



# PHOENIX at 15 **RELENTLESS**

2017 ANNUAL REPORT



PHOENIX PETROLEUM PHILIPPINES, INC.



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## Our 2017

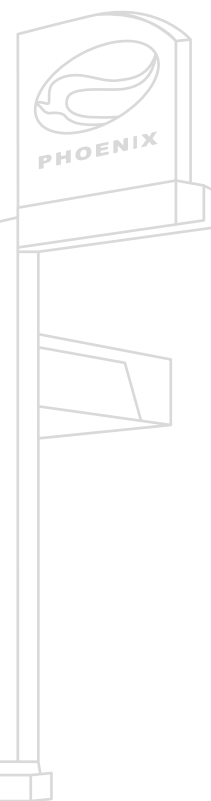
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## About the Cover

Relentless has been the way we have run the business from day one. And fifteen years on, we are a bigger and bolder company – breaking barriers as we've grown from the province to a national brand, expanding from fuels to new businesses, and rising as the country's leading independent and fastest-growing oil company. We're forging ahead as a better, stronger, and unrelenting Phoenix Petroleum, to bring to life our vision to be an indispensable partner.



## Our Vision

**To be an  
indispensable  
partner in the  
journey of  
everyone whose  
life we touch.** \_\_\_\_\_





# Our Mission

We deliver the best value in products and services to our business partners

We conduct our business with respect, integrity, and excellence

We provide maximum returns to our shareholders and investors

We create opportunities for learning, growth, and recognition to the Phoenix Family

We build programs to nurture the environment and welfare of the communities we serve



# Our Core Values



## INTEGRITY

We adhere to the highest standards of ethics and conduct. Our reputation defines who we are.



## EXCELLENCE

We aim to be the best in everything we do.



## SERVICE

We value all our stakeholders, and provide unrivaled customer experience.



## INNOVATION

We welcome opportunities to create at all times new and better products, services, and ideas.



## TEAMWORK

We value relationships. We achieve goals through collaborative efforts.



## STEWARDSHIP

We nurture our resources responsibly.

# About

# Phoenix Petroleum Philippines, Inc.

**We are the leading independent  
and fastest-growing oil company  
in the Philippines.**

From our humble beginnings in Davao, we have grown to be a national brand, driven by our entrepreneurial spirit and our aspiration to be an indispensable partner of our customers.

We are a publicly-listed company on the Philippine Stock Exchange since July

2007, the first oil company to do so since the Oil Deregulation Law was passed in 1998.

We represent the petroleum group of UDENNA Corporation, our parent company, with a business portfolio that includes interests in petroleum retail

and distribution, shipping and logistics, real estate development, education, tourism, and services.

## Our Products and Services

- **Trading and Distribution** — Distribution of refined petroleum products such as fuels, liquefied petroleum gas, and lubricants to retail, commercial, and industrial channels  
— Trading and supply of refined petroleum products
- **Terminals and Hauling Services** — Operation of depots and terminals  
— Leasing of storage space  
— Hauling and into-plane services
- **Convenience Store Retailing** — Ownership and management of FamilyMart franchise in the Philippines

# 2017

## AT A GLANCE

Php  
**1.421 billion**  
in core income

Php  
**44.43 billion**  
in revenue

Php  
**18.61 billion**  
in market capitalization

**1.76**  
**Billion Liters**  
in fuel sales volume

**17%**  
**Growth**

in fuel sales volume

**5.70**  
**Php**

January 3,  
2017

**13.00**  
**Php**

December 29,  
2017

Stock Price

**128%**  
**Increase**

**18.18x**  
**Increase in market  
capitalization**

From ₱1 billion to ₱18 billion  
From end-2007 to end-2017

**530**  
**Stations**  
**nationwide**

**1<sup>st</sup>**  
**Regional Office**

Established with the  
opening of **PNX Petroleum**  
Singapore Pte. Ltd.

**5.7%**  
**petroleum**  
**market share**  
up from 2.1% in 2010

**10<sup>th</sup>** **Anniversary**  
of listing on PSE  
(Philippine Stock Exchange)

Acquisition of

**FamilyMart**  
Philippines

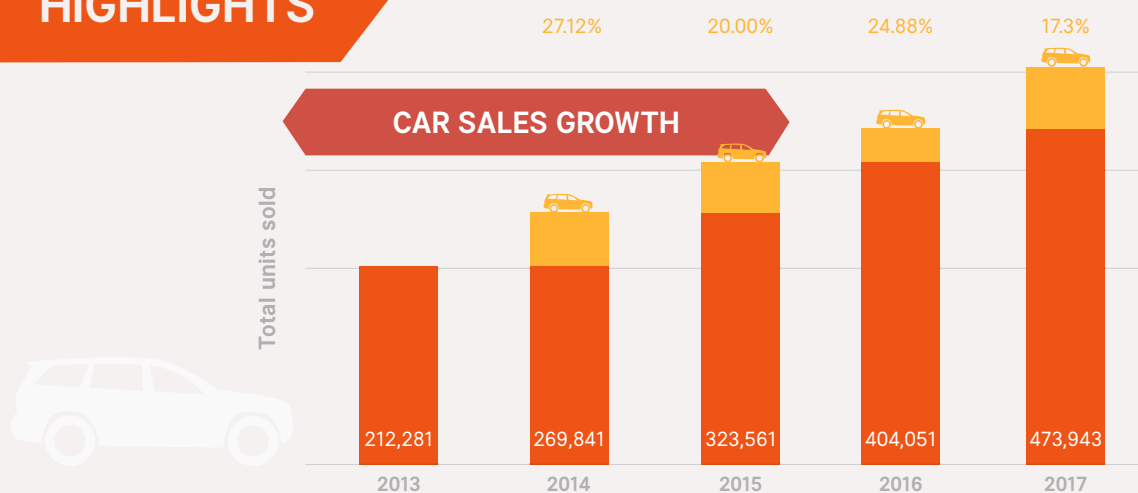


## Joint Venture

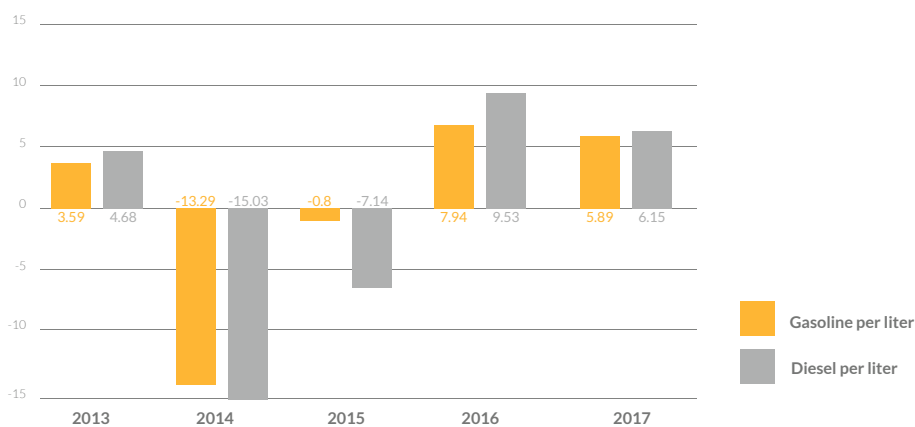
with Thailand's **TIPCO** and  
**PhilAsphalt** for distribution of  
asphalt products in Philippines



## INDUSTRY HIGHLIGHTS



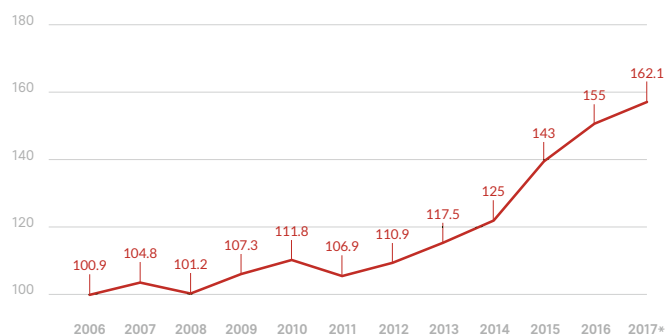
## OIL PRICE ADJUSTMENTS



## RETAIL PRICES IN METRO MANILA

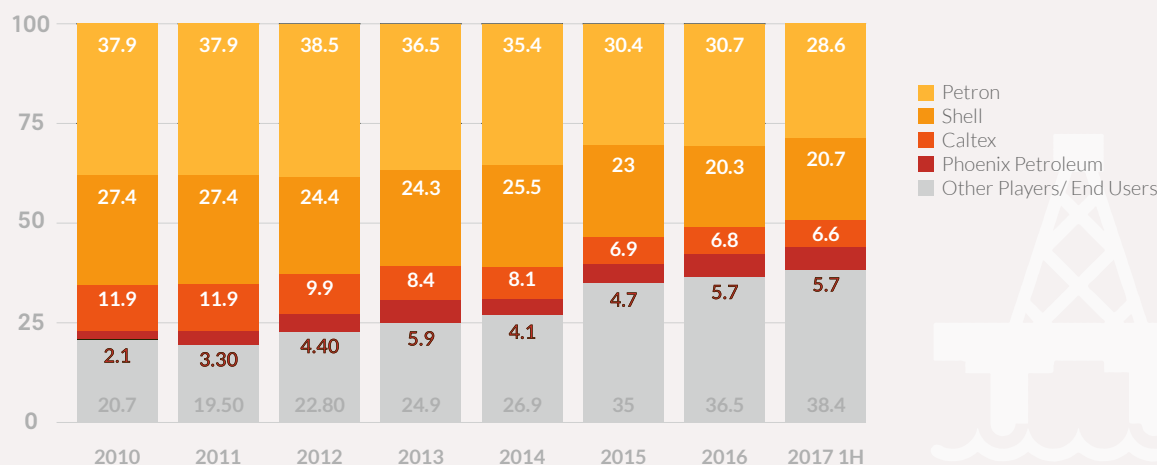
RETAIL PRICES in METRO MANILA (P/liter)	As of 2013, Dec. 31		As of 2014, Dec. 16		As of 2015, Dec. 29		As of 2016, Dec. 27		As of 2017, Dec. 19	
	Price Range	Common Price	Price Range	Common Price	Price Range	Common Price	Price Range	Common Price	Price Range	Common Price
Diesel	42.20 - 47.05	45.25	29.20 - 32.55	31.40	20.55 - 23.95	21.85	28.25 - 30.10	30.10	32.15 - 37.30	36.35
Gasoline (RON 95)	50.00 - 56.35	55.5	37.85 - 43.95	42.00	33.20 - 40.65	39.90	36.90 - 47.90	46.30	43.05 - 52.95	47.85
LPG, P/11-kg cylinders	850.00 - 967.00		570.00 - 711.00		470.00 - 680.00		425.00 - 650.00		550.00 - 777.00	

## PETROLEUM PRODUCT DEMAND (IN MMB)



\*Annualized estimate based on 2017 First Half's 81.061 MMB

## OIL INDUSTRY MARKET SHARE



## NEW TAX REFORM LAW TAKES EFFECT

President Rodrigo Duterte signed into law the Tax Reform for Acceleration and Inclusion (TRAIN) on December 19, 2017. The tax reform, which takes effect at the start of 2018, is expected to generate almost ₱150 billion in revenues, which will be used for infrastructure and social services.

Among the revenue enhancing measures are adjusting the excise taxes on fuel and automobiles and broadening the value-added tax base. It will also include tax administration reforms such as a mandatory fuel marking program.

### New Excise Tax Rates for Fuel:

Fuel (per liter)	2017 and prior years	2018	2019	2020
Diesel	0	₱ 2.50	₱ 4.50	₱ 6.00
LPG	0	₱ 1.00 / kg	₱ 2.00 / kg	₱ 3.00 / kg
Gasoline	₱ 4.35	₱ 7.00	₱ 9.00	₱ 10.00

### Automobile Excise Tax:

Price	Non-Hybrid Cars	Hybrid Cars
Up to 600,000	4%	2%
Over 600,000 to 1 Million	10%	5%
Over 1 Million to 4 Million	20%	10%
Over 4 Million	50%	25%

\* Pick-up trucks and electric vehicles are exempted from excise taxes.

## WHERE THE TAXES WILL GO

### INFRASTRUCTURE PROGRAMS



### EDUCATION



### HEALTHCARE SERVICES



### In the next 5 years, the tax reform can fund:

35,745 km of paved roads or  
786,400 km of temporary bridge upgrades or  
2.6 million hectares of irrigated land.

629,120 public school classrooms, or  
2,685,101 public school teachers.

60,483 rural health units, or  
484,326 barangay health stations, or  
1,324 provincial hospitals.

# FINANCIAL HIGHLIGHTS

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES  
(A Subsidiary of P-H-O-E-N-I-X Petroleum Holdings Inc.)  
SUMMARY AND HIGHLIGHTS  
Years 2013-2017

(All amounts expressed in Millions, unless otherwise stated)

## Income Statement Data:

	2013	2014	2015	2016	2017
Revenues	43,552	34,734	30,054	30,577	44,426
Cost of Sales and Services	40,248	31,144	25,269	29,484	42,634
Net Profit-TOTAL	665	616	906	1,092	1,792
Non-recurring Income/Expenses	-	-	-	-	-
Excess of fair value over acquisition cost	-	-	-	-	(650)
Pre-acquisition income	-	-	-	-	297
Net Income-Excluding Non-Recurring Income	665	616	906	1,092	1,439
Provision for Preferred Dividends	57	41	46	195	195
EBITDA	1,864	2,084	2,882	3,128	3,279

## Balance Sheet Data:

	2013	2014	2015	2016	2017
Current Asset	13,054	13,484	17,040	17,012	25,235
Non-current Asset	9,283	11,516	13,887	9,526	19,236
Total Assets	22,338	25,000	30,927	30,927	44,471
Current Liabilities	9,842	11,895	15,001	14,596	20,647
Total Liabilities	15,840	17,950	20,903	16,776	32,519
Stockholders' Equity	6,498	7,050	10,023	9,762	11,952
Bank Debts	13,752	13,843	16,984	13,184	28,171

## Financial Ratios

	2013	2014	2015	2016	2017
Current Ratio <sup>1</sup>	1.33 : 1	1.13 : 1	1.14 : 1	1.17 : 1	1.22 : 1
Debt to Equity <sup>2</sup>	2.44 : 1	2.55 : 1	2.09 : 1	1.72 : 1	2.72 : 1
Return on Equity <sup>3</sup>	12.10%	9.10%	10.61%	11.04%	16.50%
Return on Assets <sup>4</sup>	4.86%	3.60%	4.13%	4.61%	5.36%
Return on Sales	1.53%	1.77%	3.01%	3.57%	4.03%
Net Book Value Per Share <sup>5</sup>	4.20	4.58	5.27	5.08	6.60
Earning Per Share-(Adjusted) <sup>6</sup>	0.45	0.40	0.60	0.64	1.16
Return on Equity-Common <sup>7</sup>	11.1%	9.5%	12.7%	12.7%	12.7%

## Stock Information

(Figures in millions except per share)

	2013	2014	2015	2016	2017
Weighted Average No. of Shares-Adjusted of Stock Dividends	1,357.01	1,428.78	1,428.78	1,410.96	1,372.49
Number of Shares Issued	1,428.78	1,428.78	1,428.78	1,428.78	1,431.54
Total Number of Shares Outstanding-Year End	1,428.78	1,428.78	1,428.78	1,428.78	1,431.54
Market Capitalization-Year End	6,429.50	4,414.92	5,215.04	8,058.30	18,610.00
Stock Price-Closing (Year End)	4.50	3.09	3.65	5.64	13.00
Treasury Stock-Shares	-	-	-	54	-

### Notes:

1 - Total current assets divided by current liabilities

2 - Total liabilities divided by tangible net worth

3 - Net income divided by average total stockholders' equity

4 - Net income divided by average total assets

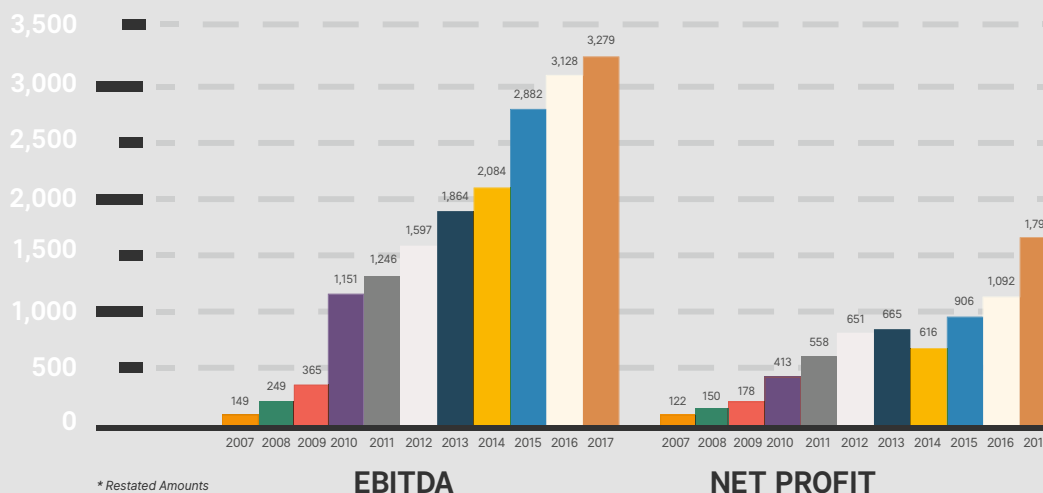
5 - Total stockholders' equity - (Common) divided by the total number of shares issued and outstanding

6 - Net income after tax (net of Preferred Stock Dividend Allocation) divided by weighted average number of outstanding common shares

7 - Net income after tax (net of Preferred Stock allocation) divided by stockholders' equity-common

