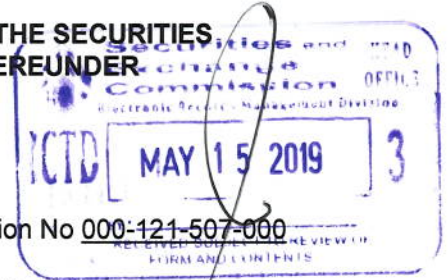


SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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



- 1. For the quarterly period ended March 31, 2019
- 2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000
- 4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.
- 5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
- 6. Industry Classification Code: (SEC Use Only)
- 7. Address of issuer's principal office Postal Code
7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
- 8. Issuer's telephone number, including area code (632) 459-3333
- 9. Former name, former address and former fiscal year, if changed since last report N. A.
- 10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes No

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

Philippine Stock Exchange, Inc. Common Shares

- 12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018

Exhibit II – Consolidated Statements of Income for the quarters ended March 31, 2019 and 2018

Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2019 and 2018

Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended March 31, 2019 and 2018

Exhibit V – Consolidated Statements of Cash Flows for the quarters ended March 31, 2019 and 2018

Exhibit VI – Aging of Trade and Other Receivables as of March 31, 2019

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of March 31, 2019 and December 31, 2018
(In Thousands)

	31 Mar 2019	31 Dec 2018
ASSETS		
Current Assets		
Cash and cash equivalents	P 231,615	P5,399,853
Trade and other receivables – net	3,364,987	4,005,445
Inventories	5,305,636	5,127,343
Short-term financial receivables	66,325	34,064
Other current assets	1,131,759	796,236
Total Current Assets	10,100,322	15,362,941
Noncurrent Assets		
Investments	4,263,747	4,249,699
Property, plant and equipment – net	24,068,002	18,607,371
Goodwill	2,635,738	2,635,738
Intangibles – net	108,003	27,542
Retirement assets – net	2,552,401	3,581,507
Other noncurrent assets	2,700,626	2,731,443
Total Noncurrent Assets	36,328,517	31,833,300
	46,428,839	47,196,241
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	9,122,672	11,574,971
Loan payables	6,325,849	9,125,849
Income tax payable	519,387	321,025
Total Current Liabilities	15,967,908	21,021,845
Noncurrent Liabilities		
Long-term Debt	4,628,584	-
Provisions	70,947	70,947
Deferred tax liabilities – net	497,131	830,288
Total Noncurrent Liabilities	5,196,662	901,235
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	2,008,554	2,719,531
Other reserves	3,270	2,344
Retained earnings	8,310,746	7,607,112
	25,250,671	25,257,088
Noncontrolling Interest	13,598	16,073
Total Stockholders' Equity	25,264,269	25,273,161
	P46,428,839	P47,196,241

HOLCIM PHILIPPINES, INC.
 CONSOLIDATED STATEMENTS OF INCOME
 For the quarters ended March 31, 2019 and 2018
(In Thousands, Except Per Share Data)

	Quarter Ended	
	Jan-Mar 2019	Jan-Mar 2018
Net Sales	₱8,103,491	₱8,604,154
Cost of sales	6,046,020	6,820,132
Gross Profit	2,057,471	1,784,022
Operating expenses	370,121	530,833
Operating EBITDA	1,687,350	1,253,189
Depreciation and amortization	487,290	300,768
Profit from Operations	1,200,060	952,421
Other income (expenses)		
Net financial expense	(205,441)	(50,877)
Other income (expense) - net	(710)	30,922
Total	(206,151)	(19,955)
Profit before Income Tax	993,909	932,466
Provision for income tax		
Current	309,108	233,395
Deferred	(19,060)	(819)
	290,048	232,576
Profit for the Period	703,861	699,890
Noncontrolling interest	(227)	(239)
Profit for the period attributable to Equity holders of the parent company	₱703,634	₱699,651
Basic/Diluted Earnings Per Share (EPS)		
Computation of EPS:		
(a) Profit for the period attributable to Equity holders of the parent company	₱703,634	₱699,651
(b) Common shares issued and outstanding	6,452,099	6,452,099
EPS [(a)/(b)]	₱0.11	₱0.11

HOLCIM PHILIPPINES, INC.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the quarters ended March 31, 2019 and 2018
(In Thousands)

