

COVER SHEET

ASO95002283
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
Contact Person

8888-3000
Company Telephone Number

(3rd Tuesday of May)

1 2 3 1
Month Day
Fiscal Year

SEC Form 17-Q
First Quarter Interim Report 2021
FORM TYPE

0 5 1 8
Month Day
Annual Meeting

N.A.
Secondary License Type, If Applicable

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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

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter ended March 31, 2021

2. SEC Identification No. AS095-002283

3. BIR Tax Identification No. 004-703-376

DMCI Holdings, Inc.

4. Exact name of issuer as specified in its charter

5. Philippines

6. (SEC Use Only)

Province, Country or other jurisdiction of
incorporation or organization

Industry Classification Code:

7. 3rd Floor, Dacon Building, 2281 Pasong Tamo Ext., Makati city1231

Address of principal office

Postal Code

8. Tel. (632) 8888-3000 Fax : None

Issuer's telephone number, including area code

9. Not applicable

Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

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

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

Yes [X] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Class "A" Shares

Preferred Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements as of and for the period ended **March 31, 2021** are contained herein.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIOD ENDED MARCH 31, 2021

I. RESULTS OF OPERATIONS

The table below summarizes the unaudited consolidated earnings of DMCI Holdings for the reporting period.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2021	2020	Amount	%
DMCI Homes	1,572	(197)	1,769	898%
Semirara Mining and Power Corporation	1,324	623	701	113%
DMCI Mining	415	26	389	1,496%
D.M. Consunji, Inc.	342	170	172	101%
Maynilad	287	379	(92)	-24%
DMCI Power	118	97	21	22%
Parent and Others	13	(68)	81	119%
Core Net Income	4,071	1,030	3,041	295%
Non-recurring Items	179	(414)	593	143%
Reported Net Income	4,250	616	3,634	590%

DMCI Holdings, Inc. (the "Company") recorded Php 4.3 billion in consolidated net income for the first three months of 2021, a 590-percent increase from Php 616 million primarily due to higher coal sales and construction accomplishments.

Excluding non-recurring items, core net income rose by 295% from Php 1.0 billion to Php 4.1 billion.

Non-recurring gains in 2021 pertain to the deferred tax remeasurement impact of CREATE Law on Maynilad and gain on sale of land of DMCI Homes. Meanwhile, non-recurring losses in 2020 mainly relate to cancelled sales transactions for a DMCI Homes project.

The following discussion summarizes the consolidated results of the Company, its subsidiaries and affiliate.

DMCI Project Developers Inc. (DMCI Homes)

From a net loss of Php 197 million, net income contributions from DMCI Homes recovered to Php 1.58 billion.

Excluding the non-recurring gain from the sale of land, the company posted Php 1.57 billion in core net income contributions, an 898-percent upswing from last year.

Revenues improved by 317% from Php 1.6 billion to Php 6.9 billion due to the following:

- absence of revenue reversal from a one-time Davao project sales cancellation, the bulk of which was booked in Q1 2020
- higher construction accomplishments
- increase in accounts that qualified for revenue recognition

Cost of sales grew at a slower pace (129%) from Php 2.1 billion to Php 4.7 billion on lower dress-up costs for ready-for-occupancy (RFO) units. Consequently, gross profit increased by 622% from a gross loss of Php 412 million to P2.2 billion gross profit.

Meanwhile, operating expenses declined by 28% owing to lower sales and marketing expenses.

Sales and reservations from January to March decelerated by 20% from 1,937 units to 1,546 units for a total sales value of Php 6.0 billion, 14% lower from the Php 7.0 billion recorded last year.

On the other hand, capex disbursements dropped by 48% from Php 6.2 billion to Php 3.2 billion. Of the amount spent, 91% went to project development while the rest was used for land and asset acquisitions.

Semirara Mining and Power Corporation (SMPC)

Core income contributions from SMPC expanded by 112% from Php 623 million to Php 1.3 billion on the strong performances of its coal business and subsidiary Southwest Luzon Power Generation Corporation (SLPGC).

