



## **PRESS RELEASE**

*Embargoed until 01 August 2019*

### **RHI's nine-month losses widened amidst challenges in the Philippine sugar industry**

**MANILA, PHILIPPINES** – Listed sugar and ethanol producer Roxas Holdings, Inc. (PSEi: ROX) (RHI) today reported nine-month net loss amounting to PhP652 million from a net income of PhP6 million for the same period last year.

“The sugar industry is currently faced with lower output and increasing production costs while sugar prices have remained low,” said RHI Chairman Pedro E. Roxas.

Mr. Roxas said that the changing weather conditions experienced have triggered a shortage of cane supply, which consequently translated to higher cost of cane because of increased competition. Sugar prices remained low due to the anticipated importation of sugar.

RHI President and CEO Hubert D. Tubio said the continuing challenge with sugarcane supply also led to a shortage in bagasse that is crucial for the operation of the Refinery. “RHI produced a significantly lower volume of refined sugar from 2.2 million LKg bags last crop year to 1.1 million LKg bags this crop year,” Mr. Tubio explained. He added: “The Group has taken steps to avoid a similar problem in the coming crop year.”

The Chief Executive also took note of the impact of high feedstock cost on RHI's ethanol business. “Our ethanol unit posted lower margins despite the substantial increase in production as costs of molasses reached an all-time high of PhP12,500 per metric ton during the period,” Mr. Tubio explained.

Meanwhile, RHI Executive Vice-President and Chief Finance Officer Celso T. Dimarucut said that the Group's revenues increased to PhP12 billion (including revenue from discontinued operations amounting to PhP5.5 billion) during the third quarter, attributable to higher sales volume and price of alcohol, as well as milling revenues recognized, amounting to PhP2.5 billion following the adoption of the Philippine Financial Reporting Standard (PFRS) 15 or 'Revenue Recognition'.

The CFO said the Group is moving quickly to pare down its debts and manage its expenditures. “We are now focused on reducing inventories, and collecting receivables to generate funds for capital expenditures and payment of maturing obligations,” Mr. Dimarucut 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.

For further information, please contact:  
Roulee Jane F. Calayag  
Stakeholder Relations & Corporate Communications  
(02) 771 780 000

---

### **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](http://www.roxasholdings.com.ph).

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2019**

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

**(Amounts in Thousands)**

	June 30, 2019 (Unaudited)	September 30, 2018 (As restated - Note 2)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	₱492,021	₱295,149
Trade and other receivables	1,561,391	3,040,355
Inventories	2,506,263	2,646,188
Other current assets	1,174,057	1,204,288
	<b>5,733,732</b>	<b>7,185,980</b>
<b>Assets Held for Sale</b>	<b>6,525,072</b>	<b>6,525,072</b>
	<b>12,258,804</b>	<b>13,711,052</b>
<b>Noncurrent Assets</b>		
Investment in an associate	634,603	642,690
Property, plant and equipment:		
At cost	7,085,189	7,595,865
At revalued amount	1,224,991	1,376,627
Investment properties	498,801	347,591
Goodwill	1,079,615	1,079,615
Retirement assets - net	41,724	44,938
Deferred tax assets - net	746,486	440,817
Other noncurrent assets	306,808	291,423
	<b>11,618,217</b>	<b>11,819,566</b>
	<b>₱23,877,021</b>	<b>₱25,530,618</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-term borrowings	₱7,034,148	₱6,210,857
Current portion of long-term borrowings	848,433	4,813,113
Trade and other payables	1,360,161	2,279,766
Income tax payable	808	2,350
	<b>9,243,550</b>	<b>13,306,086</b>
Liability directly associated with the assets held for sale	1,024,465	1,024,465
	<b>10,268,015</b>	<b>14,330,551</b>
<b>Noncurrent Liabilities</b>		
Long term borrowings - net of current portion	3,032,549	-
Retirement liabilities - net	295,061	249,953
Deferred tax liabilities - net	167,544	185,824
Other noncurrent liabilities	1,300	1,300
	<b>3,496,454</b>	<b>437,077</b>
	<b>13,764,469</b>	<b>14,767,628</b>

