COVER SHEET

AS095002283
SEC Registration Number

DMCI 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	8888-3000
Contact Person	Company Telephone Number

12	31	**SEC 17-C**	05	17
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N.A.
Secondary License Type, If Applicable

CFD	
Dept Requiring this Doc	Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number	LCU
Document ID	Cashier

STAMPS

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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. October 27, 2023
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

Title of Each Class	No. of Shares Outstanding	Amount
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, October 27, 2023, the Board approved the following:

1. **Consolidated Financial Statements for the period ended September 30, 2023.**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

September 30, 2023 (Unaudited) vs September 30, 2022 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate, also collectively referred to as "the DMCI Group", for the periods ended September 30, 2023 and 2022.

- D.M. Consunji, Inc. (DMCI), a wholly-owned subsidiary, is one of the leading engineering-based integrated construction firms in the country. It operates in two construction segments: building and infrastructure. It also has separate business units for joint ventures and project support (i.e., concrete production, steel fabrication and equipment rental).

- DMCI Project Developers, Inc. (DMCI Homes), a wholly-owned subsidiary, is one of the leading mid-segment developers in the Philippines, offering best-in-class amenities and value-for-money properties in Metro Manila and other key urban areas. The company has also started to expand its portfolio into leisure and the high-end market.

- Semirara Mining and Power Corporation (SMPC), a majority-owned subsidiary (56.65%), is the largest and most modern coal producer in the Philippines. It is the only vertically integrated power generation company in the country that runs on its own fuel (coal). Its two wholly-owned operating subsidiaries—Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC)—provide baseload power to the Luzon and Visayas grids through bilateral contract quantity (BCQ) and the Wholesale Electricity Spot Market (WESM).

- DMCI Power Corporation (DMCI Power), a wholly-owned subsidiary, is the largest off-grid energy supplier in the Philippines. It currently operates and maintains thermal, bunker and diesel power plants in parts of Masbate, Oriental Mindoro and Palawan.

- DMCI Mining Corporation (DMCI Mining), a wholly owned subsidiary, extracts nickel ore through surface mining and ships these directly to China and other markets. Currently a single-mine operator, it has nickel assets in Palawan (Berong Nickel Corporation) and Zambales (Zambales Diversified Metals Corporation).

- Maynilad Holdings Corporation, a 27%-owned associate, owns 93% of Maynilad Water Services, Inc. (Maynilad). The largest private water service provider in the Philippines, Maynilad holds a 25-year franchise to establish, operate and maintain the waterworks system and sewerage and sanitation services in the West Zone service area of Metro Manila and the Province of Cavite.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

in Php millions except EPS	July to September (Q3)			January to September (9M)		
	2023	2022	Change	2023	2022	Change
I. SMPC (56.65%)	1,925	5,750	-67%	12,804	20,380	-37%
II. DMCI Homes	1,366	1,131	21%	3,857	3,853	0%
III. Maynilad (25%)	605	396	53%	1,678	1,108	51%
IV. DMCI Power	267	212	26%	632	549	15%
V. D.M. Consunji Inc.	47	(207)	123%	459	676	-32%
VI. DMCI Mining	(154)	78	-297%	569	1,087	-48%
VII. Parent and others	38	12	217%	47	(27)	274%
Core Net Income	**4,094**	**7,372**	**-44%**	**20,046**	**27,626**	**-27%**
Nonrecurring Items	(9)	(34)	74%	(27)	2	-1450%
Reported Net Income	**4,085**	**7,338**	**-44%**	**20,019**	**27,628**	**-28%**
EPS (reported)	**0.31**	**0.55**	**-44%**	**1.51**	**2.08**	**-28%**

Q3 2023 vs Q3 2022 Consolidated Highlights

- The DMCI Group (DMC) recognized Php 4.09 billion in consolidated net income, a 44-percent decline from its record-setting Php 7.34 billion last year. This translated to an earnings per share of Php 0.31 from Php 0.55.

  The downtrend was mainly attributable to high base effect coupled with weaker selling prices (coal, nickel and on-grid power generation).

  Quarter-over-quarter, group bottom line dropped by 50% from Php 8.24 billion (Q2 2023) but was nearly 44% better than its pre-pandemic profit level of Php 2.83 billion (Q3 2019).

- Core EBITDA margin thinned from 40% to 27%, while net income margin narrowed from 36% to 25%. Weaker topline together with a modest decline in total cash costs accounted for the contraction.

  Total revenues retraced by 32% from Php 32.83 billion to Php 22.41 billion on lower recognition from existing real estate accounts and weaker commodity and electricity prices, partially offset by higher sales volume (nickel and power sales).

  Total cash costs fell by 17% from Php 19.83 billion to Php 16.37 billion due to a steep decline in royalty expenses, offset by higher mine production and power generation costs.

  Other income stood at Php 1.33 billion, up by 5% from Php 1.27 billion due to the blended impact of higher forfeitures from sales cancellations (DMCI Homes), refund of wharfage fees by the Philippine Ports Authority (SMPC) and lower foreign exchange gains (SMPC and DMCI Mining).

  Depreciation and amortization rose by 3% from Php 1.91 billion to Php 1.98 billion on higher coal and nickel shipments, accounting for the noncash component of production costs and amortization against available reserves.