Coal Highlights

- Total production rose by 42% from 3.2 MMT to 4.5 MMT while effective strip ratio declined by 23% from 12.2 to 9.3; reduced water seepages in Molave North Block 7 allowed higher production in 3 other active mining blocks, which had significantly lower strip ratios
- Sales volume grew by 21% from 3.2 MMT to 3.9 MMT; mainly driven by export sales
- Exports expanded by 31% from 1.6 MMT to 2.1 MMT
- Domestic sales increased by 11% from 1.6 MMT to 1.8 MMT
- Average selling price dipped by 4% from Php 1,121 to 1,045 /MT

Power Highlights

- Total gross generation increased by 8% to 860 MW on uneven performance of Sem-Calaca Power Corporation (-40%) and SLPGC (87%)
- Total power sales volume climbed by 15% to 796 GWh mostly coming from SLPGC
- Average selling prices recovered by 12% to Php 3.52/KWh
- Majority of the power sold (81%) was through bilateral contract quantities (BCQ)
- As of Q1 2021, nearly half (49%) of total dependable capacity (830MWh) had been contracted

DMCI Mining Corporation (DMCI Mining)

Net income contribution from DMCI Mining soared by 1,496% from Php 26 million to P415 million due to the combined effect of the following:

- Nickel ore production jumped by 39% from 399 thousand wet metric tons (WMT) to 555 thousand WMT as Zambales Diversified Metals Corporation (ZDMC) ramped up its operations
- Ore shipments grew by 15% from 430 thousand WMT to 494 thousand WMT, majority of which (52%) came from ZDMC
- Average selling price surged by 96% from Php 1,224 per WMT to Php 2,296 per WMT as average nickel grade sold by Berong Nickel Corporation (BNC) improved from 1.29% to 1.42%
- Total cash cost per WMT (under cost of sales and operating expenses) grew marginally (4%) from Php 360 per WMT to Php 373 per WMT due to higher taxes and royalty payments
- Total depletion, depreciation and amortization went up by 43% from Php 93 million to Php 133 million due mainly to the increase in depletion rate of BNC's mining asset, which is near the end of its mine life

D.M. Consunji, Inc. (DMCI)

Earnings from DMCI doubled from Php 170 million to Php 342 million on account of the following:

- Higher project accomplishments led faster revenue recognition (53%) from Php 3.7 billion to Php 5.7 billion; infrastructure and joint venture (JV) projects accounted for most of the revenues
- 74-percent improvement in gross profit from Php 347 million to Php 606 million
- Opex grew by 46% due to full, continuous operations and vaccine procurement

At the end of the first quarter, order book (balance of work) stood at Php 55.0 billion, 6% down from Php 58.7 billion at the close of 2020 owing to the recognition of construction revenues for the period.

Infrastructure (24%) and JV (39%) projects continued to dominate the DMCI order book, accounting for more than half of the total.

Newly awarded projects during the period include the AGS CP02B Extension Wall, AGS CP02A structural works and NSCR Depot building works.

Maynilad Water Services, Inc. (Maynilad)

Maynilad reported a net income of Php 1.3 billion, 17% lower than the P1.6 billion reported last year. The marked decline was due to the following:

- Revenues from water and sewer services slipped by 7% as quarantine restrictions continued to weaken billed volume (-5%) and average effective tariff (-3%); non-implementation of inflationary tariff adjustment further depressed the topline

- Increase in cash costs (3%) from Php 1.73 billion to Php 1.79 billion due to light and power utilization, outside services and water treatment chemicals
- Non-cash operating expenses rose by 10% mainly from higher depreciation and amortization owing to the company's continuing capital expenditure program
- Drop in income taxes for the period attributable to the effectivity of CREATE Law which lowered corporate income tax

After adjustments at the consortium company level, the Company's share in reported net earnings improved by 18% from Php 385 million to Php 454 million. Excluding the share in non-recurring items, net earnings share contracted by 24% from Php 379 million to Php 287 million.

DMCI Power Corporation (DMCI Power)

Net income contributions from DMCI Power jumped by 22% from Php 97 million to Php 118 million owing to the following:

- Installed capacity expanded by 16% from 117.3 MW to 136.4 MW
- Sales volume grew by 6% from 75.32 GWh to 80.14 GWh on higher dispatch across all markets
- Fuel costs dropped as diesel prices fell sharply and its 15MW Masbate thermal plant began commercial operations
- Lower income taxes due to the Income Tax Holiday for the 15MW Masbate facility
- Reduced corporate income tax rate under Create Law

Parent and Others

Parent and other investments booked a net income of Php 13 million compared to a net loss of Php 68 million last year because of lower expenses related to the COVID-19 pandemic.