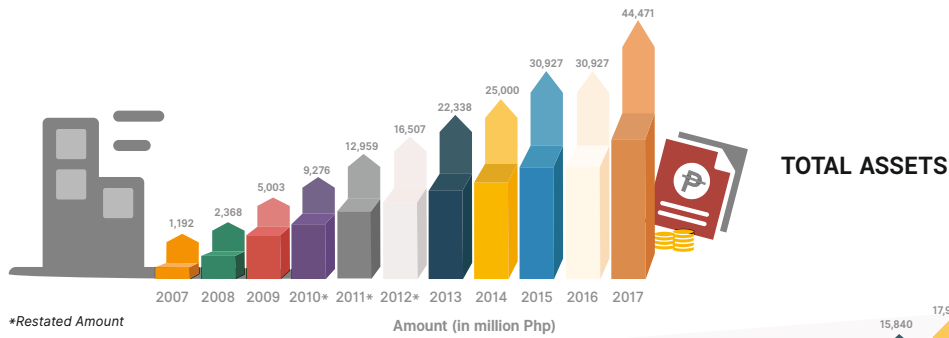
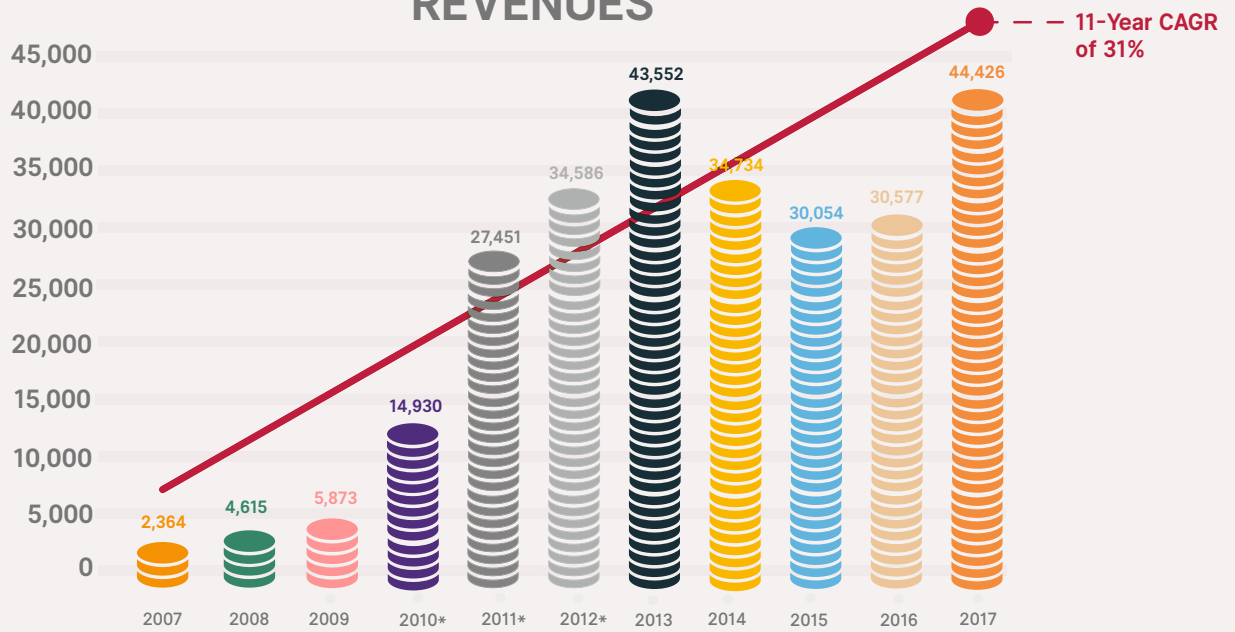


All amounts in million Php

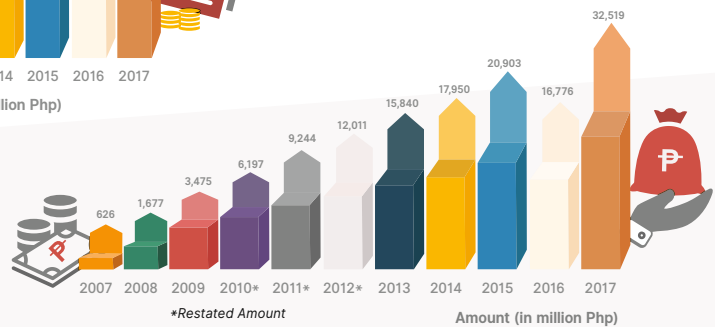




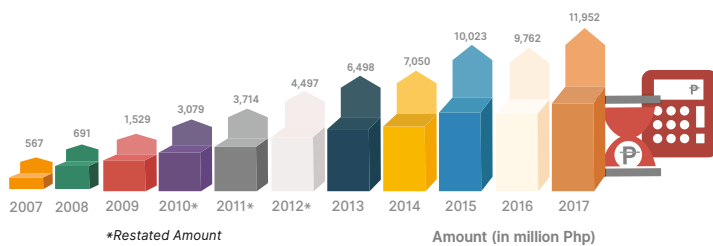
## REVENUES



## TOTAL LIABILITIES



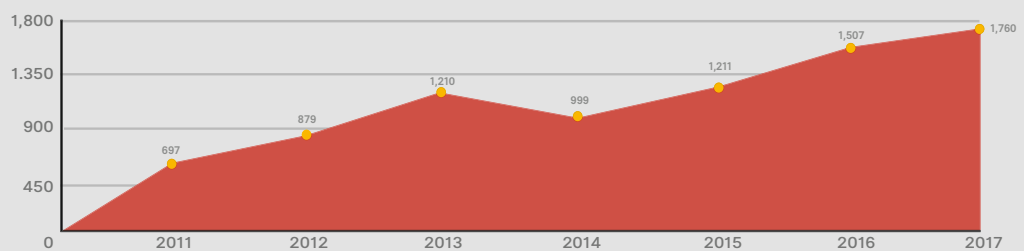
## STOCKHOLDERS' EQUITY



## VOLUME SALES

2011-2017

Sales Volume  
(in Million Liters)



# Our 15-year Journey to Indispensable Partnerships

**2008**

We establish a presence in Luzon with the opening of our first station in the capital, in Marikina.

**1998**

The Philippine oil industry, for decades dominated by major oil companies, is deregulated, opening the market to new homegrown players that would be known as independents.

**2002**

A 28-year-old entrepreneur, Dennis Uy, establishes an oil company in Davao City. His goal is to gain a fourth of the market share in Davao and Mindanao, next to the majors.



**2004**

The company is renamed **Davao Oil Terminal Services Corporation**.

**2005**

Cebu Pacific Air becomes the company's first customer. DOTSCO provides the rising airline the lease of a storage tank, and later, into-plane services, eventually becoming their exclusive logistics provider in Mindanao and major fuel supplier.

The company opens its first five gas stations in Davao and Mindanao, introducing the "Phoenix Fuels Life" brand.



**2006**

With our move to retail, we change our company name to Phoenix Petroleum Philippines, Inc.

To serve our domestic fuel requirements, **we acquire our first vessel** – marking our entry into shipping, which later becomes its own business, Chelsea Shipping Corporation.

**2007**

Phoenix Petroleum **lists on the Philippine Stock Exchange** on July 11, the first oil company to list on the PSE after the passage of the Oil Deregulation Law in 1998. The IPO is 15 times oversubscribed, and fuels the company's expansion from Davao to the rest of the Philippines.

**2009**

To support our Luzon expansion, we acquire a **60-hectare industrial park in Batangas, renaming it to Phoenix Petroterminals and Industrial Park**. The company's largest terminal facility operates there. The acquisition marks our entry to the real estate development business.

We continue to expand our retail network, opening our first Visayas station in Cebu, and 100th station in General Santos City.



## 2010

With our growing network, Phoenix Petroleum aspires to be the market leader in the retail business among independent oil players by 2012.

## 2012

Now the country's **number one independent oil company**, Phoenix lays out a bolder vision: "To be an indispensable partner in the journey of everyone whose life we touch."

## 2015

Phoenix launches a revitalized line of lubricants. These lubricants for automotive, commercial, and industrial uses are especially formulated to boost speed and power, oil and engine life, and protection.

## 2016

The company joins the country's professional basketball league, the Philippine Basketball Association, with the **Phoenix Fuel Masters team**.

To focus on our core petroleum business, we sell subsidiaries Chelsea Shipping Corporation and Phoenix Petroterminals and Industrial Park Corp. to our parent company, UDENNA Corporation.



## 2011

We are recognized by various award-giving bodies for our leadership, brand, and corporate social responsibility. The company would continue to receive more awards and recognition in the next years.

## 2013

We launch our flagship fuel, the high-performance Phoenix Premium 98, that restores lost engine performance.

## 2014

The Pinoy Tsuper Hero is launched, the first-of-its-kind advocacy program that recognizes and empowers Filipino drivers. It advocates safe driving, safe roads, and a better travel environment for the public.

It is one of the company's major corporate social responsibility

programs, along with the four main advocacies of the Phoenix Philippines Foundation: Education, Environment, Health and Safety, and Outreach. These programs benefit thousands of people in partner communities.

## 2017 ▶





President Rodrigo Duterte graces the 10th Listing Anniversary of Phoenix Petroleum in his first visit to the Philippine Stock Exchange on July 11, 2017. The President cited Phoenix's success from a small Davao firm to a fast-growing oil company as an example of the capital market's maturity, accessibility, and effectiveness.

## 2017

- ▶ We mark our **10th Listing Anniversary** with a blockbuster promotion of 10 pesos per liter for all fuel products.
- ▶ From our initial five stations and a handful of commercial customers since we started, we have grown our network to more than 500 stations and are serving hundreds of companies in various industries.
- ▶ We expand to new businesses:
  - LPG, after acquiring Petronas Energy Philippines, Inc., now known as Phoenix LPG Philippines, Inc.
  - Convenience retailing, with the acquisition of Philippine FamilyMart, the country's third largest convenience store chain
  - Trading and supply, with the establishment of PNXX Petroleum Singapore Pte Ltd. as our regional trading office

- ▶ Affiliate Chelsea Logistics Corporation, parent of Chelsea Shipping, successfully lists on the Philippine Stock Exchange.

- ▶ Phoenix Petroterminals and Industrial Park is renamed to Calaca Industrial Seaport Park.
- ▶ From petroleum, parent company UDENNA Corporation diversifies to other businesses: shipping and logistics, real estate development, tourism, education, and environmental services, among others. It acquires several businesses and launches new ventures.



## 2018

- ▶ Phoenix forms a joint venture with TIPCO Asphalt of Thailand and PhilAsphalt to market bitumen in the Philippines. This expands our portfolio to include bitumen and bitumen-related products.
- ▶ We introduce the cutting-edge Phoenix PULSE Technology in all our fuel products. Phoenix PULSE Technology is a fuel additive with advanced cleaning and protection properties for enhanced power and acceleration, making trips come alive.





Message from the Chairman

# 2017, A Turning Point For Phoenix Petroleum

We take pride in being one of the pioneer homegrown oil companies in the Philippines, epitomizing a remarkable and unique growth story. We had no less than two major anniversaries in 2017, celebrating 15 years of the company's existence and 10 years of its highly successful stock listing.



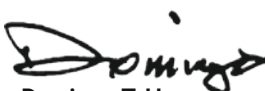
To step back from it all, and to examine the Phoenix Petroleum of 2017, is really quite humbling. Not only has it been 15 years since we ventured into the oil business as nothing more than an entrepreneurial ambition, but 2017 has proven to be our greatest year thus far. 2017 also marked our tenth year as a publicly listed company, a fitting anniversary for a year that saw our stock value soar by 128%.

We also continued our expansion strategy, with the widely acknowledged acquisition of Petronas Energy Philippines and the FamilyMart convenience store chain in the Philippines, which opened two new important business avenues for us.

Apart from these, we set up a trading office in Singapore last September, a move to secure fuel supply for Phoenix and provide access to fast growing markets in Southeast Asia. We also welcomed our new chief operating officer, Mr. Henry Albert Fadullon, an industry veteran with regional and global experience.

What makes me particularly proud is the fact that our President and CEO Dennis Uy has been named "Young Entrepreneur of the Year" in the 2017 ASEAN Business Awards by the ASEAN Business Advisory Council, a highly renowned institution that recognizes the most inspiring and innovative entrepreneurs and outstanding companies all over Southeast Asia's ten-member bloc.

Looking forward, from what we have achieved in this relatively short period of time, and given the solid growth of the Philippine economy and the country's strong governance, we are confident of unlimited business opportunities as we and our parent company UDENNA Corporation keep looking for new endeavors and deliver great value to our shareholders. I also want to express my gratitude to our business partners and our more than 800 employees for their loyalty and contribution to our success story.

  
Domingo T. Uy  
Chairman



A portrait of a middle-aged man with dark hair, wearing a white dress shirt and a green patterned tie. He is smiling slightly and has his arms crossed. The background is a blurred indoor setting with warm lighting.

Message from the President and CEO

# An Entrepreneurial Journey

Fifteen years ago, we started as a small venture in Davao City with three storage tanks and a dozen employees. Today, our company proudly presents itself among the Philippines' fastest-growing oil companies – and has established itself as key of a broadly diversified business group.

*“As we celebrated our 15th founding anniversary and 10th Listing Anniversary in 2017, we marked a turning point – from a fledgling company into an emerging major, through new ventures that assert our ambition and vision.”*

Indeed, the growth prospects for businesses in the Philippines is bright. Our country continues to sustain its strong economic performance: the Philippine economy grew by 6.7% in 2017, driven by higher government spending and better performance in the industry, service, and agriculture sectors. The Philippines has been able to sustain for six consecutive years a growth above 6%, and we are now the third fastest-growing economy in Asia, after China and Vietnam.

In our industry, demand for petroleum increased to 81,061 MB in the first half of the year, or 2.6% higher than in the same period last year, with an average daily requirement of 447.9 MB. Sales of vehicles grew 17.3% to 473,943 units, marking the eighth consecutive year of record car sales.

Oil prices continued to rise, as average Brent crude oil price increased to \$54.2/bbl in 2017 from the previous year's \$43.9/bbl. This resulted to net price adjustments of ₱5.89 per liter for gasoline and ₱6.15 per liter for diesel for the year.

As the government embarks on a comprehensive infrastructure program and on implementing the new tax reform law, the Philippines is poised to keep pace as among the world's fastest-growing economies.

And we at Phoenix Petroleum are ready to soar with our country's exciting growth story. As we celebrated our 15th founding anniversary and 10th Listing Anniversary in 2017, we marked a turning point – from a fledgling company into an emerging major, through new ventures that assert our ambition and vision.

2017 was a landmark year for our Company, as we acquired new businesses and laid the groundwork for regional expansion. We ended the year with our best performance yet: triple all-time highs in sales volume, revenues, and net income.

We grew our net income 65% to ₱1.792 billion from ₱1.092 billion in 2016. Taking out the non-recurring gains and costs related to the newly-acquired LPG business, core income still increased 30% to a record high of ₱1.421 billion.

Our revenues also grew 45% to a high of ₱44.426 billion, driven by a strong fuels business in which sales volume increased by 17% to 1.76 billion liters from 1.5 billion liters in 2016.

We expanded our portfolio to LPG as we acquired Petronas Energy Philippines, Inc., now Phoenix LPG Philippines, Inc.; trading and supply with our PNX Petroleum Singapore regional office; and convenience store retailing through Philippine FamilyMart, with the acquisition completed on January 2018.

Indeed, our investments over many years in our people, products, and partnerships are bearing fruit.

When I look back at how we started and the distance we have come, it is with immense gratitude and humility. Armed only with an entrepreneur's ambition and relentless spirit, we could not have done it without our partners and supporters.

The way we have grown our business demonstrates the entrepreneurial traits of passion, flexibility, and perseverance. It

is how we have thrived from the southern city of Davao to the rest of the Philippines – a journey over 15 years that has been filled with highs and lows, triumphs and struggles, always steadfast, always moving forward and onward.

We laid the foundations for Phoenix Petroleum in 2002, four years after the government deregulated the downstream oil industry and allowed new players to take part in the market. A look at the market in my hometown of Davao City in Mindanao presented an opportunity to be the fourth player against the multinational oil players. This became the way for us: to tap underserved markets.

Like every entrepreneurial business, we started in a niche and relied on partners who understood and appreciated our business model. Two important milestones took place that enabled the company to gain momentum: In 2005, rising airline Cebu Pacific became our first big account, and BDO bank gave us our first credit line the following year.

From that point, Phoenix Petroleum gained solid footing. We opened more fuel stations, acquired our first vessel for logistics purposes, and listed the company on the Philippine Stock Exchange on July 11, 2007, the first oil company to do so after the industry was deregulated. Having been 15 times oversubscribed, the listing fueled the company's expansion to other parts of the Philippines.

From our humble beginnings, Phoenix grew its network to 530 stations today in Mindanao, Visayas, and Luzon, and now serves hundreds of companies in various industries. We expanded

*“We ended the year with our best performance yet: triple all-time highs in sales volume, revenues, and net income.”*

the logistics, terminal and aviation services business, and, this year, entered new markets.

We have been described as “one of the country’s most aggressive independent oil companies,” and we have always embraced opportunities when we saw a business could be made.

Our petroleum venture has been the springboard for other businesses: shipping and logistics to serve our domestic and importation requirements; real estate through an industrial park in Luzon where we built our largest terminal; trading and supply of petroleum in the region; and more recently, convenience store retailing, a fast-growing market driven by changing consumer lifestyles and preferences.

Having gone this far makes us all proud. Phoenix felt like an underdog from the province when we started, but our roots inspire us. Ours is a story of passion, a growth fueled by hard work and lots of guts, but most of all based on open and trustful relationships with partners and supporters. We listen and act on best practices and advice from our business partners, and we work together, which, in turn, allows us to differentiate our brand from our competitors.

Today, Phoenix Petroleum is part of the UDENNA group of companies under UDENNA Corporation, a holding that has grown exponentially with a diversified business portfolio that includes petroleum, shipping and logistics, real estate development, education, and tourism.

We will also make our mark this 2018 by opening the UDENNA

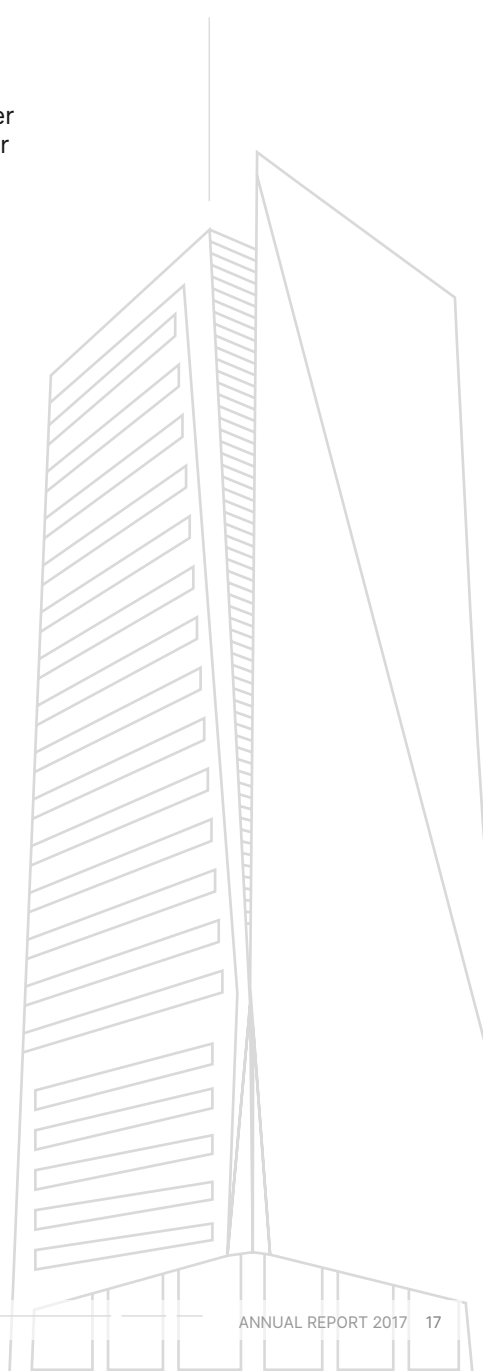
Tower in Bonifacio Global City in Manila, a beautiful, green, and eye-catching building that will house the Luzon offices of the UDENNA Group of Companies including Phoenix Petroleum, and also offer office space to third parties. Perhaps the UDENNA Tower can serve as a symbol of what 15 years of commitment, tenacity, and focus can achieve.

