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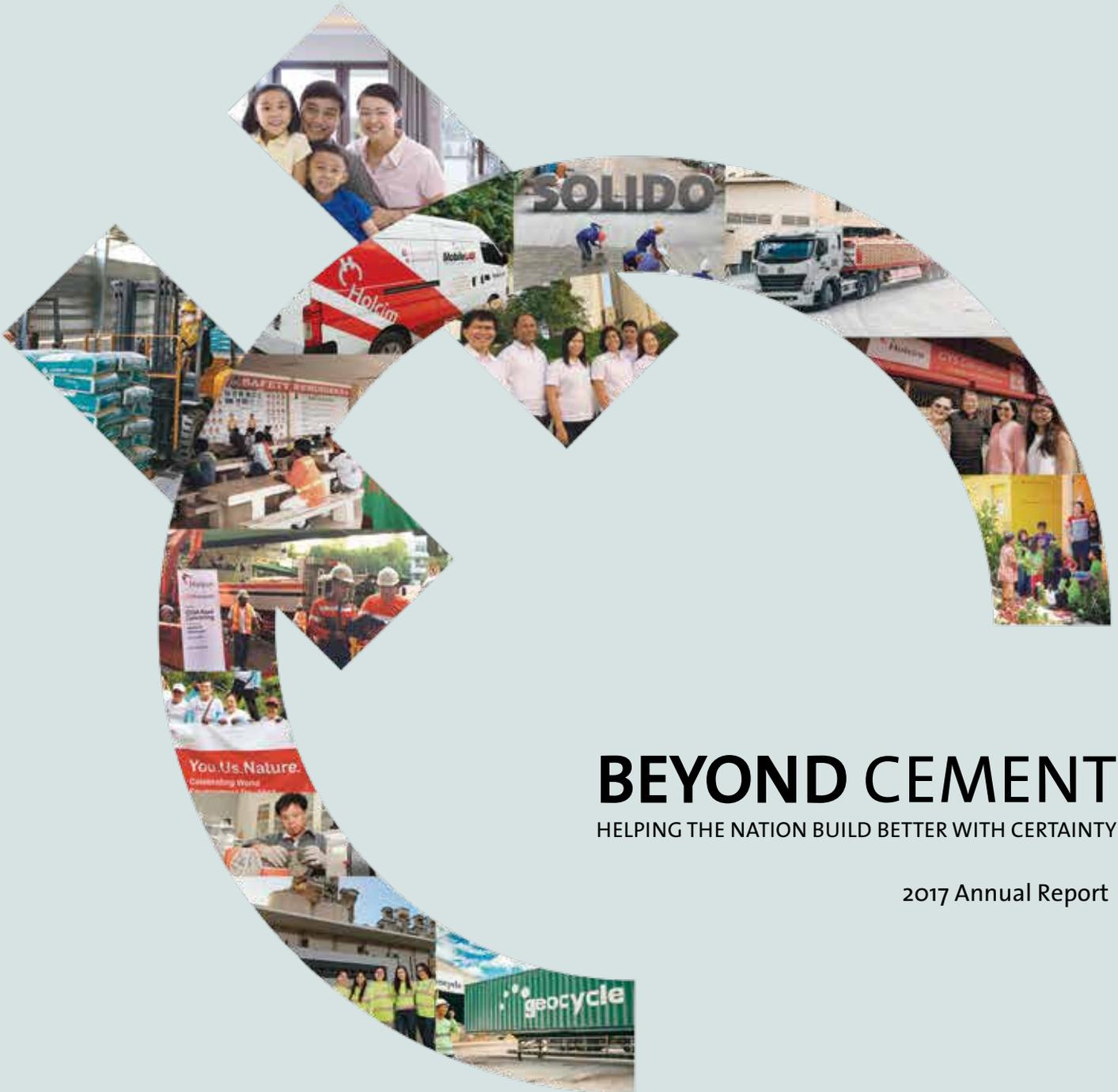
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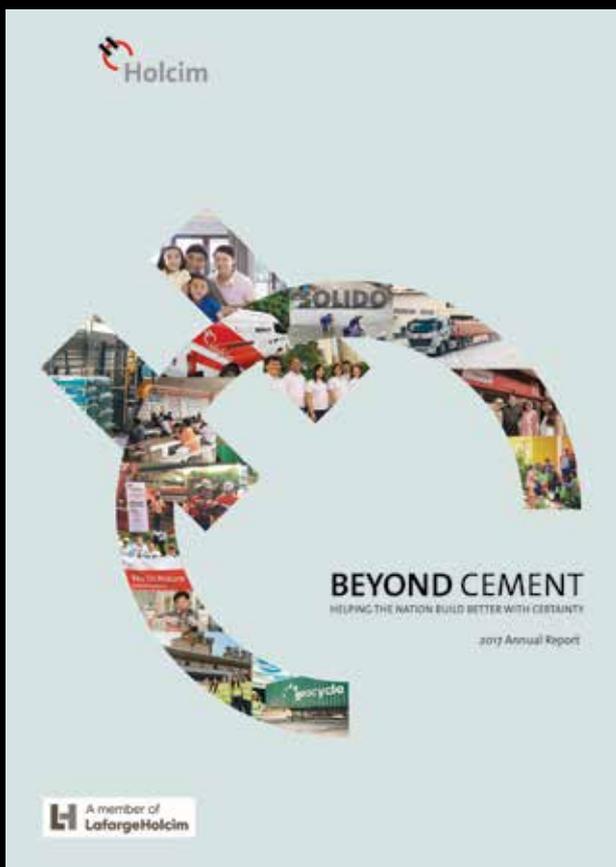


BEYOND CEMENT

HELPING THE NATION BUILD BETTER WITH CERTAINTY

2017 Annual Report

ABOUT THE COVER



Through our cement, we are contributing to the country's development. Through our innovative building solutions and sustainability commitment, we are ready to do more to help in the nation's progress.



Beyond Cement

Helping the nation build better with certainty

2017 Annual Report

TABLE OF CONTENTS



16 Time to Build:
Putting Innovations
to Work



20 Customer Discovery Paves Way for
Commercial Transformation

22 LEX A Year Later: A Triumph in
Organizational Collaboration



24

Plants Gear
Up for
Construction
Boom



5
Performance Highlights 2017

6
Message from the Chairman

10
Message from the CEO

36
Board of Directors

38
Executive Committee and
Leadership Team

41
Plant Managers

42
Plant Locations

26 People for Today,
People for
Tomorrow



29 Building a
Sustainable Future

PERFORMANCE HIGHLIGHTS



Php34,740.7B
REVENUES

Php2,689.7B
NET INCOME

	2017	2016
Revenues (in billion pesos)	Php 34,740.7	Php 40,335.8
Net Income (in billion pesos)	Php 2,689.8	Php 6,847.1
Total assets (in billion pesos)	Php 35,587.6	Php 33,763.8
Equity (in billion pesos)	Php 22,354.7	Php 26,257.3
Net financial debt (in billion pesos)	Php 2,729.1	(Php1,641.5)
Gearing ratio	+12.2%	-6.3%
Earnings per share	Php 0.42	Php 1.06
Dividend per share	Php 0.98	Php 0.87

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

The Golden Age of Infrastructure.

The Philippines is at a great stage with the government aiming to correct decades of underinvestment in infrastructure. Less than three percent of its Gross Domestic Product have been spent on this sector, much lower than the five percent prescription for building the needed structures to advance the country's development.

