



110252019001323



## SECURITIES AND EXCHANGE COMMISSION

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# 3Q 2019 RESULTS

October 25, 2019

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# 2019 Updates

- ✓ **Solid Cement** ranked as one of the best-in-class<sup>1</sup> in operative efficiency within CEMEX for 3Q19.
- ✓ **APO Cement** ranked as one of the best-in-class<sup>1</sup> in quality within CEMEX for 3Q19.
- ✓ **One-year anniversary of CEMEX Go** in the Philippines; client-adoption rate at 96% for 3Q19.
- ✓ Achieved **3 pp reduction year-over-year in distribution cost**, as a percentage to sales, for 9M19; targeting decline of 2-3 pp for the full year.

<sup>1</sup> Based on CEMEX's Cement Plants Dashboard

# Domestic Cement Volumes and Prices

		9M19 vs. 9M18	3Q19 vs. 3Q18	3Q19 vs. 2Q19
Domestic Cement	Volume	(3%)	(6%)	(2%)
	Price (PHP)	5%	3%	(2%)

**Domestic cement volumes** decreased by 6% year-over-year during the third quarter.

- Performance reflects lower year-over-year construction activity, mainly related to public infrastructure.
- Delays in infrastructure projects affected private investment..

On a year-to-date basis, domestic cement volumes decreased by 3% compared with the same period last year.

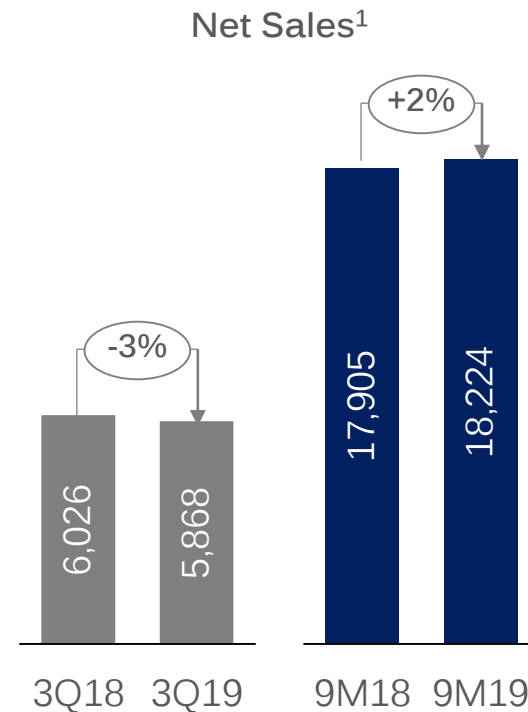
**Domestic cement prices** were 3% higher year-over-year during the third quarter, a result of price adjustments implemented in 2018.

On a year-to-date basis, domestic cement prices were 5% higher compared with the same period last year.

# Net Sales

**Net sales** increased by 2% year-over-year during 9M19.

For the third quarter, net sales declined by 3% compared with the same period last year, due to lower volumes.



<sup>1</sup> Millions of Philippine Pesos

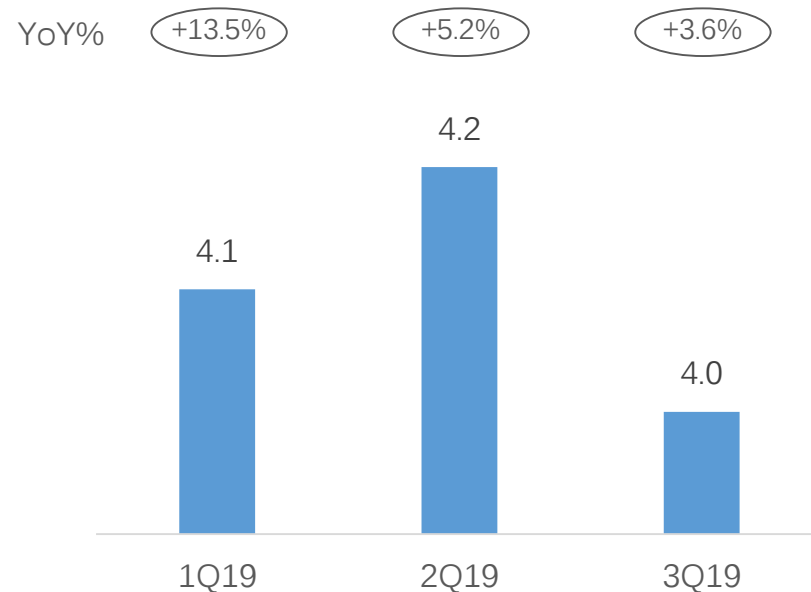
# Private Sector

**Construction employment** increased by 4% year-over-year during the third quarter. At 4.0 million persons, this represents the lowest level for 9M19.

**Residential sector** activity remained flat, though macroeconomic fundamentals remain stable, given muted inflation effects, higher disposable income, lower borrowing rates, and steady remittances.

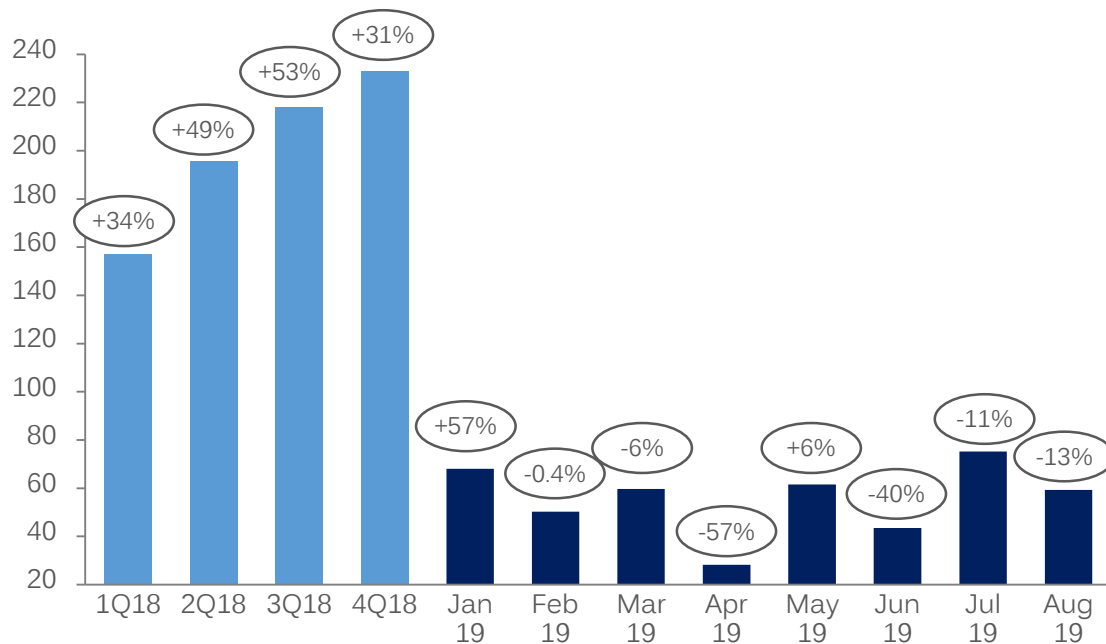
The **non-residential sector** appears to have slowed down as delays in the implementation of key public construction projects has affected private construction activity. In addition, proposed rationalization of fiscal incentives for enterprises inside economic zones dragged private investor sentiment during the quarter.