We will continue to seize opportunities to grow the business as we welcome a bigger and bolder chapter ahead for our group.

We thank you for your trust, confidence, and support to us all these years, and we hope you continue to be with us as we embark on greater journeys ahead.

  
**Dennis A. Uy**  
President and CEO

Udena Tower



# Message from the COO

## Exciting Times Ahead

Dear Phoenix family and friends, I have had the honor of being Phoenix Petroleum's new Chief Operating Officer since last April. I took over the role from Romeo De Guzman, who has led the team to where it is today and has since moved on to become Vice Chairman of the company's board of directors. Let me shortly outline why I made such an important career step, and walk you through the exciting journey that lies ahead.

**F**or me, a managing role must be the right mix of excitement, creative power, entrepreneurship, and the maneuvering room to execute a company's vision, no matter how high the bar is set. This is why I decided to join Phoenix Petroleum, which in my eyes and those of many others, is one of the most exciting young companies in the Philippines.

Phoenix Petroleum's growth over the last 15 years is truly inspiring: we have grown from a small business with a single gas station in Davao into a serious player in the domestic industry, challenging the big multinationals with remarkable enthusiasm.

We will continue to harness this industrious and enterprising spirit in Phoenix – constantly on the lookout for new opportunities and business endeavors, as manifested in our recent expansion into the LPG, trading, and convenience store businesses. As your COO, I am committed to leading the company to succeed even further in whatever field it may be.

To this end, I would like to take this opportunity to engage with you and explain how we will move the business forward as we aim to bring to life our vision: "to be an indispensable partner in the

journey of everyone whose life we touch."

Our growth strategy is anchored on four key pillars: delivering the basics, growing the business, breaking new ground, and building people and capabilities.

### Delivering the basics

We started putting the basics in place by establishing the new organization, now organized into business units with specific focus on understanding and fulfilling the customer's needs, driving ownership and accountability for the bottomline, consistency in execution, and developing people's skills and competencies.

We are building the brand to be a credible and preferred alternative to the major players by developing a compelling fuels offer – anchored on our Phoenix PULSE Technology launched on Valentine's Day 2018. We are strengthening our retail network by revamping the look of our stations, driving operational excellence by setting the right standards and ensuring that we deliver our customer offer consistently, introducing the mystery motorist program, and launching relevant promotions which were all very successful. We have also started to roll out our cards offers, starting with the

Phoenix Tsuper Club, and we will complete the full suite of cards next year.

### Growing the business

We continue to push aggressively in areas where we see the greatest opportunity that delivers growth and value. For instance, we will make our services available in more airports and serve more airlines as we grow the aviation business both in domestic and international fronts.

We will expand our retail business with focus on bringing our sites closer to where customers are and with more innovative formats, as we make retail a major volume and value driver.

### Breaking new ground

While we continue to grow our core business, we will explore opportunities to drive growth and create value for our shareholders.

Our entry to the LPG industry is timely as the market is expected to grow significantly – and we aim to capture some of that growth. Our strong performance in Visayas and Mindanao provides us a good platform to expand the business and enter the Luzon market where majority of the market is.





Another new business is convenience store retailing through our acquisition of the FamilyMart franchise in the Philippines. Our deep knowledge and experience in retail has encouraged us to go further into the retail market. We believe the consumer's demand for greater convenience driven by their lifestyle change presents many opportunities. The CVS industry is ripe for exponential growth, driven by fresh ideas and innovative offers particularly in food, where the FamilyMart brand – being known for quality – is well positioned.

We have also established a trading office in Singapore to enhance efficiencies in our petroleum importation, as well as being a springboard for regional growth.

Bitumen is another great opportunity with the government's "Build, Build, Build" program, where we can maximize synergies of our well-established business in fuels with the construction sector, as we enter the industry next year.

#### **Building people and capabilities**

We believe that an enterprise can only be as good as its people, so we will continue to ensure we

attract the best and the brightest, and invest in their development.

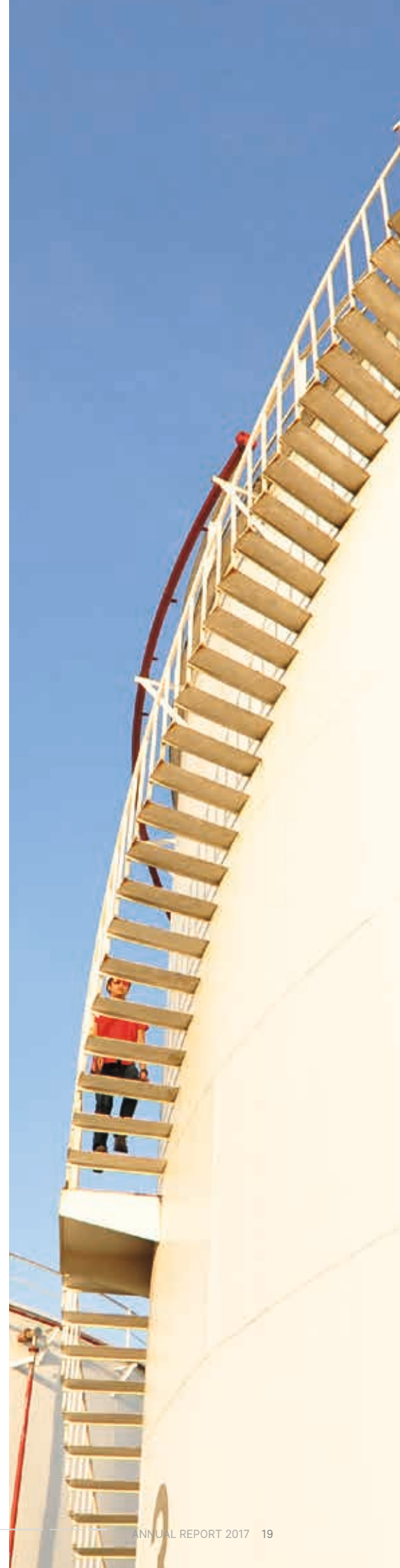
As we move forward, we are building upon a strong foundation based on a visionary driving force, integrity, and professionalism, as well as on loyalty and pride in our people. We will continue positioning ourselves distinctively in the industry by developing and bringing new solutions and services to our clients with the clear goal of exceeding their expectations.

And so while we will always be alert for possible opportunities, the focus is very much on execution. We have demonstrated our capability to take on and integrate new business, and now we need to be able to demonstrate we have the capability to execute the strategy and create value for the new businesses we have entered.

Your Phoenix Team very much understands what is expected of us – and we are up to the challenge. Yes, we will!



**Henry Albert R. Fadullon**  
Chief Operating Officer



# Pride in Our Brand

A focus on the customer and on growth has made us a credible alternative to the bigger companies in the industry.

Across retail, commercial, and industrial channels, sales volume of our fuels and lubricants **increased by 17% to 1.76 billion liters** as we reached more customers and launched key programs.

## Strengthening our retail network

Our retail volume increased by 9% as we opened new stations, increased same-store sales, and upgraded more stations to our new look. The new design features a clean, modern, and sleek style – reflecting our company's aspiration to become the next generation fuel company catering to the needs of next generation drivers.

A hundred stations now sport the refreshed design, and it has increased volume sales per station by an average of 9% after upgrade.

With 530 stations in our network, we are establishing new standards for operational excellence and customer service to deliver a better experience for every motorist.

Customers enjoyed our innovative promotions, such as the groundbreaking 10 pesos per liter promo, the Summer Combo Panalo which gave away ₱500,000 to lucky winners, Scratch-a-Prize which raffled off latest gadgets as prizes, and the collectible Justice League self-stirring mugs. We also partnered with Uber, Grab, and Lazada for promos in select stations.

In April, we launched the Phoenix Tsuper Club as a way to reward

our loyal customers. The program is open to professional drivers nationwide and offers many benefits. With every fuel and lubricants purchase at a Phoenix station, Phoenix Tsuper Club members earn points and redeem rewards.





## Happy to serve

**Danny Domingo**, dealer of two Phoenix stations in Cabadbaran, Agusan del Norte:

My wife and I had always wanted to have a gasoline station. We found the perfect fit with Phoenix Petroleum, who responded first to our proposal. We were impressed with the team's responsiveness, and we took it as a sign of their professionalism. We opened our first station on March 2012, and our second station on September 2014. The support we receive from Phoenix is invaluable to our business, our employees, and the community. We appreciate how they make us feel valued however big or small we may be. The only thing we need to focus on is providing top-notch service to our customers, because we already believe in the quality of Phoenix Petroleum's products. Armed with these two, we are able to serve our community and

give them a reason to go back to our station.

We are inspired by the company's heart to give back to the community. We do our part by providing quality life to our employees and their families through the jobs we create. For two years now, we grant scholarships to our employees' qualified dependents as an incentive to good performance.

Our family looks forward to further growing our business with Phoenix as our partner.



## A blockbuster promotion: ₱10 per liter only!

Phoenix Petroleum sold fuels for only 10 pesos per liter on the day of our 10th Listing Anniversary – a blockbuster promotion that made headlines on the road, on social media, and on news programs. The first-of-its kind promo was a huge hit, with motorists lining up early to purchase cheap fuel from 10 am to 12 noon on July 11, 2017. Happy customers reported big savings on their fuel, with the promo offered in 73 Phoenix stations in Luzon, Visayas, and Mindanao. The ₱10 on 10 promo established Phoenix Petroleum as a company that could break new ground in marketing and executing bold ideas.

**Here's what motorists said about our promo:**

*Best promo ito, Phoenix Petroleum! Marami kayong natulungan. Best promo para sa mga PUJs at PUVs. Sana maraming naka-avail dahil dagdag kita rin nila ito.*

– D. Miranda, Manila

*More than 3 years na mula nang nakuha ko ang una kong sasakyan. Simula noon, sa Phoenix Petroleum na ako laging nagpapa-full tank lalo na sa Phoenix Naga Road sa Las Piñas. Minsan Premium 85, minsan Premium 98. Salamat din sa promo 2 weeks ago. Yesterday lang ako nakapagpa-gas ulit.*

– P. Elep, Las Piñas City

*Salamat ng marami, Phoenix! Manila man o probinsya, sa Phoenix talaga ako nagpapakarga!*

– J. Abu, Manila

*Thank you, Phoenix Petroleum! Ang laki ng natipid ko sa gas. Full tank na pero hindi pa umabot ng P300. Sulit ang pagpila ko ng maaga kaya maaga rin ako nakargahan.*

– R. Rabanal, Quezon City



And I'm looking forward to seeing my dreams come true.



I'm Dindo Obongon. Father, taxi driver and soon the owner of his own taxi / UBER.

## The best journey

What would you do if you won ₱500,000? That's what we asked the six winners of our Summer Combo Panalo promo, where we gave away a half million cash each to the lucky customers. We shared their stories through a series of short videos titled "Pinakamasayang Biyahe," which we launched on social media.

The series narrates the touching stories of the winners and how their prize money has helped them in their journey through life.

**Francisco Rellosa and Dindo Obongon were the first two winners featured.**

Francisco is a retired widower and an UBER driver whose age didn't stop him from working hard for his family. With his winnings, he plans to have his own business and buy things for his grandchildren and himself. "Now I can help make our life a little better," he said.

Dindo, on the other hand, is a taxi driver from Quezon City who has been driving for eight years to support his wife and five children. With the prize money, he can now plan for the future. "With my winnings, I can now be sure that I'll be able to send the rest of my children to college. We're also thinking of using the money to help buy our own vehicle that we can use as a taxi or for UBER. And with the extra money that we'll earn, we're confident that we can give our children the future that they deserve."

By dint of hard work and a stroke of luck, Francisco and Dindo now have the means to provide a brighter future and a happy journey for their family.



## Serving major industries

**S**ales volume to commercial and industrial businesses grew by 15% and aviation by 13%, as we firmly establish ourselves as the third major player in the commercial and industrial segment, counting as customers the country's biggest companies.

With depots and terminals in key locations across the country, and with affiliate companies in shipping with their own vessels and tugboats, we are able to ensure supply capability and reliability to our customers, so they can run their businesses without worrying about fuel.

From our first client, Cebu Pacific – which we continue to serve as their logistics provider in

Mindanao and in more airports – we have expanded to serve more businesses across the country. This year, we gained new key accounts and won bids to supply companies in the land transport, construction, mining, power, manufacturing, marine, fishing, and shipping industries.

We also showed our decisiveness, reliability, and quick action when we were able to deliver the urgent requirements of power companies in the Visayas when their major suppliers could not.

Our added support such as Technical Services ensures the quality of our products and the productivity of our customers' fleet and equipment.

These technical assistance and initiatives come in the form of industry and in-house trainings, technical visits, lubricant surveys, product matching and application, issue resolution, and after sales services such as emission tests and engine analysis. Our quality assurance and product development services include product testing, formulation issuance, quality control, development of new products, and formulation optimization.

*In 2006, we signed a contract with Phoenix. It was still called Davao Oil Terminal Services Corp. (DOTSCO) that time. We were looking for a storage facility to set up aviation fuel operations in Davao, and there was DOTSCO who had the storage facility. Now everytime that we need to open a new destination, we always look at Phoenix as our partner.*

**Joseph Macagga**  
Cebu Pacific's Vice President for Fuel Procurement





## Growing the lubricants business

Lubricants volume rose by 49% as we continue to open new stations, serve more commercial accounts, introduce new products, and strengthen our distributor network.

We introduced the new All Purpose Oil, Cyclomax Scooter Gear Oil, Cyclomax 4T 200mL, HT2 Grease, Hydraulic Premium 68, and Turbine Oil 68, all of which delivered fresh volume for the business.

Supporting our expansion is the completion of our distributor network, where we appointed partners in key areas in Luzon, Visayas, and Mindanao.

We also improved our efficiency and fulfillment time with our new Lube Oil Blending Plant, which manufactures and services our locally blended products nationwide.

On the racing front, our Phoenix Cyclomax Racing Team continued to dominate the racing scene, ending 2017 with a total of 115 podium finishes. To further support the brand, we sponsored major events such as the Inside Racing Bikefest, National Slalom Series, and NAsFOR- Maxxis 4x4 Cup.

*That time that we were starting to level up, Papa made the sacrifice. He sold his bike to buy us ours. Of the many riders, Phoenix Petroleum chose us to be their riders. Phoenix has become our inspiration to reach the top level of being a motocross rider.*

**Enzo and JC Rellosa**  
Phoenix Cyclomax Racing Team riders



# Purpose to Achieve

We accomplished milestones in safety, operations, and logistics as we continued to pursue safety and efficiency.



**O**n June 2017, we commissioned and inaugurated our new depot in Consolacion, Cebu. With a capacity of **18 million liters**, the depot is our largest in the Visayas and our ninth facility in the country.

**18**  
**MILLION**  
**LITERS**

**NEW CEBU  
DEPOT**

Our own depot enables us to more reliably and efficiently serve the fuel and lubricant needs of our growing retail network and various customers in the shipping, airline, construction, and other industries in the greater Visayas.

At our largest terminal in Calaca, Batangas at the Calaca Industrial Seaport Park (formerly Phoenix Petroterminals and Industrial Park), we commissioned additional storage tanks to increase storage capacity, and extended the cargo line to provide scheduling flexibility in vessel receiving and loading.

We also broke ground for the improvement of our marine facility in our Calapan depot in Misamis Oriental.

Our Road Transport group increased their profitability and efficiency by optimizing the fleet of lorries, increasing the

volume delivered by our own tankers, and overhauling aviation refueler trucks in various airports nationwide. The new motorpool facility in Calaca has also improved efficiency in repairs and availability of our units.

Affirming these accomplishments is the achievement of a new safety milestone: **4.4 million safe man-hours** without lost time incident. This is a new record for us, reached in the period between January 2015 to December 2017, as we continue to prioritize safety.

In addition, our new subsidiary, Petronas Energy Philippines, Inc. now Phoenix LPG Philippines, Inc., achieved a safety record of **3 million safe man-hours** without incident for its Iligan plant – a milestone achieved over 20 years since the plant was first commissioned on June 1997.

**4.4**  
**MILLION**  
**SAFE MAN-HOURS**

**These milestones are a testament to our commitment to safety and health.**

In support of this is the development of our Environmental

Management System, a framework that helps the organization achieve our environmental goals through

Our new depot in Consolacion, Cebu enables us to serve more reliably the fuel needs of the Visayas market.

**3 MILLION**  
**SAFE MAN-HOURS**  
**PLPI ILIGAN over 20 years**

consistent review, evaluation, and improvement of our environmental performance.

Our Health, Safety, and Environment group is at the forefront of ensuring that safety is a priority and becomes part of our culture. This year, they conducted several trainings on industrial first aid, CPR and AED operations, disaster preparedness, live fire handling, construction occupational safety and health, emergency preparedness, and sharing of best safety practices. Terminals and depots are also audited for operational excellence and process improvements.





*I started as an Operations Supervisor at the Calaca terminal when I joined Phoenix in 2011. Later, I was moved to Davao, then to Bacolod, and now I head our Subic depot. The exposure to various areas and responsibilities helped me to grow and show my potential as an employee. I continue to learn from the best people in the industry, and I see best practices being captured and modified to fit our company. We all work hard and we are recognized for doing so. With how Phoenix has grown and expanded, I see many opportunities for us not only in the company but also in our newly-acquired businesses.*

**Hallmark A. Carrillo**  
Subic Depot Superintendent



# Passion to Perform

**We take pride in being part of the country's most dynamic oil company and contributing to that growth. A sense of energy and excitement permeates the team, inspiring people with a passion to perform.**



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**T**o support the company's big ambitions, a key program is developing competencies and building the right culture. We have established a Competency Framework to help people perform their work effectively. We also rolled out programs for people development such as trainings, workshops, and mentoring. With a mix of seasoned veterans and young talents, there are many opportunities to teach and learn from the experienced and new.