Bolstered by an improving fiscal position, ambitious and unprecedented plans are set to steadily raise infrastructure spending to seven percent of GDP by 2022. This bold plan is estimated to cost almost Php 8 trillion, leading to new roads, bridges, ports, railways and other essential structures that will enable the Philippines to catch up to its neighbors.

Huge volumes of cement are needed to build these structures, but this demand did not manifest in 2017. Increased government outlays were tempered by the soft spending of private sector resulting in moderate construction industry growth versus 2016. National cement demand in 2017 ended with 27 million metric tons, higher by just a million ton from the previous year.

Aside from modest demand, the flood of imported cement depressed prices. Rising energy costs and a weakening peso, meanwhile, presented cost management challenges. The difficult conditions were reflected in our business performance.

 We are mindful that the construction landscape, as well as our customers, is becoming more sophisticated. This requires us to adapt and transform ourselves as well. We have started preparing ourselves for a future that is different from what we are accustomed to. “

Revenues only reached Php 34.7 billion last year from Php 40.3 billion in 2016, while net income slid to Php 2.7 billion compared with Php 6.9 billion the previous year.

Despite a difficult 2017, the upside of the Philippine market is unmistakable. The current national cement demand has almost doubled from the 14 million metric tons recorded in 2000. The Philippines continues to be an opportunity market as it remains at the bottom of the region with its 266 kilos per capita consumption as of 2016, higher only than Myanmar's.

Local companies are raising their cement production capacities and regional players are shipping in more volumes to the Philippines. This shows confidence in the country's prospects. Aside from the government's "Build, Build, Build" program, private investments are expected to rise as commercial and industrial projects have historically shot up following infrastructure development.

Holcim Philippines, Inc. is also confident in the building boom. Last year, we started to gear up with projects to raise cement production by 20 percent, from 10 million to 12 million metric tons by 2019 through investments in new grinding facilities. We also focused on the improvement and better management of operations, logistics services and costs. With these initiatives, we will be able to produce cement more competitively and deliver to our customers where and when they need it. All these initiatives will improve our performance and therefore, deliver strong returns to our investors. This is a testament to our determination to remain the largest cement producer in the country.

However, we are mindful that the construction landscape, as well as our customers, is becoming more sophisticated. This requires us to adapt and transform ourselves as well. We have started preparing ourselves for a future that is different from what we are accustomed to.

Globally, megatrends are reshaping the construction industry. Rapid urbanization is requiring more innovative building



Holcim Philippines
Chairman Tomas I. Alcantara

technologies to keep pace with development. Increased sustainability awareness is driving demand for environment-friendly products. The digital revolution is allowing customers to engage businesses more directly. These are also increasingly becoming noticeable in the Philippines and were considered in our transformation efforts.

At the heart of our transformation is the intent to satisfy the changing demands of business partners and customers. We believe that putting them at the center of our business will drive us to be more innovative, helping us to develop new offerings that will delight them and differentiate us from the competition. For this, we initiated efforts to better understand how we can help them grow and how we can develop products that provide more value.

On the road infrastructure sector, we sought to change the stakeholders' perception that Holcim Philippines is just a cement supplier. We continued to leverage on our global technical expertise as part of the LafargeHolcim Group and offer solutions and services that can help them build more durable roads faster and more cost-effectively. We highlighted the value of involving us at the design stage where technical insight has the most positive impact. This allows us to specify high-margin building solutions that only Holcim Philippines can provide.

Even as we drive change, we will continue to hold on to aspects of Holcim Philippines that make it truly unique. These values contribute to the country's development the same way our products and services do, and we are committed to share these to stakeholders.

Our Health and Safety culture is contributing to safer roads and better-trained workers. Our sustainability commitments are lowering our environmental footprint, while our integrity pledge is helping drive more professional engagement with our partners in the public and private sectors. We will strengthen programs and policies related to these to continue contributing to the development of our communities and the country.

The previous year certainly highlighted the changing business environment and the formidable challenges ahead. Nonetheless, it provided a glimpse of the many opportunities for our business. We faced the challenges head-on and took the bold steps to ensure our company's future success.

These would not have been possible without the dedicated management team and the men and women of Holcim Philippines. We will continue to focus on people development to prepare them to take on greater responsibilities and become a high-performing organization.

Last year, our people's commitment to excellence and unwavering dedication was in full display. I am proud to serve with them. These qualities allow Holcim Philippines to continue delivering the same level of excellence that our shareholders, business partners and customers have come to expect from us even as we transform. We aim to accomplish these by improving operational efficiency, investing on people and expanding our portfolio of products and services.

What the government envisions for the country will bring a business environment unlike anything the local industry has ever experienced. The actions we have taken will allow us to seize the wealth of opportunities in a robust market and deliver superior business results and value to our shareholders. These will enable us to align our performance with the standard of excellence you have come to expect of Holcim Philippines. More important, these will help us become a stronger partner in helping the country make its dream of a brighter future a reality.

We look forward to your continued support to Holcim Philippines' transformation. We are ready to help build a better Philippines beyond cement. With your abiding trust and confidence, we are certain of our success.


TOMAS I. ALCANTARA
Chairman

Holcim intends to contribute more than cement to the continued development of the Philippines





“ We implemented important initiatives that prepared us to capture the opportunities moving forward. Even with 2017’s challenges, we are confident of our business prospects and our role in contributing to the country’s development.”

MESSAGE FROM THE CEO

DEAR SHAREHOLDERS,

I am excited to join Holcim Philippines, Inc. at this pivotal time when our company has an important role in the country's ambitions for a better tomorrow.

With its growth exceeding its neighbors' for the past few years, the Philippines has established itself as among the most dynamic economies in a fast-growing Asia. Last year, the Philippine economy was again one of the best performing in the region with its 6.7 percent growth trailing only China's and Vietnam's. With its stable inflation, positive business and consumer sentiment, and a government with an improving fiscal position, the Philippines is expected to continue being among the region's growth leaders.

Businesses are expected to flourish in this economic landscape, and our company is well-positioned to both benefit from this environment and support its sustainability. A key to the Philippines' sustained rise is the government's "Build, Build, Build" program, an ambitious plan to invest up to Php8 trillion until 2022 to improve the country's infrastructures. This ensures a stable demand for construction materials into the future. The government's commitment to this program was made clear last year as it invested Php 568.8 billion on infrastructure, higher by 15.4 percent from 2016 figures. The amount is roughly the equivalent of 5.6 percent of the Gross Domestic Product (GDP), one of the highest levels of infrastructure spending as percentage of GDP that the country has seen.

Despite this, the construction industry grew just 5.7 percent compared to 15.1 percent in 2016, as private sector spending fell. All told, cement demand only rose by a million metric ton to reach 27 million metric tons in 2017, slower than the brisk 6.6 percent growth in 2016. But the Philippines remained an attractive market especially for regional players experiencing overcapacity. With this, traders brought in higher volumes of imported cement offered at much lower prices. Last year, this segment was estimated to supply 10 percent of

the market compared to being non-existent three years ago.

Aside from seeing a more competitive environment, the industry also faced increased cost pressures. Energy costs shot up as the prices of crude and coal rose following an improved global demand and a controlled supply. Adding to cost management woes is the peso's decline to an 11-year low after the country experienced a current account deficit due to the rising importation of capital goods for the country's building drive.

