

COVER SHEET

SEC Registration Number

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COMPANY NAME

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I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S								

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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Form Type

SEC Form 17-Q

Department requiring the report

C F D

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

Company's Telephone Number/s

849 - 3600

Mobile Number

No. of Stockholders

Annual Meeting (Month / Day)

Fiscal Year (Month / Day)

September 30

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Vincent Paul O. Piedad

Email Address

paul.piedad@cemex.com

Telephone Number/s

(02) 849 3725

Mobile Number

CONTACT PERSON'S ADDRESS

34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City

SECURITIES AND EXCHANGE COMMISSION

SEC 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 **September 30, 2016**
2. SEC Identification Number. **CS201518815**
3. BIR Tax Identification No. **009-133-917-000**
4. Exact name of registrant as specified in its charter. **CEMEX Holdings Philippines, Inc.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and postal code **34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
8. Issuer's telephone number, including area code **(02) 849-3600**
9. Former name, former address and former fiscal year, if changed since last report - **NA**
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	5,195,395,454

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

Yes No

Stock Exchange: Philippine Stock Exchange (Main Board)

Securities Listed: 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

FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as at and for the nine-months and three-months ended September 30, 2016 and the audited combined balance sheet as at December 31, 2015 and the related notes to the unaudited condensed consolidated interim financial statements of CEMEX Holdings Philippines, Inc. and its Subsidiaries as at September 30, 2016 are filed as part of this Form 17-Q as Appendix I.

The term "Parent Company" used in this report refers to CEMEX Holdings Philippines, Inc. without its Subsidiaries. The term "Company" refers to the Parent Company together with its consolidated Subsidiaries.

The Company does not have comparative figures for unaudited condensed consolidated financial statements for the nine months ended September 30, 2016 because the Company was only incorporated on September 17, 2015. On January 1, 2016 the Parent Company acquired, directly and indirectly through intermediate holding companies, a 100% equity interest in each of Solid Cement Corporation ("Solid") and APO Cement Corporation ("APO"). These companies were already operating during 2015 and at the time of acquisition. Only with respect to cement volumes and prices does the Company provide comparisons on a like-for-like basis (see Item 2).

On July 18, 2016, the total outstanding shares of the Parent Company consisting of 5,195,395,454 common shares were listed in the Philippine Stock Exchange, with 2,337,927,954 shares sold to the public via an initial public offering ("IPO"). The proceeds from the IPO were principally used, in the third quarter, to (i) pay underwriting and selling fees, commissions and expenses related to the IPO including applicable taxes; (ii) fully repay the Parent Company's short-term loan from Banco De Oro (BDO) Unibank, Inc.; and (iii) fully repay amounts outstanding under the short-term loan agreement with New Sunward Holding B.V. (NSH), a subsidiary of CEMEX, S.A.B. de C.V. ("CEMEX").

Several important operational arrangements became effective as a result of the consummation of the IPO:

- a.) The new operational arrangement that recognizes the limitation of 5% of net sales of the Company was implemented with retroactive effect as of January 1, 2016 with respect to corporate service charges and royalties/license fees payable to certain subsidiaries of CEMEX;
- b.) The new reinsurance arrangement affecting 100% of the risks associated with political violence and non-damage business interruption, and 10% of the risks associated with property insurance coverage, of the operating subsidiaries of the Company became effective from August 1, 2016.

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

The following is a discussion and analysis of our consolidated financial condition and results of operations as at and for the nine months and three months ended September 30, 2016, the combined financial condition for the year ended December 31, 2015, and certain trends, risks and uncertainties that may affect our business. No comparative interim figures for 2015 were available for the discussion of the Company's financial performance since the Parent Company was only incorporated in September 2015.

Financial Performance

As at and for the Nine Months and Three Months ended September 30, 2016

Net Sales

Net sales for the nine month period ended September 30, 2016 amounted to P19.2 billion, of which P6.5 billion were generated during the third quarter of the year. The breakdown of sales for the nine months ended and three months ended September 30, 2016 were as follows:

	<u>For the nine months ended September 30, 2016</u>		<u>For the three months ended September 30, 2016</u>	
<i>Segment</i>	<i>Sales</i>	<i>% Sales</i>	<i>Sales</i>	<i>% Sales</i>
Cement	18,672	97%	6,196	95%
Other business	337	2%	94	1%
Insurance	240	1%	240	4%
Total	19,249	100%	6,530	100%

For the first nine months of 2016, domestic gray cement volume grew by 4% against the same period in 2015. During the third quarter, domestic gray cement sales volume increased 3% against the same period last year, reflecting lower public infrastructure activity compared to previous quarters, effects of adverse weather conditions, and increased cement imports into the country. Year on year, our average selling price for domestic gray cement grew 2% for the first nine months of 2016 and 1% in the third quarter.