### Employment in Construction (M Persons)



<sup>1</sup> Source: Philippine Statistics Authority

Disbursements on Infrastructure and Capital Outlays  
(in PHP billion)



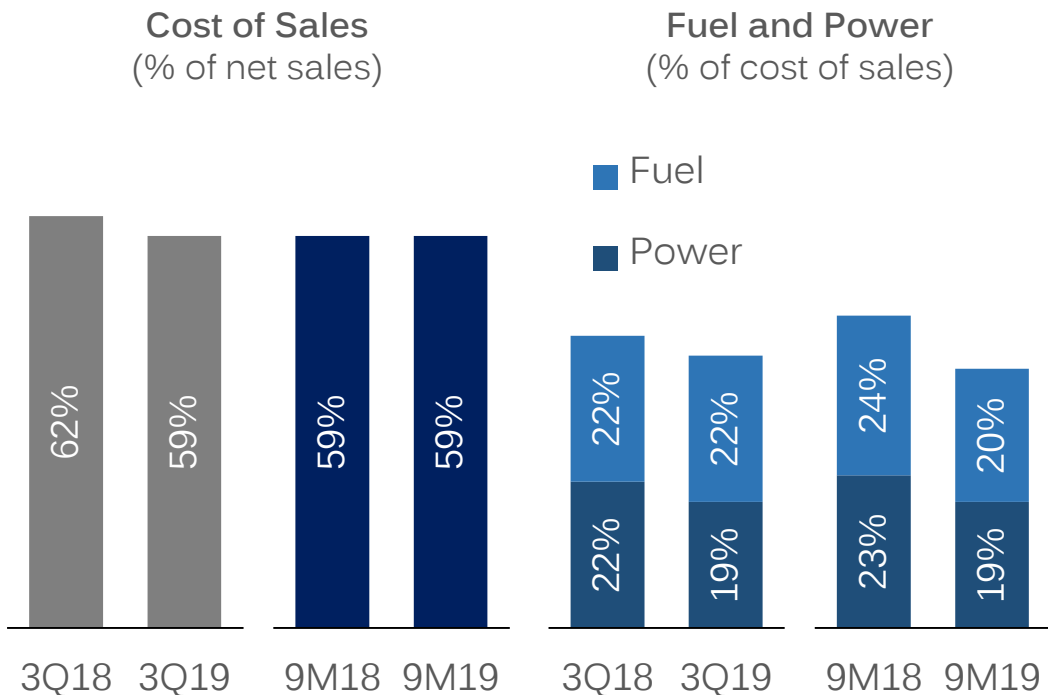
**%** Refers to year-over-year growth

**Infrastructure and Capital Outlay was lower-than-expected** despite expectations that spending would pick-up during the third quarter.

During July and August, Disbursements on Infrastructure and Capital Outlays by the government were 12% lower versus the same period in 2018.



# Cost of Sales



**Cost of sales**, as a percentage of sales, during **9M19** remained flat at 59%.

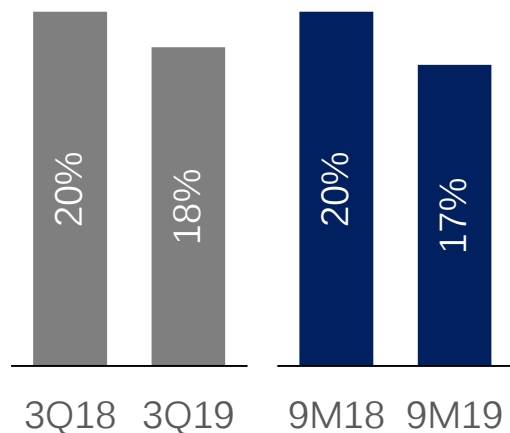
Efficiencies derived from power and fuels mitigated additional costs from scheduled kiln maintenance of our Solid Cement, and higher sales of imported cement and cement produced with outsourced clinker during 1H19.

Cost of sales, as a percentage of sales, was 3 pp lower year-over-year in **3Q19**.

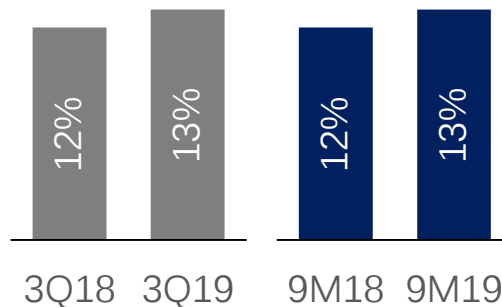
On a unitary basis, **fuel costs** and **power costs** declined mid-single-digits, as a result of using a new coal mix and benefits from lower electricity rates.

# Operating Expenses

**Distribution**  
(% of net sales)



**Selling and Administrative**  
(% of net sales)

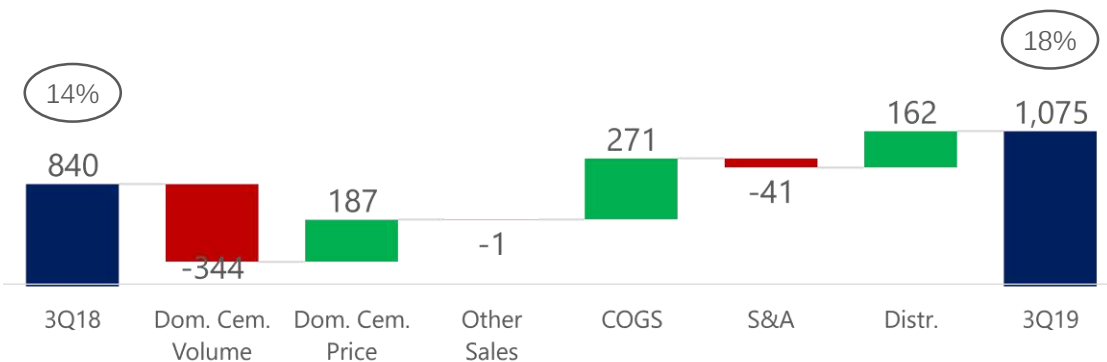


**Distribution expenses**, as a percentage of sales, decreased by 3 pp year-over-year for 9M19 mainly due to lower double-handling, and supply-chain-optimization initiatives.

