



PRESS RELEASE

Embargoed until 10 May 2019

RHI incurs First-Half Net Loss of PhP364M for Six Months ended 31 Mar 2019

MANILA, PHILIPPINES – Integrated sugar and ethanol producer Roxas Holdings, Inc. (PSEi: ROX) (RHI) reported that it incurred a net loss of PhP364 million for the six months ended 31 March 2019 from a net income of PhP80 million in the same period last year as several challenges affected its operations.

Chairman Pedro E. Roxas noted that a substantial drop in farm productivity, particularly in Batangas, caused the Group's performance to slide during the period.

"The level of farm productivity suffered due to changes in weather patterns, which slowed down the growth of sugar canes," Mr Roxas said.

RHI President and CEO Hubert D. Tubio said weather conditions seriously affected business operations, on top of other operational problems that complicated the situation during the six-month period.

"Our Batangas sugar mill, Central Azucarera Don Pedro, Inc. (CADPI), only milled for 15 weeks instead of 23 in the previous year due to the pronounced lack of sugarcane. We also faced stiff competition for canes at our Negros sugar mill, Central Azucarera de la Carlota, Inc. (CACI), which led to a shortened operating period and lower production volume than expected," Mr. Tubio explained.

Meanwhile, the Group's two ethanol plants: Roxol Bioenergy Corporation (RBC) and San Carlos Bioenergy, Inc. (SCBI) registered marked improvements in their efficiencies and yields due to enhancements implemented in previous seasons. However, the high prices of molasses dented the profitability of RHI's ethanol business.

Executive Vice President and Chief Finance Officer Celso T. Dimarucut said RHI's revenues from continuing operations for the past six months climbed from PhP2.1 billion last year to PhP5.0 billion, including PhP1.5 billion of revenues recognized due to the adoption of Philippine Financial Reporting Standard 15, "Revenue Recognition".

Mr. Dimarucut noted that despite the significant increase in revenues, the Group incurred a loss due to higher manufacturing unit cost and higher finance costs.

"We are currently focused on addressing the many challenges and issues causing volatility and higher costs in our industry and our Company. We will continue the ongoing efforts to



reduce our debts to provide resiliency in the face of the significant changes presently taking place in market dynamics and environmental conditions,” he said.

This press release may contain some statements which constitute “forward-looking statements” that are subject to a number of risks and uncertainties that could affect RHI’s business and results of operations. Although RHI believes that expectations reflected in any forward-looking statements are reasonable, it cannot guarantee future performance, action or events.

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ABOUT RHI

Roxas Holdings, Inc.(RHI) is the largest integrated sugar and ethanol producer in the Philippines, and a first mover in agribusiness in the country. It manages sugar miller and refiner Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas; and the following plants in Negros Occidental: sugar miller Central Azucarera de la Carlota, Inc. (CACI), ethanol producer Roxol Bioenergy Corporation (RBC), and RHI Agri-business Development Corporation (RHI ADC) – all in La Carlota City; ethanol producer San Carlos Bioenergy, Inc. (SCBI) in San Carlos City. RHI is likewise an affiliate of sugar miller Hawaiian-Philippine Company in Silay City. RHI is listed on the Philippine Stock Exchange (PSEi: ROX). Further information can be obtained by visiting its website at www.roxasholdings.com.ph.



ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2019

(With Comparative Audited Balances as at September 30, 2018)

(Amounts in Thousands)