  Finance income (net of finance costs) grew 18-fold from Php 20 million to Php 378 million on the back of efficient cash management (SMPC), higher interests from in-house financing (DMCI Homes) and continuous debt amortization (DMCI, SMPC and DMCI Power). Loans payable declined by 11% from Php 55.28 billion (September 2022) to Php 49.47 billion (September 2023).

Income taxes receded by 18% from Php 1.04 billion to Php 850 million on lower taxable income.

- 2023 nonrecurring items pertain to Maynilad donations and net foreign exchange gain, while 2022 nonrecurring items mainly pertain to DMCI gain from equipment sale and Maynilad miscellaneous and loan prepayment fees.

- SMPC, DMCI Homes and Maynilad accounted for 95% of core net income.

9M 2023 vs 9M 2022 Consolidated Highlights

- The Group posted a 28-decline in consolidated net income from Php 27.63 billion to Php 20.01 billion mainly due to high base effect, lower commodity prices and declining construction accomplishments.

  This reduced earnings per share from Php 2.08 to Php 1.51, generating a double-digit return on equity of 18.4%.

- Core EBITDA margin tightened from 42% to 38%, while net income margin slimmed from 38% to 32% on softer topline generation.

- Total revenues contracted by 19% from Php 114.30 billion to Php 92.40 billion due to the combined effect of normalizing prices (commodities and electricity), reduced coal shipments, lower construction accomplishments, higher revenue reversals from real estate sales cancellations and fewer new real estate accounts that qualified for revenue recognition.

- Total cash costs decreased by 13% from Php 65.98 billion to Php 57.51 billion on lower royalty expense and direct costs as a result of lower coal production and construction accomplishments.

- 2023 nonrecurring items pertain to Maynilad donations and net foreign exchange loss, while 2022 nonrecurring items relate to DMCI gain from land and equipment sale, Maynilad severance pay, loan prepayment fees, donations and net foreign exchange gain.

- SMPC, DMCI Homes and Maynilad contributed 92% of core net income.

- Consolidated cash level accelerated by 36% from Php 28.41 billion (December 31, 2022) to Php 38.60 billion largely due to prudent cash management (SMPC) and fresh collection of construction retention receivables (DMCI).

  Debt level decreased by 6% from Php 52.56 billion to Php 49.47 billion following regular loan amortization of DMCI, SMPC and DMCI Power. Net debt (Loans payable less cash) plummeted by 55% from Php 24.15 billion to 10.87 billion.

- Key liquidity, leverage and book value per share all improved amid healthy business margins during the period.

- Last October 10, the Board of Directors declared Php 9.56 billion or Php 0.72 per share in special cash dividends, scheduled for payment on November 9. With this, total payout for the year will reach Php 19.12 billion, the highest ever for the company.

Q3 2023 vs Q3 2022 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

SMPC net income contribution declined by 37% from P20.4 billion to P12.8 billion because of lower shipments and average selling prices, partly offset by higher power generation, sales and average selling price. To further elaborate:

<u>Coal</u>

- **Lower shipments.** Total shipments decreased by 22% from 3.2 MMT to 2.5 MMT amid limited commercial grade inventory (1.6 MMT).

  Foreign shipments plummeted by 55% from 1.1 MMT to 0.5 MMT on insufficient high-grade coal supply to meet demand from South Korea. Consequently, South Korea sales declined by 60% from 0.8 MMT to 0.3 MMT. Despite this, it remained the company's top foreign buyer, accounting for 57% of total shipments, followed by China (34%) and Brunei (9%).

  Domestic shipments slightly declined (5%) from 2.1 MMT to 2.0 MMT due to muted demand from cement manufacturers. Sale to own plants propped up domestic sales as shipments to Calaca surged by 43% from 0.7 MMT to 1.0 MMT, following improved SCPC plant availability. External domestic sales fell by 29% from 1.4 MMT to 1.0 MMT on lower demand from other power and industrial plants.

- **Stabilizing prices.** Semirara coal average selling price (ASP) decelerated by 36% from P5,173 per metric ton (MT) to P3,315 per MT on stabilizing market indices and lower shipments of commercial grade coal.

  Sale of commercial grade coal fell by 30% from 2.7 million metric tons (MMT) to 1.9 MMT on weaker take-up from foreign and domestic buyers.

  Average Newcastle prices plunged by 65% from US$420.7 (record high) to US$147.8, while average Indonesian Coal Index 4 (ICI4) pulled back at a slower pace (36%) from US$81.7 to US$52.0.

- **Thinner margins.** Core EBITDA margin narrowed from 51% to 32%, while net income margin tapered from 50% to 30%. While total revenues declined by 51% (from P16.58 billion to P8.13 billion), total cash costs fell at a slower rate (33%) from P8.21 billion to P5.50 billion.

  Cash component of COS marginally grew (2%) from P4.47 billion to P4.54 billion as lower production led to fixed costs driving up the expense per MMT.

  Moderating the impact of higher production costs was the dramatic decline in royalty expense (-77%) from P3.60 billion to P824 million and the 10-percent reduction in operating expenses. Opex fell by 10% from P147 million to P132 million due to lower commission fees, ICT expenses, and office repairs.

- **Slightly higher noncash items.** Depreciation and amortization grew by 4% from P820 million to P850 million, in line with continuous capital investments amid lower shipments.