TRANSFORMING ADVERSITY INTO OPPORTUNITY

All these showed that while there are numerous opportunities for our business, there are many challenges as well. But while our results fell short of expectations, we implemented important initiatives that prepared us to capture the opportunities moving forward. Even with 2017's challenges, we are confident of our business prospects and our role in contributing to the country's development.

Cement remains the centerpiece of our business, and we took steps to improve our ability to support the massive building program underway. Last year, we started projects that will raise by 2019 our cement production capacity nationwide to 12 million metric tons. Our Davao plant is one of the key facilities that will see a substantial production increase allowing us to better support the government's plans to further develop Mindanao. While these projects have just started, we are already considering more investments to raise clinker capacity given the positive projections for the construction industry.

But before further raising our production capacity, we have to make sure we are getting as much as we can with our plants. For this, we worked with the LafargeHolcim Group to strengthen the culture of excellence in our facilities focused on people and maintenance. Piloted at our Bulacan plant and set to be cascaded to our other sites in 2018, the program yielded useful insights to raise the reliability of

our operations by reducing plant downtimes and eliminating their root causes.

We likewise implemented a major program to improve the efficiency of our logistics operations so our business partners and customers will receive our products when and where they need them. When we have reliability issues, it affects customers and our costs, and we wind up redistributing products in a non-optimal way.

This exercise has allowed us to rationalize efforts to serve our customers and has generated significant benefits for our business. More important, it demonstrated our commitment to providing clients reliable supply. The project is still at its early stages and more need to be done, but we are determined to build on our gains and develop our logistics services into a competitive advantage.

The evolving market conditions called for a review of our efficacy in reaching our customers and our understanding of the developments on the ground. After listening to our customers, we implemented new and customized approaches that will transform our sales officers into responsive consultants who will help business partners grow their enterprises in different market situations. These approaches will improve our ability to bring the right products for the right application to the right customers.

Our company also embraced the digital revolution that has reshaped many industries. We began to explore new platforms that could help us operate more efficiently and improve customer experience. Our goals were to make our company easier to transact with and improve collaboration with business partners, particularly in gathering relevant and actionable market information. We are excited to see their full potential moving forward.

While external developments have complicated our cost management efforts, we were nonetheless determined to control what we could. In response to rising input costs, our operational units implemented efficiency projects while support functions exercised



financial prudence. We also generated sizeable savings from our collaboration with the LafargeHolcim Group in securing the necessary materials and equipment for our business. These were important in mitigating the impact of the volatile external environment. The organizational discipline that helped us weather these challenges will serve us well moving forward.

CONTRIBUTING TO DEVELOPMENT BEYOND CEMENT

Cement will always be a key part of our contribution to the country's development, and the initiatives to improve our ability to serve our customers are at the heart of our efforts to do better in this area.

The wave of construction activity in the country will indeed require a steady supply of cement, but to better implement this, the



Holcim is investing on people development to help its workforce take on greater responsibilities amid transformation.

Philippines needs more innovative building solutions and technologies. As the market develops, we want to introduce new products, services and solutions that respond to these needs.

With support from the LafargeHolcim Group, we believe that Holcim Philippines is unmatched in providing these to the country, and this is one of the advantages that will help us rise above the competition.

Road development is a key area in the government's infrastructure drive, which we are ready to support with our strengthened portfolio of building solutions. Last year, we reached out to key stakeholders to showcase our readiness to do more to help them and highlight our ability to make an impact by being involved at the earliest stages of these projects.

“ Road development is a key area in the government's infrastructure drive, which we are ready to support with our strengthened portfolio of building solutions.”



Holcim Philippines took significant strides in 2017 to transform itself into a company that can better capture opportunities moving forward and have a more positive impact on the country.

Among the key highlights of this thrust is the government's approval of the guidelines for two of our building solutions: SuperFast-Crete, a concrete that sets and hardens within 24 hours, which is ideal for quick repairs of urban roads, and Roller Compacted Concrete, a pavement technology designed for fast construction of thoroughfares with low traffic volume. On top of this, we deployed our first mobile laboratory in Mindanao to provide on-site technical services to customers to help them optimize their concrete mixes. These are just the tip of our offerings. We plan to add more to the portfolio in the coming years by improving our understanding of our customers to develop new services and solutions based on their needs.

Through our co-processing technology and waste management unit Geocycle, we also showcased our ability to support other areas of development. Last year, this unit was involved in the proper disposal of materials involved in a landmark tax case in the country. This was part of Geocycle's excellent performance last year that saw it significantly increase the volumes of qualified wastes used by our plants as alternative fuels and raw materials. With its ability to improve our environment footprint and energy costs, Geocycle will be strengthened, as it ramps up efforts to explore new materials to power Holcim Philippines' kilns.

“Much lies ahead in delivering a brighter future for Filipinos. As the country grows, we want to grow with it not just in terms of cement volumes but with new offerings that would help the Philippines realize its full potential.”

As part of efforts to manage costs and consumption of resources, we also explored using more industrial byproducts such as fly ash and slag as mineral additives that lower clinker factor while retaining the quality of our products. Such blended cement can deliver the same performance as non-blended varieties, and we are determined to make these an essential part of our offerings.

Another bright spot in 2017 was our Health and Safety performance, wherein we did not record any major incident. This achievement was made possible by holistic programs to address key risks that people face in our operations. Further validating our efforts is the LafargeHolcim’s recognition of our Driver Safety Academy program as one of the best in the Group. These positive developments encourage us to continue deepening our Safety culture internally and spreading this externally. These efforts arise from a genuine concern for the people who interact with our business and we are resolute in pressing on as a strong safety mindset is relevant beyond our facilities.

HELPING THE PHILIPPINES BUILD BETTER

Our accomplishments in 2017 were made possible by our people and I am heartened

by their contributions and dedication to Holcim Philippines’ transformation. The company we are aspiring to be will have different requirements of our people. We enhanced our development programs to prepare them for tomorrow. We implemented a strengths-based approach and focused on developing leadership competencies that would enable them to thrive in change and even initiate newer ones that will drive us forward.

While we fell short of our financial aspirations in 2017, we realize there is a need to improve and change. We are poised to continue to improve internally while making sure we understand our customers’ needs and know how we can be the enablers to address them. This is the fifth continent I have worked in, and I am excited to share my insights and experiences to help the company reach its goals. I am convinced of the ability of Holcim Philippines to deliver sustainable value to our shareholders and support the noble work of building the essential structures that further improve the Philippines.

Much lies ahead in delivering a brighter future for Filipinos. As the country grows, we want to grow with it not just in terms of cement volumes but with new offerings that would help the Philippines realize its full potential. We can bring a lot to help the country grow better and build infrastructure that will last for generations to come while also improving the company’s overall performance.

We, at Holcim Philippines, are committed and excited to be there to help the country build better with certainty. We look forward to having you on this journey.



JOHN STULL
President and CEO
Holcim Philippines, Inc.



The company is ramping up the roll-out of innovative building solutions and services for roads to support the government's focus on this area.

TIME TO BUILD: PUTTING INNOVATIONS TO WORK

The government's plan to heavily invest in infrastructure is expected to significantly boost the Philippine economy and improve the lives of Filipinos. Holcim Philippines, Inc. has long been a partner in the country's development, and last year, the company strongly expressed to public stakeholders and private contractors that it is ready to do more than provide cement to contribute to the nation's progress.

