

COVER SHEET

SEC Registration Number

D M C I HOLDINGS, INC.
(Company's Full Name)

3RD FLR. DACON BLDG. 2281
CHINO ROCES AVE. MAKATI CITY
(Business Address: No., Street City / Town / Province)

HERBERT M. CONSUNJI
Contact Person

8888-3000
Company Telephone Number

3rd Tuesday of May

1 2 3 1
Month Day
Fiscal Year

SEC 17-C
FORM TYPE

0 5 1 8
Mont Day
Annual Meeting

N.A.
Secondary License Type, If Applicable

C F D
Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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. November 8, 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 1231
Address of principal office 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
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Item 9. Other Matters

This is to inform the investing public that at the meeting of the Board of Directors held today, November 8 2021, the Board approved the following:

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>in Php millions except EPS</i>	July to September (Q3)			January to September (9M)		
	2021	2020	Change	2021	2020	Change
I. SMPC (56%)	2,282	432	428%	5,948	1,692	252%
II. DMCI Homes	900	1,042	-14%	3,225	1,080	199%
III. Maynilad (25%)	406	379	7%	1,124	1,226	-8%
IV. DMCI Mining	165	68	143%	983	252	290%
V. DMCI Power	158	148	7%	428	403	6%
VI. D.M. Consunji Inc.	101	(189)	153%	585	(97)	703%
VII. Parent and others	(2)	3	-167%	15	(54)	128%
Core Net Income	4,010	1,883	113%	12,308	4,502	173%
Nonrecurring Items	(17)	(7)	-183%	1,168	(592)	297%
Reported Net Income	3,993	1,876	113%	13,476	3,910	245%
EPS (reported)	0.30	0.14	113%	1.01	0.29	245%

Q3 2021 vs Q3 2020 Consolidated Highlights

- Reported net income more than doubled (113%) from Php 1.88 billion to Php 3.99 billion on recovering demand and record-setting prices for coal, nickel and electricity, combined with higher accomplishments by the construction business. This translated to an earnings per share of Php 0.30 for the period.
- Excluding nonrecurring items, the group recorded its highest-ever third-quarter core net income of Php 4.01 billion, 113% up from Php 1.88 billion. Nonrecurring items in 2021 and 2020 pertain to Maynilad's severance and donation expenses, respectively.
- SMPC and DMCI Homes accounted for 79% of core net income.

9M 2021 vs 9M 2020 Consolidated Highlights

- Reported net income soared by 245% from Php 3.91 billion to Php 13.48 billion as all subsidiaries delivered strong results due mainly to favorable market conditions and higher construction accomplishments.
- Excluding nonrecurring 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 nearly three times from Php 4.50 billion to Php 12.31 billion, an all-time high for the group.
- SMPC, DMCI Homes and Maynilad constituted 84% of core net income.

Q3 2021 vs Q3 2020 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Core income contribution from SMPC jumped by 428% from Php 432 million to Php 2.28 billion largely due to the phenomenal results of the coal segment amid the weak performance of the power segment.

The vertical integration strategy of the company also worked to its advantage as the power segment benefited from elevated coal prices at the consolidated level while securing its fuel source. To elaborate:

Coal Segment

- **Record-high prices.** Global supply disruptions and the looming energy crunch in China, India and Europe pushed Newcastle coal prices to record-high levels, closing the quarter at USD181.12. As a result, Semirara coal average selling price (ASP) spiked by 82% from P1,558/MT to P2,831/MT.
- **Higher sales volume.** Coal shipments expanded by 44% from 2.7 million metric tons (MMT) to 3.9 MMT. The 50-percent drop in fuel consumption by the power segment and Q3 beginning inventory of 1.8 MMT allowed SMPC to more than double (108%) its exports to 2.7 MMT despite a marked decline in coal production.
- **Lower production and inventory.** Heavy rains caused a 39-percent drop in coal production from 3.3 MMT to 2.0 MMT. It also led to a slowdown in Molave East Block 4 pre-stripping activities, raising aggregate (actual) strip ratio from 12.7 to 17.5. At the end of the quarter, high-grade coal inventory dropped 97% from 3.4 MMT to 100,000 MT.