Cost of Sales

Cost of sales for the nine month period ended September 30, 2016 amounted to P9.5 billion, of which P2.8 billion were incurred during the third quarter. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation and other expenses directly attributable to the manufacturing of finished goods.

Total cost of sales as percentage of sales was 49.2% for the first nine months of 2016 and 43.4% for the third quarter. During the nine months ended September 30, 2016, fuel and power costs represented approximately 18.3% and 21.1%, respectively, of our cost of sales.

Gross Profit

As a result of the above conditions, gross profit for the nine months ended September 30, 2016 reached P9.8 billion, of which P3.7 billion were earned during the third quarter. Gross profit as a percentage of sales for the nine months ended September 30, 2016 and the third quarter represented 50.8% and 56.6%, respectively.

Operating Expenses

Operating expenses amounted to P6.0 billion for the nine months ended September 30, 2016. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to P3.0 billion or 15.4% of net sales for the first nine months of the year, mainly attributable to royalties and insurance amounting to P765.8 million and P910.8 million, respectively. Distribution expenses amounted to P3.0 billion for the nine months ended September 30, 2016 which accounted for 15.5%.

For the third quarter, operating expenses amounted to P818.1 million or 12.5% of net sales. Administrative and selling expenses recognized adjustments attributable to the new royalty scheme which was implemented retroactively from January 1, 2016. Distribution expenses amounted to P1.0 billion which accounted for 15.5% of net sales of the quarter.

Other expenses included in operating expenses cover administrative services, salaries and wages, utilities and administrative supplies, taxes and licenses, depreciation and amortization, advertising and travel expenses, and others.

Operating Income before Other Expenses, Net

For the reasons discussed above, operating income before other income and expenses amounted to P3.8 billion for the nine months ended September 30, 2016 and P2.9 billion for the third quarter. These comprised 19.8% and 44.0% of net sales, respectively.

Financial Expenses, Net

Net financial expenses for the nine months ended September 30, 2016 amounted to P888.3 million, broken down into P292.9 million arising from short-term loans, which were fully paid during the third quarter, and P595.4 million arising from long-term debts. For the third quarter, P406.6 million were incurred, broken down into P70.2 million arising from short-term loans and P336.4 million from long-term debts.

Foreign Exchange Loss

Loss of P875.0 million were reported for the nine months ended September 30, 2016 of which P539.7 million were incurred during the third quarter. Out of the total foreign exchange loss for the first nine months of 2016 amounting to P875.0 million, P706.7 million were unrealized losses and P168.3 million were realized losses. Foreign exchange losses were mainly due to US dollar denominated transactions.

Other Expenses, Net

Net other expenses for the nine month period ended September 30, 2016 was P351.0 million and P276.2 million for the third quarter. Expenses mainly pertained to non-recurring fees and expenses related to the IPO.

Income Tax

Our income tax expense for the nine months ended September 30, 2016 amounted to P294.8 million, of which P293.3 million was incurred during the quarter.

Net Income (Loss)

As a result of the abovementioned concepts, net income for the nine months and three months ended September 30, 2016 amounted to P1.4 billion.

Financial Position

As of December 31, 2015, the Parent Company was still in the process of capitalization and acquisition of the operating entities Solid and APO (See Item 1). The figures as of the aforementioned date are not relevant for comparison purposes.

As at September 30, 2016

The Company's assets and liabilities as at September 30, 2016 were mostly from the assets acquired and liabilities assumed by the Parent Company as a result of the business combination on January 1, 2016.

Cash and Cash Equivalents

Out of the P1.6 billion as of September 30, 2016, P895.0 million referred to the remaining balance of IPO proceeds, which will be used in accordance with the IPO Prospectus of the Parent Company. The rest mainly referred to cash and cash equivalents acquired during business combination and cash inflows from the Company's operations. Cash in banks earned interests at the prevailing bank deposit rates while cash equivalents were short-term highly liquid investments readily convertible to cash.

Trade and Other Receivables - Net

Accounts receivables amounted to P1.0 billion, net of P6.8 million allowances for doubtful accounts, which mainly pertained to receivables from customers.

Receivable from Related Parties

Related party balances amounting to P114.0 million as at September 30, 2016 resulted primarily from the sale of goods, invoicing of administrative services, and advances and loans between related parties.

Other Current Accounts Receivable

Other accounts receivables amounted to P127.6 million as at September 30, 2016.

Inventories

Out of P2.4 billion as of September 30, 2016, P1.2 billion referred to cement, and the remaining balance referred to spare parts which were valued using the lower of cost and net realizable value.

Other Current Assets

Other current assets amounted to P1.3 billion which refers primarily to prepayments for insurance (P898.5 million) and prepayment to suppliers (P111.1 million).