In October, Holcim Philippines brought over international road building solution experts to share with major concessionaires and designers new technologies that can help the local construction industry in executing

the government's infrastructure agenda. The objective was to show that there is value in involving Holcim Philippines early in infrastructure projects instead of simply tapping the company to supply cement. Its building materials expertise would enable builders to improve execution and deliver better project output

"There's a lot of opportunity in this country to do things differently. We wanted to expand the perspective of the construction industry to what innovation in building materials can make possible and apply these to the country," said Holcim Philippines Manager for



“There’s a lot of opportunity in this country to do things differently. We wanted to expand the perspective of the construction industry to what innovation in building materials can make possible...”



Holcim’s mobile lab enables it to support road building technical services anywhere, anytime.



SuperFast-Crete technology was again used to quickly repair a major thoroughfare in Metro Manila during the 2017 Lenten break.

Infrastructure Strategy and Partnerships Ann Somera.

The engagement follows the company's efforts to analyze the construction landscape in the Philippines and identify crucial market needs. This understanding of the country's needs has guided the company in identifying and testing specific solutions that can help contractors build faster, more durably and cost-effectively in the anticipated construction boom.

"Our role is more of an integrator: we provide the technology, and we work with designers, the government and contractors into fully implementing these innovations," Somera said.

For the past two years, Holcim Philippines has introduced new road building solutions to support the government's focus on this infrastructure segment. The company was one of the key players that introduced Roller Compacted Concrete (RCC) to the Department of Public Works and Highways (DPWH), which led to the agency setting the standards last year for this building technology. The RCC is expected to speed up road construction, especially for secondary thoroughfares.

Holcim Philippines was also among the first companies in the country to offer a type of concrete that dries in 12-24 hours so roads can be opened to traffic faster. Dubbed by Holcim Philippines as SuperFast-Crete or SF-Crete, this

The company brought over international road building solution experts in 2017 to share innovative technologies with local stakeholders.



was used for the repairs of C5 and EDSA, two of the busiest highways in Metro Manila, the past two years.

Other construction innovations that were either tested or explored in 2017 include Thin Concrete Pavement, a value engineering-based solution from Chile that reduces the thickness of the slab by altering the geometry of the cuts on the roads, resulting in savings of as much as 20 percent; and soil stabilization technology, which improves the existing soil condition in areas where the available ground is unsuitable for road construction projects.

“There’s no magic solution for everything. That’s why the services component, on top of the product offerings of Holcim Philippines in implementing

“More than the products, it’s really the services that are targeted to small- to medium-sized contractors to help them improve their efficiency in producing and applying concrete, and in building the road itself, that make a difference.”

these solutions, are very important,” Somera said of the road solution offers. “More than the products, it’s really the services that are targeted to small- to medium-sized contractors to help them improve their efficiency in producing and applying concrete, and building the road itself, that make a difference.”

Knowing that road expansion plans are concentrated in the countryside, where access to testing and other technical support is difficult, the company developed a mobile laboratory. The company introduced one last year, with several more to be launched in key areas in 2018. These well-equipped labs are deployed to project sites to conduct materials testing of concrete, aggregate, soil and other as-built requirements. These also serve as a classroom-on-wheels for project workers who need to be trained on how the new building solutions work.

Holcim Philippines is hopeful that that these efforts would allow the company to be more impactful in the country’s development

“What we bring to the table is our expertise in building materials with our global experience. This is complementary to the experience of local builders,” Somera said. “At the end of the day, we all want the same thing: to improve. What is important is that we have these discussions with local stakeholders on how we can effect changes that make a positive difference.” ●



CUSTOMER DISCOVERY PAVES WAY FOR COMMERCIAL TRANSFORMATION



As the infrastructure boom fuels intense competition among construction materials suppliers in the country, Holcim Philippines, Inc. embarked on a “Journey of Customer Discovery” in 2017.

This aims to allow the company better understand the needs of its target segments and determine how it can address them more efficiently, as part of our continuous improvement approach. One of the utmost requirements is speed: the supplier’s ability to deliver the right high-quality products and solutions, when and where customers need them.

“Customers place a high premium on time. If the standard is not met, you open the doors for competition to come in and claim the unserved volume” said Maria Lianda Javier, Holcim Philippines Manager for Retail, Market Insights and Business Intelligence.

Following this, Holcim **Philippines** reexamined how it serves the market and realized that the company could further transform to exceed customer expectations and serve the market. Leveraging on its global expertise, it is also launching new applications to support a stronger move toward digitalization and



Initiatives will be launched for business partners to better understand and serve their own customers.



Holcim's customer discovery journey yielded important insights on improving services and helping business partners grow their enterprise.

“Our marketing campaigns are geared toward providing the right solutions for the right construction applications, focusing on awareness and education.”

satisfy the customer's need for speed and ease of transaction. This involves introducing digital tools to assist business partners in running their enterprises and expanding their business.

“In today's digital age, we must engage the connected consumer: 6 out of 10 Filipinos are internet users – a clear opportunity. We want to help our partners by ensuring that their business is easier to manage than before. We want to provide new channels for sales that will enable growth,” said Javier.

In addition to this, Holcim **Philippines** supports its business partners by investing on the brand especially at point-of-sale.

“We are committed to ensure fast product turnover. Our marketing campaigns are geared toward providing the right solutions for the right construction applications, focusing on awareness and education. It's still a long journey ahead, but through collaboration, we are positive that whatever we plan today, we can sustain and expand with the success of our customers and partners in the years to come,” Javier said ●

LOGISTICS EXCELLENCE A YEAR LATER: A TRIUMPH IN ORGANIZATIONAL COLLABORATION

For a construction project to move smoothly, a reliable supply of building materials is critical. Lack of important materials causes delays and leads to increased cost for builders. Knowing that construction activity in the country is set to take off, Holcim Philippines, Inc. launched in 2017 the Logistics Excellence (LEX) project to ensure the prompt and safe delivery of its products to customers all over the country.

The company made the improvement of its logistics services a key priority to demonstrate its commitment to supporting the growth of its business partners and providing a delightful customer experience.

“We had to move from a transactional mindset to an operational mindset to make logistics a competitive advantage for Holcim Philippines because it is a very important customer touch point,” Nikka Cueto, LEX Project Manager, said.

The goal of delivering products safely and faster to customers requires collaboration across the organization as it touches many aspects of the business. This led to the launch of 16 initiatives last year to strengthen how various areas of operations work together.

“One of the things that brought us a successful year is the collaboration of the different stakeholders and different functions internally. We had to work with Sales, Manufacturing – a lot of people. We helped each other achieve our targets,” Cueto said. “The team evolved into one that is comfortable in challenging each other constructively while keeping the same goal in mind. That was a milestone.”

While the company has yet to fully realize its goal of faster deliveries, LEX enabled Holcim Philippines to put in place the systems and processes to succeed moving forward.



Excellent logistics services are important differentiator in a fast-growing market.

“Our sales and operations planning processes are up and running. We beefed up our demand and supply planning activities to make them more data-driven, collaborative and inclusive. We cut across different functions and levels in the organization to allow us to be more accurate in our forecasts and to drive more ownership and collaboration from planning to execution,” Cueto said.

