

EAGLE CEMENT CORPORATION
Minutes of the Annual Meeting of the Stockholders
15 July 2020; Wednesday; 2:00 PM
Via Videoconference

STOCKHOLDERS PRESENT:	TYPE OF SHARES	NO. OF SHARES
In Person:		
Ramon S. Ang	Common	1,317,857,139
	Preferred	878,571,429
John Paul L. Ang	Common	96,428,569
	Preferred	64,285,714
Manny C. Teng	Common	1
Monica L. Ang	Common	1
Mario K. Surio	Common	1
Manuel P. Daway	Common	1
Luis A. Vera Cruz, Jr.	Common	1
Melinda Gonzales-Manto	Common	1
Ricardo C. Marquez	Common	1
Jose P. Perez	Common	1
Martin S. Villarama, Jr.	Common	1
By Proxy:		
Far East Cement Corporation Represented by: Ramon S. Ang	Common	3,010,714,288
	Preferred	2,057,142,857
PDC Nominee Corp.	Common	103,534,100
Total No. of Shares Present or Represented at the Meeting	Common	4,528,534,105
	Preferred	3,000,000,000
Total No. of Shares Issued and Outstanding	Common	5,000,000,005
	Preferred	3,000,000,000
Percentage of Shares of Stock Present	Common	90.571%
	Preferred	100.00%

DIRECTORS PRESENT:

RAMON S. ANG
JOHN PAUL L. ANG
MANNY C. TENG
MONICA L. ANG
MARIO K. SURIO
MANUEL P. DAWAY
LUIS A. VERA CRUZ, JR.
MELINDA GONZALES-MANTO (ID)
RICARDO C. MARQUEZ (ID)
MARTIN S. VILLARAMA, JR. (ID)
JOSE P. PEREZ (ID)

ALSO PRESENT:

FABIOLA B. VILLA
MARLON P. JAVARRO
MARIA FARAH Z.G. NICOLAS-SUCHIANCO
CHERYL S. SALDAÑA-DE LEON

I. NATIONAL ANTHEM AND INVOCATION

The Philippine national anthem was played *via* livestream. Afterwards, director Melinda Gonzales-Manto led the invocation.

II. CALL TO ORDER

The Chairman, Mr. Ramon S. Ang, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Maria Farah Z.G. Nicolas-Suchianco, recorded the minutes of the meeting.

III. CERTIFICATION OF QUORUM

The Board of Directors approved a resolution dated 13 March 2020 authorizing the holding of the meeting by remote communication pursuant to Section 57 of the Revised Corporation Code, and the Securities and Exchange Commission (SEC) Memorandum Circular No. 06, Series of 2020. The Corporate Secretary advised the stockholders that, in compliance with the requirements of the SEC for meetings held through remote communication, the meeting is being recorded, which recording will form part of the records of the Corporation. The Corporate Secretary likewise ensured that the proceedings were effectively livestreamed, and that all registered participants could see and hear the livestream from their individual devices.

The Corporate Secretary certified that the notice of annual meeting of the stockholders, along with the procedure for participation and casting of votes through remote communication, was disclosed with the Philippine Stock Exchange (PSE) on 07 May 2020, and published in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days, or on 16 and 17 June 2020. Copies of the Information Statement, and Management Report, Minutes of the 2019 Annual Stockholders' Meeting, and Annual Report are available and can be accessed through the Corporation's website and the PSE Edge.

The Corporate Secretary certified that out of 5,000,000,005 issued and outstanding common shares and 3,000,000,000 issued and outstanding preferred shares, stockholders owning a total of 4,528,534,105 common shares and 3,000,000,000 preferred shares, representing 90.571% of the total issued and outstanding common shares and 100% of the total issued and outstanding preferred shares of the Corporation, are present through remote communication and by proxy. There is, therefore, a quorum present for the transaction of business.

IV. APPROVAL OF THE PREVIOUS STOCKHOLDERS' MEETING

The Chairman presented the minutes of the previous stockholders' meeting held on 18 June 2019 for ratification by the stockholders. Upon motion duly made and seconded, the stockholders passed and approved the following resolution:

“RESOLVED, that the Corporation be authorized to approve and ratify the minutes of the Regular Annual Meeting of Stockholders held on 18 June 2019.”

V. PRESENTATION OF THE ANNUAL REPORT

The Chairman called the President and Chief Executive Officer, Mr. John Paul L. Ang, and the Chief Finance Officer, Ms. Monica L. Ang, to deliver the President's Report to the stockholders.

Ms. Ang first presented the accomplishments and the positive financial state of the Corporation for 2019.

A. Accomplishments

Ms. Ang related that at the end of 2019, Philippine GDP ended at 5.9%, making it among the fastest growing economies in the region. There has been more infrastructure development coupled with consumer spending. As in the past, the Corporation's customer base has mostly grown from the private sector, and thus continues to deliver double digit growth across the board.

Ms. Ang reported that the Corporation registered a compounded annual growth rate of 37% and 54% in net sales and net income, respectively.