	March 31, 2019 (Unaudited)	September 30, 2018 (As restated – Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents	₱667,246	₱295,149
Trade and other receivables	1,515,328	3,040,355
Inventories	3,127,621	2,646,188
Other current assets	1,124,775	1,204,288
	6,434,970	7,185,980
Assets Held for Sale	6,525,072	6,525,072
	12,960,042	13,711,052
Noncurrent Assets		
Investment in an associate	679,741	642,690
Property, plant and equipment:		
At cost	7,269,644	7,595,865
At revalued amount	1,224,991	1,376,627
Investment properties	498,981	347,591
Goodwill	1,079,615	1,079,615
Retirement assets – net	42,795	44,938
Deferred tax assets – net	606,821	440,817
Other noncurrent assets	299,841	291,423
	11,702,429	11,819,566
	₱24,662,471	₱25,530,618
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings	₱7,033,561	₱6,210,857
Current portion of long-term borrowings	1,248,433	4,813,113
Trade and other payables	1,564,188	2,279,766
Income tax payable	–	2,350
	9,846,182	13,306,086
Liability directly associated with the assets held for sale	1,024,465	1,024,465
	10,870,647	14,330,551
Noncurrent Liabilities		
Long term borrowings – net of current portion	2,943,370	–
Retirement liabilities -net	279,835	249,953
Deferred tax liabilities - net	167,544	185,824
Other noncurrent liabilities	1,300	1,300
	3,392,049	437,077
	14,262,696	14,767,628

(Forward)

	March 31, 2019 (Unaudited)	September 30, 2018 (As restated – Note 2)
Equity Attributable to the Equity Holders of the Parent Company		
Capital stock	₱1,565,579	₱1,565,579
Additional paid-in capital	2,841,276	2,840,370
Treasury stock	(52,290)	(52,290)
Revaluation increment on land under assets held for sale	2,390,419	2,390,419
Other equity items and reserves	1,177,585	1,177,585
Retained earnings	2,419,047	2,781,474
	10,341,616	10,703,137
Non-controlling Interests	58,159	59,853
	10,399,775	10,762,990
	₱24,662,471	₱25,530,618

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
 MARCH 31, 2019 AND 2018**

(Amounts in Thousands, except Basic and Diluted Earnings per Share Data)

	Three-Month Period		Six-Month Period	
	January 1 to March 31 (Unaudited)		October 1 to March 31 (Unaudited)	
	2019	2018	2019	2018
REVENUE				
Sale of goods	₱1,930,287	₱1,143,996	₱3,469,686	₱2,137,336
Sale of services	811,641	11,331	1,539,688	14,038
	2,741,928	1,155,327	5,009,374	2,151,374
COST OF SALES	(2,652,124)	(1,029,491)	(4,903,829)	(1,967,316)
GROSS INCOME	89,804	125,836	105,545	184,058
OPERATING EXPENSES	(208,395)	(204,913)	(394,848)	(370,030)
INTEREST EXPENSE	(159,604)	(29,121)	(215,312)	(80,252)
SHARE IN NET EARNINGS OF AN ASSOCIATE	21,051	30,066	37,051	30,066
OTHER INCOME – Net	22,984	28,087	20,089	35,740
LOSS BEFORE INCOME TAX	(234,160)	(50,045)	(447,475)	(200,418)
INCOME TAX BENEFIT				
Current	(5,997)	(7,502)	(4,307)	(7,215)
Deferred	50,332	34,333	152,870	94,058
	44,335	26,831	148,563	86,843
NET LOSS FROM CONTINUING OPERATIONS	(189,825)	(23,214)	(298,912)	(113,575)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS)	23,070	212,875	(65,209)	193,180
NET INCOME	(₱166,755)	₱189,661	(₱364,121)	₱79,605
Net income (loss) attributable to:				
Equity holders of the Parent Company	(₱165,603)	₱190,149	(₱362,427)	₱79,478
Non-controlling interests	(1,152)	(488)	(1,694)	127
	(₱166,755)	₱189,661	(₱364,121)	₱79,605
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Basic	(₱0.11)	₱0.12	(₱0.23)	₱0.05
Diluted	(0.11)	0.12	(0.23)	0.05

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED

MARCH 31, 2019 AND 2018

(Amounts in Thousands)