Power Segment

- **Reduced plant availability.** SCPC availability plunged by 52% from 98% to 47%, following the 11-day outage of Unit 1 and 81-day outage of Unit 2. SLPGC's availability declined by 7% from 67% to 62% due to the 75-day extended planned outage of Unit 1.
- **Lower output.** The combined 167-day outage sank overall plant output by 44% from 1,657 gigawatt hours (GWh) to 873 GWh. SCPC generation contracted by 59% from 1,133 GWh to 466GWh while SLPGC generation slipped by 6% from 434 GWh to 407 GWh.
- **Lower sales.** Overall power sales shrank by 34% from 1,563 GWh to 1,032 GWh. SCPC accounted for 94% of the overall decline.
- **Elevated prices.** Overall ASP soared by 55% from Php 2.64/KWh to Php 4.09/KWh mainly due to a bilateral contract quantity (BCQ) of SCPC which had a fuel pass-through

provision and sales to the Wholesale Electricity Spot Market (WESM). Higher selling prices during the period cushioned the impact of lower sales volume.

SMPC standalone revenues climbed by 94% from Php 7.21 billion to Php 14.00 billion. Cash costs grew at a slower pace on lower coal production, accelerating reported net income growth by 435% from Php 750 million to Php 4.01 billion.

II. DMCI Project Developers Inc. (DMCI Homes)

Core net income contribution from DMCI Homes declined by 14% from Php 1.04 billion to Php 900 million due to the following factors:

- **Faster revenue recognition.** Revenues went up by 4% from Php 5.65 billion to Php 5.85 billion on higher construction accomplishments and down payment recognition from new accounts.
- **Steady cost of sales (COS).** COS grew in line with revenues from Php 4.05 billion to Php 4.22 billion.
- **Higher operating expenses (OPEX).** OPEX climbed by 16% from Php 533 million to Php 617 million owing to higher utilities and association dues recognized from unsold RFO units.

The company also reported the following operational highlights:

- **Recovering sales and reservations.** Units sold increased by 29% from 872 to 1,128, of which 633 were residential units and 495 were parking slots. Meanwhile, total sales value improved by 14% from Php 3.43 billion to Php 3.91 billion.
- **Lower ASP.** ASP per unit declined by 25% from Php 7.45 million to Php 5.58 million because of the launch of Alder Residences last year which had larger units and consequently, higher selling prices. However, ASP per square meter inched up by 7% from Php 105,000 to Php 112,000.
- **Healthy inventory.** Total Inventory expanded by 56% from Php 25.4 billion to Php 39.7 billion as more ready-for-occupancy (RFO) units became available during the period. RFO units accounted for 77% of total inventory. Pre-selling units also rose due to newly-opened units in Allegra Garden Place (Soraya Tower) and The Oriana in Q1 and Q2, respectively.

III. Maynilad Water Services, Inc. (Maynilad)

Core net income contribution from associate Maynilad improved by 7% from Php 379 million to Php 406 million. The company's reported standalone core net income rose by 4% from Php 1.64 billion to Php 1.70 billion. Its performance was attributable to the following factors:

- **Lower billed volume.** Billed volume sank by 6% from 137.7 million cubic meters (MCM) to 129.6 MCM on lower overall demand following the reimposition of Enhanced Community Quarantine (ECQ) status in August and continued restrictions because of COVID-19.
- **Lower average effective tariff.** Average effective tariff slipped by 3% from Php 42.90 to Php 41.40 as commercial consumption contracted anew because of the recent ECQ.
- **Higher cash costs.** Total cash costs swelled by 9% from Php 1.58 billion to Php 1.72 billion primarily due to higher utilities expense, outside services, sludge hauling and water treatment chemicals.
- **Lower noncash OPEX.** Noncash items eased by 8% from Php 1.19 billion to Php 1.09 billion with the absence of expected credit loss provisions.

The company recognized nonrecurring expenses of Php 66 million in 2021 largely due to donations and severance pay versus Php 51 million of donations in 2020.

IV. DMCI Mining Corporation (DMCI Mining)

Core net income contribution from DMCI Mining surged by 143% from Php 68 million to Php 165 million despite a 21-percent contraction in standalone revenues from Php 430 million to Php 338 million due to the combined effect of the following:

- **Reduced production and shipment.** Total production plunged by 41% from 453,000 wet metric tons (WMT) to 268,000 WMT mainly due to the Berong mine depletion and poor weather conditions. For the same reasons, combined shipment fell by 45% from 382,000 WMT to 211,000 WMT.
- **Improved ASP.** ASP increased by 19% from USD 27/WMT to USD 32/WMT on elevated market prices because of strong demand from China.
- **Lower average nickel grade.** Most of the sold nickel were mid-grade, averaging at 1.32% compared to 1.42% last year. However, prices for mid-grade nickel jumped by 19% from USD 26/WMT to USD 31/WMT.
- **Cost-efficient operations.** COS declined slower than revenues (-12% vs -21%) from Php 111 million to Php 98 million while OPEX increased by 19% from Php 101 million to Php 121 million. Both movements were attributable to fixed costs incurred amid lower sales because of poor weather conditions.
- **Higher depreciation and forex gain.** Depreciation tumbled by 86% from Php 84 million to Php 12 million on lower shipment and accelerated depreciation of Berong mine. A forex gain of Php 82 million was also booked versus a forex loss of Php 23 million last year.