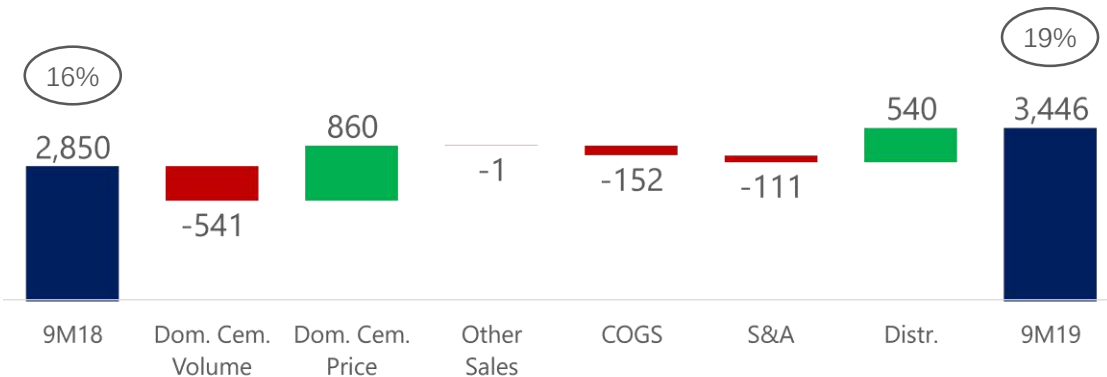
**Selling and administrative expenses**, as a percentage of sales, were 0.4 pp higher for 9M19, versus the same period in 2018.

# Operating EBITDA and Operating EBITDA Margin

Operating EBITDA Variation<sup>1</sup>



**Third quarter** operating EBITDA increased by 28% year-over-year with an operating EBITDA margin of 18%.



**Year-to-date**, operating EBITDA increased by 21% year-over-year with an operating EBITDA margin of 19%.

% Refers to operating EBITDA margin

<sup>1</sup> Millions of Philippine Pesos

# Net Income

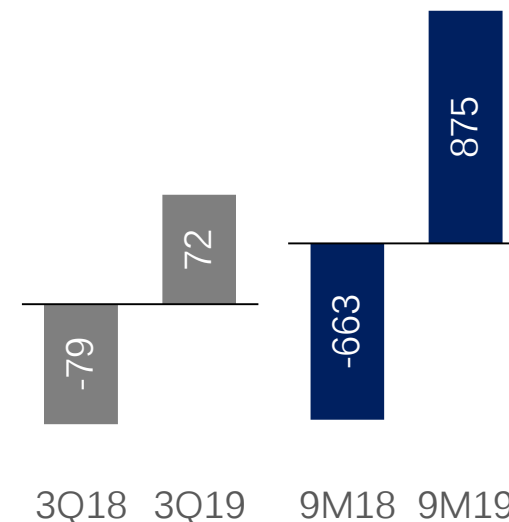
**Net income** for 9M19 benefited mainly from higher operating earnings, foreign exchange gains and lower income tax expenses.

Higher **financial expenses** due to increases in debt level and benchmark rates.

**Unrealized foreign exchange losses** amounting to PHP 146 million booked in the third quarter due a higher Philippine Peso exchange rate<sup>2</sup> at the end of September 2019 versus the end of June 2019.

(In Millions of Philippine Pesos)	Third Quarter			January - September		
	2019	2018	% var	2019	2018	% var
<b>Operating earnings</b>	<b>649</b>	<b>338</b>	<b>92%</b>	<b>2,117</b>	<b>1,446</b>	<b>46%</b>
Financial expenses, net	(352)	(272)	(29%)	(1,067)	(799)	(34%)
Foreign exchange gain (loss), net	(146)	(72)	(105%)	128	(546)	N/A
<b>Net income (loss) before income taxes</b>	<b>150</b>	<b>(6)</b>	<b>N/A</b>	<b>1,177</b>	<b>101</b>	<b>1066%</b>
Income tax benefit (expenses)	(78)	(73)	(7%)	(303)	(764)	60%
<b>Consolidated net income (loss)</b>	<b>72</b>	<b>(79)</b>	<b>N/A</b>	<b>875</b>	<b>(663)</b>	<b>N/A</b>

## Net Income<sup>1</sup>



<sup>1</sup> Millions of Philippine Pesos

<sup>2</sup> PHP/US\$ 51.83 as of end 3Q19 vs PHP/US\$ 51.24 as of end 2Q19



# 3Q 2019

FREE CASH FLOW  
& GUIDANCE



# Free Cash Flow

	January - September			Third Quarter		
	2019	2018	% var	2019	2018	% var
<b>Operating EBITDA</b>	3,446	2,850	21%	1,075	840	28%
- Net Financial Expenses	1,067	799		352	272	
- Maintenance Capex	386	493		28	131	
- Change in Working Capital	(1,140)	(778)		(583)	(30)	
- Income Taxes Paid	274	420		93	177	
- Other Cash Items (net)	(32)	(8)		(22)	6	
<b>Free Cash Flow after Maintenance Capex</b>	<b>2,891</b>	<b>1,924</b>	<b>50%</b>	<b>1,204</b>	<b>285</b>	<b>323%</b>
- Strategic Capex	2,040	233		1,641	49	
<b>Free Cash Flow</b>	<b>851</b>	<b>1,691</b>	<b>(50%)</b>	<b>(437)</b>	<b>236</b>	<b>N/A</b>

Millions of Philippine Pesos

**Free cash flow** during 9M19 reached PHP 2.9 billion after maintenance CAPEX and PHP 851 million after total CAPEX. Benefit from working capital was due to one-time collection of insurance claims and lower inventory of materials and spare parts.

# Solid Cement Plant Capacity Expansion



**Civil works** are ongoing, mainly related to excavation and foundation works for the different buildings/structures of the project.

**Vertical cement mill** for the new line also arrived during the quarter.

New line expected to **start operations** in the second quarter of 2021.

**Expected total investment** of US\$235 million

# 2019 Guidance



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Cement volumes	Flat
Capital expenditures	PHP 975 million Maintenance CAPEX
	PHP 4,700 million Solid Cement Plant Expansion CAPEX
	<b>PHP 5,675 million</b> <b>Total CAPEX</b>

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# Update regarding the Stock Rights Offering

- ✓ **Initiated the corresponding processes with the Securities and Exchange Commission of the Philippines and the Philippine Stock Exchange**, following approval of stockholders to increase the authorized capital stock of CHP during a special meeting of stockholders held on October 16, 2019.
- ✓ Subject to having the corresponding approvals, CHP currently expects that the SRO would be **finalized during the first quarter of 2020**.
- ✓ CHP to disclose the **terms and conditions of the SRO on a later date** as is standard for these types of transactions.