As part of our culture-building efforts, we reinforced our shared values and internal communications. Our Values Matter at Work workshops nationwide underline the importance of the Phoenix core values – Teamwork, Excellence, Stewardship, Service, Innovation, and Integrity – which distinguish us from the rest. We have also stepped up our internal communications to increase employee engagement and pride in what we are accomplishing.

This year also marked the first year of the vesting of our Employee Stock Options Plan in the five-year period. Over the one year since the launch of the ESOP to the vesting, the PNX stock price more than doubled – a manifestation of our team's collective efforts bearing fruit.

Team Phoenix strives to exemplify our core values as we achieve our goals with the valuable contribution of each and every team member.

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*I have been with the company for 10 years now, starting as an HR Specialist. I am inspired by our leaders, who have a clear vision, passion, and commitment to the whole organization. We are being engaged on where the company is heading, and there's a lot to look forward to considering our aggressiveness to grow. Everyone is challenged to give their best, and as the company is growing, many opportunities open up to anyone who is up to the task. Throughout these years, I have built strong bonds with my colleagues, and it always reminds me that I have a second family in Phoenix.*

**Mylen A. Samonte**  
Human Resources Manager



## Showcasing Mindanaoan roots through a milestone art exhibit

In celebration of our 15th founding anniversary, we mounted an art exhibit that showcased the best of Mindanao art.

"Beginnings and Beyond" ran for a week in December at SM Lanang Premier in Davao City as a tribute to our roots and the diverse talents that spring from our hometown. Twelve Davao-based artists created 24 original and creative compositions in an event that was the first of its kind in the city – carefully curated and original pieces from professional artists depicting a variety of styles. Our first art exhibit aimed to highlight

the colorful culture of our hometown and the company's support and patronage of local artists. It was an ideal avenue for people to experience pride and love for one's heritage through artistic compositions.





In the 2016 Commissioner's Cup, the Phoenix Fuel Masters sprung onto the scene as the newest franchise in the PBA with a victory in their first game. Phoenix Petroleum's acquisition of the Barako Bull Energy squad in January 2016 came five years after the company first planned to join the country's main professional basketball league. Like any of the company's business ventures, Phoenix Petroleum President and CEO Dennis Uy would not let adversity spoil a dream that he's held since his young days playing basketball.



## The Fuel Masters' first full year in the 2016-2017 PBA campaign saw the team reach the playoffs in 2 out of 3 yearly conferences.

**A**lthough the season ended without a deep playoff push, the 2018 season that lies ahead proves promising. Anchored by veteran players such as JC Intal, Doug Kramer, and sharpshooter Jeff Chan, the Fuel Masters also have a wealth of young emerging stars. Gilas Pilipinas regular Matthew Wright enters his second year, after a stellar rookie season made him a fan favorite. Crafty young point guard LA Revilla and rookie Jason Perkins, taken fourth overall in the PBA draft, add a bit of flare to a dynamic team that is primed to unseat traditional powerhouses.

The new season also sees the addition of a new coach. Veteran Louie Alas, a three-time NCAA national champion as the boss of the Letran Knights, has a reputation as a bona fide winner and an excellent motivator. Alas stressed that he and team manager Paolo Bugia want to instill a culture change within the team: a culture of winning, confidence, and cohesiveness that will resonate well among weathered veterans and young up-and-comers alike.

When they're not lighting up the hardwood, the Fuel Masters aim to brighten the lives of Filipinos across the country. Along with basketball clinics and activities with local children, the Fuel Masters paid tribute to soldiers who were wounded battling militants in the siege of Marawi. The team and coaches made a visit to AFP Medical Center in Quezon City on September 2017, handing out t-shirts, jerseys, basketballs, and words of encouragement to the troops who risked it all in the fight against terrorism.

This will prove to be an exciting year for the Fuel Masters, as they pursue their relentless drive towards a better standing in 2018!



The Phoenix Fuel Masters team, local coaches, and camp participants from Phoenix adopted schools and local barangays are all smiles after the successful Phoenix Fuel Masters Basketball Camp in Davao City on March 31, 2017.



**PHOENIX  
FUELS**

WITH

**PHOENIX**

**PULSE**

**TECHNOLOGY®**

***FOR ENHANCED POWER AND ACCELERATION***



# Introducing: Phoenix PULSE Technology for enhanced power and acceleration

**On Valentine's Day 2018, we launched our upgraded fuels powered with Phoenix PULSE Technology.**

**A**vailable in all our fuel products, Phoenix PULSE Technology is a fuel additive with advanced cleaning and protection properties for enhanced power and acceleration. It is made with cutting-edge fuel technology by world-class fuel experts, exclusively for homegrown brand, Phoenix Petroleum.

Phoenix PULSE Technology was launched on Valentine's Day as it aims to bring pulse-racing excitement to Filipino drivers by giving more life to their everyday drive.

The upgraded fuel products promise three main benefits. It avoids fuel filter blockage in diesel-powered vehicles, removes deposits from fuel injectors, valves, and piston surfaces, and provides engine protection. Phoenix PULSE Technology also helps result to better fuel economy when used continuously.

"The launch of Phoenix PULSE Technology is in fulfillment of our goal to be the most credible alternative to the major brands. We enhanced our fuel products and improved our formulation not only to be able to compete

*With Phoenix PULSE Technology, our fuel products are now at par with the products of the bigger players in the oil industry.*

with bigger players in the oil industry, but more importantly, to add value to every peso fueled up at Phoenix," says our Chief Operating Officer Henry Fadullon.

Young actress Rhian Ramos is the face of Phoenix PULSE Technology—an apt choice as Rhian represents adventure and high-energy sports such as car racing. "Phoenix Petroleum's PULSE Technology-powered fuel is the perfect fit for me as I'm always on the go. I like adventure and living life with excitement and to the fullest, which is why I recommend Phoenix to every millennial who, like me, likes to get more for what they pay for," says Rhian.

"As a homegrown brand, we aim to be the Filipinos' top choice not only for their fuel needs, but also for fueling their dreams and aspirations. We work hard and continue to grow our business not only so we can bring our vision of being an indispensable partner to life, but also because as the next generation company, we want to provide this generation with the

best products and services at the best value," says our President and CEO Dennis Uy.

Phoenix PULSE Technology is available in all Phoenix stations in all fuel grades. These next generation fuels are suitable for Filipino drivers looking for a connection unlike any other. Drive to the nearest Phoenix Petroleum station now to experience Phoenix PULSE Technology.







# New Ventures

From fuels and lubricants, we are entering new markets – to liquefied petroleum gas, to regional trading and supply, to convenience store retailing, to asphalt. We will continue to be opportunistic and entrepreneurial in the relentless pursuit of growth.



# Phoenix LPG Philippines, Inc.



**Phoenix Petroleum entered the fast-growing market for liquefied petroleum gas in the country with last year's acquisition of Petronas Energy Philippines, Inc. The move came as a step to diversify Phoenix's business and underlines the firm's environmental responsibility to provide an affordable, green, and highly efficient energy source.**

**P**hoenix completed the acquisition on August 2017, as it bought the Filipino LPG unit of Malaysia's state-owned oil and gas giant Petronas. The deal included the takeover of existing infrastructure and distribution facilities previously owned by Petronas.

The new company is now called Phoenix LPG Philippines, Inc.

The acquisition brings a long-established LPG business under Phoenix's wing. The Malaysian firm had more than 20 years of corporate presence in the Philippines with its core business focused on the sale of LPG in cylinders for households and commercial use, LPG in bulk for industrial customers, as well as

Autogas, a clean-burning, high-octane vehicle fuel. Majority of the company's sales network is in the Visayas and Mindanao islands.

The acquisition broadens Phoenix's product portfolio and petroleum presence across the country, with cross selling opportunities in fuel and LPG to consumers and businesses. Petronas LPG products have been rebranded as Phoenix Super LPG, which is available in LPG cylinders in the most compact size of 11 kg, and also in 22 kg and 50 kg sizes, as well as Autogas at service stations.

Currently representing five percent of the LPG market in the Philippines, Phoenix is now looking to capitalize on the acquisition by expanding our market share and customer reach and by widening our distribution network. While the current network is mostly in Mindanao and Visayas, the company looks to significantly grow in Luzon, which is the biggest market for LPG.

LPG is a cost-efficient, portable, and readily available solution. As private and commercial consumers and whole industries transition to green energy, LPG presents itself as a natural substitute for traditional fuel sources.

LPG used to power vehicles is typically referred to as "autogas." In a growing number of countries, it is not just used for private cars,

but also for commercial vehicles such as buses, light, medium and heavy trucks, utility and public transportation vehicles, as well as for standalone engines as a diesel substitute.

While the market prepares to transition from the use of conventional fuels to the electric vehicles of the future, Autogas presents itself as a green fuel alternative that is affordable and readily available today.

It will be exciting times as Phoenix Petroleum, through Phoenix LPG Philippines, Inc., positions LPG as a high-quality green fuel alternative within a broad range of applications, assuring that consumers can expect more innovative and quality offerings in the future.



Petronas Dagangan Bhd (PDB) CEO Mohd Ibrahimnuddin bin Mohd Yunus and Phoenix Petroleum President and CEO Dennis Uy at the signing ceremony for the sale and purchase agreement of Petronas Energy Philippines, Inc. and Duta, Inc. in Kuala Lumpur, Malaysia.



# PNX Petroleum Singapore Pte Ltd

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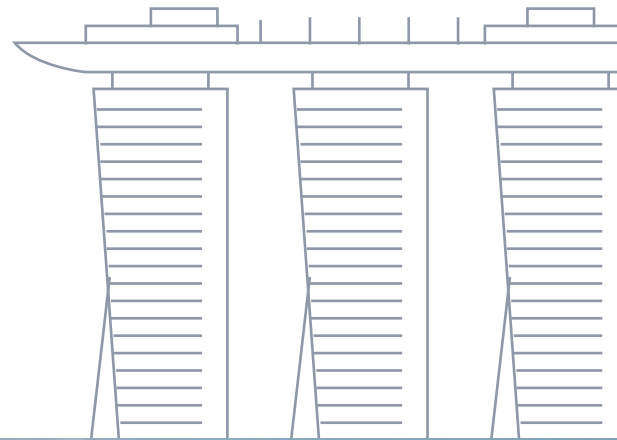
Phoenix Petroleum opened on September 2017 a trading office in Singapore, as we broaden our trading business and expand to the region.

**P**NX Petroleum Singapore Pte Ltd. is the trading and supply arm of the Phoenix Petroleum group, as it facilitates internal fuel requirements and establishes a regional presence in Southeast Asia by following international trading standards.

The office trades and supplies a wide range of refined products to serve all kinds of customers, from retailers to ship-owners, from mining and transport companies to airlines. Its services range from supply and shipping to price risk management. PNX Petroleum Singapore is also open to other partnerships and investments with key players in Southeast Asia.

Since its opening, PNX Petroleum Singapore Pte Ltd. has been serving the requirements of Phoenix Petroleum and of other companies.

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# Philippine FamilyMart

**Phoenix Petroleum completed the acquisition of Philippine FamilyMart, the third largest convenience store chain in the Philippines, in January 2018.**

**T**he acquisition marks Phoenix's entry to the fast-growing convenience retailing industry. The company bought the entire stake of Philippine FamilyMart CVS, Inc. from its shareholders, SIAL CVS Retailers, Inc., FamilyMart Co., Ltd. and ITOCHU Corporation. A new exclusive Area Franchise Agreement of the FamilyMart branch of convenience stores in the Philippines was granted to the company.

Amidst lifestyle changes that require convenience and accessibility, convenience stores have become increasingly popular. A greater variety of products and services, a clean and safe environment, and 24/7-hour service set them apart, particularly FamilyMart, which is a brand originating from Japan. Well-known for a broad range

of ready-to-eat, freshly-made, and healthy snacks and food, the chain also provides services such as card loading and bills payment, ATMs, and its own customer loyalty program. FamilyMart currently has 67 stores, mostly in Metro Manila.

With Phoenix Petroleum priding itself on being a convenient part of Filipinos' everyday life, the convenience retail business is a natural fit to our vision. It provides the company the opportunity to grow FamilyMart alongside our fuel group, as both businesses strive to capture a major share of their respective industries.

The takeover of FamilyMart in the Philippines and the company's growth plans certainly signal a new age of competition in the convenience store business in the country. And Phoenix Petroleum, with our strength in distribution, logistics, and retail, has a robust platform to take FamilyMart to the next level.

FamilyMart is one of the world's largest convenience store retailers, currently operating more than 16,000 stores in East Asia, including Japan, Taiwan, China, Philippines, Thailand, Malaysia, Indonesia, and Vietnam. The chain is a subsidiary of Tokyo-based FamilyMart Uny Holdings which also owns Japanese supermarket chain Uny. In its home market Japan, FamilyMart is the second largest convenience store chain. FamilyMart says its brand name "signifies the familial relationship that values support and growth among its customers, employees, and stakeholders."



Phoenix Petroleum led by President and CEO Dennis Uy seals the acquisition of Philippine FamilyMart CVS, Inc. from SIAL CVS Retailers, Inc. (a joint venture between ALI Capital Corp. of Ayala Land, Inc. and the SSI Group, Inc.), FamilyMart Co., Ltd., and Itochu Corporation, during the signing ceremony on January 10, 2018 in Manila.





# Phoenix Asphalt Philippines

**Asphalt, or bitumen, is the road on which Phoenix Petroleum continues its journey towards a bigger share of the Philippine oil industry. Phoenix's newest venture sees a partnership with Thailand's top asphalt manufacturer, TIPCO, and PhilAsphalt.**

**B**roader growth, diversification, and adding complementary industries to our core business of fuel trade are the core strategies for Phoenix Petroleum to build up a solid, homegrown industrial and trade conglomerate.

On January 2018, we signed a joint venture agreement with Thailand-headquartered TIPCO Asphalt, the leading manufacturer and distributor of asphalt products in Asia-Pacific, and PhilAsphalt Development Corporation to form a joint venture in a 40-40-20-percent share structure. Under the name Phoenix Asphalt Philippines, Inc., the company will manufacture, operate, market, distribute bitumen, bitumen-related products and other by-products of crude oil and other petroleum products, including the operation of terminals and depots in the Philippines. It will lease land from affiliate Calaca Industrial Seaport Park in Batangas for the construction of a terminal.

Phoenix's entry into this new business segment comes at a time when macroeconomic conditions in the Philippines are seen as exceptionally favorable for construction and infrastructure projects, backed by healthy economic growth and the aim to improve connectivity, particularly through better road and aviation infrastructure in the country. It is expected that demand for asphalt products and road building and paving materials will grow from new private developments, as well as from new public initiatives, namely the government's

aggressive infrastructure program carved out for the coming years. This "Build Build Build" initiative, a major policy of Philippine President Rodrigo Duterte, has set the tone for the construction of a large number of roads, highways, bridges, airports and also entails new city developments, for example in Clark, where affiliate Clark Global City will be building the city of the future. The government is committed to spend up to nine trillion pesos (\$180 billion) from now to 2022 – and that's a lot of asphalt.



Phoenix Petroleum, TIPCO Asphalt of Thailand, and PhilAsphalt Devt. Corporation sign a joint venture agreement on January 16, 2018 in Manila to form a bitumen business, Phoenix Asphalt Philippines, Inc.

# Awards and Recognition

We received several awards this year for our leadership, brand, and marketing.

## 2017 ASEAN Business Awards: Young Entrepreneur of the Year



Our founder, President, and CEO, and UDENNA Corporation Chairman Dennis Uy was recognized in the 2017 ASEAN Business Awards as the Young Entrepreneur of the Year. The award cites "outstanding business owners below the age of 45 who have demonstrated significant success through leadership, market positioning and company performance."



President Rodrigo Roa Duterte leads the awarding of the 2017 ASEAN Business Awards' Young Entrepreneur of the Year to UDENNA Corporation Chairman and Phoenix Petroleum President and CEO Dennis Uy on September 6, 2017 in Manila. With them are the ASEAN Business Advisory Council Philippines: Philippine Chamber of Commerce and Industry President George Barcelon, SM Investments Corporation Vice Chairperson Teresita Sy-Coson, and RFM Corporation President Joey Concepcion; and Trade and Industry Secretary Ramon Lopez.

## 2017 Franchise Excellence Awards: Outstanding Filipino Franchise in Retail-Large Store Category



Phoenix Petroleum was named Outstanding Filipino Franchise in Retail-Large Store Category in the 2017 Franchise Excellence Awards (FEA), our second time to receive the prestigious award.

Phoenix Petroleum was recognized for continuing to be committed to deliver world-class services and products; for empowering people through our various advocacies; and for inspiring the entrepreneurial spirit of Filipinos.

We received our first Outstanding Filipino Franchise award in 2015, where we were cited for being a successful and fast-growing homegrown company in an oil industry dominated by major players.

Our second win in the FEA places us in the awards' Hall of Fame, given to businesses which win twice in the same award category.





## Gawad Kaagapay Awards: Outstanding Large Corporation II for Non-Agri-Based Category, 2nd place



Phoenix Petroleum won second place as Outstanding Large Corporation II under the Non-Agri-Based Category in Landbank's Gawad Kaagapay Awards 2017.

Land Bank of the Philippines recognized our company's contribution to priority sectors like small and medium enterprises which promote countryside development.

## 2017 ICE Awards: Bronze in Single Medium Category



Our "Goku" TVC for our Phoenix Cyclomax brand of lubricants won a Bronze ICE award given last September by the Media Specialists Association of the Philippines (MSAP). Award entries are judged according to insights, creativity, and effectiveness. The recognition was received by our agency Havas Ortega.

## 2017 Franchise Asia Philippines Awards: Best Booth Design for Non-Food Franchisor Category



Phoenix Petroleum won the Best Booth Design award under the Non-Food: 108 sqm. category during the Franchise Asia Philippines 2017 – the company's fifth time to receive such recognition.

The Phoenix booth, which featured our station's new look and an auto lounge for visitors and potential business partners, was recognized for its impressive design. The Franchise Asia Philippines 2017, dubbed as Asia's Biggest 4-in-1 Franchise Show, showcased more than 500 homegrown and international brands in the food, retail, and service sectors on July 2017.