LEX also enabled Holcim Philippines to simplify processes for greater operational efficiency, creating customized Lean Shipping Stations to address the specific situations in each site.

Other improvements include the installation of GPS units in trucks to ensure that deliveries are accomplished safely and on time. This drives efficiencies in dispatching. The company also set up a customer service team, which clients can contact for orders and delivery updates.

The journey to improve its logistics operations also helped Holcim Philippines generate Php 1 billion in financial benefits from improved operating efficiency from 2016. This was higher than its Php 713 million target. One of the contributors to this was Holcim Philippines’ engagement of transport providers that were cost-effective, reliable and adherent to the company’s policies.

Ten of the initiatives from last year will continue to bring in LEX benefits this year, with others already embedded in operations. For 2018, the focus is on improving customer service with a better order fulfilment process and driving efficiencies through a stronger S&OP and an optimized network.

“If the intention of LEX last year was to bring efficiency, this year we are looking at LEX as a mindset and a discipline. With that, we can think of an initiative at any time that will continuously improve our operations,” Cueto said. ●



Serving customers in an archipelago like the Philippines poses different logistical challenges.



Customized Lean Shipping Stations were developed to improve logistics operations in various sites.

PLANTS GEAR UP FOR CONSTRUCTION BOOM



Holcim Davao is set to increase its capacity to better support development in Mindanao.

While Holcim Philippines, Inc. is prepared to bring innovative building solutions to better support the upcoming construction boom in the country, cement will remain an important contribution to the nation's growth. The company's ability to provide stable supply is especially critical with cement demand expected to grow significantly in the medium term, driven by the Php 8 trillion worth of infrastructure projects the government has lined up until 2022.

To ensure that it will be ready to support this development, Holcim Philippines started several key projects last year that have improved the performance of its cement plants.

The company will spend close to Php 3 billion to steadily raise its annual cement production capacity to 12 million metric tons by 2019 from the current 10 million metric tons. Most of the improvements will be done in the company's cement plants in La Union and Davao, and terminals in Manila and Batangas, as Luzon and Mindanao

are projected to receive the lion's share of the government's infrastructure budget.

The investment allows the company to keep up in an increasingly competitive market where local cement manufacturers have unveiled their own expansion plans and regional players are expected to direct excess production locally. Aside from raising its production capacity, Holcim **Philippines** sought to improve the efficiency and reliability of its plant operations so it can produce at competitive prices and more importantly prevent stoppages that will impact its ability to supply customers.

Holcim Philippines was supported by the LafargeHolcim Group in this initiative with its Bulacan plant chosen as the pilot site for a project that aims to make its production facilities centers of excellence. For the people of Holcim Bulacan, the goal was to become the site to visit to see what a world-class plant looks like.

The transformation initiative was guided by the Group’s Cement Industrial Framework (CIF), a holistic approach to achieve industrial excellence based on best practices compiled worldwide. The Bulacan plant, Holcim Philippines’ largest in terms of capacity, was chosen due to its critical role in supplying the Luzon market.

Previous efforts to improve plant operations centered on technology and technical expertise, but the CIF gave more emphasis on improving the management processes, and the behavior and competencies of people. Over five months last year, the Bulacan plant and representatives from the Group measured the maturity levels of 27 performance elements. The results are now guiding the plant in its improvement journey focused on five priority areas.

“Do five things excellently rather than 10 things poorly. CIF is a great tool to identify priority areas and helps you see where you will have the biggest impact,” said Holcim Philippines Cement Industrial Performance (CIP) Head Roman Menz.

Among the improvement areas Bulacan is working on are maintenance and people supervision. The assessment showed that the plant needs to strengthen how it plans and executes maintenance, particularly on making sure repairs are done to prevent equipment breakdowns instead of correcting failures. For this, basics such as regular walk-by inspections should be done correctly and regularly. The CIF findings also recommended improving the active people supervision by identifying what an ideal day of dealing with subordinates should be like, and gauging their performance using this.

Holcim Philippines will replicate the initiative in its other cement manufacturing facilities in 2018. The focus areas may vary per site, but the company expects to yield significant improvements from the exercise based on its Bulacan experience.

“Going through the transformation has been very intense, but it has been extremely rewarding because we see the effects on a daily basis,” Menz said. ●

“Going through the transformation has been very intense, but it has been extremely rewarding because we see the effects on a daily basis.”



Support from the LafargeHolcim is critical in transforming Bulacan into one of the best plants in the Group.



Aside from investing on new facilities, the company also plans to develop a culture of high performance among its people.

PEOPLE FOR TODAY, PEOPLE FOR TOMORROW



With the country on the verge of a transformative building boom, Holcim Philippines, Inc. initiated its own wide-ranging reforms to sustain its success in a rapidly changing business environment, and be more impactful in the development of the Philippines.

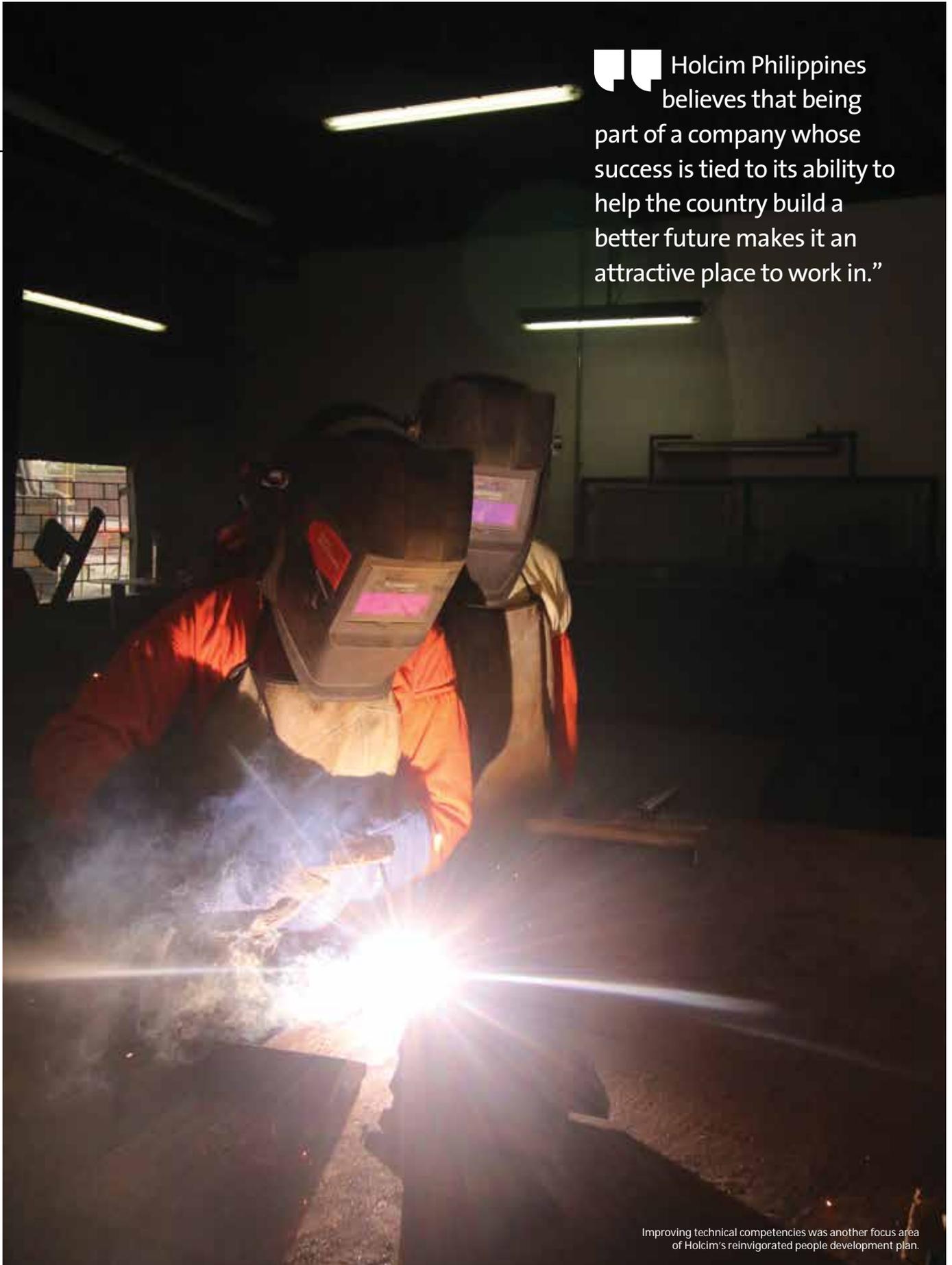
Holcim Philippines believes that being part of a company whose success is tied to its ability to help the country build a better future makes it an attractive place to work in. Making it even more appealing is the company's commitment to put people at the center of its transformation through focused programs that would enable them to succeed amid the changes.