- **Lower net foreign exchange gain.** Net forex gain dropped by 68% from P768 million to P246 million on lower export sales and less favorable foreign exchange rates. As of September 30, 2023, 43% of net forex gain remained unrealized.

- **Other income.** Other income expanded 205x from P1 million to P206 million following receipt of the PPA wharfage export fee refund in September 2023.

Under Executive Order No. 226 (Omnibus Investments Code), a BOI-registered enterprise is exempt from paying wharfage dues. SMPC became a BOI-registered enterprise on September 26, 2008.

On January 31, 2020, the Commission on Audit granted SMPC's petition to claim a refund of the wharfage export dues it erroneously paid to the PPA from September 26, 2008 up to December 31, 2014.

- **Higher net finance income.** Finance income (net of finance costs) expanded fourfold (308%) from P60 million to P245 million on higher cash base and prudent treasury management.

The coal segment also reported the following operational highlights:

- **Double-digit production decline.** Total production declined by 20% from 3.5 MMT to 2.8 MMT due to the heavier rainfall (454 mm vs 625 mm) from July to August, ongoing stripping activities in Molave South Block 6 and Narra North Block 1, and the commencement of stripping activities in Molave East Block 5.

  Following the depletion of Molave East Block 6 in early August, Narra mine accounted for bulk (81%) of total production. With this, Molave and Narra mines registered strip ratios of 50.6:1 and 10.7:1, respectively.

  Total materials moved surged by 37% from 37.8 million bank cubic meters (MBCM) to 51.7 MBCM due to simultaneous stripping activities in new and ongoing blocks within Molave and Narra mines. Coupled with the heavy rainfalls, the strip ratio rose significantly (81%) from 10.0 to 18.1. As a result, the full-year average strip ratio guidance has been adjusted from 12.09 (previous quarter guidance) to 12.83.

  Average rainfall level climbed by 16% from 445.3 to 516.9 millimeter due to strong typhoons during the period.

- **Ample inventory.** Total coal inventory grew by 11% from 2.7 MMT to 3.0 MMT on sufficient quarter beginning inventory (2.8 MMT), stable production and weaker sales. Commercial grade coal inventory rose by 14% year-on-year from 1.7 MMT to 1.9 MMT and by 19% from 1.6 MMT at the beginning of the quarter.

  Year-to-date, total coal inventory expanded by 50% from 2.0 MMT to 3.0 MMT, while higher-grade coal surged by 73% from 1.1 MMT to 1.9 MMT.

<u>Power</u>

Standalone power revenues fell by 13% from P6.05 billion to P5.29 billion mainly due to lower spot prices. Net income dropped by 35% from P1.54 billion to P994 million on thinner margins following higher cash costs, softened by lower replacement power purchases and income tax provisions.

Net of intercompany eliminations, power segment net income plunged by 43% from P2.77 billion to P1.59 billion.

The segment's results are attributable to the following:

- **Better plant availability.** Overall plant availability improved by 22% from 65% to 79% because of the commercial operation of SCPC Unit 2 last October 9, 2022, tempered by lower SLPGC plant availability.

  SCPC and SLPGC delivered mixed operating results. SCPC plant availability improved from 51% to 99% as its outage days decreased from 90 days to 2 days. SLPGC plant availability declined from 78% to 59% on increased outage days (76 days vs 40 days in 2022).

  Total average capacity fell by 12% from 697 MW to 613 MW owing to the occasional deration of SCPC and SLPGC plants.

- **Higher generation and dispatch.** Total gross generation climbed by 15% from 1,011 gigawatt hours (GWh) to 1,167 GWh as higher SCPC output offset the weaker performance of SLPGC. Consequently, total power sales grew by 13% from 970 GWh to 1,099 GWh, driven by spot sales which accounted for 68% of total power sales.

- **Heavy spot exposure.** Total spot sales jumped by 44% from 517 GWh to 746 GWh on higher gross generation and more (64%) uncontracted capacity (net of station service which varies from time to time).

  Combined uncontracted capacity stood at 462.6 MW (by end-June 2023) compared to 282.85 MW (by end-June 2022).

  Station service pertains to the electricity produced by the plant that is used within the facility to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for plant operation.

  BCQ sales receded by 22% from 453 GWh to 353 GWh because of a 10-percent decline in contracted capacity at the beginning of the periods from 210.35 MW (June 2022) to 188.70 MW (June 2023).

- **Lower selling prices.** Overall average selling price (ASP) went down by 23% from P6.23/ kilowatt hour (kWh) to P4.81/kWh due to lower spot market prices.

  ASP from spot sales plunged by 38% from P8.24/KWh to P5.14/KWh, while BCQ ASP improved by 4% from P3.96/KWh to P4.13/KWh. The latter was due to better contract prices and inclusion of pass-through provisions in signed contracts in H2 2022, tempered by the expiration of a 20MW Emergency Power Supply Contract last August 25.

  Despite sharp WESM correction, Spot ASP (P5.14/KWh) remained higher by 24% than BCQ ASP (P4.13/KWh).

- **Ample uncontracted capacity.** As of September 30 2023, only 23% (166.2 MW) of the 710MW dependable capacity has been contracted. Bulk of which is under SLPGC (73% or 121.2 MW).