Explanation of movement in consolidated income statement accounts:

Revenues

Consolidated revenues for the first three months of 2021 improved by 69% from Php 14.1 billion to Php 23.9 billion owing to strong revenue contributions from SMPC, DMCI Homes and DMCI.

Improved collection and higher construction accomplishments raised the sales revenues of DMCI Homes while higher coal sales and market prices boosted SMPC revenues. Meanwhile, DMCI revenues surged on higher project accomplishments.

Cost of Sales and Services

Cost of sales and services during the period increased by 46%, significantly slower than the recorded revenue growth. This resulted in higher gross profit margin, which was due mainly to improved global coal and nickel prices.

Operating Expenses

Government royalties for the period amounted to Php 885 million, 24% up from Php 715 million last year as the coal business recorded higher profits. Excluding government royalties, operating expenses incurred during the first three months slipped by 15% to Php 1.7 billion due mainly to lower selling and marketing expenses.

Equity in Net Earnings

Equity in net earnings of associates increased by 17% as a result of higher income take up from Maynilad.

Finance Income

Consolidated finance income decreased by 39% due mainly to lower interest income from placements.

Finance Cost

Consolidated finance costs fell by 9% due to loan payments and lower borrowing rates.

Other Income-net

Other income increased by 47% due to the higher sales forfeitures and cancellation during the period.

Provision for Income Tax

Higher taxable income resulted in a 589-percent jump in consolidated provision for income tax (both current and deferred) during the period.

II. CONSOLIDATED FINANCIAL CONDITION

March 31, 2021 (Unaudited) vs December 31, 2020 (Audited)

The Company's financial condition for the period improved as total assets reached P211 billion, a 3% increase from December 31, 2020. Meanwhile, consolidated total equity decreased by 3% to Php 98 billion following dividend declaration.

Consolidated cash decreased by 2% from Php 18.9 billion to Php 18.6 billion owing to loan repayment and disbursement to suppliers and vendors, which was mitigated by the availment of short-term loan.

Receivables rose by 9% from Php 20.4 billion to Php 22.3 billion due mainly to the increase in coal sales, the bulk of which was made in the latter part of the quarter.

Contract assets (current and non-current) increased by 26% as accomplishments in the real estate and construction businesses improved.

Consolidated inventories grew slightly (1%) from Php 53.9 billion to Php 54.4 billion on higher coal and nickel inventory of SMPC and DMCI Mining, respectively.

Other current assets jumped by 4% to Php 14.8 billion due mainly to prepayments and advances to suppliers.

Investments in associates and joint ventures grew by 3% due mainly to income take-up from Maynilad.

Property, plant and equipment stood at Php 61.6 billion from Php 62.4 billion as depreciation and depletion more than offset capital expenditures for the first three months of 2021.

Investment properties and right-of-use assets decreased by 7% and 100%, respectively, due to depreciation and amortization.

Other noncurrent assets grew by 9% due mainly to higher refundable deposits.

The 42-percent increase in accounts and other payables is mainly attributable to the Php 6.4 billion Parent dividends declared in March 2021 and later paid in April 2021.

Contract liabilities (current and non-current) rose by 4% to Php 656 million due mainly to excess of customer's deposit/billed accomplishments over progress of work.

From Php 51.9 billion, total debt (under short-term and long-term debt) declined by 2% to Php 50.7 billion following the net loan payment of SMPC.

Liabilities for purchased land decreased by 9% as a result of net payment of land previously acquired for real estate development.

Income tax payable jumped by 28% due to higher profitability during the period.

Deferred tax liabilities grew by 8% on higher booked income compared to taxable income of real estate sales.

Pension liabilities rose by 9% due to accrual of retirement benefits expense.

Other noncurrent liabilities decreased by 5% due mainly to recoupment of advances from contract owners.

Consolidated retained earnings stood at Php 62.3 billion at the end of March 2021, 3% down from Php 64.5 billion at the close of 2020 after generation of Php 4.3 billion net income and declaration of Php 6.4 billion Parent dividends.

Non-controlling interest slipped by 6% as a result of the non-controlling share in net income reduced by dividends to non-controlling interest of SMPC.