**CEMEX** | HOLDINGS  
PHILIPPINES

# Q&A SESSION

3Q 2019 RESULTS

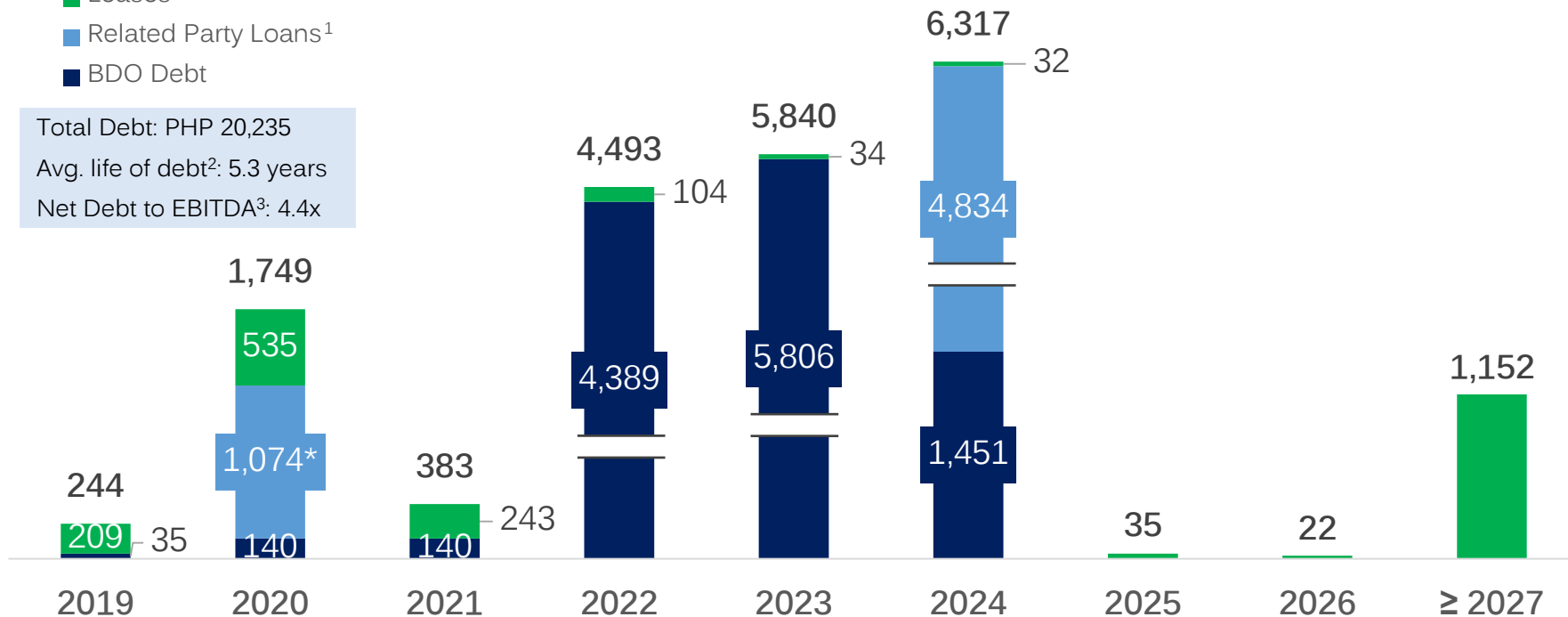


# 3Q 2019 APPENDIX

# Debt Maturity Profile

- Leases
- Related Party Loans<sup>1</sup>
- BDO Debt

Total Debt: PHP 20,235  
 Avg. life of debt<sup>2</sup>: 5.3 years  
 Net Debt to EBITDA<sup>3</sup>: 4.4x



All amounts in millions of Philippine Pesos

<sup>1</sup> Related Party Loans pertain to loans with CEMEX Asia B.V. ("CABV")

<sup>2</sup> Based on weighted average life of debt

<sup>3</sup> Last 12 months Consolidated EBITDA

\* Maturity date of APO Cement-CABV loan extended to April 2020

# Additional Debt Information

	Third Quarter			Second Quarter
	2019	2018	% var	2019
Total debt <sup>(1)(2)</sup>	20,235	17,769	14%	21,162
Short term	9%	5%		8%
Long term	91%	95%		92%
Cash and cash equivalents	2,592	2,517	3%	4,275
Net debt	17,643	15,252	16%	16,887
Leverage Ratio <sup>(3)</sup>	4.04			4.84
Coverage Ratio <sup>(3)</sup>	3.40			3.28

Note:

All amounts in millions of Philippine Pesos, except percentages and ratios

<sup>1</sup> U.S. dollar debt converted using end-of-period exchange rates

<sup>2</sup> Includes leases, in accordance with Philippine Financial Reporting Standards (PFRS).

<sup>3</sup> Based on BDO Loan Facility financial covenants which we are required to comply commencing in June 2020

# Definitions

<b>9M19 / 9M18</b>	Results for the first nine months of the years 2019 and 2018, respectively
<b>PHP</b>	Philippine Pesos
<b>Pp</b>	Percentage points
<b>Prices</b>	All references to pricing initiatives, price increases or decreases, refer to our prices for our products.
<b>Operating EBITDA</b>	Operating earnings before other expenses, net, plus depreciation and operating amortization.
<b>Free Cash Flow</b>	Operating EBITDA minus net interest expense, maintenance and strategic capital expenditures, change in working capital, taxes paid, and other cash items (net other expenses less proceeds from the disposal of obsolete and/or substantially depleted operating fixed assets that are no longer in operation),
<b>Maintenance Capital Expenditures</b>	Investments incurred for the purpose of ensuring the company's operational continuity. These include capital expenditures on projects required to replace obsolete assets or maintain current operational levels, and mandatory capital expenditures, which are projects required to comply with governmental regulations or company policies,
<b>Strategic capital expenditures</b>	investments incurred with the purpose of increasing the company's profitability. These include capital expenditures on projects designed to increase profitability by expanding capacity, and margin improvement capital expenditures, which are projects designed to increase profitability by reducing costs.
<b>Change in Working capital in the Free cash flow statements</b>	Only include trade receivables, trade payables, receivables and payables from and to related parties, other current receivables, inventories, other current assets, and other accounts payable and accrued expense.
<b>Net Debt</b>	Total debt (debt plus leases) minus cash and cash equivalents.