  Net of station service (58.7MW), which varies from time to time, the segment has 483.7MW available for sale to the spot market.

- **Less spot purchases.** Total spot purchases declined by 42% from P496 million to P289 million on the back of lower contracted capacity (around 21.65 MW) and purchase price (-27%). SLPGC bought bulk (98%) of the replacement power.

  SLPGC Unit 1 had a total of 62 emergency outage days during the period following high axial displacement and coking in furnace, while SLPGC Unit 2 was placed on a 28-day (14 days in Q3 2023) forced outage starting September 16 due to coking in furnace and silo blockage.

  The power segment was a net seller to the spot market by 699 GWh (vs 458 GWh in Q3 2022).

The power segment also reported the following highlights:

- **Weaker ASP.** Overall ASP dropped by 36% from P8.01/KWh to P5.10/KWh largely due to lower spot prices and fuel costs.

  Spot ASP fell by 37% from P8.26/KWh to P5.22/KWh, while BCQ ASP also dropped by 37% from P6.84/KWh to P4.28/KWh. The steep declines were mainly attributable to higher supply margin and stabilizing fuel prices.

- **Improved plant performance.** Plant availability rallied by 94% from 51% to 99% following the resumption of Unit 2's operations last October 9, 2022 and nearly uninterrupted operations of both plants.

  Availability of Unit 1 rose from 99% to 100% while Unit 2 surged from 2% to 98%. Unit 2 had only two outage days compared to 90 days in Q3 2022.

  Total average capacity declined by 6% from 414 MW to 391 MW owing to the occasional deration of both plants. Unit 1 capacity slightly declined (-4%) from 234 MW to 224 MW, while generator vibration issues led to a 7-percent drop in Unit 2 capacity from 180 MW to 167 MW.

- **Higher generation and dispatch.** Gross generation soared by 64% from 522 GWh to 856 GWh because of rebounding plant operations. In turn, total power sales accelerated by 59% from 491 GWh to 783 GWh. Bulk (88%) of total sales went to the spot market.

  With higher uncontracted capacity and plant availability, spot sales surged by 69% from 406 GWh to 686 GWh. At the start of Q3 2023, SCPC had 336.30MW in spot exposure versus 182.75 MW during the same period last year.

  Sale via bilateral contracts rose by 14% from 85 GWh to 97 GWh following an 11-percent hike in contracted capacity at the start of the period, from 40.45MW (June 2022) to 45.00MW (June 2023).

- **Negligible spot buy.** Replacement power purchases plunged from P90 million to P6 million on 99-percent plant availability. Spot buys were mainly WESM adjustments from transactions in previous period.

  SCPC was a net seller to the spot market in both years (686 GWh in 2023 vs 395 GWh)

- **Cash cost surge.** Total cash costs accelerated by 49% from P1.46 billion to P2.20 billion, driven by a 57-percent rise in COS from P1.14 billion to P1.79 billion because of higher generation. Operating expenses increased by double digits (24%) from P332 million to P411 million due to higher taxes and insurance premium.

- **Higher other income.** Other income more than tripled (224%) from P29 million to P94 million on higher fly ash sales from increased power generation.

- **Lower net finance cost.** Net interest cost decreased by 72% from P97 million to P27 million as loans payable at the beginning of the period fell by 19% from P8.40 billion (June 2022) to P6.77 billion (June 2023).

  Cash balance more than doubled (160%) from P2.00 billion (September 2022) to P5.14 billion (September 2023). This, coupled with efficient cash management, led to a sixfold (588%) upturn in gross finance income from P8 million to P55 million.

- **Lower income taxes.** Provisions for income taxes declined by 32% from P544 million to P369 million because of lower taxable earnings.

- **Ample uncontracted capacity.** As of September 30, 2023, SCPC had 45 MW or 11% capacity (out of 410 MW dependable capacity) set to expire in 2030 and beyond. 56% of contracted capacity has fuel passthrough provision.

  Net of station service (28.7MW), which varies from time to time, it has 336.3 MW capacity available for spot sale as of the end of the period.

At the standalone level, SMPC recognized a net income of P3.40 billion, down by 66% from its period record of P10.15 billion. No nonrecurring item was booked during the period.

II. DMCI Project Developers Inc. (DMCI Homes)

DMCI Homes core net income contribution climbed by 21% from Php 1.13 billion to Php 1.37 billion mainly due to lower cash cost and higher income from forfeitures and interests. Outlined below are their standalone results:

- **Lower revenues.** Total revenues receded by 17% from Php 5.37 billion to Php 4.45 billion because of lower recognition from ongoing accounts (net of previously cancelled accounts) and reversals from sales cancellations from accounts that reached the collection threshold lof the company. This was partially offset by the increase in newly-recognized accounts from prior-year sales that met the company threshold.

  Recognition from ongoing accounts accounted for 64% of total topline, down from 78% last year while newly-recognized accounts rose from 37% to 54%.

  Top revenue contributors from ongoing projects include Kai Garden Residences (2017), Aston Residences (2018), Fairlane Residences (2018) and Prisma Residences (2017).

  Meanwhile, Allegra Garden Place (2019), Satori Residences (2018) and Alder Residences (2020) were the top revenue contributors under newly-recognized accounts.