	Quarter Ended	
	Jan-Mar 2019	Jan-Mar 2018
Profit for the Period	₱ 703,634	₱690,603
Other Comprehensive Income (Loss)	(710,051)	943
Total Comprehensive Income (Loss)	₱(6,417)	₱691,546
Attributable to:		
Equity holders of Parent Company	(3,942)	691,307
Noncontrolling interest	(2,475)	239
Total Comprehensive Income (Loss)	₱(6,417)	₱691,546

HOLCIM PHILIPPINES, INC.
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 For the three (3) months ended March 31, 2019 and 2018
(In Thousands)

	Jan-Mar 2019	Jan-Mar 2018
Capital Stock		
Common Stock		
Balance at beginning of period	P6,452,099	P6,452,099
Issuances (Retirement)	-	-
Balance at end of period	6,452,099	6,452,099
Additional Paid-in Capital		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	-	-
Balance at end of period	8,476,002	8,476,002
Other comprehensive income/loss	2,008,554	(350,987)
Other reserves	3,270	(487)
Retained Earnings		
Balance at beginning of period	7,607,112	7,773,468
Profit for the Period	703,634	699,651
Balance at end of period	8,310,746	8,473,119
Noncontrolling Interest	13,598	5,835
	P25,264,269	P23,055,581

HOLCIM PHILIPPINES, INC.
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the three (3) months ended March 31, 2019 and 2018
(In Thousands)

	Jan-Mar 2019	Jan-Mar 2018
Operating Activities		
Profit before Income Tax	₱993,909	₱932,466
Adjustments to reconcile profit to cash		
Depreciation and amortization	487,290	300,768
Other items (net)	(312,878)	(287,316)
Changes in current assets and liabilities	(2,602,936)	(854,262)
Cash provided by (used in) operating activities	(1,434,615)	91,656
Investing Activities		
Additions to plant, property and equipment	(763,453)	(349,751)
Decrease (increase) in other investing activities	46,603	(18,021)
Cash used in investing activities	(716,850)	(367,772)
Financing Activities		
Proceeds from short-term loan	-	1,710,269
Payment of short-term loans	(2,858,682)	(1,000,208)
Increase in short-term financial receivables	(167,639)	(703,488)
Cash provided by (used in) financing activities	(3,026,321)	6,573
Net decrease in cash and cash equivalents	(5,177,786)	(269,543)
Cash and cash equivalents, beginning	5,400,112	1,945,797
Effect of exchange rate changes on cash and cash equivalents	9,289	2,454
Cash and cash equivalents, end	₱231,615	₱1,678,708

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of March 31, 2019
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱2,061,281	₱1,989,695	₱9,333	₱4,109	₱58,143
Other Receivables	1,538,066	31,131	15,673	50,398	1,440,863
Total	3,599,347	₱2,020,826	₱25,006	₱54,507	₱1,499,006
Allowance for Doubtful Accounts	(234,360)				
Net Receivables	₱3,364,987				

Certified correct:


Jesusa Natividad L. Rojas
Chief Financial Officer

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

Results of Operations

Market continues to remain resilient through its on-going expansion and infrastructure projects granted in March as well as consistent demand from private construction of mid/high rise buildings. At the end of first quarter, the Company posted total net sales of Php 8.1 billion, lower by 5.8% as compared to Php 8.6 billion reported in the same period last year. Lower volumes in March versus past year by 102k tons is mainly due to the closure of Mabini plant in compliance to the order of regional Environmental Management Bureau. The Company achieved a total operating EBITDA of Php 1.7 billion for the first quarter compared to the Php 1.3 billion reported last year. Favorable increase is attributed by lower cost of goods sold and corresponding decrease in operating expenses. The Company also incurred higher net-other expenses coming from interest expenses on its short-term loans. Net income after tax stood at Php 0.7 billion giving earnings per share of Php 0.11.

Financial Position

The Group's financial position has remained healthy with very liquid cash position and strong asset utilization ratio as it still continues to generate high revenues. Total assets stood at P46.4 billion, 2% lower from end of 2018.

