



# **SBS PHILIPPINES CORPORATION**

11 November 2015

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA Greenhills  
Mandaluyong City, Metro Manila

Attention: **Mr. Vicente Graciano P. Felizmenio Jr.**  
Director, Markets and Securities Regulation Department

**PHILIPPINE STOCK EXCHANGE, INC.**

PSE Plaza, Ayala Triangle  
Ayala Avenue, Makati City

Attention: **Ms. Janet A. Encarnacion**  
Disclosure Department

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Gentlemen:

We attached herewith a copy of the SEC Form 17-C on the Press Release issued in connection with the 2015 Third Quarter Results of SBS Philippines Corporation.

Sincerely yours,

REGINA SIMONA B. DE GUZMAN  
Corporate Secretary & Compliance Officer

Encl. a/s



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. **November 11, 2015**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **A200110402**    3. BIR Tax Identification No. **213-054-503-000**
4. **SBS PHILIPPINES CORPORATION (Formerly Sytengco Philippines Corporation)**  
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. **NO. 10 RESTHAVEN ST., BRGY. BUNGAD, SAN FRANCISCO DEL MONTE, QUEZON CITY 1105**  
Address of principal office Postal Code
8. **(02) 371-1111**  
Issuer's telephone number, including area code
9. **N/A**  
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	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,200,000,000
Total Liabilities	Php 1,757.6 million

11. Indicate the item numbers reported herein:

- **ITEM 9 - OTHER EVENTS**





# **SBS PHILIPPINES CORPORATION**

11 November 2015

**PSE / MEDIA RELEASE : 2015 THIRD-QUARTER RESULTS (Unaudited)**

## **SBS CONTINUES TO POST STRONG PROFITS**

### **NET INCOME UP BY 98.8% YOY TO PhP 110.39 M FROM SALES OF PhP 695.2 M**

SBS Philippines Corporation ("SBS" or the "Company"), one of the leading chemical distributor/trading companies in the Philippines, today announced its results for the nine month period ended 30 September 2015.

#### **January-September 2015 Results**

SBS continued with its growth momentum and posted strong profits as of the third quarter of 2015. The Company registered a net income of P110.39 million for the first nine months, up by 98.8% from P55.52 million posted for the same period last year and surpassing 2014 full year net income of P100.17 million

Sales revenue for the period grew by 7.5% to P695.2 million. Growth in sales came primarily from higher sales of food ingredient products which increased by 22% year on year.

Gross profits for the period rose by 25.3% to P200.36 million from P159.85 million in 2014, while gross margin improved to 28.8% from 24.7% on account of better product and sales mix as the Company embarked on a portfolio rebalancing which shifted focus on higher margin products and sales channels.

Operating profit was up at P150.7 million, higher by 93.2% or P72.7 million compared to the prior comparative period of P78.0 million as a result of an increase in recurring lease income and a significant drop in interest expense on account of debt pay downs. EBITDA for the period amounted to P200.8 million, up by 21.8% from P164.7 million for the same period last year.

## 2015 Third Quarter Results

Core operating profit for the quarter was up 15.4% at P66 million compared to previous comparable period of P57.6 million primarily due to a shift in the product mix towards higher margin products in line with the Company's profit improvement strategy.

However, hampered by new stringent regulations on the sale and distribution of chemical substances considered as containing explosive ingredients but which are also essential raw materials commonly used for manufacturing, the Company experienced an unexpected slowdown in sales in the third quarter as the additional regulatory requirements affected the freedom to distribute and market certain staple chemicals, temporarily disrupting the flow of chemical deliveries to manufacturing clients, particularly industrial and agriculture business segments which resulted to a decline in sales compared to prior year.

Difficulties were experienced by both importers and end-users in securing new licenses and permits, plant inspections and escort transport needed to purchase, unload, move and possess such chemicals. Such unexpected disruptions in the supply chain resulted in lower sales in the third quarter which worked to curb the strong double-digit sales growth performance in the first half to a less stellar YTD sales growth of 7.5%.

### Financial Position

The Company's financial position registered a marked improved as current ratio increased to 2x as of 2015 3Q from 0.76x in 2014 . This is attributable to a 26% increase in current assets and an 18.8% reduction in current liabilities compared to 2014. Cash and cash equivalents as of 30 September 2015 increased to P 1.04 billion from P467.6 million in 2014. The higher cash balances related to the receipt of the IPO proceeds.

Debt to equity ratio significantly improved to 0.79x as of third quarter of 2015 from a high 4.43x in 2014. Debt levels as of 30 September 2015 shrunk to P892.5 million from P1.4 billion in 2014 as the Company paid down most of its long term debts.

Costs to income ratio also improved to 19.6% in the 3<sup>rd</sup> quarter of 2015 from 25.6% in 2014 as a result of lower interest expense and cost of goods sold.

### Outlook

The Company expects to continue to deliver solid profit growth and good operating profits through 2015 as it focuses in growing its operating margins and expanding and diversifying its product portfolio.



## New Developments

SBS continues to channel its efforts to specifically and strategically bring products that work better and promote sustainability. The Company is set to close new distribution rights to market new product offerings providing for innovative multi-application solutions for the food and industrial sectors. These new product lines will not only strengthen the Company's product portfolio but are also another step to expanding its range of products offered to the food, paper, plastic, electric and industrial segments.

Meanwhile, Neschester Corporation, an associate company of the SBS Philippines Corporation, is planning to dispose of its principal asset comprising of a 2,332.5 sq m. property located at Yakal Street, Makati City. Neschester Corporation was set up as a joint venture company to hold the property in which SBS has a 35% equity interests.

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**Disclaimer.** *This Announcement may contain forward-looking statements relating to the future performance of SBS that are based on the Company's current expectations, forecasts and assumptions and involve risks and uncertainties. Actual results may differ materially from those expressed in forward-looking statements and reported results should not be considered as an indication of future performance. Factors that can cause or contribute to such differences include, but are not limited to, changes in political, business and economic conditions, general economic downturn or crisis, major fluctuations in exchange rates, effect of business initiatives and management changes, changes in business strategy, shifts in customer demands and preferences, industry trends, changes in government regulations, and the Company's ability to deal with the increasingly competitive commercial environment. You are cautioned not to place undue reliance on these forward looking-statements which are based on the current view of management. The Company assumes no obligation to update such statements, except as required by law.*

### About SBS Philippines Corporation ([www.systemengco.com](http://www.systemengco.com))

SBS Philippines Corporation (the "Company") is one of the major chemical trader-distributor in the Philippines supplying a diverse customer base of more than 1,800 customers with over 3,000 chemical products sourced from more than 500 suppliers.

The Company offers a comprehensive selection of chemical products to service its wide set of clientele in the following industries: (i) food ingredients, (ii) industrial, (iii) feeds and veterinary care, (iv) pharmaceutical, (v) personal care and cosmetics.

The Company's logistics infrastructure includes a network of 15 warehouse facilities located at 5 different sites in the greater manila area and the province of Bulacan, providing for a combined floor space of over 46,000 square meters and a storage capacity exceeding 18,000 MT. Its warehousing and distribution infrastructure provides for enormous flexibility to distribute a variety of products to a diverse set of customers and markets.

The Company's scale and distribution reach, combined with its diversified product offering, deep industry knowledge, and value-added services on logistics management provide the Company with a distinct competitive advantage as the "one-stop shop" resource for chemical requirements.

More information on SBS and its IPO is available in its Prospectus dated 24 July 2015 which can be downloaded at the SBS website at [www.sytengco.com](http://www.sytengco.com).