III. KEY PERFORMANCE INDICATORS

The Company and its Subsidiaries (the “Group”) use the following key performance indicators to evaluate its performance:

- a) Segment Revenues
- b) Segment Net Income (after Noncontrolling Interests)
- c) Earnings Per Share
- d) Return on Common Equity
- e) Net Debt to Equity Ratio

SEGMENT REVENUES

<i>(in Php Millions)</i>	For the Period		Variance	
	2021	2020	Amount	%
Semirara Mining and Power Corporation	9,271	7,272	1,999	27%
DMCI Homes	6,873	1,646	5,227	318%
D.M. Consunji, Inc.	5,679	3,701	1,842	53%
DMCI Mining	1,135	527	608	115%
DMCI Power	864	977	(113)	-12%
Parent and Others	74	0	74	100%
Total Revenues	23,895	14,123	9,637	69%

The initial indicator of the Company’s gross business results is seen in the movements in the different business segment revenues.

As shown above, consolidated revenues jumped by 69% due to higher coal sales volume and selling price. Higher accomplishments in real estate and construction, coupled with improved nickel sales, pushed revenues further.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2021	2020	Amount	%
DMCI Homes	1,572	(197)	1,769	898%
Semirara Mining and Power Corporation	1,324	623	701	113%
DMCI Mining	415	26	389	1,496%
D.M. Consunji, Inc.	342	170	172	101%
Maynilad	287	379	(92)	-24%
DMCI Power	118	97	21	22%
Parent and Others	13	(68)	81	119%
Core Net Income	4,071	1,030	3,041	295%
Non-recurring Items	179	(414)	593	143%
Reported Net Income	4,250	616	3,634	590%

The net income (after non-controlling interest) of the Company was driven by the improved results of all its subsidiaries. Topline improved on the solid recovery of coal and nickel prices, which resulted in better gross margin. Reduction in (a) dress up costs, (b) repairs and maintenance and (c) sales and marketing expenses also contributed to the 590-percent growth in net income.

EARNINGS PER SHARE

Earnings per share (EPS) pertains to the company's income allocated to each outstanding share of common stock. It serves as an indicator of the company's profitability.

The Company's consolidated basic and diluted EPS was Php 0.32/share for the first three months ended March 31, 2021, a 589% growth from Php 0.05/share EPS year-on-year.

RETURN ON COMMON EQUITY

Return on common equity is defined as the amount of net income a company earns per amount of shareholders equity. It is one of the common metrics used by investor to determine how effectively their capital is being reinvested. It is arrived at by dividing the net income share of the parent company over the average parent equity. The Company's return on common equity stood at 5% and 1% for the first three months of 2021 and 2020, respectively.

NET DEBT TO EQUITY RATIO

As a stockholder/investor, financial position and stability would be an important aspect. The Company tests its solvency and leverage exposure through the net debt to equity ratio. This test indicates the Company's ownership of creditors vs. owners/investors. Net debt to equity ratio is computed by dividing the interest-bearing loans net of cash and cash equivalents over total equity.

Total borrowings stood at Php 50.7 billion from Php 51.9 billion last year, which resulted to a net debt to equity ratio of 0.33:1 as of March 31, 2021 and December 31, 2020.

FINANCIAL SOUNDNESS RATIOS

	March 31, 2021	December 31, 2020
Current Ratio	1.98 times	2.31 times
Net Debt to Equity Ratio	0.33 times	0.33 times
Asset to Equity Ratio	2.16 times	2.02 times
	March 31, 2021	March 31, 2020
Return on Assets	3%	1%
Return on Common Equity	5%	1%
Interest Coverage Ratio	8 times	2 times
Gross Profit Margin	33%	22%
Net Profit Margin	22%	8%

PART II--OTHER INFORMATION

1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinged on the commodities market and affected by weather conditions. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On March 29, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.13 regular dividends per common share and Php 0.35 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of April 15, 2021 and was paid on April 26, 2021.
4. On March 5, 2020, the BOD of the Parent Company declared cash dividends amounting Php 0.23 regular dividends per common share and Php 0.25 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of March 23, 2020 and was paid on April 3, 2020.
5. There are no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the Company has knowledge of;
6. There are no material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
7. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
8. Except for interest payments on loans, which the Company can fully service, the only significant commitment that would have a material impact on liquidity are construction guarantees. These are usually required from contractors in case of any damage/ destruction to a completed project.


9. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. - None
10. The Group does not have any offering of rights, granting of stock options and corresponding plans therefore.
11. All necessary disclosures were made under SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer DMCI Holdings, Inc.

Signature and Title 
Herbert M. Consunji
Executive Vice President & Chief Finance Officer

Signature and Title 
Mary Grace M. Garcia
Finance Officer

Date May 11, 2021