Cash Flow Generation

The Group's cash requirements have been mainly sourced through a mix of cash flow from financing and operating activities. Please refer to the attached statement of cash flow for more details.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended March 31, 2019 and 2018 were as follows:

Financial KPI	Definition	For the period ended March 31	
		2019	2018
Profitability			
Return on Equity (ROE)	Net Income	2.8%	3.1%
	Ave. Total Shareholders' Equity		
Return on Asset (ROA)	Net Income	1.5%	1.9%
	Average Total Assets		
Efficiency			
EBITDA Margin	Operating EBITDA	20.8%	14.6%
	Net Sales		
Liquidity			
Gearing	Net Financial Debt (Asset)	25.9%	16.4%
	Stockholders' Equity		
EBITDA Net Interest Cover	Operating EBITDA	9.5 times	25.1 times
	Net Interest		

Profitability and Efficiency

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

Liquidity

The Group's liquidity position remained strong evidenced by higher gearing ratio.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2018.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2018:

PFRS 16, Leases

This standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less (i.e. short-term lease) or the underlying asset has a low value (i.e. lease of low-value assets).

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019.

The management of the Group has assessed the impact of the new standard and will recognize corresponding right of use asset and lease liability with corresponding lease expense and interest.

PFRS 9, Prepayment Features with Negative Compensation

The amendments include:

Changes regarding symmetric prepayment options

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

Clarification regarding the modification of financial liabilities

The amendments contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. An entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may

therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group does not anticipate that the amendments will have a significant impact on the Group's consolidated financial statements as the Group does not have any modification of financial liability measured at amortized cost.

PAS 28, Long-term Interests in Associates and Joint Ventures

The amendment clarify that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendment is effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group does not anticipate that the amendments will have a significant impact on the Company's financial statements as the Group does not have long-term interests in associates or joint ventures.

New Accounting Standards Effective After the Reporting Period Ended December 31, 2018 - Adopted by FRSC but pending publication by the BOA

The Group will adopt the following once it becomes effective.

IFRIC 23, Uncertainty over Income Tax Treatments

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, *Income Taxes*.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.
- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the new interpretation on the Company's determination of taxable profit/loss, unused tax losses, unused tax credit and tax rate.

Amendments to PAS 19, Plan Amendment, Curtailment or Settlement

The amendments in Plan Amendment, Curtailment or Settlement are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendments.

Annual Improvements to PFRSs 2015-2017 Cycle

Amendments to PFRS 3 and PFRS 11, *Previously held interest in a joint operation*

The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to PAS 12, *Income tax consequences of payments on financial instruments classified as equity*

The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

Amendments to PAS 23, *Borrowing costs eligible for capitalization*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalization rate on general borrowings.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendments.

PFRS 17, *Insurance Contracts*

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

The key principles in PFRS 17 are that an entity:

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

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

The standard is effective for periods beginning on or after January 1, 2021. Earlier application is permitted.

The management of the Group does not anticipate that the new standard will have a significant impact on the Group's consolidated financial statements as the Group does not have insurance contracts.

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

The amendments relate to a revised definition of 'material':

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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

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

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

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

The management of the Group is still evaluating the impact of the new standard.

Amendments to PFRS 3, *Definition of business*

The amendments are to:

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

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

The management of the Group is still evaluating the impact of the new standard.

2. Seasonality Aspects of the Business

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

profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in productions.

3. Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

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

Market Risks

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

Foreign Currency Risk

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

The Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of March 31, 2019, there are no revenues denominated in currencies other than the Philippine Peso.

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

As of March 31, 2019, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at March 31, 2018 and 2017, the Group has minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

Liquidity Risk

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

The Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at March 31, 2019, the Group has unutilized credit facilities of ₱2.2 billion.

Capital Management Policy

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

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

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

4. Financial Assets and Liabilities

Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at December 31, 2018 and 2017. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

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

Derivative Liabilities. The fair values of the embedded currency forwards with notional amount of US\$4.6 million are calculated by reference to current forward exchange.

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

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

Fair Value Hierarchy

As at March 31, 2019 and December 31, 2018, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at March 31, 2019 and December 31, 2018, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2019 and 2018.