# Contact Information



## Investor Relations

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In the Philippines

+632 8849 3600

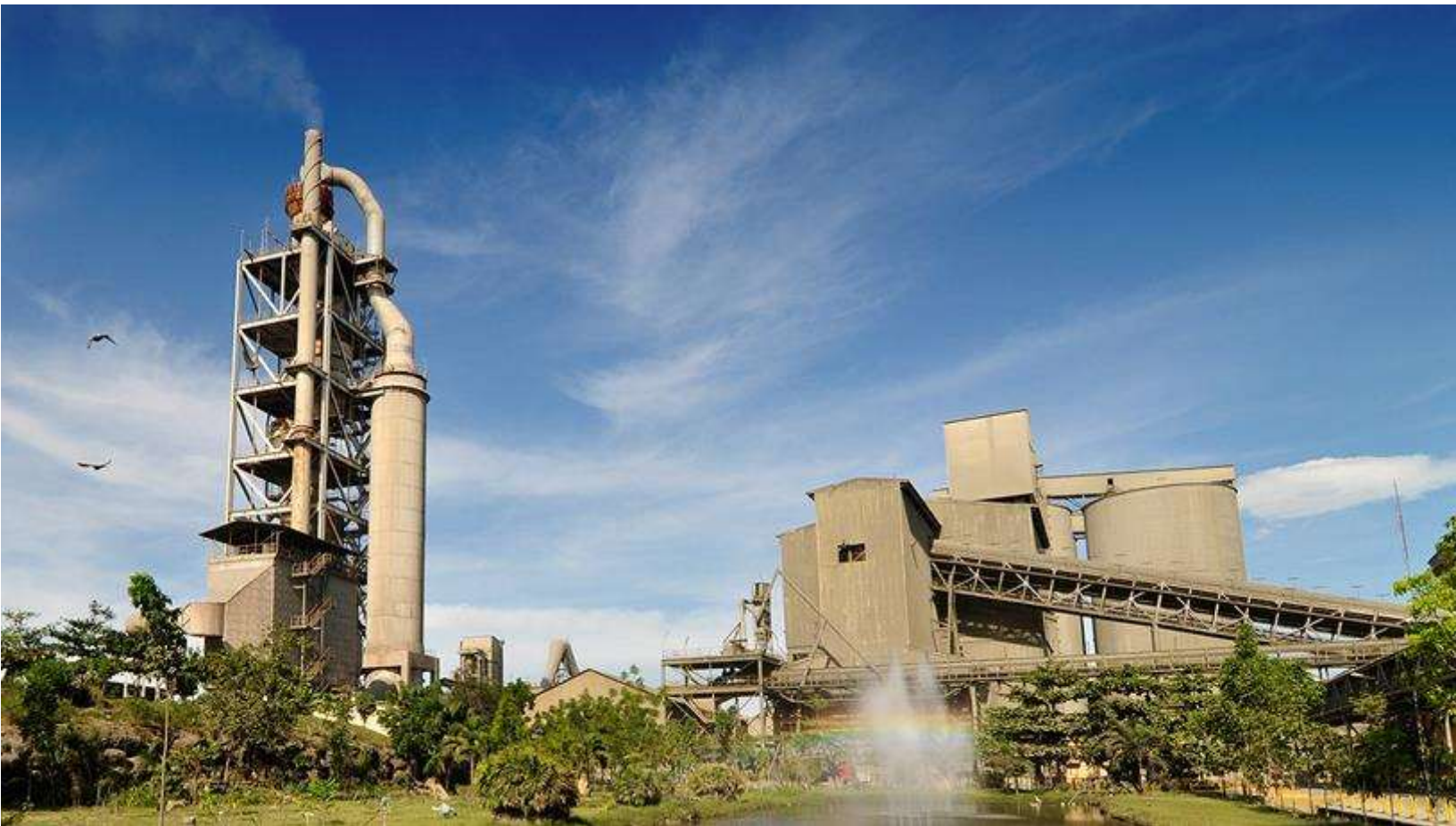
[chp.ir@cemex.com](mailto:chp.ir@cemex.com)

## Stock Information

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PSE:

CHP



# 2019

## THIRD QUARTER RESULTS

- **Stock Listing Information**  
Philippine Stock Exchange  
Ticker: CHP
- **Investor Relations**  
+ 632 8849 3600  
E-Mail:  
[chp.ir@cemex.com](mailto:chp.ir@cemex.com)



## Operating and Financial Highlights



	January - September			Third Quarter		
	2019	2018	% var	2019	2018	% var
Net sales	18,224	17,905	2%	5,868	6,026	(3%)
Gross profit	7,506	7,273	3%	2,424	2,276	7%
as % of net sales	41%	41%	1pp	41%	38%	4pp
Operating earnings before other expenses, net	2,085	1,438	45%	628	344	82%
as % of net sales	11%	8%	3pp	11%	6%	5pp
Controlling Interest Net Income (Loss)	875	(663)	N/A	72	(79)	N/A
Operating EBITDA	3,446	2,850	21%	1,075	840	28%
as % of net sales	19%	16%	3pp	18%	14%	4pp
Free cash flow after maintenance capital expenditures	2,891	1,924	50%	1,204	285	323%
Free cash flow	851	1,691	(50%)	(437)	236	N/A
Net debt <sup>1</sup>	17,643	15,252	16%	17,643	15,252	16%
Total debt <sup>1</sup>	20,235	17,769	14%	20,235	17,769	14%
Earnings per share <sup>2</sup>	0.17	(0.13)	N/A	0.01	(0.02)	N/A

In millions of Philippine Pesos, except percentages and earnings per share

<sup>1</sup> U.S. dollar debt converted using end-of-period exchange rates. See Debt Information on page 4 and Exchange Rates on page 8 for more detail.

<sup>2</sup> In Philippine Pesos

**Net sales** declined by 3% year-over-year during the quarter due to lower volumes.

**Cost of sales** was at 59% of sales during the quarter versus 62% in the same period of 2018 due to lower fuel and power costs, a result of using a new coal mix and benefits from lower electricity rates, respectively.

**Operating expenses**, as a percentage of sales, during the quarter decreased by 1 pp compared to the same period in 2018.

Distribution expenses, as a percentage of sales, decreased by 2 pp year-over-year during the quarter, mainly due to lower double-handling, and supply-chain-optimization initiatives.

Selling and administrative expenses, as a percentage of sales, increased by 1 pp year-over-year during the quarter. For the first nine months of the year, selling and administrative expenses increased slightly, by 0.4 pp of sales.

**Operating EBITDA** during the quarter increased by 28% year-over-year.

**Operating EBITDA margin** during the quarter was at 18%.

**Controlling interest net income** for the quarter was at PHP 72 million, benefitting mainly from higher operating earnings.

**Total debt**, including leases, at the end of September 2019 stood at PHP 20,235 million, of which PHP 11,961 million pertained to long-term debt owed to BDO Unibank, Inc.

## Operating Results



Domestic Gray Cement	January - September	Third Quarter	Third Quarter 2019
	2019 vs. 2018	2019 vs. 2018	vs. Second Quarter 2019
Volume	(3%)	(6%)	(2%)
Price in PHP	5%	3%	(2%)

Our domestic cement volumes decreased by 6% year-over-year during the quarter due to lower construction activity, mainly related to public infrastructure. In addition, delays in infrastructure projects impacted private investment negatively.

Our domestic cement prices were 3% higher year-over-year during the quarter, a result of price adjustments implemented in 2018.