B. 2019 Financial Performance

Mr. Ang announced that the Corporation recorded a 20% increase in sales to PhP19.8 billion. The Company's revenue is accounted largely by bagged cement or Type 1P at 79%, while 21% is comprised by bulk cement or Type 1. Gross profit rose by 20%, while the gross profit margin registered at 44%.

EBITDA amounted to PhP7.93 billion, or an increase of 16%. This resulted to an EBITDA margin of 40%.

Meanwhile, EBIT went up by 14%, resulting to a margin of 35%. Net income went up by 25% year-on-year, with the margin improving by 30%.

C. 2020 Latest Interim Financial Highlights

Ms. Ang reported that the Corporation's sales trend prior to 16 March 2020, or when the government imposed the community quarantine and lockdown due to the COVID-19 pandemic, shows the Corporation was on its way to beat the 2019 Q1 results. However, due to the effects of COVID-19 on the entire country, the Corporation recorded net sales of 16% lower than 2019 Q1. EBITDA for the quarter ended 31 March 2020 also dropped by 14%, resulting to an EBITDA margin of 38%.

EBIT went down by 18%, with margin at 32%, while Net Income fell by 25% year-on-year.

Despite this, the financial condition of the Corporation for the quarter ended 31 March 2020 remains solid, providing financial stability to sustain operational headwinds amid the crisis. Total assets grew by 2% to P49.9 billion. Total liabilities went down by 2% to P11.4 billion.

Further, the Corporation's long-term debt was down by 4% with an average borrowing cost of 1.58%. The Corporation's current gearing also still gives it flexibility to continue to pursue its investment plans moving forward, with debt-to-equity ratio at 0.30x, and financial debt to equity ratio registering at 0.18x. This is still well below the Corporation's loan covenant requirements.

D. Sustainable Development and Corporate Social Responsibility

1. Awards and Citations –

Mr. Ang reported that the Corporation was once again awarded with the Platinum Achievement Award for the Quarry Operations Category during the Presidential Mineral Industry and Environmental Awards (PMIEA) last November 2019. This marks the sixth consecutive year that the Corporation is being recognized by the PMIEA Selection Committee as it has been a Titanium Achievement Awardee for four consecutive years since 2014, and a Platinum Achievement Awardee since 2018. The Corporation's improvement from the Titanium Award to the Platinum Award is proof that the Corporation is continuously upgrading its operations and efforts to practice responsible mining, and commitment to sustainable development.

2. Biodiversity and Corporate Social Responsibility –

The Corporation continuously strengthens its partnership with the Philippine Eagle Foundation. It recently celebrated Philippine Eagle Week in June by pledging continued care and support to Viggo, the Company's adopted Philippine Eagle within the PEF's conservation program. The partnership with the PEF is among a series of initiatives that the Company is taking to advocate the Sustainable Development Goals of the United Nations.

Mr. Ang also presented the Corporation's various projects, activities, and contributions to the socio-economic development of different communities in Gabihan, San Ildefonso, Talbak, and Brgy. Kalawakan.

E. Business Updates

1. Expansion –

Mr. Ang pointed out that the Corporation has been continuously expanding its capacity organically since it started commercial operations in 2010, quickly expanding to three integrated lines. The continuous expansion, coupled with heightened marketing strategy and high quality cement, paved way for the Corporation to post double digit sales growth since 2012, with a compounded annual growth rate of 18%.

The Corporation's Bulacan expansion is underway with the construction of the Flyash and pulv limestone dosing system, belt conveyor transport system, Additive Feed Bin 5 and dosing system, Finish Mill 5, Cement Silo 5, and Packhouse 3. These are expected to finish by the last quarter of the current year.

2. COVID-19 Response

As to the Corporation's Response to COVID-19, the Corporation has taken its lead in order to help contain the spread of the virus and extend help to its business partners and the communities where it operates. The following are the activities and measures undertaken to help combat COVID-19, both in the workplace and in the communities:

- a. The Corporation has provided immediate food relief for 21,000 families economically displaced by the COVID-19. food packs consisting of rice and canned goods to the most needy families and our host communities in Bulacan and Cebu were distributed;
- b. The Corporation has partnered with St. Lukes Medical Center – BGC (SLMC BGC) to conduct a monthly Reverse Transcription Polymerase Chain Reaction (RT-PCR)

testing for its stakeholders. This initiative is beyond the government's mandated guidelines for the resumption of business operations;

- c. On May 15, SLMC BGC conducted a training for all EAGLE nurses and doctors prior to the start of testing;
- d. The Corporation has also provided preventive measures and testing assistance to its host community in Brgy. Akle, in coordination with the local government. A total of 370 residents were selected randomly per sitio. The RT-PCR testing was conducted on 07 and 10 June 2020, and all yielded negative results;
- e. The Corporation's third-party contractors have undergone the same testing to ensure safety of everyone across all business operations;
- f. The Corporation has also started conducting COVID-19 tests last 25 May 2020 using RT-PCR testing for its employees;
- g. To date, the Corporation has already conducted a total of 2,722 tests in 41 days. As a continuous precautionary health measures to contain the spread of the virus, the Corporation will intensify testing by conducting at least 1,000 RT-PCR testings for employees, contractors, distributors, and haulers every month; and
- h. Isolation facilities are already in place in the event that tests of employees yield positive results for the presence of the virus. However, the Corporation will still be constructing Smart House facilities that consists of 29 units as Quarantine Facilities which can accommodate 232 patients, while four units of additional isolation facilities will also be built. These are targeted to be completed by August of the current year.

