## **President and CEO, John Stull**

Mr. Stull is the company's President & CEO. He is an accomplished leader with deep knowledge of the building materials industry. Prior to being assigned to Holcim Philippines in April 2018, he was the CEO for LafargeHolcim's Cement Operations in the United States from 2015. Before that, he served in various positions across the Group, including responsibility for the US as well as markets in sub-Saharan Africa and Latin America.

Mr. Stull received his Bachelor of Science in chemical engineering from the University of Akron in Ohio and earned an Advance Management Degree from Harvard University in Massachusetts.



## **Senior Vice President, Chief Financial Officer and Treasurer, Jesusa Natividad L. Rojas**

Ms. Rojas is the Company's Chief Financial Officer. Prior to joining the company in September 2016, she served as Chief Financial Officer of Del Monte Philippines, Inc. and held the same role in S&W Fine Foods International Ltd. from 2008 to 2010. She previously held various positions in Finance in Del Monte Pacific Ltd from 2003 to 2007.

She holds a degree in Accounting from Xavier University and obtained her Master's degree in Development Finance and Banking from American University in Washington, DC as a Fulbright-Humphrey Fellow. Ms. Rojas is a certified public accountant and a certified management accountant.



## **Senior Vice President and Head of Sales, William C. Sumalinog**

Prior to his current role, Mr. Sumalinog was the Company's Regional Operating Head for various areas in Mindanao and Visayas. He joined Alsons Cement Corporation in 1998 where he occupied various key positions in sales.

Mr. Sumalinog holds a Bachelor of Science degree in Computer Engineering from the University of Cebu where he graduated with leadership honors in 1992.



## **Senior Vice President for Aggregates and Construction Materials and Infrastructure, Frederic Fabien**

Before joining the company, Mr. Fabien served as Head of Ready-Mix Concrete Business Unit of Holcim Indonesia. Mr. Fabien had also served as Sales Director, Building Segment of LafargeHolcim Morocco from July 2011 to July 2015.

He received his MSc Engineering degree from Ecole Centrale Paris, France.

**Senior Vice President and Head of Organization and Human Resources, Bernadette L. Tansingco**

Ms. Tansingco has close to two decades of leadership experience in the company's human resources division, with key roles heading talent management and organization development. In 2014, she helped transform Holcim Philippines' business support functions into the Holcim East Asia Business Service Centre, LafargeHolcim Asia Pacific's shared services, where she was appointed human resource head.

She has a Psychology degree from the De La Salle University and has completed leadership and management programs from the IMD Business School of Switzerland, Penn State University in the USA, and the Asian Institute of Management.



**Senior Vice President and Head of Marketing and Innovation, Ramakrishna Maganti**

Mr. Maganti brings more than 20 years of combined experience in global marketing, brand development, digital transformation, and project management. Prior to Holcim Philippines, he held various leadership and management positions in LafargeHolcim India, Malaysia, France, and most recently in Singapore as Head of Sales and Marketing for Asia Pacific Region. Mr. Maganti worked for Philips NV, a global consumer lifestyle and healthcare firm, before joining LafargeHolcim in 2006.

He holds a degree in Mechanical Engineering, MBA in Marketing (Indian Institute of Management), and Strategic Marketing Management (Harvard Business School).



**Vice President and Head of Sales for Greater Manila and South Luzon and Officer-in-Charge for Logistics, Edwin R. Villas**

Mr. Villas has served more than 20 years in Holcim Philippines, holding positions in Internal Audit, Supply Chain, and Sales.

He is a Certified Information Systems Auditor (CISA) as well as a Certified Professional for Supply Management (CPSM). He has a degree in computer science from the Philippine Christian University.



**Vice President and Head of Health, Safety, and Security, Richard C. Cruz**

Prior to his current role, Mr. Cruz was the Health & Safety Manager for Commercial and other sites of Holcim Philippines. He has been with the company for almost 10 years.

Mr. Cruz holds a Bachelor of Science degree in Chemistry from Central Luzon State University.





**Vice President, General Counsel, and Corporate Secretary, Belinda E. Dugan**

Ms. Dugan has over 23 years of experience with various multinational firms and a consulting company. A tax lawyer originally, Ms. Dugan has handled a wide spectrum of legal matters and corporate secretarial responsibilities. She was in charge of regulatory and compliance affecting the company and the business, such as contracts management, labor laws, occupational health and safety laws and regulations, taxation, environmental laws, and other government-related compliance requirements.