## Operating EBITDA and Free Cash Flow

	January - September			Third Quarter		
	2019	2018	% var	2019	2018	% var
<b>Operating earnings before other expenses, net</b>	<b>2,085</b>	<b>1,438</b>	<b>45%</b>	<b>628</b>	<b>344</b>	<b>82%</b>
+ Depreciation and operating amortization	1,362	1,413		447	496	
<b>Operating EBITDA</b>	<b>3,446</b>	<b>2,850</b>	<b>21%</b>	<b>1,075</b>	<b>840</b>	<b>28%</b>
- Net financial expenses	1,067	799		352	272	
- Maintenance capital expenditures	386	493		28	131	
- Change in working capital	(1,140)	(778)		(583)	(30)	
- Income taxes paid	274	420		93	177	
- Other cash items (net)	(32)	(8)		(22)	6	
<b>Free cash flow after maintenance capital expenditures</b>	<b>2,891</b>	<b>1,924</b>	<b>50%</b>	<b>1,204</b>	<b>285</b>	<b>323%</b>
- Strategic capital expenditures	2,040	233		1,641	49	
<b>Free cash flow</b>	<b>851</b>	<b>1,691</b>	<b>(50%)</b>	<b>(437)</b>	<b>236</b>	<b>N/A</b>

In millions of Philippine Pesos

## Debt Information

	Third Quarter			Second Quarter	Third Quarter	
	2019	2018	% var	2019	2019	2018
<b>Total debt<sup>(1)(2)</sup></b>	<b>20,235</b>	<b>17,769</b>	<b>14%</b>	<b>21,162</b>		
Short term	9%	5%		8%		
Long term	91%	95%		92%		
Cash and cash equivalents	2,592	2,517	3%	4,275		
<b>Net debt</b>	<b>17,643</b>	<b>15,252</b>	<b>16%</b>	<b>16,887</b>		
<b>Leverage Ratio<sup>(3)</sup></b>	<b>4.04</b>			<b>4.84</b>		
<b>Coverage Ratio<sup>(3)</sup></b>	<b>3.40</b>			<b>3.28</b>		
<b>Currency denomination</b>						
U.S. dollar					28%	8%
Philippine peso					72%	92%
<b>Interest rate</b>						
Fixed					44%	53%
Variable					56%	47%

In millions of Philippine Pesos, except percentages

<sup>(1)</sup> U.S. dollar debt converted using end-of-period exchange rates. See Exchange Rates on page 8 for more detail.

<sup>(2)</sup> Includes leases, in accordance with Philippine Financial Reporting Standards (PFRS).

<sup>(3)</sup> Based on BDO Loan Facility financial covenants which we are required to comply commencing in June 2020.

## Income Statement & Balance Sheet Information

CEMEX Holdings Philippines, Inc.

(Thousands of Philippine Pesos in nominal terms, except per share amounts)

INCOME STATEMENT	January - September			Third Quarter		
	2019	2018	% var	2019	2018	% var
Net sales	18,223,518	17,905,121	2%	5,867,591	6,025,788	(3%)
Cost of sales	(10,717,942)	(10,632,358)	(1%)	(3,443,247)	(3,749,496)	8%
<b>Gross profit</b>	<b>7,505,576</b>	<b>7,272,763</b>	<b>3%</b>	<b>2,424,344</b>	<b>2,276,292</b>	<b>7%</b>
Selling and Administrative expenses	(2,307,000)	(2,194,935)	(5%)	(760,793)	(716,037)	(6%)
Distribution expenses	(3,113,928)	(3,639,958)	14%	(1,035,832)	(1,216,079)	15%
<b>Operating earnings before other expenses, net</b>	<b>2,084,648</b>	<b>1,437,870</b>	<b>45%</b>	<b>627,719</b>	<b>344,176</b>	<b>82%</b>
Other income (expenses), net	32,159	8,238	290%	21,681	(6,082)	N/A
<b>Operating earnings (loss)</b>	<b>2,116,807</b>	<b>1,446,108</b>	<b>46%</b>	<b>649,400</b>	<b>338,094</b>	<b>92%</b>
Financial expenses, net	(1,067,235)	(799,380)	(34%)	(352,432)	(272,273)	(29%)
Foreign exchange gain (loss), net	127,921	(545,730)	N/A	(146,480)	(71,596)	(105%)
<b>Net income (loss) before income taxes</b>	<b>1,177,493</b>	<b>100,998</b>	<b>1066%</b>	<b>150,488</b>	<b>(5,775)</b>	<b>N/A</b>
Income tax benefit (expenses)	(302,811)	(764,431)	60%	(78,117)	(72,929)	(7%)
<b>Consolidated net income (loss)</b>	<b>874,682</b>	<b>(663,433)</b>	<b>N/A</b>	<b>72,371</b>	<b>(78,704)</b>	<b>N/A</b>
Non-controlling interest net income (loss)	18	21	(14%)	6	5	20%
<b>Controlling Interest net income (loss)</b>	<b>874,700</b>	<b>(663,412)</b>	<b>N/A</b>	<b>72,377</b>	<b>(78,699)</b>	<b>N/A</b>
<b>Operating EBITDA</b>	<b>3,446,204</b>	<b>2,850,436</b>	<b>21%</b>	<b>1,074,503</b>	<b>840,083</b>	<b>28%</b>
<b>Earnings per share</b>	<b>0.17</b>	<b>(0.13)</b>	<b>N/A</b>	<b>0.01</b>	<b>(0.02)</b>	<b>N/A</b>

BALANCE SHEET	as of September 30			as of December 31		
	2019	2018	% Var	2018	% Var	
<b>Total Assets</b>	<b>58,150,371</b>	<b>54,611,636</b>	<b>6%</b>	<b>58,058,770</b>	<b>0%</b>	
Cash and Temporary Investments	2,591,799	2,517,344	3%	1,813,665	43%	
Derivative Asset	2,777	0		12,875	(78%)	
Trade Accounts Receivables	1,052,519	981,613	7%	708,906	48%	
Other Receivables	73,410	93,202	(21%)	103,396	(29%)	
Insurance Claims and Premium Receivables	518	0		949,983	(100%)	
Inventories	2,944,124	3,123,916	(6%)	3,488,178	(16%)	
Assets Held for Sale	0	22,653		0		
Other Current Assets	1,108,763	973,857	14%	1,677,671	(34%)	
<b>Current Assets</b>	<b>7,773,910</b>	<b>7,712,585</b>	<b>1%</b>	<b>8,754,674</b>	<b>(11%)</b>	
<b>Fixed Assets</b>	<b>19,076,228</b>	<b>17,533,294</b>	<b>9%</b>	<b>17,768,023</b>	<b>7%</b>	
Investments in an Associate and Other Investments	14,097	14,097	0%	14,097	0%	
Other Assets and Noncurrent Accounts Receivables	887,865	748,991	19%	818,247	9%	
Advances to Contractors	1,778,104	0		2,069,601	(14%)	
Deferred Income Taxes - net	760,473	742,975	2%	774,434	(2%)	
Goodwill	27,859,694	27,859,694	0%	27,859,694	0%	
Other Assets	31,300,233	29,365,757	7%	31,536,073	(1%)	
<b>Total Liabilities</b>	<b>28,724,703</b>	<b>25,583,829</b>	<b>12%</b>	<b>29,332,804</b>	<b>(2%)</b>	
Current Liabilities	9,604,901	7,965,829	21%	10,534,046	(9%)	
Long-Term Liabilities	16,511,763	14,590,300	13%	16,009,642	3%	
Deferred Tax Liability	7,624	51,358	(85%)	147,387	(95%)	
Other Liabilities	2,600,415	2,976,342	(13%)	2,641,729	(2%)	
<b>Consolidated Stockholders' Equity</b>	<b>29,425,668</b>	<b>29,027,807</b>	<b>1%</b>	<b>28,725,966</b>	<b>2%</b>	
Non-controlling Interest	175	200	(13%)	193	(9%)	
Stockholders' Equity Attributable to Controlling Interest	29,425,493	29,027,607	1%	28,725,773	2%	