  Revenue reversals from sales cancellations grew by 4% from Php 745 million to Php 773 million as bulk buyers from mainland China terminated their purchase of units in Prisma Residences. Quarter-over-quarter, reversals declined by 9% from Php 845 million (Q2 2023) and by 32% from Php 1.14 billion (Q1 2023).

- **Steeper cash costs decline.** Total cash costs decreased by 20%, faster than topline (17%), from Php 4.27 billion to Php 3.44 billion largely attributable to higher selling prices from recognized accounts.

  COS went down by 25% from Php 3.62 billion to Php 2.70 billion due to higher selling prices, while operating expenses rose by 14% from Php 647 million to Php 737 million on higher sales incentives and allowances following growth in residential unit sales, digital marketing initiatives, software maintenance costs and formworks repair.

- **Wider EBITDA and net income margins.** EBITDA margin expanded from 21% to 22% on higher selling prices while controlling construction costs. Net income margin increased from 21% to 31% on the marked rise in Other income and Finance income.

  Other income more than doubled (101%) from Php 362 million to Php 729 million as a result of higher forfeitures from sales cancellations and rental income.

  Net finance income expanded by 49% from Php 88 million to Php 131 million because of higher interests from in-house financing. In compliance with IFRS 15, finance costs from accounts that are pending recognition are capitalized.

The company also reported the following operational highlights:

- **Weaker sales.** Total units sold fell by 15% from 2,613 to 2,223, stemming from lower sales in parking slots. Parking slots sold almost halved (47%) from 1,158 to 618, while residential units sold grew by 10% from 1,455 to 1,605. Top-selling projects include Solmera Coast, Sage Residences, Allegra Garden Place, The Calinera Tower and Verdon Parc.

  Bulk (58%) of residential units sold were in Solmera Coast. Launched last August, the beachfront project has sold 926 residential units. The project does not sell parking slots.

- **Better selling prices**. While average selling price (ASP) per unit decreased by 4% from Php 7.40 million to Php 7.12 million, ASP per square meter surged by 20% from Php 132,000 to Php 159,000. The variances are largely attributable to the sale of smaller-cut units in Solmera Coast and Sage Residences.

- **Sales value uptick.** Total sales value increased by 2% from Php 11.69 billion to Php 11.91 billion on higher residential unit sale, despite lower project launches. Fortis Residences (a DMCI Homes Exclusive project) and Sage Residences were launched in the same period last year.

- **Higher cancellations.** Sales cancellations for residential units awaiting revenue recognition (threshold less than 14.5%) slightly increased year-on-year from 9.1% to 10.6% owing to rising interest rates. Year-to-date, cancellation rate declined from 17.4% to 12.7%, driven by lower total cancelled units and higher sold units.

- **Recovering unbooked revenues.** Unbooked revenues expanded by 10% from Php 60.2 billion to Php 66.0 billion following sales recovery amid the four projects launched in the past twelve months. The four projects have a total sales value of Php 36.7 billion.

- **Ample inventory.** Total inventory rose by 12% from Php 58.2 billion to Php 65.4 billion. Pre-selling residential and parking units accounted for 73% of total inventory in both periods.

  Pre-selling inventory grew by 11% from Php 43.0 billion to Php 47.8 billion following the launch of Fortis Residences (a joint venture project), Sage Residences, The Calinea Tower, Mulberry Place and Solmera Coast.

  RFO inventory rose by 16% from Php 15.2 billion to Php 17.7 billion with the completion of The Atherton, Satori Residences, The Orabella, Infina Towers, Brixton Place, Prisma Residences and Verdon Parc.

- **Additional land bank.** Total land bank increased by 2% from 217.4 hectares to 221.3 hectares with the acquisition of 4.1 hectares of land in Luzon and Mindanao. Land bank in Metro Manila remained the largest at 113.3 hectares or 51% of total, followed by Luzon (44%), Visayas (3%) and Mindanao (2%).

- **Less CAPEX.** Quarterly capex declined by 20% from Php 5.11 billion to Php 4.08 billion mainly due to lower spending on construction and land banking. Year-to-date, total capex was flat at Php 12.0 billion, bulk (91%) of which was spent on construction activities for ongoing projects.

- **Lighter financial position.** Net debt to equity improved from 1.03x to 0.92x as net debt declined from Php 32.2 billion to Php 31.9 billion and equity book value increased from growing retained earnings.

At the standalone level, DMCI Homes reported Php 1.38 billion in net income, up by 20% from Php 1.15 billion last year. No nonrecurring item was booked during both periods

III. Maynilad Water Services, Inc. (Maynilad)

Associate Maynilad delivered a 53-percent increase in core net income contribution from Php 396 million to Php 605 million. The significant improvement was largely due to higher revenues, muted cash cost growth and lower noncash costs, which effectively widened the company's standalone net income margin from 26% to 35%.

To further explain:

- **Double-digit topline growth.** Revenues rebounded by 17% from Php 5.92 billion to Php 6.96 billion on the back of higher billed volume, better customer mix, increased average effective tariff and government tax.

- **Muted cash cost growth.** Cash costs grew slower (9%) than topline (17%) from Php 2.03 billion to Php 2.21 billion as lower light and power (due to lower fuel cost recovery adjustment or FCRA charged per kwh) tempered the impact of higher cross border water purchases, outside services and chemical costs.