3. Digital Transformation

Mr. Ang reported that the Corporation is taking steps into digital transformation, as it moves to adapt to the rapid changes and challenges in the market in order to improve business operations, and substantially enhance customer experience.

The Corporation has upgraded its ERP to one that is tailored fit for the cement manufacturing industry. This will align processes to the system and will also run in cloud that will lessen IT Infrastructure investments. The new ERP systems offer a Customer portal to enhance the customers' experience, and is fully integrated to the Financial ERP system. With the new ERP in place, the Cement Automation will be integrated to ERP and it will generate real time reports and dashboards.

The new ERP also allows for real-time tracking of delivery trucks, real-time interactions with the enterprise applications, real-time reports, and dash-boards.

In closing, Mr. Ang stated that the Management the Corporation's restart strategy aims to help jumpstart the country's economy, keep communities safe and get small businesses around it back on track, as the Corporation ramps up production to meet the growing cement demand in the country. The Corporation's safeguard measures and health and safety protocols, being beyond what is expected and required, allows it to continue to operate while keeping its working environment, people, and communities safe, towards emerging stronger from the global downturn of the economy brought by COVID-19.

The Chairman thanked Mr. Ang for the Report and opened the floor for questions from the audience which were submitted in advance and will be read by the facilitator.

Ms. Kristina Vega, a stockholder, mailed in advance her question on whether Eagle Cement will supply cement to the San Miguel corporation airport project in Bulacan. The Chairman replied in the affirmative.

An question mailed in advance by Mr. Michael Aranas, a stockholder, was then read. Mr. Aranas wished to know if the Corporation will declare dividends. The President answered that the Corporation is still in the process of assessing whether it may declare dividends, due to the effects of the COVID-19 pandemic.

The question of Mr. Marc Macatangay, a stockholder, which was likewise mailed in advance was the last question to be read. Mr. Macatangay asked how much is the corporation's allocation for measures to combat COVID-19. The Chairman responded by saying that based on its assessment of the impact of COVID-19, the Corporation did not provide for any specific limit for COVID-19 relief and preventive measures, and will continue to extend help as much as help is needed and it is possible for the Corporation.

There being no further questions, and upon motion duly made and seconded, the stockholders passed and approved the following resolution:

“RESOLVED, that the Corporation be authorized to approve the Management Report of the Corporation as presented.”

VI. APPROVAL AND RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman of the meeting requested the Corporate Secretary to present a summary of all acts of the Board of Directors and Management, embodied in the resolutions issued from 18 June 2019 up to the date of the Meeting. The summary of all acts was thereafter flashed on the screen. The stockholders thereafter approved and ratified the acts as presented to them.

Upon motion duly made and seconded, the following resolution was passed and approved:

“RESOLVED, that the Corporation hereby affirms, approves and ratifies the acts of the Corporation's Officers and Board of Directors embodied in the resolutions that have been issued in accordance with the procedures provided in the Corporation's By-Laws from 18 June 2019 up to today, 15 July 2020.”

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman of the meeting requested Director Melinda Gonzales-Manto, the Chairperson of the Audit Committee, to make a recommendation on the appointment of external Auditor. Director Gonzales-Manto recommended the appointment of Reyes Tacandong & Co., CPAs as the Corporation's external auditor for the year 2020.

Upon motion duly made and seconded, the stockholders passed and approved the following resolutions:

“RESOLVED, that the Corporation be authorized to appoint Reyes Tacandong & Co., CPAs as its external auditor for the year 2020, and it shall serve as such until its replacement is appointed and qualified.”

VIII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Corporate Secretary presented the list of nominees for Independent Directors as pre-qualified by the Nomination and Remuneration Committee, and the list of other nominees for the election to the Board of Directors. All the following nominees have all the qualifications and none of the disqualifications to be a director under the law, the Corporation's By-Laws, and the Corporation's Manual on Corporate Governance:

Nominee	Position
Ramon S. Ang	Director
John Paul L. Ang	Director
Manny C. Teng	Director
Monica L. Ang	Director
Mario K. Surio	Director
Manuel P. Daway	Director
Luis A. Vera Cruz, Jr.	Director
Melinda Gonzales-Manto	Independent Director
Ricardo C. Marquez	Independent Director
Martin S. Villarama, Jr.	Independent Director
Jose P. Perez	Independent Director

Considering that the number of directors to be elected is eleven (11) and there are only eleven (11) nominees, upon motion duly made and seconded, all eleven (11) nominees were considered unanimously elected as Directors of the Company for the ensuing year, until their successors are elected and qualified. The votes of the stockholders present and represented by proxies were distributed and recorded accordingly.

IX. ADJOURNMENT

There being no other matters to discuss and upon motion duly made and seconded, the meeting was adjourned.

Certified true and correct:

[Original Signed]
MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

Attested:

[Original Signed]
RAMON S. ANG
Chairman