To do this, the company laid the foundation for a reinvigorated People Development Program that equips employees with the skills and mindset

necessary to thrive in a highly dynamic environment. The goal is to have more cohesive programs aligned with the LafargeHolcim Group's thrust to strengthen competencies for today and the future.

Holcim Philippines implemented leadership development on various levels of the organization, knowing that a stronger talent pipeline is critical in sustainability. Human Resources worked with line managers to reach out to the company's talents to better understand how they can become more capable of taking on greater responsibilities. This was supported by a push for subordinates and superiors to exert greater effort in crafting individual development plans, wherein a more targeted approach to improving people will be adopted.

“ Holcim Philippines believes that being part of a company whose success is tied to its ability to help the country build a better future makes it an attractive place to work in.”



Improving technical competencies was another focus area of Holcim's reinvigorated people development plan.

Leadership development also sought to instill and strengthen traits that allow people to flourish despite constant changes. The company looked at four areas to identify a leader: change agility or one’s ability to drive change; results agility or one’s dexterity to deliver results despite difficult situations; people agility or one’s deftness in dealing with diverse people; and mental agility or one’s capacity to comprehend complex concepts. Rounding out the leadership criteria is self-awareness or one’s knowledge of his strengths and limitations.

Another focus area is the emphasis on cultivating leadership skills to improve how managers and supervisors coach and engage their people. This is critical in keeping the organization motivated as it moves toward uncharted waters. There is also greater emphasis on strengthening the technical competencies of the frontliners in the sales, marketing, manufacturing and logistics functions and aligning these with the Group’s thrusts.

The total rewards systems and employee engagement activities were also reexamined to ensure these complement the development programs and are more responsive to people’s needs.

The new directions were warmly received within the organization, with people noting that the new programs were better calibrated for the changing business environment.

The more robust people development programs also reflect the company’s genuine care for its employees amid a challenging transformation. The stronger focus on people is meant to assure employees that the company understands this and will provide the necessary support for them to succeed.

“Now, employees have different directions to grow in their career. This is positive for developing big teams and capitalizing on their strengths and agility. It’s a complete transformation of our process,” said Holcim Davao Plant Manager Xavier Kennedy.

“I personally like the increased focus on learning agility to develop people who can adapt to changing business environments. Now we are looking at differentiated and targeted development so we can cater to their strengths and weaknesses to make them better future leaders,” said Holcim Bulacan Plant Process Manager Sam Manlosa.

With Holcim Philippines investing on its people’s success, Holcim Philippines hopes the programs would motivate employees to be as committed to the company’s success as if they were its owners. Elynor Roque, Holcim Philippines Head of Talent Management, said this mindset is an area that will be strengthened in 2018.

Roque described it as an entrepreneurial mindset but said the more appropriate term is the untranslatable Filipino word “malasakit.”

“Having ‘malasakit’ for business means making sure that I do not just do what is expected of me but I go beyond expectations to help the business transform,” Roque said.

“It is that kind of entrepreneurial mindset that we hope to develop among Holcim Philippines’ people. Because at the end of the day, it is not the process or the machines that will transform the business, it is the people,” she said. ●



The company conducted a number of trainings as part of its more robust people development program.

BUILDING A SUSTAINABLE FUTURE

A pair of hands, one above the other, holding a set of large, metallic, 3D block letters that spell out the year '2030'. The hands are positioned as if presenting or supporting the letters. The background is a soft, out-of-focus light color.

Aside from providing building solutions for the country's infrastructure push, Holcim Philippines, Inc. is determined to strengthen sustainability initiatives to further contribute to the betterment of the nation.

The company's initiatives follow the LafargeHolcim Group's 2030 Plan, which provides a long-term road map to help address key global challenges identified by the United Nations. Under this plan, the Group committed to actions that improve sustainability performance within its area of operations and beyond its fences, covering four focus areas: climate, circular economy, water and nature, and people and communities.

In 2017, Holcim Philippines made significant strides in meeting medium-term targets and launched key initiatives that will guide its improvement plans in other areas. The following are some key developments in its sustainability journey:

 CLIMATE

TARGET: Produce 40% less net CO₂ per ton of cement vs. 1990 levels

Holcim Philippines is on track to meet its 2020 target of 27 percent reduction in carbon dioxide emission per ton of cement. In another 10 years, the company hopes to meet the global target of 40 percent less emission through improvement and process upgrades for energy efficiency and increased alternative fuels consumption.

Another important thrust is on new offerings that require less energy to produce but deliver similar or even superior performance than its current products. The company is engaging public stakeholders and key builders in the road infrastructure sector to raise awareness of such options.

CIRCULAR ECONOMY



TARGET: Use 80 million tons per year of resources made from waste in operations

In 2017, Holcim Philippines' waste management unit Geocycle participated in the destruction of close to 120 million packs of government-confiscated cigarettes in its Bulacan and Davao plants, which used these as alternative fuel through their co-processing technology. The activity highlighted the company's ability to provide a sustainable waste management solution to the country. This service is critical, with garbage generation seen to grow along with the Philippines' economic expansion.

Already, Holcim Philippines is helping in this area by using industrial waste as fuel in its Bulacan and Lugait plants. Moving forward, the company is looking to increase the types of materials that it can use as fuel in its other facilities, including sorted municipal solid wastes. Geocycle is also ramping up information and engagement campaigns with stakeholders to raise awareness on the benefits of co-processing.



WATER AND NATURE

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

The company's plants are all equipped with water recycling facilities that allow them to reuse water in the cement manufacturing process. To raise the efficiency of water consumption, the company conducted an audit in 2017 and was able to identify areas for improvement and implement urgent solutions to basic challenges such as water leakages, old, broken pipes and nonworking water meters. The areas of concern identified in the 2017 audit will be addressed in 2018.