(Forward)

	June 30, 2019 (Unaudited)	September 30, 2018 (As restated - Note 2)
<b>Equity Attributable to the Equity Holders of the Parent Company</b>		
Capital stock	₱1,565,579	₱1,565,579
Additional paid-in capital	2,842,183	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	2,131,465	2,781,474
	<b>10,054,941</b>	10,703,137
Non-controlling Interests	57,611	59,853
	<b>10,112,552</b>	10,762,990
	<b>₱23,877,021</b>	₱25,530,618

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

---

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED**  
**JUNE 30, 2019 AND 2018**

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

	Three-Month Period April 1 to June 30 (Unaudited)		Nine-Month Period October 1 to June 30 (Unaudited)	
	2019	2018	2019	2018
<b>REVENUE</b>				
Sale of goods	₱1,410,655	₱1,691,863	₱ 4,880,341	₱3,829,199
Sale of services	95,461	13,455	1,635,150	27,493
	<b>1,506,116</b>	1,705,318	<b>6,515,491</b>	3,856,692
<b>COST OF SALES</b>	<b>(1,444,318)</b>	(1,267,462)	<b>(6,348,146)</b>	(3,234,779)
<b>GROSS INCOME</b>	<b>61,798</b>	437,856	<b>167,345</b>	621,913
<b>OPERATING EXPENSES</b>	<b>(174,881)</b>	(164,346)	<b>(569,728)</b>	(534,375)
<b>INTEREST EXPENSE</b>	<b>(133,092)</b>	(47,947)	<b>(348,404)</b>	(128,199)
<b>SHARE IN NET EARNINGS OF AN ASSOCIATE</b>	<b>4,282</b>	9,819	<b>41,333</b>	39,885
<b>OTHER INCOME – Net</b>	<b>7,163</b>	9,582	<b>27,250</b>	45,322
<b>LOSS BEFORE INCOME TAX</b>	<b>(234,730)</b>	244,964	<b>(682,204)</b>	44,546
<b>INCOME TAX BENEFIT (EXPENSE)</b>				
Current	(1,132)	246	(5,439)	(6,969)
Deferred	82,038	(19,742)	234,907	74,315
	<b>80,906</b>	(19,496)	<b>229,468</b>	67,346
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>(153,824)</b>	225,468	<b>(452,736)</b>	111,892
<b>NET LOSS FROM DISCONTINUED OPERATIONS</b>	<b>(134,306)</b>	(299,487)	<b>(199,515)</b>	(106,306)
<b>NET INCOME (LOSS)</b>	<b>(₱288,130)</b>	(₱74,019)	<b>(₱652,251)</b>	₱5,586
Net income (loss) attributable to:				
Equity holders of the Parent Company	(₱287,582)	(₱77,364)	(₱650,009)	₱2,114
Non-controlling interests	(548)	3,345	(2,242)	3,472
	<b>(₱288,130)</b>	(₱74,019)	<b>(₱652,251)</b>	₱5,586
<b>EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>				
Basic	(₱0.18)	(₱0.00)	(₱0.42)	₱0.00
Diluted	(0.18)	(0.00)	(0.42)	0.00

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
JUNE 30, 2019 AND 2018  
(Amounts in Thousands)**

	Three-Month Period April 1 to June 30 (Unaudited)		Nine-Month Period October 1 to June 30 (Unaudited)	
	2019	2018	2019	2018
<b>NET INCOME (LOSS)</b>	<b>(P288,130)</b>	(P74,019)	<b>(P652,251)</b>	P5,586
<b>OTHER COMPREHENSIVE INCOME</b>				
Share in remeasurement gain (loss) on retirement liability of an associate, net of tax	-	-	-	1,628
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(P288,130)</b>	(P74,019)	<b>(P652,251)</b>	P7,214
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Parent Company	<b>(P287,582)</b>	(P77,364)	<b>(P650,009)</b>	P3,742
Non-controlling interests	<b>(548)</b>	3,345	<b>(2,242)</b>	3,472
	<b>(P288,130)</b>	(P74,019)	<b>(P652,251)</b>	P7,214