- **Lower noncash items.** Depreciation and amortization contracted by 37% from Php 1.25 billion to Php 788 million mainly due to extension of amortization period starting Q4 2022~~.~~

  The company's legislative franchise under Republic Act 11600 effectively extends its service concession assets by ten years (from 2037 to January 2047), beginning January 2022.

- **Increased finance costs.** Net finance cost (less finance income) rose by 8% from Php 565 million to Php 613 million on fresh borrowings to refinance a US Dollar-denominated loan for the Metro Manila Waster Water Management Project (MWMP).

- **Wider profit margin.** Standalone net income margin expanded from 26% to 35% owing to better topline and lower depreciation, moderated by higher cash costs and income tax. Provision for income taxes expanded by 42% from Php 610 million to Php 866 million on higher taxable income.

- **Stronger billed volume.** Billed volume went up by 3% from 134.3 million cubic meters (MCM) to 137.8 MCM, exceeding its pre-pandemic (Q3 2019) level of 134.6 MCM. The uptick was attributable to robust water production coupled with the reactivation and reconnection of delinquent accounts.

- **Better customer mix.** Billed volume attributable to non-domestic customers widened from 17.4% to 18.4% as industrial demand continued to recover. Conversely, domestic customers accounted for 81.6% of billed volume, down from 82.6% last year.

- **Recovering tariff.** Average effective tariff grew by 15% from Php 42.36 to Php 48.60 due to better customer mix and the staggered implementation of the Metropolitan Waterworks and Sewerage System (MWSS) – approved basic rate adjustment last January 1, 2023.

The company also reported the following operational and financial highlights:

- **Increased Production.** Total water production increased by 5% from 188.2 MCM to 198.2 MCM owing to the combined effect of higher raw water supply from Angat dam, cross-border water purchases and activation of the “NEW WATER” treatment plant in Parañaque.

- **Higher water losses.** Increased production and slower water service connection (WSC) growth led to higher average non-revenue water (NRW) from 28.6% to 30.4%, while end-of-period NRW rose from 28.7% to 30.3%.

- **Better coverage and availability.** Water service coverage slightly expanded from 94.5% to 94.7% as the number of WSCs increased from 1,621,990 to 1,644,439, raising served population by 3% from 10.0 million to 10.3 million.

  Improved water production allowed the company to boost 24-hour availability from 78.6% to 96.4%.

  Accelerated wastewater infrastructure spending expanded sewer service coverage from 21.6% to 28.7%, while served population surged by 37% from 2.1 million to 2.9 million.

At the standalone level, reported net income accelerated by 57% from Php 1.54 billion to Php 2.41 billion. Excluding nonrecurring items, core net income jumped by 48% from Php 1.66 billion to Php 2.45 billion.

2023 nonrecurring items include foreign exchange losses (Php 23 million) and donations (Php 14 million). 2022 nonrecurring items pertain to forex gain (Php 18 million), miscellaneous expense (Php 47 million) and expense from loan prepayment (Php 138 million).

IV. DMCI Power Corporation (DMCI Power)

Core net income contribution from DMCI Power increased by 26% from Php 212 million to Php 267 million on the back of electricity sales volume growth, lower fuel costs, and wider margins. To further explain:

- **Double-digit topline decline.** Total revenues fell by 13% from Php 2.13 billion to Php 1.86 billion due to operation of the Palawan thermal power plant with lower tariff, which softened the impact of higher energy sales.

- **Lower ASP.** Overall average selling price (ASP) plunged by 20% from Php 19.1/KWh to Php 15.3/KWh due to lower fuel costs and the August 15 energization of the 15MW Palawan thermal plant.

- Diesel costs fell by 19% from Php 67.6 to Php 55.1 per liter, while bunker costs dropped by 6% from Php 49.2 to Php 46.3 per liter. Meanwhile, thermal coal plunged by 59% from Php 14.0 to Php 5.7 per kg.

- **Higher generation.** Total gross generation expanded by 8% from 118.0 GWh to 128.9 GWh mainly attributable to plant expansions in Palawan and Masbate.

- **Better dispatch.** Total energy sales advanced by 9% from 112.0 GWh to 121.7 GWh on the combined effect of increased installed capacity, higher generation and improving demand in Masbate and Palawan.

- Palawan sales rallied by 22%—the highest among the three service areas of the company—from 42.7 GWh to 52.1 GWh. Masbate sales picked up by 9% from 37.1 GWh to 40.4 GWh. Oriental Mindoro sales receded by 9% from 32.2 GWh top 29.2 GWh as higher dispatch of wind and other conventional plants reduced market share.

- Palawan remained as the top contributor, accounting for 43% of total sales, followed by Masbate (33%) and Oriental Mindoro (24%).

- **Steeper cash costs drop.** Total cash costs fell by 19% from Php 1.78 billion to Php 1.44 billion (versus 13% decline in topline) due to lower fuel costs.

- **Higher finance costs.** Finance costs tripled (240%) from Php 13 million to Php 44 million on the combined effect of higher borrowing costs and commercial operation of two plants: the 8MW Masbate diesel plant and the 15MW Palawan thermal plant.

- **Healthier margins.** EBITDA margin widened from 16% to 23%, while net income margin expanded from 10% to 14% as the energization of the 15MW Palawan Thermal plant led cash costs to drop faster than revenues.