Investments in Associates and Other Investments

Investments in Associates cover minority equity investments in Greencrete Inc. and Calabar Aggregates Corporation.

Other Assets and Noncurrent Accounts Receivable

Other assets amounting to P318.7 million on September 30, 2016 primarily consisted of P112.6 million for performance deposits, P72.7 million guarantee bonds used in operations, and the rest mainly referred to employee benefits amortization and other long-term prepayments.

Property, Machinery and Equipment

Property, machinery and equipment had a balance of P15.7 billion as at September 30, 2016. During the first nine months of the year, P256.5 million was incurred for maintenance capital expenditures and P670.7 million for strategic capital expenditures.

Goodwill

The Company's goodwill arose from business combinations. For more relevant information, see Note 1 of the unaudited condensed consolidated financial statement.

Deferred Income Tax

The Company's deferred income tax asset amounted to P563.1 million which mainly represented future tax benefit from operating losses.

Trade Payables

Trade payables as at September 30, 2016 amounted to P2.0 billion which were related to purchases of raw materials and other goods, and services provided by third parties.

Payable to Related Parties

Short-term payable to related parties had a balance of P1.3 billion as at September 30, 2016, of which P573.8 million was related to the purchase of equipment for the Solid Plant expansion. On the other hand, long-term payable to related parties amounted to P15.5 billion, consisting mainly of the NSH loan which was used to finance the acquisition by the Parent Company of the shares in the operating subsidiaries from CEMEX Asia B.V., CEMEX Asia Holdings, Ltd. and CEMEX Asia Pacific Investment B.V.

Income Tax Payable, Other Accounts Payable and Accrued Expenses, Unearned Revenue, and Provisions

Other payables and accruals which amounted to P2.6 billion pertained mainly to advances from customers, provisions, and tax payables.

Employee Benefits Liability

Employee Benefits Liability amounting to P783.6 million as at September 30, 2016 referred to the provision recognized by the Company associated with employees' defined benefit pension plans.

Other Noncurrent Liabilities

Other noncurrent liabilities of P30.0 million referred to a provision for asset retirement obligations and a provision representing certain costs of quarry rehabilitation under arrangements with suppliers of raw materials.

Common Stock

Total authorized capital stock of the Parent Company consists of 5,195,395,454 shares at a par value of P1 per share. Total issued and outstanding capital stock is 5,195,395,454 shares at a par value of P1 per share.

Derivative Instrument

The amount was the unrealized portion of the gain or loss in the coal hedge contract and was initially recognized in other comprehensive income which creates a reserve in equity. Such amount will be reclassified to profit or loss once the hedge subsequently results in the recognition of financial asset or financial liability.

Other Equity Reserves

The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability and cumulative currency translation of a foreign subsidiary.

Retained Earnings

Retained earnings of P1.4 billion included the Company's cumulative net results or prior accounting results.

Key Performance Indicators

The Company sets certain performance measures to gauge its operating performance periodically and to assess its overall state of corporate health. Listed below are the major performance measures, which the Company has identified as reliable performance indicators. Analyses are employed by comparisons and measurements on a consolidated basis based on the financial data as at September 30, 2016.

Key Financial Indicators	Formula	For the period ended September 30, 2016	For the year ending December 31, 2015
Current Ratio	Current Asset/Current Liabilities	1.1 : 1	25.9 : 1
Solvency Ratio	Profit + Depreciation and Amortization/Total Liabilities	0.1:1	(0.0)
Net Debt to Equity Ratio	Debt*/Total Equity	0.5 : 1	0 : 1
Asset to Equity Ratio	Total Assets/Total Equity	1.8 : 1	1.0 : 1

* Debt is net of cash and cash equivalents.

Key Financial Indicators	Formula	For the period ended September 30, 2016	For the period ended September 30, 2015
Interest Rate Coverage Ratio	Profit before interest and tax/interest	4.3:1	N/A
Profitability Ratio	Operating Margin/Net sales	0.2:1	N/A

Aging of Accounts Receivables

As at September 30, 2016, the aging analysis of various accounts receivable are as follows:

	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		1 to 30 days	31 to 60 days	More than 60 days		
Trade receivables	P811,988	71,918	31,780	113,951	6,778	P1,036,415
Receivables from related parties	114,046	–	–	–	–	114,046
Other current accounts receivables	127,570	–	–	–	–	127,570
	1,053,604	71,918	31,780	113,951	6,778	1,278,031
Allowance for impairment losses	–	–	–	–	(6,778)	(6,778)
	P1,053,604	P71,918	P31,780	P113,951	P–	P1,271,253

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.

CEMEX HOLDINGS PHILIPPINES, INC.

By:



PEDRO JOSE PALOMINO

President

14 November 2016



VINCENT PAUL PIEDAD

Treasurer

14 November 2016