Aside from this, Holcim Philippines is on track to meet its 2020 Water, Sanitation and Health (WASH) pledge to the World Business Council for Sustainable Development. Under this, the company committed to provide the proper and right number of water facilities for the health and safety of its workers.



PEOPLE & COMMUNITIES



DIVERSITY TARGET: Achieve a minimum of 30% gender diversity on all management levels

With diverse workforces proven to drive innovation and business growth, the company is looking to review and update programs to improve its ability to attract more women. Holcim Philippines looks to increase its female workforce to 30 percent by 2030 from the current 20 percent by strengthening policies and putting up additional infrastructure and facilities that cater to women. Aside from strong compliance with laws and regulations applicable to women in the workplace, Holcim Philippines provides additional maternity benefits on top of what is legally required. It has also supported the establishment of women's councils at its sites, where female employees discuss issues important to them.

While Holcim Philippines' purposive efforts to make the company more female-friendly are in its early stages, women are already making inroads. The company has had a female plant manager, and 32 percent of its leadership team are women.

PEOPLE & COMMUNITIES



HEALTH AND SAFETY TARGET: Achieve zero fatality and 0.2 Lost-Time Injury frequency rate

Holcim Philippines took a different approach to improving its Health and Safety performance in 2017, with greater focus on leading indicators instead of just applying corrective actions to past incidents. A concrete example of this is the campaign for Visible Personal Commitment (VPC), wherein company leaders engaged employees and contractors in conversations about Health and Safety. The initiative was meant to show that the Health and Safety focus was not merely about finding fault to correct, but it comes from a genuine concern for people's well-being. There was also greater emphasis on recognizing positive practices. Holcim Philippines recorded more than 12,000 such interactions. What's more important, it did not record an on-site fatality last year. The company's Health and Safety Improvement Plan (HSIP) emphasized addressing risks in its operations. Among the key programs were trainings on manual handling and ergonomics to prevent health issues, and stronger risk assessment processes.

In response to road safety challenges, the company installed more in-vehicle monitoring systems and stepped up trainings of transporter drivers. Working-at-heights trainings were also implemented for contractors involved in such projects. The programs are helpful in professionalizing workers in these areas, and the benefits are expected to extend beyond the company.

Holcim Philippines' efforts to share its safety culture also influenced business partners to be more mindful of safety. The company engaged more than 180 clients on the topic, with a number responding positively by implementing corrective measures and even putting up their own safety departments.

PEOPLE & COMMUNITIES

COMMUNITIES TARGETS: Help 640,000 people through a more robust corporate citizenship; deploy Sustainable Procurement Initiative

The company is looking to step up and strengthen community engagement programs, having already achieved last year its 2020 goal of helping 640,000 people through its Corporate Social Responsibility programs. For 2018, Holcim Philippines is looking to develop an inclusive business initiative. It has also crafted a Stakeholder Engagement Plan that aligns its sites' community programs for education, livelihood and infrastructure.

Aside from this, the company will require major suppliers to comply with Human Rights and Environment standards developed by the LafargeHolcim Group. The company has also developed donation and sponsorship guidelines following the Group's Anti-Bribery and Corruption Directives and Integrity Initiatives.



BOARD OF DIRECTORS



TOMAS ALCANTARA is the Chairman of Holcim Philippines. He was elected director of the company on July 4, 2003. Mr. Alcantara is also the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group, as well as Chairman of the Eagle Ridge Golf & Country Club, Inc. and Philweb Corporation. Mr. Alcantara served as Undersecretary for the Industry & Investment Group of the Department of Trade and Industry, and Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He used to be Special Envoy of the Philippine President to APEC in 1996. He holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Master in Business Administration degree from Columbia University, USA and attended the Advance Management Program of the Harvard Business School.



MARTIN KRIEGNER is the Vice Chairman of Holcim Philippines. He was elected director of the Company on August 18, 2016. He is currently the Lafarge Holcim Group's Region Head for Asia and a member of the Lafarge Holcim Group Executive Committee. He joined the Lafarge Group in 1990. In 1995, Mr. Kriegner was appointed 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 Lafarge Holcim Area Manager for Central Europe from 2015 to 2016. He holds an MBA from the University of Economics in Vienna and a Doctorate degree from Vienna University Law Centre.



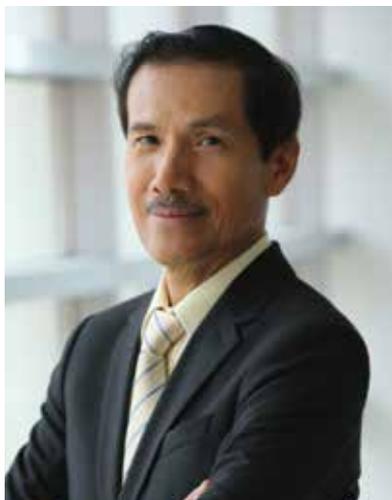
JOHN STULL is the President and Chief Executive Officer of Holcim Philippines. Prior to joining Holcim Philippines, he led the cement business segment of LafargeHolcim in the United States. Mr. Stull has worked all over the world for Lafarge. He served as regional president of Sub-Saharan Africa in Cairo, Egypt in 2009, and regional president, Latin America, based in Paris, France in 2008. From 2005 to 2008, Mr. Stull served as Senior Vice President of Marketing and Supply Chain where he designed a global cost efficiency program that resulted in savings of €500 million. His diverse professional background also includes roles responsible for cement and ready-mixed operations for several US divisions, as well as at the Alpena Cement plant in Michigan as plant manager. 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.



SIMEON MARCELO is an independent director of the Company, having been elected in 2014. He is the Chief Executive Officer of Cruz Marcelo & Tenefrancia Law Offices. 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 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. He graduated in the top of his class at the University of the Philippines-College of Law and placed fifth in the 1979 bar examination.



YASUO KITAMOTO is a director of the Company. He is currently General Manager responsible for International Business of 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 of Sumitomo Osaka Cement Co., Ltd. He holds a Bachelor of Law degree from the Doshisha University in Kyoto, Japan.



DAVID LUCAS BALANGUE is an independent director. 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. He is a non-executive independent director of the following listed companies: Phinma Energy Corp., Roxas Holdings, Inc., Philippine Bank of Communications and Manulife Financial Corp. He is a certified public accountant with a Bachelor's Degree 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 in the 1972 Philippine CPA Board Examinations.

EXECUTIVE COMMITTEE AND LEADERSHIP TEAM



JESUSA NATIVIDAD 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 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 the American University in Washington, DC as a Fullbright-Humphrey Fellow. Ms. Rojas is a Certified Public Accountant and a Certified Management Accountant.



ROMAN MENZ is the Head of Cement Industrial Performance. Before joining the Company, he served as Plant Manager of Holcim Romania in 2005, Technical Director of Holcim Russia in 2012, and Manufacturing Director of Holcim Vietnam in 2015. He holds a Bachelor of Science degree in Electrical Power Engineering from the Higher Technical College in Baden, Switzerland and a Master's degree in Electrical Engineering from the University of Brunel in London.



WILLIAM SUMALINOG is the Head of Sales. Prior to his current role, he 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.