The company also reported the following operational and financial highlights:

- **Growing installed capacity.** Total installed capacity expanded by 17% from 136.4 MW to 159.8 MW following the commercial operation of a 2x4.17 MW diesel plant in Masbate last January and the synchronization of a 15 MW thermal plant in Palawan last June. The latter began supplying the community with affordable, reliable electricity last August 15.

- **Changes in market share.** Palawan market share improved from 48% % to 54% on higher installed capacty and dispatch. DPC market share in Oriental Mindoro fell from 33% to 27% on better availability of both the renewable and conventional plants in the area. The company remains the sole power provider in Masbate.

- **Better financial position.** Net debt to equity improved from 139% (January 1, 2023) to 114% (end of September 2023), owing to regular loan payments, better operating conditions and improved collection of pending receivables.

- **Normalizing capital expenditures.** Capital investments nearly halved (49%) from Php 444 million to Php 229 million largely due to the completion of the two expansion plants.

- The 15MW Palawan thermal plant and 8MW Masbate diesel plant accounted for 71% of total 9M 2023 capex, down from 87% last year. The rest of the capex was spent on regular plant maintenance activities and downpayment for the purchase of additional generating units.

At the standalone level, reported net income jumped by 26% from Php 212 million to Php 267 million. No nonrecurring item was recognized during both periods.

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

Core net income contribution from DMCI stood at Php 47 million, a marked improvement from its Php 207 million net loss. The recovery was due to improved gross margins. To elaborate:

- **Uptick in revenues.** Total revenues inched higher (2%) from Php 4.07 billion to Php 4.14 billion largely on low base effect following conservative take-up on price escalation claims last year.

    - Building and Joint Venture (JV) projects accounted for a large portion (84%) of revenues. Topline contribution from building projects rose by 14% from Php 1.94 billion to Php 2.22 billion, while proportionate revenues from the joint venture projects more than tripled (235%) from Php 380 million to Php 1.27 billion.

    - Infrastructure contributions declined by 72% from Php 1.36 billion to Php 385 million The downturns were mainly due to the absence of new projects and lower accomplishment on completion or near completion of most of the projects.

- **Lower cash costs.** Total cash costs subsided by 6% from Php 4.11 billion to Php 3.87 billion on few projects and lower accomplishments coupled with the decline in operating expense due to lower business permit and absence of major repairs.

- **Better margins.** EBITDA margin rebounded from -9% to 6% on improved topline and lower direct costs. Consequently, core net income margin recovered from -6% to 2%.

The company also reported the following operational and financial highlights:

- **Order book recovery.** Year-to-date, order book grew by 15% from Php 35.2 billion to Php 40.5 billion with the awarding of the South Commuter Railway Project Contract Package 02 (a joint venture with Acciona Construction Philippines)~~,~~ De La Salle University Laguna University Hall and Razon Hall, and other building, energy, and water projects.

- Newly-awarded projects in Q3 amounted to Php 4.8 billion, which include the Maynilad Las Pinas Water Reclamation Facility, Maynilad pipelaying works and the design-and-build of Manila Water Company's Levi Mariano Pump Station and Reservoir.

- **Higher capital expenditures.** Capital expenditures soared 5.5x (454%) from Php 24 million to Php 133 million with the acquisition of equipment needed for ongoing projects.

- **Stronger cash position.** DMCI's financial position improved on lower net debt to equity ratio from -0.16 in December 2022 to -0.36 in September following debt pare-down (from Php 222 million to Php 56 million) and collection of retention receivables from major infrastructure projects (Php 1.00 billion).

At the standalone level, core net income rebounded from a net loss of Php 231 million to Php 82 million in net income.

VI. DMCI Mining Corporation (DMCI Mining)

Core net income contribution from DMCI Mining tumbled from Php 78 million to a net loss of Php 154 million largely from lower selling prices and higher costs. To elaborate:

- **Lower revenues.** Revenues dropped by 34% from Php 240 million to Php 158 million as lower selling prices muted the impact of higher shipments.

- **Higher cash costs.** Cash costs accelerated by 46% from Php 204 million to Php 297 million as increased shipments led to higher shiploading, fuel consumption, labor costs and excise taxes.

- Operating expenses rose by 53% from Php 129 million to Php 197 million as BNC paid its wharfage dues (Php 38 million) for 2017 to 2022, following the review and billing of the Philippine Ports Authority. ZDMC likewise spent Php 38 million for its continued environmental and community activities.

- **Increased non-cash costs.** Depreciation and amortization jumped by 39% from Php 52 million to Php 72 million, in line with the 39-percent increase in nickel ore shipments. Under Philippine Accounting Standards (PAS) 16, shipments are amortized against a mine's available reserves.

- **Minimal other income.** Other income plummetted by 97% from Php 118 million to Php 3 million as net foreign exchange gain decreased from Php 118 million to Php 19 million, further dragged down by input tax provisions (Php 14 million).

- **Thinner margins.** From 15%, core EBITDA margin sank to -88%, while net income margin plunged from 33% to -108% because of topline weakness, double-digit growth in costs (cash and noncash) and lower net forex gain. Excluding net forex gain, core net losses grew fivefold (400%) from Php 38 million to Php 190 million.