## Income Statement & Balance Sheet Information

CEMEX Holdings Philippines, Inc.  
(Thousands of U.S. Dollars, except per share amounts)

INCOME STATEMENT	January - September			Third Quarter		
	2019	2018	% var	2019	2018	% var
Net sales	351,534	340,143	3%	113,735	112,568	1%
Cost of sales	(206,750)	(201,982)	(2%)	(66,743)	(70,045)	5%
<b>Gross profit</b>	<b>144,784</b>	<b>138,161</b>	<b>5%</b>	<b>46,992</b>	<b>42,523</b>	<b>11%</b>
Selling and Administrative expenses	(44,502)	(41,698)	(7%)	(14,747)	(13,377)	(10%)
Distribution expenses	(60,068)	(69,148)	13%	(20,078)	(22,718)	12%
<b>Operating earnings before other expenses, net</b>	<b>40,214</b>	<b>27,315</b>	<b>47%</b>	<b>12,167</b>	<b>6,428</b>	<b>89%</b>
Other income (expenses), net	620	156	297%	420	(114)	N/A
<b>Operating earnings (loss)</b>	<b>40,834</b>	<b>27,471</b>	<b>49%</b>	<b>12,587</b>	<b>6,314</b>	<b>99%</b>
Financial expenses, net	(20,587)	(15,186)	(36%)	(6,831)	(5,086)	(34%)
Foreign exchange gain (loss), net	2,468	(10,367)	N/A	(2,839)	(1,337)	(112%)
<b>Net income (loss) before income taxes</b>	<b>22,715</b>	<b>1,918</b>	<b>1084%</b>	<b>2,917</b>	<b>(109)</b>	<b>N/A</b>
Income tax benefit (expenses)	(5,841)	(14,522)	60%	(1,514)	(1,362)	(11%)
<b>Consolidated net income (loss)</b>	<b>16,874</b>	<b>(12,604)</b>	<b>N/A</b>	<b>1,403</b>	<b>(1,471)</b>	<b>N/A</b>
Non-controlling interest net income (loss)	0	0		0	0	
<b>Controlling Interest net income (loss)</b>	<b>16,874</b>	<b>(12,604)</b>	<b>N/A</b>	<b>1,403</b>	<b>(1,471)</b>	<b>N/A</b>
<b>Operating EBITDA</b>	<b>66,478</b>	<b>54,150</b>	<b>23%</b>	<b>20,828</b>	<b>15,694</b>	<b>33%</b>

BALANCE SHEET	as of September 30			as of December 31	
	2019	2018	% Var	2018	% Var
<b>Total Assets</b>	<b>1,121,944</b>	<b>1,010,952</b>	<b>11%</b>	<b>1,104,199</b>	<b>2%</b>
Cash and Temporary Investments	50,006	46,600	7%	34,493	45%
Derivative Asset	54	0		245	(78%)
Trade Accounts Receivables	20,307	18,171	12%	13,482	51%
Other Receivables	1,416	1,725	(18%)	1,966	(28%)
Insurance Claims and Premium Receivables	10	0		18,067	(100%)
Inventories	56,803	57,829	(2%)	66,340	(14%)
Assets Held for Sale	0	419		0	
Other Current Assets	21,392	18,028	19%	31,907	(33%)
Current Assets	149,989	142,773	5%	166,502	(10%)
Fixed Assets	368,054	324,570	13%	337,924	9%
Investments in an Associate and Other Investments	272	261	4%	268	1%
Other Assets and Noncurrent Accounts Receivables	17,130	13,865	24%	15,562	10%
Advances to Contractors	34,306	0		39,361	(13%)
Deferred Income Taxes - net	14,672	13,754	7%	14,729	(0%)
Goodwill	537,521	515,729	4%	529,853	1%
Other Assets	603,902	543,609	11%	599,773	1%
<b>Total Liabilities</b>	<b>554,210</b>	<b>473,599</b>	<b>17%</b>	<b>557,870</b>	<b>(1%)</b>
Current Liabilities	185,315	147,461	26%	200,343	(8%)
Long-Term Liabilities	318,575	270,091	18%	304,482	5%
Deferred Tax Liability	147	951	(85%)	2,803	(95%)
Other Liabilities	50,172	55,097	(9%)	50,242	(0%)
<b>Consolidated Stockholders' Equity</b>	<b>567,734</b>	<b>537,353</b>	<b>6%</b>	<b>546,329</b>	<b>4%</b>
Non-controlling Interest	3	4	(9%)	4	(8%)
Stockholders' Equity Attributable to Controlling Interest	567,731	537,349	6%	546,325	4%

**Newly issued PFRS effective in 2019****PFRS 16, Leases (“PFRS 16”)**

In summary, beginning January 1, 2019, PFRS 16 introduces a single lessee accounting model and requires a lessee to recognize, for all leases, allowing exemptions in case of leases with a term of less than 12 months or when the underlying asset is of low value, assets for the right-of-use of the underlying asset against a corresponding financial liability, representing the net present value of estimated lease payments under the contract, with a single income statement model in which a lessee recognizes amortization of the right-of-use asset and interest on the lease liability. After concluding the inventory and measurement of its leases, CEMEX Holdings Philippines, Inc. and Subsidiaries adopted PFRS 16 using the full retrospective approach by means of which it determined an opening cumulative effect in its statement of financial position as of January 1, 2018, after the application of PFRS 9, *Financial Instruments*, as follows:

(Thousands of Philippine Pesos)	<b>As of January 1, 2018</b>
Assets for the right-of-use	2,167,178
Deferred income tax assets	1,067,565
Deferred income tax liability	(92,674)
Lease liabilities	2,318,299
Retained earnings <sup>1</sup>	<u>1,951,819</u>

<sup>1</sup> The initial effect in retained earnings refers to a temporary difference between the straight-line amortization expense of the right-of-use asset and the amortization of the financial liability under the effective interest rate method since origination of the contracts. This difference will reverse over the remaining term of the contracts.