Ms. Dugan holds Doctor of Jurisprudence and Master of Business Administration from the Ateneo de Manila University. She was admitted to the Philippine Bar in 1994.



**Vice President and Head of Strategy, Zoe Verna M. Sibala**

Ms. Sibala has been in LafargeHolcim since 2010 handling finance and business development roles. Prior to joining the company, she worked for other industries such as manufacturing, marine, and financial services.

She obtained her Economics degree from the University of the Philippines, and her Masters in Business Administration from the De La Salle University.



**Vice President and Head of Communications, Ann Claire M. Ramirez**

Ms. Ramirez joined the company in January 2015 as Marketing Manager. Prior to this, she led the marketing department of Energizer Philippines, Inc. and worked on brand management for SAFI-UFC (now known as NutriAsia).

Ms. Ramirez has a degree of Bachelor of Science in Economics from the University of the Philippines, Diliman.



**Vice President and Head of Geocycle and Capex, Frederic Vallat**

Mr. Vallat has vast experience in business development and waste management. He joined Lafarge Chongqing - People's Republic of China in June 2006, and served as the China-Japan-Korea Industrial Ecology Vice President until April 2011. From April 2011 to December 2012, he served as Industry Ecology Technical Director of Lafarge Shui On, People's Republic of China, and as West Asia and South East Asia Industrial Ecology Technical Director of Lafarge Asia, Malaysia from January 2013 to October 2015, where he supported the business development of seven countries. Prior to joining Holcim Philippines, Inc., he served as Geocycle APAC Head of Investment and Operation of LafargeHolcim - Singapore.



# PLANT MANAGERS AND SALES LEADERS

## Vice President Plant Manager La Union, Erano Santos

Mr. Santos has served in various leadership capacities across several Holcim Philippines facilities prior to his appointment as La Union Plant Manager in 2016. He joined the company in 1987 as an electrical superintendent.

He holds an Electrical Engineering degree from the Adamson University.



## Vice President Plant Manager Bulacan, Geert Kuiper

Mr. Kuiper was appointed Bulacan Plant Manager in January 2018. Prior to this, he was the Maintenance Expert for Asia Pacific Cement Industrial Performance of LafargeHolcim Singapore. Mr. Kuiper was the previous Head of Maintenance, Regional Manufacturing Services of Holcim Technology - Singapore from October 2014 to January 2016.

Prior to joining the Holcim Group in 2014, he held various leadership roles in Cement Australia. Mr. Kuiper has over 20 years of experience in maintenance and production management and project engineering in heavy industrial operation. He holds a Bachelor's degree in Engineering from the University of Pretoria in South Africa.



## Vice President Plant Manager Lugait, Bobby Garza

Mr. Garza was appointed Plant Manager in 2012. He previously served as production manager of the La Union plant from 2010 and Area Coach for Manufacturing Excellence of the Bulacan plant.

He joined the organization in 1995 as Quarry Manager of La Union plant. Mr. Garza is a registered Mining Engineer and a graduate of the Mapua Institute of Technology, Manila.



## Vice President Plant Manager Davao, Xavier Kennedy Arul

Mr. Arul was appointed Davao Plant Manager in December 2017. He was previously assigned in Holcim Technology Singapore as Asia Pacific Regional Head for Production, Process, and Automation. After the merger of Lafarge and Holcim in 2015, he was team leader for Process, Operations, and Automation of Lafarge Asia Sdn Bhd in Kuala Lumpur, Malaysia and Beijing, China. Prior to this, Mr. Arul was the plant manager of Lafarge Philippines, Inc.'s Bulacan plant.

He has a Bachelor's Degree from the Indian Institute of Ceramics and an MBA from the Alagappa University, Institute of Ceramic Technology.





**Vice President and Head of Sales for Northern Luzon Region, Albert Leoveras**

Mr. Leoveras joined the company in 2016 as Cluster Sales Manager. He held managerial roles in a number of consumer goods companies before joining Holcim Philippines. Mr. Leoveras has an MBA from Araullo University and an Agricultural Engineering degree from the Central Luzon State University.