The company also reported the following operational and financial highlights:

- **Weaker selling prices.** Average selling price (ASP) receded by 52% from US$ 42/WMT to US$20/WMT on the combined effect of lower average nickel grade sold (from 1.31% to 1.25%) and softening market prices.

- Average monthly Q3 LME Nickel price retreated by 8% from US$ 22,054/ton to US$ 20,342/ton, while the Philippine FOB price for 1.30% grade declined by 10% from $ 30/WMT from $ 27/WMT.

- The volatility was more pronounced in July when most of the Q3 shipment were booked. Philippine FOB price (1.30%) plunged by 25% from $29/WMT to $22/WMT.

- **Increased shipments.** Total shipments grew by 39% from 106,000 wet metric tons (WMT) to 147,000 WMT on double-digit production growth. All the shipments came from ZDMC.

- **Expanded production.** Total production rose by 28% from 149,000 WMT to 190,000 WMT on increased mining capacity. Year to date, production topped 1,312,000 WMT after ZDMC received the necessary Environmental Compliance Certificate (ECC) to boost its nickel ore production from 1 million metric tons to 2 million metric tons (effective January 2023).

- **More stockpile.** Total ending inventory improved by 60% from 109,000 WMT to 174,000 MWT, as ZDMC stockpile expanded by 74% from 88,000 WMT to 153,000 WMT. BNC stockpile remained at 21,000 WMT, which is below the standard shipment size of 50,000 WMT.

- **Net cash position.** While the company remained at net cash position, net debt to equity declined from -0.17 to -0.08 following payment of Php 667 million in dividends to shareholders. Debt level stood at Php 350 million for both periods.

- **Minimal capital expenditures.** Committed capital spending fell by 94% from Php 133 million to Php 8 million on marginal ZDMC machinery spending and absence of Palawan exploration activities.

- At the standalone level, reported net income swung from a net income of Php 80 million to a net loss of Php 171 million. No nonrecurring item was recognized during both periods.

Outlook

Through the course of 2023, the DMCI Group has been navigating a complex economic landscape, marked by correcting commodity prices, sluggish construction and real estate demand, high interest rates, inflationary pressures and geopolitical tensions.

Improved operational efficiencies, cost-saving initiatives and prudent cash management have allowed its businesses to weather these challenges and position themselves for sustainable growth in the coming years. To provide a clearer perspective on our outlook for each business:

DMCI: While bidding for private sector-led projects have started to pick up, the company remains cautious in rebuilding its order book. It is meticulously selecting its project bids, focusing on Overseas Development Assistance (ODA) contracts, such as the packages associated with the Metro Manila Subway Project (MMSP) and water infrastructure projects. It is also on the lookout for infrastructure projects where it can serve as both an equity investor and contractor.

DMCI Homes: Encouraged by the successful launch of Solmera Coast, its first beachfront venture, the company is refining its development plans for its next leisure projects in Baguio and Laguna. Project launches are likewise being revisited to
ensure they align with the evolving market demands and preferences, while also maximizing the unique strengths and potential of each location.

SMPC: Anticipating stable coal and electricity prices in the foreseeable future, the company is focusing on managing the water seepage level in Narra mine and improving plant availability to optimize coal production and maintain its high spot market exposure.

DMCI Power: After growing its total capacity by 17% in the first nine months of the year, the company has set a goal to enhance its portfolio by an additional 21% (equivalent to 45 MW) in 2024. Around 35% of the new capacity will come from renewable energy sources, specifically wind and solar.

DMCI Mining: The company plans to open new mines by the end of this year and mid-next year. Concurrently, efforts are underway to obtain the necessary permits for securing at least 200 million metric tons of nickel resources, which would allow the company to invest in a processing plant.

Maynilad: To meet its 2023 service commitments and position itself for a tariff adjustment in 2024, the company is making significant investments in both infrastructure and operations. Recognizing the potential challenges posed by the ongoing El Nino phenomenon, it has also initiated a series of supply augmentation measures, which include the reactivation of deep wells, cross-border acquisitions, the use of modular treatment plants, among other strategies.

2. **The Board also reviewed and approved the existing company Vision, Mission, Values and Corporate Strategies (as attached).**

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

October 27, 2023

REVIEW OF VISION, MISION AND CORPORATE OBJECTIVES

VISION

We are the leading integrated engineering and management conglomerate in the Philippines. Through our investments, we are able to do the following:

- **D** eliver exceptional shareholder value
- **M** otivate and provide employees with opportunities and just rewards to achieve their full potential
- **C** ultivate progress in remote areas, unserved markets and growth industries
- **I** ntegrate sustainable development with superior business results through principled contracting and innovative engineering

CORPORATE STRATEGY

- We choose industries that allow us to leverage our engineering and management expertise and construction resources, while promoting development.
- We engage and retain our employees by investing in skills development and career opportunities.
- We pursue businesses with unrealized value that could be unlocked through innovative engineering and management.
- We manage our businesses in accordance with relevant government standards on environment, safety, quality and corporate governance practices.

MISSION

To invest in engineering and construction-related businesses that bring real benefits to people and the country.

COMPANY VALUES

- Integrity
- Fairness
- Customer Focus
- Teamwork
- Accountability
- Innovation
- Sustainability