CEMEX Holdings Philippines, Inc. and Subsidiaries modified the previously reported income statement for the nine-month period ended September 30, 2018 to give effect to the retrospective adoption of PFRS 16, as follows:

SELECTED INFORMATION INCOME STATEMENT  (Thousands of Philippine Pesos)	As originally reported		As modified	
	Jan-Sep	Third	Jan-Sep	Third
		Quarter		Quarter
Revenues	17,905,121	6,025,788	17,905,121	6,025,788
Cost of sales	(10,692,260)	(3,769,657)	(10,632,358)	(3,749,496)
Operating expenses	(5,889,289)	(1,952,047)	(5,834,893)	(1,932,116)
Other expenses, net	8,238	(6,081)	8,238	(6,081)
Financial expenses and others, net	(1,147,018)	(291,213)	(1,345,110)	(343,869)
Earnings before income tax	184,792	6,790	100,998	(5,774)
Income tax	(789,517)	(76,675)	(764,431)	(72,929)
Earnings from continuing operations	(604,725)	(69,885)	(663,433)	(78,703)

As of September 30, 2019 and December 31, 2018, assets for the right-of-use amounted to PHP 2,121 million and PHP 2,151 million, respectively. In addition, financial liabilities related to lease contracts amounted to PHP 2,365 million as of September 30, 2019 and PHP 2,360 million as of December 31, 2018. These amounts of financial liabilities as of September 30, 2019 and December 31, 2018 are included in the “Debt Information” section appearing on page 4.

## Methodology for translation, consolidation, and presentation of results

CEMEX Holdings Philippines, Inc. (“CHP”) reports its consolidated financial statements under Philippine Financial Reporting Standards (“PFRS”). When reference is made in 2019 and 2018 to consolidated financial statements, it means CHP financial information together with its subsidiaries.

For the purpose of presenting figures in U.S. dollars, the consolidated balance sheet as of September 30, 2019 has been converted at the end of period exchange rate of 51.83 Philippine pesos per US dollar while the consolidated income statement for the nine-month period ended September 30, 2019 has been converted at the January to September 2019 average exchange rate of 51.84 Philippine pesos per US dollar. On the other hand, the consolidated income statement for the three-month period ended September 30, 2019 has been converted at the July to September, 2019 average exchange rate of 51.59 Philippine pesos per US dollar.

## Definition of terms

**PHP** refers to Philippine Pesos.

**pp** equals percentage points.

**Prices** all references to pricing initiatives, price increases or decreases, refer to our prices for our products.

**Operating EBITDA** equals operating earnings before other expenses, net, plus depreciation and operating amortization.

**Free cash flow** equals operating EBITDA minus net interest expense, maintenance and strategic capital expenditures, change in working capital, taxes paid, and other cash items (net other expenses less proceeds from the disposal of obsolete and/or substantially depleted operating fixed assets that are no longer in operation).

**Maintenance capital expenditures** investments incurred for the purpose of ensuring the company’s operational continuity. These include capital expenditures on projects required to replace obsolete assets or maintain current operational levels, and mandatory capital expenditures, which are projects required to comply with governmental regulations or company policies.

**Strategic capital expenditures** investments incurred with the purpose of increasing the company’s profitability. These include capital expenditures on projects designed to increase profitability by expanding capacity, and margin improvement capital expenditures, which are projects designed to increase profitability by reducing costs.

**Change in Working capital** in the Free cash flow statements only include trade receivables, trade payables, receivables and payables from and to related parties, other current receivables, inventories, other current assets, and other accounts payable and accrued expense.

**Net debt** equals total debt (debt plus leases) minus cash and cash equivalents.

Exchange Rates	January - September		Third Quarter		January - September	
	2019 average	2018 average	2019 average	2018 average	2019 End of period	2018 End of period
Philippine peso	51.84	52.64	51.59	53.53	51.83	54.02

Amounts provided in units of local currency per US dollar

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## CHP REPORTS THIRD-QUARTER 2019 RESULTS

- Sales increased by 2% year-over-year during the first nine months of the year, amounting to PHP 18.2 billion.

**MANILA, PHILIPPINES. OCTOBER 25, 2019 – CEMEX HOLDINGS PHILIPPINES, INC. ("CHP") (PSE: CHP)**, announced today that sales increased by 2% during the first nine months of 2019, amounting to PHP 18.2 billion, versus the comparable period in 2018. For the third quarter, net sales decreased by 3% year-over-year, due to lower volumes.

Domestic cement volumes for the third quarter declined by 6% year-over-year due to lower construction activity, mainly related to public infrastructure. In addition, delays in infrastructure projects impacted private investment negatively.

The company now expects its cement volumes to be flat during 2019.

Cost of sales, as a percentage of sales, remained flat, at 59%, for the first nine months of the year.

Operating expenses, as a percentage of sales, were lower by 3 percentage points year-over-year during the first nine months of 2019, with the reduction coming from the distribution side. For full year 2019, the company is targeting to lower distribution expenses, as a percentage of sales, by 2 to 3 percentage points.

CHP posted an operating EBITDA of PHP 3.4 billion during the first nine months of the year.

Ignacio Mijares, CHP President and CEO, said: "We continued to face lower construction activity during the third quarter. Nevertheless, we are pleased with what we have achieved through the first nine months of the year, particularly with our own efforts to optimize costs, maintain efficiencies, and improve our customers' experience. We continue to believe in the long-term growth prospects of the Philippines, as infrastructure remains a vital engine for growth in the country."

Regarding the company's Stock Rights Offering ("SRO"), CHP has initiated the corresponding processes with the Securities and Exchange Commission of the Philippines and the Philippine Stock Exchange. Subject to having the corresponding approvals, CHP currently expects that the SRO would be finalized during the first quarter of 2020. CHP expects to disclose the terms and conditions of the SRO on a later date as is standard for these types of transactions.

*CHP, a listed company at the Philippine Stock Exchange, is one of the leading cement producers in the Philippines, based on annual installed capacity. CHP produces and markets cement and cement products, such as ready-mix concrete and clinker, in the Philippines through direct sales using its extensive marine and land distribution network. Moreover, CHP's*



*cement manufacturing subsidiaries have been operating in the Philippines with well-established brands, such as "APO," "Island," and "Rizal," all having a multi-decade history in the country.*

*CHP is an indirect subsidiary of CEMEX, S.A.B. de C.V., one of the largest cement companies in the world based on annual installed cement production capacity. The shares of CEMEX, S.A.B. de C.V. are listed on the Mexican Stock Exchange and the New York Stock Exchange.*

*For more information on CHP, please visit website: [www.cemexholdingsphilippines.com](http://www.cemexholdingsphilippines.com).*

*###*

*This press release may contain forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of CHP to be materially different from those expressed or implied in this release, including, among others, changes in general economic, political, governmental and business conditions globally and in the countries in which CHP does business, changes in interest rates, changes in inflation rates, changes in exchange rates, the level of construction generally, changes in cement demand and prices, changes in raw material and energy prices, changes in business strategy, changes derived from events affecting CEMEX, S.A.B de C.V. and subsidiaries ("CEMEX") and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. CHP assumes no obligation to update or correct the information contained in this press release.*