The company also reported the following operational highlights:

- **Inventory uptick.** Total inventory edged higher (8%) from 417,000 WMT to 450,000 WMT, as ZDMC inventory doubled from 54,000 WMT to 108,000 WMT. BNC inventory ended slightly lower (-6%) from 363,000 WMT to 342,000 WMT.
- **Higher capital expenditures (capex).** Capex grew 6,500% from Php 1 million to Php 66 million as ZDMC acquired additional heavy equipment to boost its in-house production capacity.
- **Berong mine final rehabilitation.** BNC has started the decommissioning and final rehabilitation of its Berong mine in Palawan. As proposed by the Local Government Unit during the public consultation, over 100 hectares of the depleted mine can be converted to an eco-tourism site and agro-forestry area.

V. DMCI Power Corporation (DMCI Power)

DMCI Power posted a 7-percent upswing in core net income contribution from Php 148 million to Php 158 million due to the combined effect of the following:

- **Improved dispatch.** Total energy dispatch climbed by 8% from 94.5 GWh to 101.7 GWh, largely driven by higher sales from Oriental Mindoro and Palawan plants. Energy sales in Oriental Mindoro rose by 22% from 18.1 GWh to 22.1 GWh due to limited output of renewable energy (RE) power plants in the area. Palawan sales grew by 7% from 42.3 GWh to 45.3 GWh while sales in Masbate remain unchanged.
- **Better ASP.** Overall ASP improved by 19% from Php 11.5/KWh to Php 13.7/KWh due to the net effect of higher fuel costs for both bunker and diesel and lower fuel cost for coal.

- **Elevated COS.** COS grew by 30% from Php842 million to Php1.1 billion, trending higher than revenues because of the increase in the cost of bunker and diesel fuel, as well as other expenses due to the operation and maintenance of the 15MW Masbate thermal plant.

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

DMCI swung back to profitability as core net income contribution soared by 153% from a net loss of Php 189 million to a net income of Php 101 million. Its recovery was due to the combined net effect of the following:

- **Higher construction accomplishments.** Revenues recovered by 20% from Php 3.88 billion to Php 4.67 billion on higher accomplishments from infrastructure projects and looser quarantine restrictions, softened by prudent revenue recognition.
- **Improved gross profit (GP).** Gross earnings improved from gross loss of 0.26% to GP of 7% as COS grew slower than revenues owing to lower expenses related to COVID-19.
- **Decline in OPEX.** OPEX decreased by 14% from Php 127 million to Php 110 million on reduced COVID-19 related expenses.

The company also reported the following updates:

- **Strong order book.** DMCI's order book increased by 2% from Php 50.5 billion in Q2 2021 to Php 51.7 billion in Q3 2021, with the addition of Php 3.9 billion-worth of new contracts and Php 1.3 billion-worth of change orders.
- **Increased capex.** Capex spiked by 75% from Php 118 million to Php 207 million as the company acquired additional heavy equipment for its ongoing projects.
- **Higher ending cash balance.** Additional loan availments and improved collections raised the company's cash balance as of end of September 2021 to Php 2.0 billion, 53% higher than the Php 1.4 billion reported as of end of December 2020.

Parent and Others

Parent and other investments booked a net loss of Php 2 million compared to net income Php 3 million last year mainly due to higher expenses and lower interest income from placements.

Outlook

The DMCI Group expects elevated coal and nickel prices to magnify the impact of more shipments in the last quarter. The recent downgrade of Metro Manila to Alert Level 2 is also seen to drive business activities and commercial consumption, translating to higher spot electricity prices and average effective water tariff.

Tapering COVID-19 cases and widespread vaccination are also likely to jumpstart domestic tourism, new investments and international border reopening, which bodes well for the off-grid, construction and real estate businesses. Supply chain bottlenecks and COVID-19 containment costs are also expected to ease with greater workforce mobility.

Over the medium-term, improving regulatory conditions could fast track the Mineral Production Sharing Agreement (MPSA) applications of SMPC and DMCI Mining, leading to higher reserves, enhanced sustainability and the start of a new business (cement) for the group.

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

November 8, 2021