5. Segment Reporting

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

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

- Clinker and Cement segment, which manufactures and sells clinker and cement for both domestic and export customers; and
- Other Construction Materials and services segment, which includes operations from the RMX business, Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

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

Segment revenues, EBITDA, assets and liabilities as at March 31, 2019 and 2018 are presented below:

	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	P7,769,253	P647,290	P8,416,543	(P313,052)	P8,103,491
Inter-segment	85,013	-	85,013	(85,013)	-
	P7,854,266	P647,290	P8,501,556	(P398,065)	P8,103,491
Operating EBITDA	P1,787,107	P188,010	P1,975,118	(P287,768)	P1,687,350
Segment assets	38,910,722	511,159	39,421,880	7,006,959	46,428,839
Segment liabilities	7,573,292	213,746	7,787,038	13,377,532	21,164,570
	2018				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	P8,199,451	P349,791	P8,549,242	P54,912	P8,604,154
Inter-segment	118,150	-	118,150	(118,150)	-
	P8,317,601	P349,791	P8,667,392	(P63,238)	P8,604,154
Operating EBITDA	P1,434,021	P92,694	P1,526,715	(P273,526)	P1,253,189
Segment assets	29,250,219	143,877	29,394,096	7,861,929	37,256,025
Segment liabilities	7,585,594	324,403	7,909,997	6,290,447	14,200,444

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

6. *Retained Earnings*

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

Interim Disclosures

The Group is not aware of the following or is not applicable to the Group's interim operations:

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.
2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.
3. Issuances and repurchases of equity securities.
4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.
5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.
6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.
7. Events that will trigger direct or contingent material financial obligations to the Group.
8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group with unconsolidated entities or other persons created during the year.
9. Material commitments for capital expenditures.
10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.
11. Significant elements of income or loss that did not arise from the Group's continuing operations.
12. Material events subsequent to end of the reporting period that have not been reflected in this report.
13. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.
14. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

96% decrease in Cash and cash equivalents

Mainly due to lower cash from operations, higher spending in capital expenditure and settlement of loans.

16% decrease in Trade and other receivables - net

Primarily due to payment received from related parties for intercompany receivables.

3% increase in Inventories

Increase in produced goods is due to new cement product Holcim Solido, which in 2018 was only produced by Davao plant

95% increase in Short-term financial receivables

Increase is attributed to reclassification of receivables from long-term to short-term, net of payment received from its holding and other related parties.

42% increase in Other current assets

Increase pertains mostly to Real Property Taxes and advance payment to BOC.

29% increase in Property, Plant and Equipment - net

Includes additional acquisition of properties net of accumulated depreciation recognized for the period and capitalization of Right-of-Use Assets (RoU) of fixed assets under IFRS 16.

292% increase in Intangibles - net

Increase was mainly due to net of additional software cost acquired by the company and decrease in accumulated amortization due to retirement of asset for the period.

14% increase in Other non-current assets

Attributable to net of increase in additional financial assets and decrease of deferred input VAT and guarantee deposits.

31% decrease in Loan payables

Payment of loan extended to the company by a third party.

27% decrease in Trade and other payables

Reversal of prior year advance payments and deposits from customers.

62% increase in Income tax payable

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

40% increase in Other reserves

Due to accrual of share-based remuneration for the period.

9% increase in Retained earnings

Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

11% decrease in Cost of goods sold

Improved packaging material and purchasing cost plus reduction in production and distribution cost.

30% decrease in Operating expenses

Reduction on the support process cost from rightsizing of manpower

62% increase in Depreciation and amortization

Mainly due to increase in Right-of-Use Assets (RoU)-depreciation of fixed assets under IFRS 16.

304% increase in Net financial expenses

Mainly due to higher interest expenses recognized during the period from existing short-term loan payables offset by the increase in undistributed earnings from associates.

25% increase in Provision for income tax

Due to higher taxable income for the first quarter of the year.

5% decrease in Noncontrolling interest in net income

Decrease was mainly due to lower profit of subsidiaries compared to same period last year.

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

Financial KPI	Definition	For the three (3) Months Ended March 31	
		2019	2018
<u>Current/Liquidity ratio</u> Current Ratio	Current Assets Current Liabilities	63.3%	87.4%
<u>Solvency ratio/Debt-to-equity ratio</u> Gearing	Net Financial Debt (Asset) Stockholder's Equity	25.9%	16.4%
<u>Asset to Equity Ratios</u> Asset to Equity Ratio/ Equity Multiplier	Total Assets Stockholder's Equity	183.8%	161.6%
<u>Interest Rate Coverage Ratio</u> Interest Rate Coverage	Income before Tax Net Interest	5.6 times	18.7 times
<u>Profitability Ratios</u> Return on Assets	Net Income Average Total Assets	1.5%	1.9%
Return on Equity	Net Income Average Total Equity	2.8%	3.1%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.


 Jesusa Natividad L. Rojas
 Chief Financial Officer
 Date: May 14, 2019