

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. August 9, 2021
Date of Report (Date of earliest event reported)
2. SEC Identification Number ASO95-002283
3. BIR Tax Identification No. 004-703-376
4. DMCI Holdings, Inc.
Exact name of issuer as specified in its charter
5. Philippines
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. 3/F Dacon Building, 2281 Don Chino Roces Avenue, Makati City
Address of principal office
- 1231
Postal Code
8. (632) 8888-3000
Issuer's telephone number, including area code
9. Not applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>No. of Shares Outstanding</u>	<u>Amount</u>
Common Shares	13,277,470,000	Php13,277,470,000.00
Preferred Shares	960	960.00
TOTAL	13,277,470,960	Php13,277,470,960.00

11. Indicate the item numbers reported herein: Item 9

Item 9. Other Matters

This is to inform the investing public that at the meeting of the Board of Directors held today, August 9, 2021, the Board approved the following:

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>in Php millions except EPS</i>	April to June (Q2)			January to June (H1)		
	2021	2020	Change	2021	2020	Change
I. SMPC (56%)	2,342	637	268%	3,666	1,260	191%
II. DMCI Homes	804	235	242%	2,325	38	6,018%
III. DMCI Mining	403	158	155%	818	184	345%
IV. Maynilad (25%)	431	468	-8%	718	847	-15%
V. D.M. Consunji, Inc.	91	(78)	217%	484	92	426%
VI. DMCI Power	159	159	0%	270	256	5%
VII. Parent and others	4	11	-64%	18	(57)	132%
Core Net Income	4,234	1,590	166%	8,299	2,620	217%
Nonrecurring Items	999	(172)	681%	1,184	(586)	302%
Reported Net Income	5,233	1,418	269%	9,483	2,034	366%
EPS (reported)	0.39	0.11	269%	0.71	0.15	366%

Q2 2021 vs Q2 2020 Consolidated Highlights

- Reported net income grew more than threefold from Php 1.42 billion to Php 5.23 billion, mainly driven by all-time high coal and nickel sales, higher accomplishments from real estate and deferred tax remeasurement under CREATE Act. This translated to an earnings per share of Php 0.39 for the period.
- Excluding nonrecurring items, core net income nearly tripled from Php 1.59 billion to Php 4.23 billion. Nonrecurring income in 2021 mostly pertain to deferred tax remeasurement in relation to CREATE Act (Php 808 million) and DMCI's gain on sale of land (Php 191 million) while nonrecurring loss in 2020 was largely from sales cancellations for a Davao project.
- SMPC and DMCI Homes accounted for 74% of core net income.

H1 2021 vs H1 2020 Consolidated Highlights

- DMCI Holdings recorded its highest first-semester profits in eight years, after posting a 366-percent upturn in net earnings from Php 2.03 billion to Php 9.48 billion as revenues from mining and real estate exceeded pre-pandemic levels.
- Excluding non-recurring gain in 2021 mainly due to deferred tax remeasurement because of CREATE Act and nonrecurring loss in 2020 owing to Davao project sales cancellations, core net income expanded more than three times from Php 2.62 billion to Php 8.30 billion, the second highest in its history.

- SMPC, DMCI Homes and DMCI Mining accounted for 82% of core net income.

Q2 2021 vs Q2 2020 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Core income contributions from SMPC rallied by 268% from Php 637 million to Php 2.34 billion due to the remarkable performances of the coal segment and SLPGC, which tempered the weak results of SCPC. To elaborate:

Coal Segment

- **High Inventory.** At the end of the first quarter, SMPC had an inventory of 2.5 million metric tons (MMT), allowing it to ramp up shipments in the second quarter.
- **Sustained production.** The onset of rains in May reduced coal production to 4.3 MMT, slightly lower than the 4.4 MMT the previous year and all-time high record of 4.5 MMT in Q1 2021.
- **Record sales.** Coal shipments nearly doubled (96%) from 2.5 MMT to 4.9 MMT, an all-time high in terms of quarterly sales. This was due to a 167-percent surge in exports (1.2 MMT vs 3.2M MMT) and a 31-percent recovery in domestic sales (1.3 MMT vs 1.7 MMT).
- **Coal price uptrend.** Strong China demand amid tight supply boosted Newcastle coal prices, peaking at USD136 in June, the highest level in more than a decade. This led to a 49-percent recovery in average selling price from Php 1,601/MT to Php 2,393/MT.
- **Operational efficiency.** Cash cost grew by 192% from Php 2.37 billion to Php 6.91 billion, in line with revenues. Materials moved declined by 7% from 48.7 million bank cubic meters (BCM) to 45.3 million BCM. Effective strip ratio likewise declined (-5%) from 10.3 to 9.8 as desilting operations allowed the extraction of exposed coal.