Our booth at the Franchise Asia Philippines featured our new look and an auto lounge for visitors – innovations that made us land the Best Booth Design for Non-Food Franchisor Category.





# Corporate Social Responsibility

## Together towards a bright future

As our company grows, so too our commitment to the communities we serve. Since our first CSR activity in 2007, the Phoenix Philippines Foundation Inc. has been an active partner of people and institutions to develop, protect, educate, and empower our less privileged members of society. We champion our communities by giving back to them through initiatives designed to elevate and preserve their quality of life.

**7,945**  
PRE-SCHOOL  
GRADUATES  
since 2008



**1,857**  
LIVELIHOOD  
GRADUATES  
since 2008

### ADOPTED SCHOOLS

Helping young kids  
study for free.



### PASSING RATE

of our ALS graduates in  
the TESDA certification



### TREES PLANTED

since 2009



### YEARS

that our adopted Philippine  
Eagle "Phoenix" has been  
together with his pair



### ARTIFICIAL REEFS

made to provide shelter to  
marine life



### BENEFICIARIES

of medical and dental  
missions to date



### BLOOD BAGS

collected since 2007



### CHILDREN GIVEN GIFTS

since our annual Christmas  
gift-giving in 2007

# Education

Our educational programs aim to empower people to build a bright future. We support teachers, provide free pre-school and livelihood education to students, and help schools build a better library of books. In doing so, we help others help themselves.

## Adopt-A-School

We continue to support 23 adopted schools across the country. From the first school in 2008 in Davao City, we have reached out to more schools – 6 in Luzon, 7 in Visayas, and 10 in Mindanao. Their pre-schoolers are able to study for free, as we shoulder the monthly salaries of 14 teachers. Our adopted pre-school and elementary schools have produced close to 8,000 young graduates over the nine years since we started – support that helps give them a head start in life.



## Phoenix Library

To encourage wonder and curiosity – keys to a lifelong interest in learning – we have established Phoenix libraries in seven adopted schools. This year, we donated books, learning materials, television sets, and library furnishings to 18 schools in Luzon, Visayas, and Mindanao. With big and colorful books and engaging materials, children enjoy learning and exploring.

## Alternative Learning System

Out-of-school youths, the unemployed, and those looking to learn new skills are given a chance to contribute to society through the Alternative Learning System. The ALS is a free livelihood education program of the Department of Education, implemented with the support of private institutions, to sustain the project.

We now support two ALS schools – the F. Bangoy Central Elementary School in Davao City and the Banisil Central Elementary School in General Santos City. We sponsor the salaries of 7 instructors and provide training facilities and equipment. This allows students to study for free the various courses such as Welding, Plumbing, Electrical Installation, Maintenance, Computer Servicing, and Beauty Culture and Hairstyling.

Since we started the program in 2009 up to this year, 1,857 ALS students have graduated. Some of them proceed to take the assessment and certification from the Technical Education and Skills Development Authority (TESDA), a government system to determine whether the person has the competencies required of a middle-level skilled worker. We are proud to report that our ALS has produced 100% TESDA passers since 2013. After finishing the program, our graduates find work here or abroad, or embark on their own business, armed with their new skills.

## Brigada Eskwela

This year, we helped clean and refurbish 10 schools around the country as part of Brigada Eskwela, the Department of Education's annual school clean-up drive. Team Phoenix painted classrooms, and donated painting and construction materials to schools.



## Environment

We work to preserve our natural habitat so that future generations can enjoy the environment as we do. Our programs span the circle of life: from planting seedlings of trees that will grow to protect and nourish, to ensuring that seas are clean, to taking care of endangered animals that play a vital role in the ecosystem. These, so nature can continue to nurture life.

### Plant and Save A Tree : Tree-Growing Program

This year, we went to 12 watersheds, parks, and mangroves around the country to plant 17,500 seedlings. These watersheds include those in Mt. Talomo-Lipadas in Malagos, Davao City, Taguibo River in Butuan City, Mahuganao in Cagayan de Oro City, Lusan in Cebu City, Upper Caliban Imbang in Bacolod City, and Maasin in Iloilo.

Since 2009, we have planted 49,500 trees. By doing so, we help protect and ensure the health of watersheds, which sustain life by providing clean water for drinking, agriculture, manufacturing, and are home to a variety of plants and animals.

### Coastal Cleanups

Team Phoenix helped clean 11 coastlines and waterways across the country in the Coastal Cleanup drive. Our annual participation in the clean-up helps rehabilitate and clean coastal areas, seas, and waterways from trash and debris that damage marine life and ecosystems.

### Adoption of Philippine Eagle

Since 2012, we have adopted a Philippine Eagle named "Phoenix" at the Philippine Eagle Foundation (PEF) in Davao City. Our support is used to care for the eagle, the operation and maintenance of the eagle's breeding facility, and the associated conservation research and campaign of PEF.

Phoenix and his pair Marikit – together for seven years now – are only one of five natural pairs at the Philippine Eagle Center. As PEF seeks to increase the dwindling population of the Philippine Eagle, the pair play a critical role in the center's captive breeding efforts.

The Philippine Eagle (*Pithecophaga jefferyi*) is the country's national bird and is one of the rarest, largest, and most powerful eagles in the world. It is also critically endangered – with an estimated population of only 400 pairs. It is endemic to the Philippines, and found on the islands of Luzon, Samar, Leyte, and Mindanao.



## Build A Reef

This year, we launched our first Build A Reef project – making and laying artificial domes to replace damaged reefs and serve as new sanctuary for hundreds of species of fish and other marine organisms.

Team Phoenix and our partners from the Philippine Coast Guard and Philippine Coast Guard Auxiliary built 30 artificial reefs. These were then successfully laid in the marine-protected areas within Barangay Vicente Hizon, Lanang, and Barangay Centro Jerome, Agdao, in Davao City.

The reefs will help protect marine life from destructive fishing practices and help increase their population.

## Health

We show our care to partner communities by ensuring their health and wellness through various programs.

### Medical and Dental Missions

This year, we served over 3,000 in medical and dental missions around the country. Since 2010 when we started the program, 16,078 have benefited from the free check-ups and medicines that we provide in partnership with local institutions.

### Every Drop Fuels Life Bloodletting Program

In the 10 years since we started the project in coordination with the Philippine Red Cross, we have collected 7,011 blood bags, of which 1,841 were donated in 2017. Our employees, partners, and volunteers support our regular bloodletting activities in various areas in Luzon, Visayas, and Mindanao. These blood donations help save lives, as well as benefiting the donors by increasing their cardiovascular health and decreasing the chances of cancer.



### Fueling the country's largest humanitarian ship

We donated ₱25 million worth of fuels, lubricants, and technical services for the maintenance of M/V Amazing Grace, the Philippines' first and largest humanitarian vessel.

Commissioned by the Philippine Red Cross on May 2017, M/V Amazing Grace serves as a hospital ship, relief supply transport ship, sea rescue vessel, mobile command center, cargo transport for trucks and ambulances, and mass evacuation ship, among others. Its full-scale facilities will help ensure that life-saving supplies and services will immediately reach those who need it the most.





## Outreach

We are always ready to lend a hand to those who need it the most.

### Christmas Gift-Giving for Kids

Since 2007, we have made it an annual event to share the joy of Christmas to children through our Christmas Gift-Giving for Kids. They receive bags, school supplies, toys, slippers, and other gifts from Phoenix. This year, we played Santa to close to 4,000 kids as we also held a party for them. Throughout a decade of this program, we have given gifts to 16,146 children.

### Relief Operations

When natural calamities and disasters strike, we organize relief operations to help the victims. On December 2017, when tropical storm Vinta hit Davao, we quickly distributed relief goods to 1,020 families, relieving them in our own way during the Christmas season.



# Pinoy Tsuper Hero



The third season of “Pinoy Tsuper Hero” continues the advocacy program in search of the most outstanding driver.

The program is presented by Phoenix Petroleum Philippines in partnership with ABS-CBN Lingkod Kapamilya Foundation Inc. and Bayan Academy for Social Entrepreneurship and Human Resource Development. It aims to bring out the “superhero” in every driver and promote driving as a noble profession.

On its latest season, Pinoy Tsuper Hero received a record-high 32,532 nominations, as we went on a nationwide caravan and launched the Phoenix Tsuper Club.

Regional finalists are selected from drivers who register at Phoenix stations. Selected candidates attend trainings about road safety, environment protection, financial literacy, and leadership. The top 10 finalists are called in for training and mentoring by industry experts, as they also present their own advocacy to pursue if they win.

The third Pinoy Tsuper Hero will be named on May 2018.

## LIFE Fund

As we marked our 10th Listing Anniversary, we announced the creation of the LIFE Fund with a seed money of ₱100 million, to support the families of soldiers who fought in Marawi City.

The city of Marawi in southern Mindanao was besieged in a five-month-long armed conflict against militants. It would become the longest urban battle in the country's modern history. Marawi was declared liberated on October, with the battle finally ended.

Phoenix Philippines Foundation and UDENNA Foundation initiated the LIFE Fund to help beneficiaries secure sustainable Livelihoods, achieve Independence, sustain their Families, and provide Education to their children.

The LIFE Fund is a mutual fund designed to give back to the brave men and women who risk their lives for the protection of the citizens of our country. It is a private sector initiative that aims to provide long-term financial aid and livelihood development for members of the Armed Forces and their families.



Corporal Roy Paquibot is among the soldiers who shared their stories in the LIFE Fund video.



The Phoenix Fuel Masters visit the injured soldiers who fought in Marawi, at the AFP Medical Center in Quezon City on September 2, 2017, to show their solidarity with our modern-day heroes.



# Phoenix Petroleum Board of Directors



**CAROLINA INEZ  
ANGELA S. REYES**  
DIRECTOR

**STEPHEN T.  
CUUNJIENG**  
DIRECTOR

**CHERYLYN C. UY**  
DIRECTOR

**DENNIS A. UY**  
PRESIDENT AND  
CHIEF EXECUTIVE  
OFFICER

**ROMEO B.  
DE GUZMAN**  
VICE CHAIRMAN AND SENIOR  
STRATEGIC ADVISER

**DOMINGO T. UY**  
CHAIRMAN





**ATTY. SOCORRO  
ERMAC-  
CABREROS**  
CORPORATE  
SECRETARY

**JUSTICE  
CONSUELO  
YNARES  
SANTIAGO**  
INDEPENDENT  
DIRECTOR

**FREDERIC C.  
DYBUNCIO**  
DIRECTOR

**MONICO V.  
JACOB**  
INDEPENDENT  
DIRECTOR

**JOSEPH JOHN  
L. ONG**  
DIRECTOR

**ATTY. J.V.  
EMMANUEL A.  
DE DIOS**  
DIRECTOR

(Not Pictured)

# Board of Directors



**Domingo T. Uy**  
Chairman



**Dennis A. Uy**  
President and Chief  
Executive Officer



**Romeo B. de  
Guzman**  
Vice Chairman and  
Senior Strategic Adviser



**Atty. Socorro  
Ermac-Cabreros**  
Corporate Secretary



**Atty. J.V.  
Emmanuel A.  
de Dios**  
Director



**Joseph John  
L. Ong**  
Director



**Cherylyn C. Uy**  
Director



**Carolina Inez  
Angela S. Reyes**  
Director



**Frederic  
C. Dybuncio**  
Director



**Stephen T.  
CuUnjieng**  
Director



**Justice  
Consuelo  
Ynares  
Santiago**  
Independent Director



**Monico  
V. Jacob**  
Independent Director

## **Domingo T. Uy** Chairman

Mr. Domingo T. Uy is a co-founder and has been a member of the Board of Directors of the Company since 2002. Mr. Uy was elected Chairman of the Board of Directors of the Company on February 15, 2007. He is also a Director of Granland Resources Corporation, a corporation involved in real estate development, and is actively involved in socio-civic programs. He is a director of the Philippine National Red Cross - Davao Chapter, Executive Vice Chairman of Davao Chong Hua High School, and a Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

## **Dennis A. Uy** President and Chief Executive Officer

Mr. Dennis A. Uy is the founder of the Company and has served as President and Chief Executive Officer since inception. He is the Founder, Chairman, and President of UDENNA Corporation, the parent company, which has businesses in the petroleum, shipping, logistics, real estate development, tourism, education, and service industries. He is Chairman of Chelsea Logistics Holdings Corporation, which listed on the Philippine Stock Exchange on August 2017. Mr. Uy is the Chairman and President of UDENNA Development Corporation, which develops and manages real estate projects such as Clark Global City, Calaca Industrial Seaport Park, UDENNA Tower, and The Emerald in Mactan, Cebu under development. He is the Chairman of 2GO Group Inc., the country's largest logistics provider. Mr. Uy is also Chairman of Phoenix Philippines Foundation and UDENNA Foundation. He serves as independent director of Apex Mining Corp. and is a member of the Young Presidents Organization's Philippine chapter. Since November 2011, he has been the Honorary Consul of Kazakhstan to the Philippines. In 2016, he was appointed as the Presidential Adviser on Sports. Mr. Uy is a graduate of De La Salle University with a degree in Business Management.

## **Romeo B. De Guzman** Director

Mr. Romeo B. De Guzman was elected Director of the Company in 2009. He is the Vice Chairman and Senior Strategic Adviser, and previously was Chief Operating Officer of the Company, bringing over 40 years of outstanding experience in the oil industry. Before joining the Company, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific and a member of the Board of Directors up to December 2006. He was with the said company holding various management and executive positions. Prior to that, he worked at Getty Oil Philippines Inc. for 10 years. Mr. De Guzman is also the Chairman of the Board of Directors of Mirait Philippines, Inc. He holds a Marketing Management and MBA degrees from San Sebastian College - Manila.

## **Socorro T. Ermac-Cabreros** Corporate Secretary

Atty. Socorro T. Ermac-Cabreros was elected Director and appointed Corporate Secretary on February 15, 2007. She is concurrently Asst. Vice President for Corporate Legal of the Company. She is also the Corporate Secretary of the Company's subsidiaries among which are Phoenix LPG Philippines, Inc. and Philippine FamilyMart CVS, Inc. Prior to joining the Company, she was a Legal Counsel of Philippine National Bank in Davao City. She has worked for the government such as Office of the Ombudsman for Mindanao and later as Prosecutor for the Province of Davao del Norte after engaging in the private practice of law. She finished her law degree at the Ateneo de Davao University College of Law. She is a former president of the Davao City Chapter of the Integrated Bar of the Philippines.

## **J.V. Emmanuel A. De Dios** Director

Atty. J.V. Emmanuel A. De Dios was elected Independent Director of the Company on February 15, 2007 and regular director on March 7, 2008. He is the CEO of GE Philippines, and prior to that was President and CEO of Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He was Managing Director of Merritt Advisory Partners, Inc. and was a member of the Board of Directors of Davies Energy Systems, Inc. He also served as Chairman of the Board of the



Philippine National Oil Company Exploration Corporation and was former Undersecretary of the Philippine Department of Energy. Atty. De Dios obtained his Master of Laws degree from Harvard Law School and completed his Bachelor of Laws at the Ateneo School of Law.

**Joseph John L. Ong** Director

Mr. Joseph John L. Ong is the Chief Finance Officer of the Company. He is also a member of the Board of Directors of Phoenix LPG Philippines, Inc., Philippine FamilyMart CVS Inc., and South Pacific, Inc., an affiliate of the Company. Prior to his employment in the Company, he spent almost 10 years at Primeworld Digital Systems, Inc. (Pacific Internet Phils.) initially as Vice President and CFO and eventually as Executive Vice President – Operations and Chief Finance Officer from 2008 – 2009. He also worked for 12 years with Ginebra San Miguel, Inc., then known as La Tondeña Distillers, Inc., the country's second largest beverage company at the time and a listed subsidiary of San Miguel Corporation. He was its Vice President for Treasury from 1995 – 1999, at which time he headed the team that took the company public in 1994 and was primarily responsible for institutional-investor relations. Prior to the San Miguel Group, he held various positions at the Bank of the Philippine Islands and Ayala Investment & Development Corp. (before it merged with BPI) from 1980-1986. He received his Bachelor of Science in Commerce from De La Salle University in 1980.

**Cherylyn C. Uy** Director

Ms. Cherylyn C. Uy is one of the pioneers and incorporators of UDENNA Corporation, the ultimate parent company of Phoenix Petroleum, and which has subsidiaries engaged in the petroleum, shipping, logistics, services, and real estate businesses, among others. She is the Corporate Treasurer of UDENNA Corporation and is an Executive Director of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. She is also the Corporate Treasurer of Chelsea Logistics Holdings Corporation and UDENNA Management and Resources Corporation. Ms. Uy is a graduate of Business and Finance from Ateneo de Davao University.

**Carolina Inez Angela S. Reyes** Director

Carolina Inez Angela S. Reyes is the owner and Co-Chief Executive Officer of Reyes Barbecue, a popular chain of more than 50 barbecue-focused restaurants founded by her husband, Francisco Reyes. Before taking charge at Reyes Barbecue in 2008, Ms. Reyes spent 20 years as a corporate marketing executive, where she distinguished herself by revitalizing and energizing brands. From 1994 to 1999, she held the following positions in La Tondeña Distillers, Inc.: Vice-President Marketing Services; Vice-President Marketing and Sales Non-Liquor (Bottled Water & Juices), Assistant Vice-President and Area Sales Director. From 1999 to 2002, Ms. Reyes also worked in The Coca-Cola Export Corporation as its Division Marketing Director of Non-Carbonated Beverages Business Unit and Director for Alternative Beverages. From July 2002 to October 2007, Ms. Reyes served as the Vice-President for Marketing of Jollibee Foods Corporation. She took her Masters in Business Administration from De La Salle University Graduate School of Business, graduated from the University of the Philippines (Diliman) with a degree in A.B. Economics, and took a short course at the Culinary Institute of America in New York.

**Frederic C. DyBuncio** Director

Mr. Frederic C. DyBuncio was elected as a Director of the Company on May 26, 2017. He is the President of SM Investments Corporation. He is a Director of Atlas Consolidated Mining and Development Corporation, Premium Leisure Corp., ZGO Group, Inc., and Pacific Online Systems Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and completed a Master's degree in Business Management from the Asian Institute of Management.