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
JUNE 30, 2019 AND 2018  
(Amounts in Thousands)**

	Three-Month Period April 1 to June 30 (Unaudited)		Nine-Month Period October 1 to June 30 (Unaudited)	
	2019	2018	2019	2018
<b>CAPITAL STOCK</b>				
Beginning balance	<b>₱1,565,579</b>	₱1,565,579	<b>₱1,565,579</b>	₱1,564,599
Exercise of stock option	-	-	-	980
Ending balance	<b>1,565,579</b>	1,565,579	<b>1,565,579</b>	1,565,579
<b>ADDITIONAL PAID-IN CAPITAL</b>				
Beginning balance	<b>2,841,276</b>	2,830,676	<b>2,840,370</b>	2,826,554
Employee stock option	<b>907</b>	1,331	<b>1,813</b>	3,993
Exercise of stock option	-	-	-	1,460
Ending balance	<b>2,842,183</b>	2,832,007	<b>2,842,183</b>	2,832,007
<b>TREASURY STOCK</b>	<b>(52,290)</b>	(52,290)	<b>(52,290)</b>	(52,290)
<b>REVALUATION INCREMENT ON LAND UNDER ASSETS HELD FOR SALE</b>				
	<b>1,177,585</b>	-	<b>1,177,585</b>	-
<b>OTHER EQUITY RESERVES</b>				
Beginning balance	<b>2,390,419</b>	3,420,775	<b>2,390,419</b>	3,419,147
Remeasurement gain on retirement liabilities net of tax	-	-	-	1,628
	<b>2,390,419</b>	3,420,775	<b>2,390,419</b>	3,420,775
<b>RETAINED EARNINGS</b>				
Beginning balance	<b>2,419,047</b>	2,813,216	<b>2,781,474</b>	2,733,738
Net income (loss)	<b>(287,582)</b>	(77,364)	<b>(650,009)</b>	2,114
	<b>2,131,465</b>	2,735,852	<b>2,131,465</b>	2,735,852
<b>NON-CONTROLLING INTERESTS</b>				
Beginning balance	<b>58,159</b>	52,487	<b>59,853</b>	52,360
Income (loss) attributable to non-controlling interests	<b>(548)</b>	3,345	<b>(2,242)</b>	3,472
	<b>57,611</b>	55,832	<b>57,611</b>	55,832
<b>TOTAL EQUITY</b>	<b>₱10,112,552</b>	₱10,557,755	<b>₱10,112,552</b>	₱10,557,755

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

---

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED**  
**JUNE 30, 2019 AND 2018**  
(Amounts in Thousands)

	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax from continuing operations	(P682,204)	P44,546
Income (loss) before income tax from discontinued operations	(285,066)	(37,127)
Adjustments for:		
Depreciation and amortization	794,397	738,426
Interest expense	526,296	325,293
Share in net earnings of associate	(41,333)	(39,885)
Retirement expense	48,322	49,318
Interest income	1,813	3,993
Employee stock option expense	(3,517)	(640)
Operating income before changes in working capital	358,708	1,083,924
Decrease (increase) in:		
Trade and other receivables	1,478,964	(219,755)
Inventories	139,925	(714,047)
Other current assets	30,229	(300,978)
Increase (decrease) in trade and other payables	(1,060,068)	342,245
Net cash provided by (used in) operations	947,758	191,389
Income taxes paid	(7,066)	(8,549)
Interest received	3,517	640
Net cash flows provided by (used in) operating activities	944,209	183,480
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Property, plant and equipment	(154,466)	(469,079)
Proceeds from dividends received	49,420	78,225
Decrease in other noncurrent assets	(15,385)	(3,543)
Net cash flows used in investing activities	(120,431)	(394,397)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net availments of short-term borrowings	823,291	1,054,394
Exercise of employee stock option	-	2,441
Payments of:		
Long-term borrowings	(932,131)	(931,749)
Interest	(518,066)	(338,587)
Net cash flows provided by (used in) financing activities	(626,906)	(213,501)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>196,872</b>	<b>(424,418)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>295,149</b>	<b>571,377</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>P492,021</b>	<b>P146,959</b>