Power Segment

- **Mixed plant availability results.** SCPC availability plunged by 48% from 87% to 45% due to the 10-day outage of Unit 1 and 91-day outage of Unit 2. SLPGC's availability, on the other hand, nearly doubled from 38% to 75% as the number of plant outages dropped from a total of 102 days to 46 days.
- **Lower output.** Overall plant output declined by 12% from 1,098 GWh to 971 GWh. Gross generation from SCPC contracted by 42% from 855 GWh to 495 GWh while SLPGC reported a 96-percent surge from 243 GWh to 476 GWh on higher plant availability.
- **Higher sales volume.** Overall power sales rose by 11% from 892 GWh to 987 GWh on improved SLPGC plant availability and gross generation.
- **Better prices.** Overall average selling price recovered by 43% from Php 2.87/KWh to Php 4.11/KWh due to the combined effect of higher spot market exposure and return to pre-pandemic market prices.

Against this backdrop, standalone revenues soared by 174% from Php 5.39 billion to Php 14.76 billion. Outpacing revenue growth, cost of sales expanded by 251% because of SLPGC's replacement power purchases and higher fuel costs. SMPC realized Php 133 million in nonrecurring loss mostly from the deferred tax remeasurement due to the effectivity of the CREATE Act.

II. DMCI Project Developers Inc. (DMCI Homes)

Core net income contributions from DMCI Homes jumped by 242% from Php 235 million to Php 804 million due to the combined effect of the following:

- **Higher revenue recognition.** Revenues more than doubled from Php 2.56 billion to Php 6.14 billion largely due to higher construction accomplishments and increase in accounts that qualified for revenue recognition.
- **Faster COS and slower Opex growths.** Increase in cost of sales (147%) outpaced revenues largely due to higher cost of construction materials and steel bars while operating expenses rose by 92% mainly due to lower salaries, taxes and licensing fees the previous year.

- **Revenue reversal.** One-time sales cancellations for a Davao project resulted in Php 356 million in revenue reversal in Q2 2020.

DMCI Homes realized a nonrecurring income of Php 640 million from remeasurement of its deferred tax liabilities because of CREATE Act.

The company also reported the following operational highlights:

- **Higher sales and reservations.** Units sold grew by 47% from 882 to 1,296 while total sales value increased by 64% from Php 3.26 billion to Php 5.34 billion.
- **Higher average selling price.** ASP per unit improved by 22% from Php 5.48 million to Php 6.70 million following a price adjustment.
- **Increased inventory.** Recently launched units from Allegra Garden Place (Soraya Tower) and The Oriana boosted inventory value by 78% from Php 21.4 billion to Php 38.1 billion.
- **Higher capex disbursements.** Capex disbursements swelled by 190% from Php 1.56 billion to Php 4.51 billion. Of the amount spent, 86% went to project development while the rest was used for land and asset acquisitions.

III. DMCI Mining Corporation (DMCI Mining)

Core net income contribution from DMCI Mining accelerated by 155% from Php 158 million to Php 403 million as standalone revenues grew by 129% from Php 665 million to Php 1.52 billion due to the combined effect of the following:

- **All-time high production.** Nickel ore production reached a record-high after climbing by 123% from 279 thousand wet metric tons (WMT) to 623 thousand WMT, as both subsidiaries Berong Nickel Corporation (BNC) and Zambales Diversified Metals Corporation (ZDMC) operated at full capacity.
- **All-time high shipments.** Strong China demand and record production led to a 76-percent upturn in total shipments from 423 thousand WMT to 746 thousand WMT. BNC shipments picked up by 60% while ZDMC shipments quickened by 160%.
- **Higher average selling prices.** Despite LME Nickel prices consolidating to a low of 16,001 in April, combined ASP improved by 35% from USD 31/WMT to USD 42/WMT.
- **Sustained inventory levels.** Despite record shipments, inventory levels showed an uptick (3% YoY) of 393 thousand WMT, coming mostly from BNC.
- **Lower average nickel grade.** Sold nickel grade averaged at 1.40% compared to 1.43% last year.