	Three-Month Period January 1 to March 31 (Unaudited)		Six-Month Period October 1 to March 31 (Unaudited)	
	2019	2018	2019	2018
NET INCOME (LOSS)	(P166,755)	P189,661	(P364,121)	P79,605
OTHER COMPREHENSIVE INCOME				
Share in remeasurement gain on retirement liability of an associate, net of tax	-	1,628	-	1,628
TOTAL COMPREHENSIVE INCOME	(P166,755)	P191,289	(P364,121)	P81,233
Total comprehensive income attributable to:				
Equity holders of the Parent Company	(P165,603)	P191,777	(P362,427)	P81,106
Non-controlling interests	(1,152)	(488)	(1,694)	127
	(P166,755)	P191,289	(P364,121)	P81,233

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
 MARCH 31, 2019 AND 2018
 (Amounts in Thousands)**

	Three-Month Period January to March 31 (Unaudited)		Six-Month Period October 1 to March 31 (Unaudited)	
	2019	2018	2019	2018
CAPITAL STOCK				
Beginning balance	₱1,565,579	₱1,564,599	₱1,565,579	₱1,564,599
Exercise of stock option	–	980	–	980
Ending balance	1,565,579	1,565,579	1,565,579	1,565,579
ADDITIONAL PAID-IN CAPITAL				
Beginning balance	2,840,370	2,826,554	2,840,370	2,826,554
Employee stock option	906	2,662	906	2,662
Exercise of stock option	–	1,460	–	1,460
Ending balance	2,841,276	2,830,676	2,841,276	2,830,676
TREASURY STOCK	(52,290)	(52,290)	(52,290)	(52,290)
REVALUATION INCREMENT ON LAND UNDER ASSETS HELD FOR SALE				
	1,177,585	–	1,177,585	–
OTHER EQUITY RESERVES				
Beginning balance	2,390,419	3,419,147	2,390,419	3,419,147
Remeasurement gain on retirement liabilities net of tax	–	1,628	–	1,628
	2,390,419	3,420,775	2,390,419	3,420,775
RETAINED EARNINGS				
Beginning balance	2,584,650	2,623,067	2,781,474	2,733,738
Net income (loss)	(165,603)	190,149	(362,427)	79,478
	2,419,047	2,813,216	2,419,047	2,813,216
NON-CONTROLLING INTERESTS				
Beginning balance	59,311	52,975	59,853	52,360
Income (loss) attributable to non- controlling interests	(1,152)	(488)	(1,694)	127
	58,159	52,487	58,159	52,487
TOTAL EQUITY	₱10,399,775	₱10,630,443	₱10,399,775	₱10,630,443

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
MARCH 31, 2019 AND 2018
 (Amounts in Thousands)

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax from continuing operations	(P447,475)	(P200,418)
Income (loss) before income tax from discontinued operations	(93,155)	257,516
Adjustments for:		
Depreciation and amortization	571,478	547,224
Interest expense	336,500	212,371
Share in net earnings of associate	(37,051)	(30,066)
Retirement expense	32,025	33,274
Interest income	(1,450)	(279)
Employee stock option expense	906	2,662
Operating income before changes in working capital	361,778	822,284
Decrease (increase) in:		
Trade and other receivables	1,525,027	317,181
Inventories	(481,433)	(1,270,600)
Other current assets	79,510	(344,083)
Increase (decrease) in trade and other payables	(852,613)	395,805
Net cash provided by (used in) operations	632,269	(79,413)
Income taxes paid	(7,028)	(8,092)
Interest received	1,450	279
Net cash flows provided by (used in) operating activities	626,691	(87,226)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	(119,299)	(313,188)
Decrease in other noncurrent assets	(8,418)	(2,015)
Net cash flows used in investing activities	(127,717)	(315,203)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments of short-term borrowings	822,704	1,090,495
Exercise of employee stock option	-	2,441
Payments of:		
Long-term borrowings	(621,310)	(622,174)
Interest	(328,271)	(250,358)
Net cash flows provided by (used in) financing activities	(126,877)	220,404
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	372,097	(182,025)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	295,149	571,377
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P667,246	P389,352