**Stephen T. CuUnjieng** Director

Mr. Stephen T. CuUnjieng was elected as a Director of the Company on January 15, 2018, after being a long-time adviser to the Board. He is Chairman of Evercore Asia Limited, and has substantial and wide experience in investment banking. He has acted as Financial Adviser to several financial transactions of companies involving initial public offerings, major and strategic acquisitions, and mergers of various companies from various industries. He is a member of the Executive Advisory Board for Asia of the Wharton School of Business, and an Independent Director of Century Properties Group and Aboitiz Equity Ventures. He has received several awards and distinctions, such as the Best Independent Advisory Firm in Asia in 2016 for Evercore, and Deals of the Year for various acquisitions. He graduated from Ateneo de Manila University and Ateneo School of Law, and completed an MBA in Finance from the Wharton School of Business.

**Consuelo Ynares-Santiago** Independent Director

Ms. Consuelo Ynares-Santiago is a Retired Justice of the Philippine Supreme Court. Justice Santiago (Ret) is currently an independent director of Anchor Insurance Brokerage Corp., a leading insurance brokerage company based in New York, USA, SMC Global Power Holdings, Inc., one of the country's leading power companies which is the power generation unit of San Miguel Corporation, South Luzon Tollway Corp., and Top Frontier Investment Holdings, Inc. She is the Chair Advisory Council of the Office of Alternative Dispute Resolution under the Department of Justice. She earned her Law Degree at the University of the Philippines. After being admitted to the bar, she started her career as a Legal Officer of the Securities and Exchange Commission (SEC). After 5 years of legal practice, she decided to enter the Judiciary and spent 36 years of her career as Municipal Judge, Metropolitan Trial Court judge, Regional Trial Court judge, and Associate Justice of Court of Appeals, before becoming an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she became the chairperson of the Supreme Court's 3rd Division and also joined various committees, among them the Justice on Wheels Program as Chairperson, the Foreign Travel Committee as Chairperson, the House of Representative Electoral Tribunal (HRET) as Chairperson, and member of the Presidential Electoral Tribunal. She was also a consultant of the Judicial and Bar Council (JBC) and a Bar Examiner of Labor Law and Social Legislation during the 1996 Bar Examination and Taxation Law in the 1998 Bar Examination.

**Monico V. Jacob** Independent Director

Monico V. Jacob has been Independent Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Systems Holdings, Inc., a publicly listed company; of STI Education Services Group, Inc.; and of West Negros University. He is also the Chairman of Philplans First, Inc., a pre-need company; and of Philippine Life Financial, Inc., a life insurance company. He likewise sits as an independent director of Jollibee Foods, Inc., Lopez Holdings, Inc. and ZGO Shipping. He sits as Director of Asian Terminals, Inc., Philhealthcare Systems, Inc., an HMO, and IAcademy.



# Management Team

## Executive Committee



**Dennis A. Uy**  
President and Chief  
Executive Officer



**Romeo B. de  
Guzman**  
Vice Chairman and  
Senior Strategic Adviser



**Henry Albert R.  
Fadullon**  
Chief Operating Officer



**Joseph John L.  
Ong**  
Chief Finance Officer



**Alan Raymond T.  
Zorrilla**  
Vice President for  
External Affairs, Business  
Development, and Security



**Roy O. Jimenez**  
General Manager for  
Commercial Business



**Ericson S.  
Inocencio**  
General Manager for Retail  
Business



**Joven Jesus G.  
Muja**  
General Manager for  
Lubricants Sales and  
Distribution Business



**Evelyn T. Gerodias**  
General Manager for LPG  
Visayas and Mindanao



**Julgin Anthony G.  
Villanueva**  
General Manager for LPG  
Luzon



**Roald Johann L.  
Yap**  
General Manager for  
Philippine FamilyMart



**Stefano Angelocola**  
Managing Director for PNX  
Petroleum Singapore



**Richard C. Tiansay**  
General Manager for Pricing  
and Demand



**Joselito G. de  
Jesus**  
General Manager for  
Business Development,  
Strategies, and Portfolio  
Unit



**William M. Azarcon**  
Vice President for Business  
Development for Terminals  
and Depots



**Ignacio B. Romero**  
Asst. Vice President for  
Technical Services, Quality  
Assurance, and Product  
Development



**Maria Rita A. Ros**  
Asst. Vice President for  
Supply



**Bernard C. Suiza**  
Asst. Vice President for  
Network Development,  
Non-Fuel Retailing  
Business, and Capital  
Investment



**Ignacio Raymund S.  
Ramos, Jr.**  
Asst. Vice President for  
Engineering



**Jonarest Z. Sibog**  
Asst. Vice President for  
Comptrollership



**Magtanggol C.  
Bawal**  
Chief Finance Officer for  
Philippine FamilyMart



**Reynaldo A. Phala**  
Asst. Vice President for  
Treasury



**Alfredo Rogelio E.  
Reyes**  
Asst. Vice President for  
Information Technology



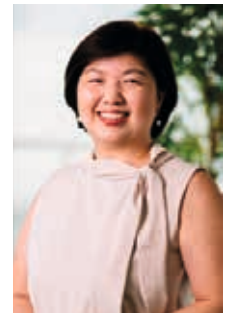
**Socorro T. Ermac-  
Cabrerros**  
Asst. Vice President for  
Corporate Legal



**Ma. Celina I. Matias**  
Asst. Vice President for  
Brand and Marketing



**Celeste Marie G.  
Ong**  
Asst. Vice President for  
Human Resources



**Debbie U. Rodolfo**  
Asst. Vice President for  
Customer Service and  
Corporate Communications

# Corporate Governance

Phoenix Petroleum Philippines, Inc. believes in conducting its business activities in accordance with the utmost degree of governance and control to ensure that its vision and mission are achieved in the strictest standard of competence, excellence and integrity.

On March 7, 2008, during the regular meeting of the Board, the Manual of Corporate Governance which incorporated the best practices was approved and adopted to establish the principles of good corporate governance for the entire Corporation. The adoption of the new Manual of Corporate Governance replaces the old manual of corporate governance prescribed by the SEC which was then observed and followed by the Company. Moreover, the adoption of the new Manual now complies with the SEC requirement that before assuming office, a director must attend a seminar on corporate governance conducted by a duly recognized government or private institution.

On April 1, 2011, the Company disclosed and submitted to the Commission and the Exchange a Revised Corporate Governance Manual pursuant to the SEC Memorandum Circular No. 6 Series of 2009 which shall now apply to registered corporation that have assets in excess of Fifty Million Pesos and whose equity securities are listed on an Exchange.

Pursuant to July 31, 2014, pursuant to SEC Memorandum Circular No. 9, series of 2014, the Company submitted its Revised Corporate Governance Manual expounding on definition of terms including defining the role of the Board of Directors in corporate governance and emphasis on policies pertaining to independent checking on management.

## BOARD STRUCTURE AND PROCESS

### Key Roles

Under the Revised Corporate Governance Code, corporate governance continues to rest on the Board of Directors. Not only should the terms and conditions as stated in the previously adopted Manual adhere to transparency and accountability to consequently enhance shareholder's value but likewise the Board of Directors will be primarily responsible for setting the policies for the accomplishment of the corporate objectives by providing an independent check on Management.

Consistent with the amendment of its Corporation's By-laws, the Revised Code now acknowledges the composition of the Board of Directors from 9 to 11 members with at least 20% consisting of independent directors. Currently, the Board has 2 independent directors which competently complies with the said Code.

The duties and functions of the Board of Directors more specifically lay out a detailed and minute management of the Corporation's affairs from providing for its mission, vision, policies, mechanism for effective monitoring of management's performances, establishment of programs that can sustain its long term viability and strength to effective implementation in the selection of directors that can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, effective adoption of a system of check and balance within the Board and a regular review of such system to ensure the integrity of the decision-making.

Effectively the function of the Board of Directors has expanded to ensure a more comprehensive monitoring



of the implementation of its policies to ensure and foster the success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and protects the best interest of its stakeholders.

Internal Control for the corporation is likewise emphasized from Chief Executive Officer who shall be ultimately accountable to the Corporation's organizational and operations control.

Practical management of the Corporation's governance standard is exercised through the Board's committees:

- **Executive Committee.** The Executive Committee, in accordance with the Company's By-laws and by majority vote of all of its members, acts on specific matters within the competence of, or as may be delegated by the Board of Directors except as specifically limited by law to the Board of Directors.
- **Compensation Committee.** The Compensation Committee shall ensure that levels of remuneration shall be sufficient to attract and retain the directors and officers needed to run the Company successfully. A proportion of executive directors' or officers' remuneration may be structured so as to link rewards to corporate and individual performance. It also establishes a formal procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers and provides oversight over remuneration of senior management and other key personnel.
- **Nomination Committee.** The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board. The decision of the Nomination Committee as to the nominees to the Board of Directors, once confirmed by the Board of Directors, shall be final and binding upon the shareholders and may no longer be raised during the stockholder's meeting.

The Nomination Committee shall likewise promulgate the guidelines or criteria to govern the conduct of nominations; provided, that any such promulgated guidelines or criteria governing the conduct of the nomination of Independent Directors shall be properly disclosed in the Corporation's information or proxy statement or such other reports required by the Securities and Exchange Commission.

- **Audit Committee.** The Audit Committee provides oversight financial management function in managing credit, market, liquidity, operations, legal, and other risks of the Corporation. The committee also oversees Phoenix Petroleum Philippines' internal control, financial reporting, and risk management processes on behalf of the Board of Directors. Furthermore, the committee checks all financial reports against its compliance with both the internal financial management policies and pertinent accounting standards including regulatory requirements. The Committee has given its recommendation on the appointment of Punongbayan and Araullo (P&A) as the Company's external auditors since 2008.

## Composition

Corporate powers and governance of the Company is exercised by the Board of Directors which consists of 11 members, two (2) of whom are independent directors. As a matter of policy and based on good corporate practice, unless a special meeting is called upon for a specific purpose, the Board regularly meets every quarter wherein which the relevant corporate issues may be raised for discussion and voted by the members of the Board.

On March 15, 2017, the stockholders elected the following stockholders to the Board of Directors, namely: DOMINGO T. UY, DENNIS A. UY, ROMEO B. DE GUZMAN, J.V. EMMANUEL A. DE DIOS, SOCORRO ERMAC CABREROS, JOSEPH JOHN L. ONG, CHERYLYN C. UY, CAROLINA INEZ ANGELA S. REYES, PAUL G. DOMINGUEZ, JUSTICE (RET.) CONSUELO YNARES-SANTIAGO, and MONICO V. JACOB.

There were changes in the months following the election:

Frederic C. DyBuncio was elected to the Board on May 26, 2017 in lieu of the resignation of Paul Dominguez.

Stephen T. CuUnjieng was elected to the Board on January 15, 2018 in lieu of the resignation of Socorro Ermac Cabreros as Member of the Board of Directors.

## Chairman and Chief Executive Officer

The Chairman presides at all meetings of the Board of Directors and of the stockholders. The Chairman shall have general supervision, administration, and management of the business of the Corporation. The Chairman shall establish general administrative and operating policies and guidelines.

## Independent Directors

As a publicly-listed Company, Phoenix Petroleum conforms to the requirement to have at least two independent directors or at least 20% of its board size, whichever is less. Of the 11 directors, two sit as independent directors, Monico V. Jacob and Justice (Ret.) Consuelo Ynares Santiago.

The Company defines an “Independent Director” as a person independent of management and free from any business or other relationship which could or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company. The Company complies with the rules of the Securities & Exchange Commission with regard to the nomination and election of the independent director.

## BOARD PERFORMANCE

Regular Board Meetings are held at least once a quarter. The Board has separate and independent access to the Corporate Secretary who, among other functions, oversees the adequate flow of information to the Board prior to meetings and serves as an adviser to the directors on their responsibilities and obligations.

Discussions during Board meetings are open, and independent views are given due consideration.

In 2017, the Board conducted four meetings.

## Board of Directors

Board	Name	# of Meetings Held During the Year	# of Meetings Attended	%
Chairman	Domingo T. Uy	4	4	100%
Member/President	Dennis A. Uy	4	4	100%
Member/COO	Romeo B. de Guzman	4	4	100%
Member/CFO	Joseph John L. Ong	4	4	100%
Member	Cherylyn C. Uy	4	3	75%
Member/Corp. Sec	Socorro T. Ermac Cabreros	4	4	100%
Member	Carolina Inez Angela S. Reyes	4	3	75%
Member	Paul G. Dominguez*	4	1	25%
Member	Frederic C. DyBuncio**	4	3	75%
Member	J.V. Emmanuel A. de Dios	4	3	75%
Independent Dir.	Consuelo Ynares Santiago	4	4	100%
Independent Dir.	Monico V. Jacob	4	3	75%

\*resigned on 26 May 2017

\*\* elected on 26 May 2017

## Committee Members

The following were appointed as members of PPPI's Board Committees:

### Executive Committee:

Dennis A. Uy	Chairman
Romeo B. De Guzman	Member
Joseph John L. Ong	Member
Chryss Alfonsus V. Damuy	Member
Raymond T. Zorrilla	Member
Henry Albert R. Fadullon*	Member

### Audit Committee:

Monico V. Jacob (Independent Director)	Chairman
Paul G. Dominguez**	Member
Domingo T. Uy	Member

### Nominations Committee:

Justice Consuelo Ynares Santiago	Chairman
J.V. Emmanuel A. de Dios	Member
Cherylyn C. Uy	Member

### Compensation Committee:

Justice Consuelo Ynares Santiago	Chairman
Dennis A. Uy	Member
Romeo B. De Guzman	Member
Carolina Inez Angela S. Reyes	Member

\*Chief Operating Officer effective 17 April 2017

\*\* Resigned on 26 May 2017



# ACCOUNTABILITY AND AUDIT

## Independent Public Accountants

The principal accountants and external auditors of the Company is the accounting firm of Punongbayan and Araullo (P&A).

The Audit Committee is empowered to independently review the integrity of the Company's financial reporting against compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements.

Phoenix Petroleum Philippines paid or accrued the following fees, including VAT, to its external auditors in the past two years.

(in Thousands PHP)	Audit & Audit-related Fees
2017	4,648.00
2016	4,247.02

Punongbayan & Araullo was engaged by the Company to audit its annual financial statements.

Phoenix Petroleum Philippines' financial statements comply with Philippine Accounting Standards and Philippine Financial Reporting standards which are in compliance with International Accounting Standards (IAS).

## Compliance System

Phoenix Petroleum Philippines adheres to the highest corporate principles and best practices.

Compliance includes monitoring, identifying, and controlling compliance risks; monitoring compliance between the Company and the Securities and Exchange Commission (SEC) as well as the Philippine Stock Exchange (PSE) regarding the disclosures and for whatever summons; and determining and citing violations of the Company code of ethics and recommending penalty for review and approval by the Board of Directors.

## DISCLOSURE AND TRANSPARENCY

The Company complies with all disclosure requirements under the law. The most basic and all-encompassing disclosure requirement is that all material information, i.e., anything that could potentially affect share price, should be publicly disclosed in the manner provided by law. Such information would include earning results, acquisition or disposal of major assets, board changes, related party transactions, shareholdings of directors and changes to ownership.

The Corporate Secretary regularly updates the SEC and PSE on any matters that affect the stock price of the company.

The Company has a transparent ownership structure. It regularly discloses the top 20 stockholders of the common equity securities of the company. Other information disclosed includes total remuneration of all directors and senior management, corporate strategy, and off-balance sheet transactions.

### Internal Audit

In 2010, the Company established the Internal Audit to assist the Audit Committee of the Board in fulfilling its oversight responsibility to the shareholders by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and internal control processes.

The Internal Audit's role and responsibilities are defined in the Audit Charter approved by the Board of Directors. In fulfilling its role, the Internal Audit performs the following general functions:

- Evaluating the Company's governance processes including ethics-related programs;
- Performing an objective assessment of the effectiveness of risk management and internal control framework, identifying risk exposures and recommending strategies to mitigate them;
- Evaluating the reliability and integrity of financial statements and the financial reporting process;
- Analyzing and evaluating business processes and associated controls;
- Determining compliance with applicable laws and regulations.

## Statement of Management's Responsibility For Financial Statements



The management of P-H-O-E-N-I-X Petroleum Philippines, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein and as enumerated below, for the years ended December 31, 2017, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

- a) Supplementary schedules required under Annex 68-E of the Securities Regulation Code
- b) Map showing the relationship between and among related entities
- c) Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2017
- d) Schedule showing financial soundness indicators

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Signed this 15th day of February 2018, Davao City, Philippines.

A handwritten signature in black ink, appearing to read "Domingo Uy".

**Domingo Uy**  
Chairman

A handwritten signature in black ink, appearing to read "Dennis Uy".

**Dennis Uy**  
President and CEO

A handwritten signature in black ink, appearing to read "Joseph John L. Ong".

**Joseph John L. Ong**  
Chief Financial Officer



## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
P-H-O-E-N-I-X Petroleum Philippines, Inc. and Subsidiaries  
Stella Hizon Reyes Road,  
Barrio Pampanga, Davao City

### Opinion

We have audited the consolidated financial statements of P-H-O-E-N-I-X Petroleum Philippines, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **(a) Revenue Recognition**

### *Description of the Matter*

Revenue is recognized to the extent that the revenue can be reliably measured and that it is probable that the future economic benefits will flow to the Group. The Group's revenue is primarily generated from the sales of goods (fuels, liquefied petroleum gas (LPG), lubricants and other petroleum products), which is recognized once risks and rewards of the goods have passed to the buyer, and fuel services, which is recognized when the performance of contractually agreed tasks has been substantially rendered. The Group focuses on revenue as a key performance measure, which could create an incentive for revenues, particularly from sale of goods, to be recognized before the risks and rewards have been transferred. The accounting policies for revenues are included in Note 2 to the consolidated financial statements. We identified the valuation, occurrence, completeness and cut-off of revenue recognition as key audit matters.

### *How the Matter was Addressed in the Audit*

Our audit procedures included, among others, the following:

- evaluating the appropriateness of the Group's revenue recognition policies;
- assessing, with the assistance of our internal IT specialists, the design and operating effectiveness of controls surrounding the revenues cycle;
- performing cut-off procedures to ensure that revenue was recognized in the correct period;
- performing substantive analytical procedures and tests of details on revenues; and,
- substantiating transactions with the underlying documentation, including sales invoices, contracts and third party correspondence.

## **(b) Impairment of Trade and Other Receivables**

### *Description of the Matter*

Under the PFRS, the Group is required to assess its trade and other receivables for impairment. The allowance for impairment of trade and other receivables is considered to be a matter of significance as it requires the application of judgment and estimation. The Group recognized allowance for impairment on trade and other receivables based on the management's assessment.