PAUL VU-HUY-DAT is the Head of Marketing, Innovation and Growth. Prior to joining the Company, he was the Country Chief Executive Officer/ Managing Director of Lafarge Vietnam from August 2014. In 1999, Mr. Vu-Hu-Dat joined Lafarge SA in France as Senior Corporate Auditor and went on to assume key positions in various Lafarge operating companies including Regional Internal Control Manager in Lafarge Malaysia from 2006 to 2007, Chief Financial Officer in Lafarge Honduras from 2007 to 2010, Chief Financial Officer in Lafarge Romania from 2010 to 2013, and M&A Director of Lafarge SA in Paris, France from January to July 2014. He holds a degree in Bachelor of Arts in Economics and Business Management from Universite Paris, X-Nanterre with a Master's degree in Internal Audit from Institut d' Administration des Enterprises in Aix-en-Provence, France.



BERNADETTE L. TANSINGCO is the Head of Organization and Human Resources. 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 in transforming Holcim Philippines’ business support functions into the Holcim East Asia Business Service Centre, Lafarge Holcim Asia Pacific’s shared services where she was appointed human resource head. Ms. Tansingco holds 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.



ZOE VERNA SIBALA is the Head of Strategy. Prior to this, she served Lafarge Republic Aggregates, Inc. as Project Manager from July 2014 to December 2014 and as Strategy and Business Development Manager from January to December 2015. In January 2010, she joined Lafarge as a Finance Manager of Batong Angono Aggregates Corporation and later on became the commercial controller of the Lafarge’s cement product line – Lafarge Cement Service Philippines, Inc. Ms. Sibala holds a Master’s degree in Business Administration from the Graduate School of Business, De La Salle University and a degree in Economics from the University of the Philippines.



ANN CLAIRE RAMIREZ is the Head of Communications. 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.



CARMELA DOLORES CALIMBAS is the Head of Health, Safety and Security and has held the post since May 2008. Ms. Calimbás is instrumental in improving the Health and Safety performance of Holcim Philippines by putting in place risk management systems and processes, and pushing for a deeper appreciation for safety among employees and contractors. She has over a decade of experience in the field of safety, health and environment, and headed this unit for building materials supplier James Hardie Philippines. Ms. Calimbás holds a Bachelor of Science degree in Chemical Engineering from the University of San Carlos in Cebu.

EXECUTIVE COMMITTEE AND LEADERSHIP TEAM



FREDERIC FABIEN is the Head of Aggregates and Construction Materials and Infrastructure. Before joining the company, he served as Head of Ready-Mixed Concrete Business Unit of LafargeHolcim Indonesia. Mr. Fabien had also served as Sales Director, Building Segment of LafargeHolcim Morocco from July 2011 to July 2015. He has a degree of MSc Engineering from Ecole Centrale Paris, France.

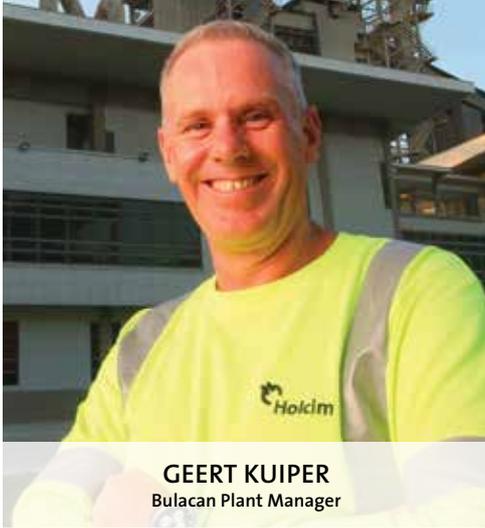


KEVIN SAVORY is the Head of Procurement and Logistics. Before joining Holcim Philippines, Mr. Savory served as General Manager of Marketing, Sales & Distribution at Cement Australia Pty Limited until November 10, 2015. His involvement across the business has been broad and his past role saw him responsible for the national sales, marketing and distribution of Cement Australia's bulk and packaged cementitious products. Prior to joining the business, he was an army officer, specialising in logistics and he served roles with Incitec Ltd and Western Mining Corporation. He holds a Bachelor of Arts, MBA and a Diploma of Company Directors.

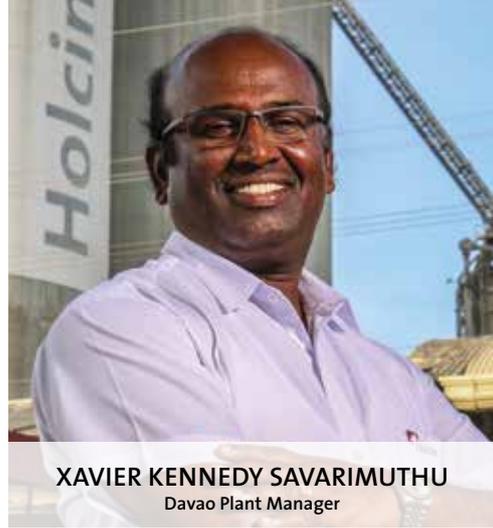


BELINDA DUGAN is the General Counsel, Corporate Secretary and Compliance Officer of the Company. Prior to joining Holcim Philippines, Inc. she was Vice President for Legal Management Services of Aboitiz Equity Ventures, Inc. (AEV) from October 2015 to October 2017. She served as Assistant Vice President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

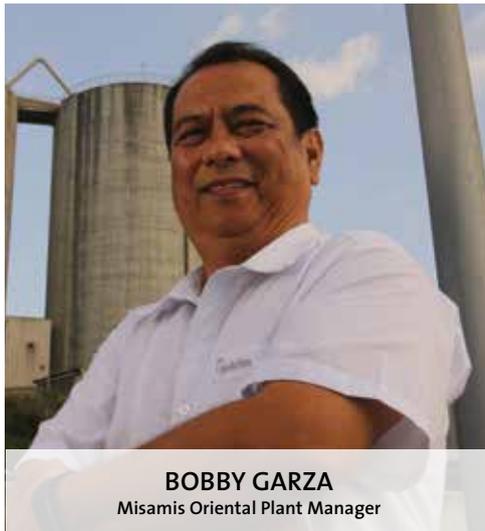
PLANT MANAAGERS



GEERT KUIPER
Bulacan Plant Manager



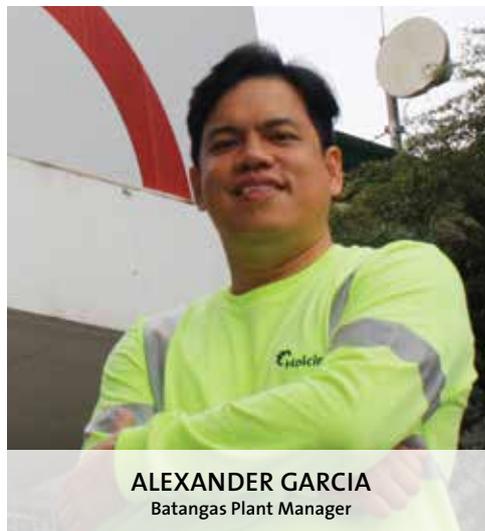
XAVIER KENNEDY SAVARIMUTHU
Davao Plant Manager



BOBBY GARZA
Misamis Oriental Plant Manager



ERANO SANTOS
La Union Plant Manager



ALEXANDER GARCIA
Batangas Plant Manager

PLANT LOCATIONS



- ★ HEAD OFFICE
- CEMENT PLANT
- ▲ TERMINAL
- ◆ GRINDING PLANT
- ⚡ PAPER BAG PLANT
- READY-MIX CONCRETE PLANT