COS climbed by 62% from Php 194 million to Php 314 million while Opex expanded by 66% from Php 117 million to Php 193 million largely due to volume increase. Non-cash items rose by 245% from Php 94 million to Php 325 million mostly from the adjustment of depletion rates for its operating mines.

DMCI Mining posted nonrecurring income of Php 247 million, mainly from deferred tax liability remeasurement and 2020 income tax adjustment under CREATE Act.

IV. Maynilad Water Services, Inc. (Maynilad)

Core net income contribution from associate Maynilad contracted by 8% from Php 468 million to Php 431 million. In line with this, the company's reported standalone core net income declined by 8% from Php 1.96 billion to Php 1.80 billion. The weak performance was attributable to the following:

- **Lower billed volume.** Billed volume declined by 1% from 136.5 million cubic meters (MCM) to 134.9 MCM on lower overall demand.

- **Improved customer mix and average effective tariff.** Commercial consumption recovered from 13.8% to 15.6%, which translated to a 4-percent recovery in average effective tariff from Php 41.2 to Php 42.6.
- **Higher cash costs.** Cash costs went up by 39% from Php 1.28 billion to Php 1.79 billion primarily due to higher utilities expense, outside services and water treatment chemicals. Some billings for 2020 were also received and expensed in 2021.
- **Flattish non-cash Opex.** Noncash items eased in Q2 on slower depreciation and absence of expected credit loss provisions.

V. D.M. Consunji, Inc. (DMCI)

DMCI core net income contribution rose by 217% as it sprung back from a net loss of Php 78 million to a net income of Php 91 million. Its recovery is due to the combined net effect of the following:

- **Higher construction accomplishments.** Looser quarantine restrictions bolstered construction activities, nearly tripling revenues from Php 2.22 billion to Php 6.03 billion.
- **Higher cost of sales.** COS grew in line with revenues owing to improved productivity and higher provisioning for infrastructure projects with pending claims.
- **Slower Opex growth.** Opex increased by 33% from Php 82 million to Php 109 million due to higher salary expenses owing to full operations but growth still significantly slower than the 171% and 168% jump in revenues and COS, respectively.

The company recorded a nonrecurring income of Php 191 million from the sale of land in Laguna.

VI. DMCI Power Corporation (DMCI Power)

DMCI Power core net income contribution was flat at Php 159 million due to the combined effect of the following:

- **Higher installed capacity.** Installed capacity grew by 12% with the commissioning of its 15MW thermal plant in Masbate (Q3 2020).
- **Flat electricity dispatch.** Overall energy dispatch largely unchanged at 97.2 GWh as the 10-percent improvement in Masbate electricity sales to 36 GWh was offset by the 3-percent drop in Palawan to 41.1 GWh and 10-percent decline in Oriental Mindoro to 20.1 GWh.
- **Higher average selling price.** Overall ASP grew by 11% from Php 10.9/KWh to Php 11.9/KWh due to the net effect of higher fuel costs for both bunker and diesel and lower fuel cost for coal.

The company recorded a 611-percent jump in capex spending from Php 70 million to Php 495 million, most of which was used to build the 15MW Palawan Thermal Plant.

Parent and Others

Parent and other investments booked a net income of Php 4 million compared to Php 11 million last year because of higher expenses and lower interest income from placements.

Outlook

The DMCI Group's second-half performance will largely depend on the movement of coal, nickel and electricity spot prices and sustained upswing of its mining, construction and power plant operations.

Coal prices could trend upward on global supply disruptions amid strong China demand while nickel prices may strengthen further on robust stainless steel production versus tightening supply because of COVID-19 lockdowns, bad weather and Indonesian ore export ban.

Meanwhile, electricity spot prices could consolidate at around 4 pesos as demand eases during the rainy season and supply improves due to the commissioning of a major power plant, increased output of hydropower plants and reduced plant outages.

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 hereunto duly authorized.

DMCI Holdings, Inc.

Issuer



Herbert M. Consunji

Executive Vice President & Chief Finance Officer

August 9, 2021