As of December 31, 2017, the Group had trade and other receivables amounting to P7,509.2 million, which contributed to 17% of the Group's total assets. As of December 31, 2017, the allowance for impairment on trade and other receivables amounted to P478.2 million.

The disclosures of the Group on the allowance for impairment of trade and other receivables and the related credit risk are included in Notes 7 and 4.2 to the consolidated financial statements, respectively.

### *How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the adequacy of allowance for impairment of trade and other receivables, included, but not restricted to:

- obtaining an understanding of the process used by the Group's management to estimate the allowance for impairment of trade and other receivables;
- performing independent assessment on the aging of the trade and other receivables;
- checking the basis used in determining the main factors in computing the impairment loss on selected trade and other receivable accounts;
- testing the subsequent collections and/or movements of the long-outstanding receivables on selected trade and other receivable accounts; and,
- assessing the reasonableness of the Group's estimates on recoveries.

### **(c) Business Combination**

#### *Description of the Matter*

As disclosed in Note 1.4, in 2017, the Group completed the acquisitions of Phoenix LPG Philippines, Inc. (PLPI) and Duta Group for P6,481.1 million and P394.2 million, respectively. The Group has determined these acquisitions to be business combinations for which the purchase price is to be allocated between the identifiable assets and liabilities at their respective fair values.

Following the various acquisitions, the management has determined Goodwill amounting to P3,980.4 million for the PLPI acquisition and Excess of Fair Value of Net Assets Acquired over Acquisition Cost (gain/income) amounting to P650.2 million for the Duta Group acquisition. We, therefore, considered the accounting treatment of the acquisition of these subsidiaries in the consolidated financial statements as a key audit matter due to the significance of the goodwill and gain from these business acquisitions, and due to the nature of transactions which involves significant management's judgments and estimates, especially on the valuation of the fair value of net assets acquired as of the acquisition date.

The Group's disclosure on policies on business combinations is presented in Note 2.12 to the consolidated financial statements.

#### *How the Matter was Addressed in the Audit*

Our audit procedures included, among others, the following:

- reviewing the relevant minutes of meeting of the Parent Company for the approval of the transaction and executed share purchase agreement;
- examining the cash consideration given and verifying the net assets acquired as of the acquisition date;
- obtaining the valuations prepared by independent appraisers on certain properties;
- assessing the competencies and capabilities of the appraisers;
- testing the reasonableness of the fair values of the identifiable assets and liabilities of PLPI and Duta Group at the acquisition date; and
- recalculating the consideration, goodwill and gain, and determining the appropriate treatment of the difference between the net assets acquired and considerations given.

### **(d) Existence and Valuation of Inventories**

#### *Description of the Matter*

As of December 31, 2017, the Group held P12,970.0 million of fuels, LPG and lubricant inventories, which is 29% of the total consolidated assets of the Group. Given the size of the inventory balance relative to the consolidated total assets of the Group and the estimates and judgments involved in this account, the valuation of inventory required our significant audit attention. As disclosed in Note 2.5, inventories are held at the lower of cost and net realizable value using the moving average method. As of year-end, the valuation of inventory is reviewed by the management and the cost of inventory is reduced where inventory is forecast to be sold below cost. The breakdown of inventory as of December 31, 2017 is disclosed in Note 8 in the consolidated financial statements.

#### *How the Matter was Addressed in the Audit*

Our audit procedures included among others, the following:

- observing inventory counts and performing test of quantities;
- performing test of purchases and test on the moving average cost calculation; and,
- testing the net realizable values of sample inventory items to recent selling prices.



## **(e) Provision for Losses on Lost LPG Cylinders**

### *Description of the Matter*

As a result of the acquisition of PLPI, the Group has acquired LPG cylinders by which the carrying value as of December 31, 2017 amounted to P948.7 million. Bulk of these LPG cylinders are at the dealers' and users' premises and management is not able to physically examine their 100% existence. Due to the lack of means to track their existence on a regular basis, there is a possibility that a portion of the issued LPG cylinders to the market may no longer be existing due to scrappage by third parties and regular wear and tear. However, management estimates provision for losses on lost LPG cylinders based on internal simulations and computations on non-generating LPG cylinders.

Given the significant volume and cost of the LPG cylinders and the estimates and judgments involved in this account, the provision for losses on lost LPG cylinders required our significant audit attention. Based on management's assessment, no provision is provided in 2017, however, the accumulated provision for losses on lost LPG cylinders as of December 31, 2017 amounted to P238.8 million.

The disclosures of the Group on the policy of provision for losses on lost LPG cylinders, key sources of estimation uncertainty and carrying values are disclosed in Notes 2.7, 3.2(i) and 11 to the consolidated financial statements.

### *How the Matter was Addressed in the Audit*

Our audit procedures included among others, the following:

- understanding the cycle of the Group's LPG inventories sold in LPG cylinders;
- testing the simulation prepared by the management on the possible number of LPG cylinders circulating in the market in respect to the actual generated revenues from the sale of LPG through LPG cylinders and the reasonable turnover of LPG-filled cylinders;
- comparing the results of the simulation to the outstanding number of cylinders issued to the market, based on the Group's records; and,
- performing ocular inspection on a random basis on the available LPG cylinders within the Group's plants and refilling stations.

## **(f) Goodwill**

### *Description of the Matter*

Under the PFRS, the Group is required to annually test the amount of goodwill for impairment or whenever there is an impairment indicator. In 2017, significant goodwill arose when the Group acquired the 100% shares of PLPI. Goodwill is determined as the difference between the acquisition or purchase cost and the fair value of the net assets acquired. This annual impairment test was significant to our audit because the balance of the goodwill amounting to P3,990.7 million as of December 31, 2017 is material to the Group's consolidated financial statements. In addition, management's process is complex and highly judgmental and is based on assumptions.

The Group's disclosures about Goodwill and the policy are included in Notes 14 and 1.4, respectively.

### *How the Matter was Addressed in the Audit*

Our audit procedures included among others, the following:

- obtaining management's impairment assessment over the goodwill; and,
- evaluating the management's cash flow forecasts and the processes by which they are developed, including mathematical accuracy of the underlying calculations.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Parent Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to

the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the 2017 audit resulting in this independent auditors' report is Ramilito L. Nañola.



**PUNONGBAYAN & ARAULLO**

**By: Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 6616015, January 3, 2018, Makati City  
SEC Group A Accreditation  
Partner - No. 0395-AR-3 (until May 19, 2019)  
Firm - No. 0002-FR-4 (until Apr. 30, 2018)  
BIR AN 08-002511-19-2015 (until Mar. 18, 2018)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

February 15, 2018

**Certified Public Accountants**

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.



**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2017 AND 2016

(Amounts in Philippine Pesos)

	Notes	2017	2016
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	P 1,831,542,441	P 2,338,780,526
Trade and other receivables - net	7	7,509,198,377	8,789,006,059
Inventories - net	8	12,969,947,045	2,998,780,146
Due from related parties	27	518,004,898	1,506,997,926
Restricted deposits	9	51,281,559	50,925,404
Input value-added tax - net		1,773,091,281	731,735,790
Prepayments and other current assets	10	581,435,883	595,963,599
Total Current Assets		25,234,501,484	17,012,189,450
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment - net	11	13,400,687,345	9,002,313,141
Investment properties	15	1,114,780,281	-
Intangible assets - net	12	274,931,452	275,037,490
Goodwill - net	14	3,990,666,606	10,221,849
Deferred tax assets - net	26	231,866,237	46,191,775
Other non-current assets	16	223,467,068	192,084,216
Total Non-current Assets		19,236,398,989	9,525,848,471
<b>TOTAL ASSETS</b>		<b>P 44,470,900,473</b>	<b>P 26,538,037,921</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	17	P 16,796,874,145	P 11,262,858,843
Trade and other payables	19	3,832,668,620	3,232,652,616
Income tax payable		17,301,439	100,283,443
Total Current Liabilities		20,646,844,204	14,595,794,902
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	17	11,374,559,853	1,921,565,000
Other non-current liabilities	20	497,806,312	258,584,286
Total Non-current Liabilities		11,872,366,165	2,180,149,286
Total Liabilities		32,519,210,369	16,775,944,188
<b>EQUITY</b>			
Capital stock	28	1,456,538,232	1,123,097,449
Additional paid-in capital		5,709,303,309	5,320,816,182
Revaluation reserves	(	2,306,049 )	( 12,148,102 )
Other reserves	(	730,361,725 )	( 730,361,725 )
Accumulated translation adjustment	(	6,065,195 )	-
Retained earnings		5,524,581,532	4,060,689,929
Total Equity		11,951,690,104	9,762,093,733
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 44,470,900,473</b>	<b>P 26,538,037,921</b>

For further notes and discussions, see our Audited FS Report on our website.

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

(Amounts in Philippine Pesos)

	Notes	2017	2016	2015
<b>REVENUES</b>				
Sale of goods	27	P 44,051,471,509	P 29,471,907,077	P 28,620,971,473
Fuel service and other revenues	2	281,941,966	205,587,559	186,661,739
Rent and storage income	15, 31	92,626,832	148,340,733	122,425,059
Charter fees and other charges	2	-	624,704,375	562,523,731
Port revenues	2	-	126,128,262	105,565,142
Sale of real estate	2	-	-	455,692,000
		<b>44,426,040,307</b>	<b>30,576,668,006</b>	<b>30,053,839,144</b>
<b>COST AND EXPENSES</b>				
Cost of sales and services	21	37,908,797,906	25,123,949,229	25,268,851,163
Selling and administrative expenses	22	4,411,742,322	3,339,789,045	2,724,906,711
		<b>42,320,540,228</b>	<b>28,463,738,274</b>	<b>27,993,757,874</b>
<b>OTHER CHARGES (INCOME)</b>				
Finance costs	23	855,043,260	1,019,277,024	968,682,307
Excess of fair value of net assets acquired over acquisition cost	1	( 650,182,327 )	-	-
Finance income	23	( 56,629,280 )	( 207,687,618 )	( 7,553,833 )
Equity share in net loss of a joint venture	13	-	50,068,966	16,310,368
Others - net	15	( 36,852,747 )	( 11,006,428 )	( 9,069,835 )
		<b>111,378,906</b>	<b>850,651,944</b>	<b>968,369,007</b>
<b>PROFIT BEFORE TAX</b>		<b>1,994,121,173</b>	<b>1,262,277,788</b>	<b>1,091,712,263</b>
<b>TAX EXPENSE</b>	26	<b>202,272,019</b>	<b>169,802,891</b>	<b>185,843,550</b>
<b>NET PROFIT</b>		<b>P 1,791,849,154</b>	<b>P 1,092,474,897</b>	<b>P 905,868,713</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Item that will be reclassified subsequently to profit or loss</b>				
Translation adjustment related to a foreign subsidiary	2	( 6,065,195 )	-	-
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurements of post-employment defined benefit obligation	24	14,060,076	15,360,800	18,116,705
Tax expense	26	( 4,218,023 )	( 4,608,240 )	( 13,304,602 )
Revaluation of tankers		-	-	202,245,220
		<b>9,842,053</b>	<b>10,752,560</b>	<b>207,057,323</b>
<b>Other Comprehensive Income - net of tax</b>		<b>3,776,858</b>	<b>10,752,560</b>	<b>207,057,323</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P 1,795,626,012</b>	<b>P 1,103,227,457</b>	<b>P 1,112,926,036</b>
<b>Basic and Diluted Earnings per share</b>	29	<b>P 1.16</b>	<b>P 0.64</b>	<b>P 0.60</b>

For further notes and discussions, see our Audited FS Report on our website.

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015  
(Amounts in Philippine Pesos)**

	Notes	Capital Stock										Retained Earnings	Total Equity
		Preferred Stock	Treasury Stock- At Cost	Common Stock	Treasury Stock- At Cost	Total	Additional Paid-In Capital	Revaluation Reserves	Other Reserves	Accumulated Translation Adjustment			
		P 30,000,000	(P 5,000,000 )	P 1,428,777,232	(P 330,679,783 )	P 1,123,097,449	P 5,320,816,182	(P 12,148,102 )	(P 730,361,725 )	P -	P 4,060,689,929	P 9,762,093,733	
Balance at January 1, 2017		-	-	-	440,087,488	440,087,488	367,136,612	-	-	-	-	807,224,100	
Sale of treasury shares	28	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends	28	-	-	-	-	-	-	-	-	( 331,118,383 )	( 331,118,383 )	( 331,118,383 )	
Acquisition of shares during the year	28	-	-	-	( 109,407,705 )	( 109,407,705 )	-	-	-	-	-	( 109,407,705 )	
Issuance of shares during the year	28	-	-	2,761,000	-	2,761,000	21,350,515	-	-	( 8,429,034 )	( 8,429,034 )	15,682,481	
Share-based compensation	24	-	-	-	-	-	-	-	-	-	11,589,866	11,589,866	
Translation adjustments during the year	2	-	-	-	-	-	-	-	-	( 6,065,195 )	-	( 6,065,195 )	
Total comprehensive income for the year		-	-	-	-	-	-	9,842,053	-	-	1,791,849,154	1,801,691,207	
Balance at December 31, 2017		P 30,000,000	(P 5,000,000 )	P 1,431,538,232	P -	P 1,456,538,232	P 5,709,303,309	(P 2,306,049 )	(P 730,361,725 )	(P 6,065,195 )	P 5,524,581,532	P 11,951,690,104	
		P 30,000,000	(P 5,000,000 )	P 1,428,777,232	(P 330,679,783 )	P 1,453,777,232	P 5,320,816,182	(P 12,148,102 )	(P 730,361,725 )	P -	P 4,060,689,929	P 9,762,093,733	
Balance at January 1, 2016		-	-	-	-	-	-	-	-	-	-	-	
Deconsolidation of subsidiaries	1	-	-	-	-	-	-	( 557,352,943 )	( 107,409,486 )	-	( 65,599,296 )	( 730,361,725 )	
Acquisition of shares during the year	28	-	-	-	( 330,679,783 )	( 330,679,783 )	-	-	-	-	-	( 330,679,783 )	
Cash dividends	28	-	-	-	-	-	-	-	-	( 309,212,179 )	( 309,212,179 )	( 309,212,179 )	
Share-based compensation	24	-	-	-	-	-	-	-	-	-	5,757,780	5,757,780	
Total comprehensive income for the year		-	-	-	-	-	-	10,752,560	-	-	1,092,474,897	1,103,227,457	
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	-	( 24,842,985 )	-	-	24,842,985	-	
Balance at December 31, 2016		P 30,000,000	(P 5,000,000 )	P 1,428,777,232	(P 330,679,783 )	P 1,123,097,449	P 5,320,816,182	(P 12,148,102 )	(P 730,361,725 )	P -	P 4,060,689,929	P 9,762,093,733	
		P 10,000,000	(P 5,000,000 )	P 1,428,777,232	P -	P 1,433,777,232	P 3,367,916,774	P 372,138,419	(P 622,952,239 )	P -	P 2,498,345,913	P 7,050,226,099	
Balance at January 1, 2015		20,000,000	-	-	-	20,000,000	1,952,899,408	-	-	-	-	1,972,899,408	
Issuance of shares for the year	28	-	-	-	-	-	-	-	-	( 112,689,360 )	( 112,689,360 )	( 112,689,360 )	
Cash dividends	28	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year		-	-	-	-	-	-	207,057,323	-	-	905,868,713	1,112,926,036	
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	-	( 19,900,476 )	-	-	19,900,476	-	
Balance at December 31, 2015		P 30,000,000	(P 5,000,000 )	P 1,428,777,232	P -	P 1,453,777,232	P 5,320,816,182	P 559,295,266	(P 622,952,239 )	P -	P 3,312,425,742	P 10,023,362,183	

For further notes and discussions, see our Audited FS Report on our website.



# P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

(Amounts in Philippine Pesos)

	Notes	2017	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 1,994,121,173	P 1,262,277,788	P 1,091,712,263
Adjustments for:				
Depreciation and amortization	22	850,380,505	1,002,088,441	821,733,247
Interest expense on bank loans and other borrowings	23	780,917,196	863,399,371	786,929,274
Excess of fair value of net assets acquired over acquisition cost	1	( 650,182,327 )	-	-
Impairment losses on trade and other receivables	23	50,335,399	112,986,854	79,208,744
Gain on reversal of impairment losses on investment properties	15	( 40,278,281 )	-	-
Interest income	23	( 18,480,943 )	( 7,110,105 )	( 5,540,995 )
Employee share options	24	11,589,866	5,757,780	-
Loss on disposal of property, plant and equipment		9,085,746	-	-
Translation adjustment	1	( 6,065,195 )	-	-
Unrealized foreign exchange currency loss (gain) - net		3,893,468	( 171,372,659 )	( 3,370,552 )
Gain on reversal of allowance for inventory obsolescence	8	( 3,216,085 )	-	-
Impairment losses on non-financial assets		92,823	-	-
Share in net loss of an indirectly-owned joint venture	15	-	50,068,966	16,310,368
Loss on sale of investment in an associate		-	-	2,250,000
Operating profit before working capital changes		2,962,193,345	3,118,096,436	2,789,232,349
Decrease (increase) in trade and other receivables		1,980,678,107	528,697,133	( 3,030,720,014 )
Decrease (increase) in inventories		11,170,166,814	( 370,318,364 )	232,214,381
Decrease in land held for sale and land development costs		-	22,667,290	23,496,614
Decrease (increase) in restricted deposits		( 356,155 )	20,046,803	( 565,464 )
Increase in input value-added tax - net		( 1,041,355,491 )	( 36,265,532 )	( 170,627,061 )
Decrease (increase) in prepayments and other current assets		( 206,291,369 )	( 637,592,575 )	393,229,544
Increase (decrease) in trade and other payables		362,759,847	( 288,096,189 )	( 334,848,958 )
Cash generated from (used in) operations		15,247,795,098	2,357,235,002	( 98,588,609 )
Cash paid for income taxes		( 7,345,345 )	( 4,508,301 )	( 712,198 )
Net Cash From (Used in) Operating Activities		15,240,449,753	2,352,726,701	( 99,300,807 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries	1	( 6,705,620,931 )	-	-
Acquisitions of property, plant and equipment	11	( 3,175,635,973 )	( 2,155,960,542 )	( 2,704,508,788 )
Collections from related parties	27	1,158,519,706	25,000	3,561,445
Advances to related parties	27	( 669,526,678 )	( 944,762,083 )	( 5,448,932 )
Acquisitions of intangible assets	12	( 30,021,932 )	( 203,908,603 )	( 27,672,355 )
Increase in other non-current assets		27,350,919	( 15,994,274 )	( 27,854,741 )
Interest received		15,769,301	3,777,233	3,402,894
Proceeds from disposal of property, plant and equipment		14,611,630	2,434,359	4,946,617
Proceeds from disposal of subsidiaries	27	-	2,450,000,000	-
Increase in land held for future development		-	( 151,281,172 )	( 77,592,159 )
Additional investment in an indirectly-owned joint venture	13	-	-	( 107,250,000 )
Net Cash Used In Investing Activities		( 9,364,553,958 )	( 1,015,670,082 )	( 2,938,416,019 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of interest-bearing loans and borrowings		( 43,104,708,803 )	( 19,886,544,848 )	( 36,164,656,734 )
Proceeds from additional interest-bearing loans and borrowings		37,016,647,657	20,684,209,975	39,306,012,177
Proceeds from sale of treasury shares	28	807,224,100	-	-
Interest paid		( 741,202,295 )	( 801,737,593 )	( 848,790,538 )
Payments of cash dividends	28	( 331,118,383 )	( 309,212,179 )	( 112,689,360 )
Acquisition of treasury shares	28	( 109,407,705 )	( 330,679,783 )	-
Increase (decrease) in other non-current liabilities		63,749,068	13,900,134	( 21,573,921 )
Proceeds from issuance of shares of stock	28	15,682,481	-	1,972,899,408
Repayments to related parties		-	-	( 17,204,725 )
Net Cash From (Used in) Financing Activities		( 6,383,133,880 )	( 630,064,294 )	4,113,996,307
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		( 507,238,085 )	706,992,325	1,076,279,481
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
		2,338,780,526	1,631,788,201	555,508,720
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
	P	1,831,542,441	P 2,338,780,526	P 1,631,788,201