**Vice President and Head of Sales for Visayas and Mindanao Region, Paulo Tan**

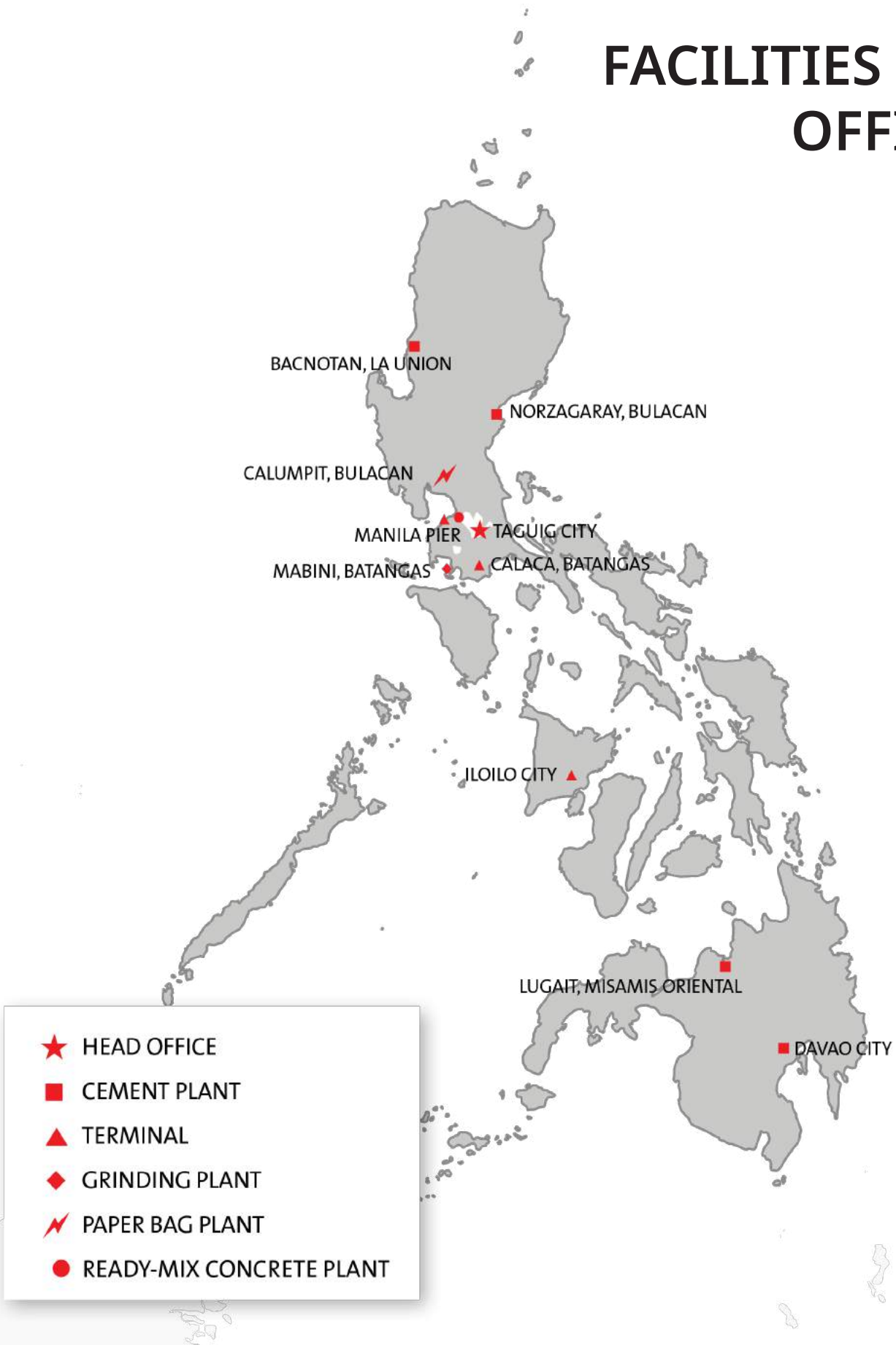
Mr. Tan joined the company in 2015 as a Regional Commercial Head and has held senior leadership roles in Sales. Including his time in Holcim Philippines and sales and marketing experience in fast-moving consumer goods and telecommunications companies, Mr. Tan's career has spanned two decades. He has a Business Administration degree from the University of the Philippines, Diliman.



**Vice President and Head of Technical Sales and Value Added Services, Allan Valencia**

Mr. Valencia has more than two decades of experience in cement sales, technical services, and ready-mix concrete operations. His career highlights include the development and market launch of Holcim Philippines' blended and masonry cement lines and the establishment of its ready-mix concrete business. Mr. Valencia is a licensed civil engineer and received his degree from the Mindanao State University.

# FACILITIES AND OFFICES







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