### Supplemental Information on Non-cash Investing and Financing Activities:

- On August 14, 2017, the Parent Company acquired the 100.00% shares of stocks of Duta, Inc. and Subsidiary for the amount of P394.2 million, of which P267.3 million advances of Duta, Inc.'s previous stockholder was novated in favor of the former (see Note 1.4).
- Interest payments amounting to P19.7 million, P61.7 million and P61.9 million in 2017, 2016 and 2015, respectively, were capitalized as part of the cost of property, plant and equipment (see Notes 11.1 and 17.6).
- Certain hauling and heavy equipment with carrying amount of nil and P3.1 million as of December 31, 2017 and 2016, respectively, are accounted for under finance leases (see Notes 11.2 and 17.4).
- On November 24, 2016, the Parent Company sold its entire investments in Chelsea Shipping Corp. and Calaca Industrial Seaport Corp. to related parties under common ownership for a total consideration of P3,000.0 million (see Note 1.5). The outstanding receivable from the sale of subsidiaries amounted to P550.0 million, and is presented as part of the Due from Related Parties in the 2016 consolidated statement of financial position (see Notes 27.4 and 27.10). The disposal of the subsidiaries resulted to a recognition of Other Reserves, accounted as the difference between the net asset values of the subsidiaries and consideration received (see Notes 1.5 and 2.12). As of December 31, 2017, the outstanding receivable from the sale of subsidiaries was reclassified to Non-trade receivable under Trade and Other Receivables account in the 2017 consolidated statement of financial position (see Note 27.4).

For further notes and discussions, see our Audited FS Report on our website.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2017 vs. December 31, 2016.

## Revenues

The Group generated total revenues of ₱46.326 billion in 2017, 52% higher than 2016's ₱30.577 billion, on the back of a 17% increase in sales volume and fuel prices. This includes addition of LPG revenue of ₱3.4 billion and PNx Petroleum Singapore revenue to third party customers of ₱250 million. The group reported ₱44.426 billion net of the pre-acquisition revenues, 45% higher than 2016.

Sales revenues from trading and distribution of petroleum products increased by 56% from ₱29.472 billion in 2016 to ₱45.879 billion in 2017. Excluding the LPG's pre-operating revenue, net increase is 49% amounting to ₱44.051 billion. Retail volume (station sales) increased by 9% due to growth in both station network and same store sales. The Commercial and industrial segment also increased by 15%, while aviation volume grew by 13%. Lubricants volume also grew by 49% from the prior year.

The Parent has built five hundred thirty (530) Phoenix retail service stations as of December 31, 2017 compared to five hundred five (505) retail stations as of the same period last year. The Parent has a number of retail stations undergoing various stages of construction which are projected to be opened within the first half of 2018.

The Group generated revenues of ₱375 million from fuel service, storage, and others in 2017, down from ₱1.104 billion in 2016. The 66% year-on-year decline was mainly because 2016 includes shipping, port, and real estate revenues from the spun-off subsidiaries. Excluding the revenue from Chelsea Shipping Corporation (CSC) and Phoenix Petroterminals and Industrial Park Corporation (PPIPC) in 2016, fuel services, storage, and other revenue increased by 6%.

## Cost and expenses

The Group recorded cost of sales and services of ₱39.298 billion as of December 2017, an increase of 56% from ₱25.124 billion in 2016. Net of the pre-acquisition cost of sales of the LPG business, the group reported ₱37.909 billion, a net increase of 51%. This was due to higher product costs compared to last year, reflecting increasing global oil prices. The 17% increase in volume is also a factor in the increased cost of sales.

Selling and administrative expenses increased by 32%, driven by higher operating expenses for completed expansions, expected growth impact, and newly acquired subsidiaries.

## Net Income

The Group's net income for 2017 grew to ₱1.792 billion from ₱1.092 billion in 2016. This includes one-time gain coming from the excess of fair value over acquisition cost of the newly-acquired subsidiary, Duta, Inc. amounting to ₱650 million and the pre-acquisition profit of PLPI and Duta, Inc. amounting to ₱279 million. Excluding non-recurring income, core business net income grew by 30% to ₱1.421 billion, driven primarily by 17% increase in sales volume and additions from the new business, particularly LPG.

The Parent was registered with the Board of Investments on November 16, 2005 as a new industry participant with new investments in storage, marketing, and distribution of petroleum products under RA 8479 (Downstream Oil Industry Regulation Act) and, as such, enjoyed an income tax holiday for five (5) years from November 16, 2005 to November 16, 2010.

The Parent Company obtained additional registration approval from the Board of Investments (BOI) under R.A. 8479 or Oil Industry Deregulation Law for its Calaca, Batangas Terminal. This entitled the Parent Company to an Income Tax Holiday (ITH) on the revenue activities from this additional storage capacity for five (5) years starting February 2010. Another BOI registration was granted to the Davao Terminal Expansion facility effective February 2010, which entitled the Parent Company another set of incentives, including the five (5) year ITH on its Davao Terminal Marketing and Storage activities.

The Parent Company was also registered with the BOI on November 25, 2010 as new industry participant with

new investment in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in Talisayan, Zamboanga City. Under its registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. This expired on November 25, 2015.

The Parent Company also obtained new approvals with the BOI for its two (2) new facilities. Both the Cagayan de Oro City and the Bacolod City facilities were registered and issued certification by the BOI on May 12, 2012, entitling the Parent Company ITH for five years from registration plus other fiscal and non-fiscal incentives accorded to BOI-registered entities.

The Parent Company also obtained new approvals with the BOI for its four (4) new facilities. Expansions of Cagayan de Oro City and Calaca, Batangas facilities were registered and issued certification by the BOI on November 24, 2017 and December 22, 2017, respectively. New facilities in Tayud, Cebu and Calapan, Mindoro were likewise registered and issued certification by the BOI on September 9, 2017 and October 12, 2017, respectively, entitling the Parent Company ITH for five years from registration plus other fiscal and non-fiscal incentives accorded to BOI-registered entities. These additional ITH incentives will allow the Company to enjoy an effective income tax rate well below 30% as it continuously expands its storage and obtains further incentives from the BOI.

### **Financial Condition**

*(As of December 31, 2017 versus December 31, 2016)*

Total resources of the Group as of December 31, 2017 stood at ₱44.471 billion, higher by 68% compared to the ₱26.538 billion as of December 31, 2016. This is mainly due to the acquisition of PLPI and Duta, Inc., higher fuel prices, and increase in inventory.

Cash and cash equivalents this year decreased by 22% from ₱2.339 billion in December 31, 2016 to ₱1.831 billion as a result of increased operating, acquisition, and expansion requirements.

Trade and other receivables decreased by 15% from ₱8.789 billion as of December 31, 2016 to ₱7.510 billion as of December 31, 2017, due to the intensified collection of credit sales and other receivables.

Inventories increased to ₱12.970 billion as of December 30, 2016 from ₱2.999 billion as of December 31, 2016. The increase is brought about by the confluence of the following factors: 1) to address requirements of new businesses, such as LPG with the purchase of PEPI, the operation of Singapore Trading, and serving volume of new accounts; 2) higher price of imported petroleum products, mainly because of the increase in crude prices, and 3) the continued decrease in demand for IFO by the power sectors which also contributed to the higher inventory levels.

Due from related parties decreased to ₱518 million as of December 2017 from ₱1.507 billion as of December 2016. The receivable balance from UDENNA Development Corporation (UDEVCO) amounting to ₱50 million for the sale of PPIPC was settled and reclassification of the non-trade receivable from Chelsea Shipping Group Corp. amounting to ₱500 million.

As of December 31, 2017, the Group's property and equipment, net of accumulated depreciation, increased to ₱13.401 billion compared to ₱9.002 billion as of December 31, 2016 due to the acquisition of PEPI and Duta, Inc. as well as the completion of the new retail stations and various facility expansion of the Group.

Loans and Borrowings, both current and non-current, increased by 114% from ₱13.184 billion as of December 31, 2016 to ₱28.171 billion as of December 31, 2017. The increase of ₱14.987 billion was from the acquisition of PEPI and Duta, investment in PNX Petroleum Singapore, increased inventory value, and other capital expenditures of the Group.

Trade and other payables increased by 20% from ₱3.333 billion as of December 31, 2016 to ₱3.863 billion as of December 31, 2017 due to longer supplier credit term.

Total Stockholders' Equity increased to ₱11.952 billion as of December 31, 2017 from ₱9.762 billion as of December 31, 2016, resulting from the earnings generated in 2017 net of cash dividend declared and paid during the period for both common shares and preferred shares. The sale of treasury shares and the employee stock also contributed to the increase. The sale of treasury shares increased the additional paid in capital by ₱367 million while the employee stock option increased the common shares by ₱2.761 million and the additional paid in capital by ₱21.351 million.



### Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	December 31, 2017	December 31, 2016
Current Ratio <sup>1</sup>	1.22 : 1	1.17 : 1
Debt to Equity Ratio <sup>2</sup>	2.72 : 1	1.72 : 1
Return on Equity <sup>3</sup>	17%	11%
Net Book Value per Share <sup>4</sup>	8.33 : 1	6.81 : 1
Debt to Equity Interest-Bearing <sup>5</sup>	2.36 : 1	1.35 : 1
Earnings per Share <sup>6</sup>	1.16	0.64
Earnings per Share (net of one-time gain) <sup>7</sup>	0.89	0.64

Notes:

1 - Total current assets divided by current liabilities

2 - Total liabilities divided by tangible net worth

3 - Period or Year Net income divided by average total stockholders' equity

4 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

5 - Interest Bearing Debts divided by Total stockholder's equity (net of Preferred)

6 - Period or Year Net Income after tax divided by weighted average number of outstanding common shares

7 - Period or Year Net Income after tax (net of one-time gain) divided by weighted average number of outstanding common shares

These key indicators were chosen to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Return on Equity, Net Book Value Per Share, and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

The Group's debt to equity (DE) ratio for 2017 is higher at 2.72 : 1 due to increased liability used for the acquisition of PEPI and Duta, Inc, investment in PNX Singapore, capital expenditures for various expansions, and increased inventory requirement.

### Material Changes to the Group's Balance Sheet as of December 31, 2017 compared to December 31, 2016 (Increase/decrease of 5% or more)

#### 22% decrease in Cash and Cash Equivalents

A result of increased operating, acquisition, and expansion requirements. The Cash and Cash Equivalent is within the maintained minimum level to support the operating requirement of the group.

#### 15% decrease in Trade and Other Receivables

Due to the intensified collection of credit sales and other receivables.

#### 333% increase in Inventory

The increase is brought about by the confluence of the following factors: 1) to address requirements of new businesses, such as LPG with the purchase of PEPI, the operation of Singapore Trading, and serving volume of new accounts; 2) higher price of imported petroleum products, mainly because of the increase in crude prices, and 3) the continued decrease in demand for IFO by the power sectors which also contributed to the higher inventory levels.

66% decrease in Due from a Related Party

Collection of the receivable balance from UDEVCO for the sale of PPIPC amounting to ₱50 million and reclassification of the ₱500 million to Non-Trade Receivable for the sale of CSC.

141% increase in Net Input VAT

Due to increase in inventory purchases.

49% increase in Property, Plant, and Equipment

Due to the acquisition of PEPI and Duta, Inc. as well as the completion of retail stations and expansion of various facilities.

100% increase in Investment Property

Due to the acquisition and appraisal of the fair value of the investment properties of Duta Inc. and Kaparangan.

38,941% increase in Goodwill

Due to the acquisition of PEPI and Duta, Inc.

402% increase in Deferred Tax Assets

Due to additions from the newly-acquired subsidiaries.

39% decrease in Other Non-Current Assets

Due to additions from the newly-acquired subsidiaries.

49% increase in Current Interest-bearing Loans

Due to the increase in inventory requirement.

20% increase in Trade Payable

Due to the extended supplier credit terms.

492% increase in Non-current Interest-bearing Loans

Used for the acquisition of PEPI and Duta Inc., investment in PNX Petroleum Singapore, and various capital expenditure requirements.

93% Increase in Other Non-Current Liabilities

Increase in security deposit from new customers especially with the additions from LPG business.

30% increase in Capital Stock

Due to the sale of treasury shares and the employee stock option plan.

7% increase in Additional Paid-in Capital

Due to the sale of treasury shares and the employee stock option plan.

36% increase in Retained Earnings

Due to earnings generated in 2017 net of the dividends paid both to common and preferred shares.

**Material changes to the Group's Income Statement as of December 31, 2017 compared to December 31, 2016  
(Increase/decrease of 5% or more)**

49% increase in sale of goods

Due to the increase in volume, increase in fuel prices, addition of the LPG Business, and sale coming from PNX SG.

66% decrease in fuel service, shipping, storage income, and other revenue

There are no more charter fees, sale of real estate, and port revenues after the spin-off of CSC and PPIPC.

51% increase in Cost of Sales

As a result of the increase in revenue, volume, and fuel prices

32% increase in selling and administrative expenses

Driven by the Group's expansion and acquisition program that resulted in higher depreciation, rent expense, salaries and wages, taxes, and licenses and professional fees.

16% decrease in Finance Costs

Most of the financing transactions were made towards the latter part of the year to fund acquisitions and investments. Moreover, a material portion of the 2016 finance cost were from the spun-off subsidiaries.

73% decrease in Finance Income

The decrease is on account of the depreciation of foreign exchange at year-end which resulted in lower forex gain.

100% decrease in Equity share in Net Loss of a Joint venture

The joint venture was part of the spun-off subsidiary in 2016.

100% increase in Excess of Fair Value over acquisition cost

Due to the acquisition of Duta Inc. which has investment properties with higher appraisal value versus the acquisition cost inclusive of its novated advances from Petronas in favor of PPPI.

640% Increase in other income

Due to other income coming from PLPI and Duta, Inc. related to reversals of previously recognized impairments and allowances.

Recognition of Pre-acquisition Profit

This refers to the Income of PEPI and Duta, Inc. from January to July 2017, prior to the completion of the acquisition.

19% increase in income tax

Due to additions from the newly-acquired subsidiaries, expiration of certain ITH certificates net of the effect of the new approvals.

8% decrease in re-measurement of post-employment benefit obligation

Due to the sale of CSC and PPIPC net of the increase from PLPI.

100% increase in Translation adjustment

This comes from the forex translation of PNX SG to Philippines Peso.

There are no other material changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the Group.



# Our Products



## Fuels

### RETAIL

Premium 98 Gasoline  
Premium 95 Gasoline  
Super Regular 91 Gasoline  
Biodiesel

### COMMERCIAL AND INDUSTRIAL

Premium Plus 97 Gasoline  
Premium 95 Gasoline  
Super Regular 91 Gasoline  
Biodiesel  
Jet A1  
IFO (Bunker Oil)  
SFO 60-1500



## LPG

### PHOENIX SUPER LPG IN THESE QUANTITIES:

11 kg Compact-Valve  
11 kg Pol-Valve  
22 kg  
50 kg

### AUTOGAS



## Lubricants

### MOTORCYCLE OILS

CYCLOMAX RACING 4T MA2/SL 10W40 12X1L  
CYCLOMAX RACING 4T MA2/SL 10W40 12X0.8L  
CYCLOMAX TITAN 4T MA2/SJ 20W50 12X1L  
CYCLOMAX TITAN 4T MA2/SJ 20W50 12X0.8L  
CYCLOMAX FORCE 4T MA/SG 20W40 12X1L  
CYCLOMAX FORCE 4T MA/SG 20W40 12X0.8L  
CYCLOMAX 2T 12X1L  
CYCLOMAX 2T 60X200ML  
CYCLOMAX 2T 1X18L  
CYCLOMAX 2T 1X200L  
CYCLOMAX FORK OIL 60X200ML

CYCLOMAX 4T JASOMA2 40 60x200mL  
CYCLOMAX SCOOTER GEAR OIL 80W90 36X100ML

### PASSENGER CAR MOTOR OILS

ACCELERATE FULLY SYNTHETIC SN 5W40 12X1L  
ACCELERATE FULLY SYNTHETIC SN 5W40 4X4L  
ACCELERATE MULTIGRADE SJ 20W50 12X1L  
ACCELERATE MULTIGRADE SJ 20W50 4X4L  
ACCELERATE MULTIGRADE SJ 20W50 1X18L  
ACCELERATE MULTIGRADE SJ 20W50 1X200L  
ACCELERATE MONOGRADE SF 40 12X1L  
ACCELERATE MONOGRADE SF 40 4X4L

ACCELERATE MONOGRADE SF 40 1X18L  
ACCELERATE MONOGRADE SF 40 1X200L

#### **HEAVY DUTY DIESEL ENGINE OILS**

ZOELO EXTREME CI-4/SL 15W40 12X1L  
ZOELO EXTREME CI-4/SL 15W40 4X4L  
ZOELO EXTREME CI-4/SL 15W40 1X18L  
ZOELO EXTREME CI-4/SL 15W40 1X200L  
ZOELO MAX DEO CD/SF 15W40 12X1L  
ZOELO MAX DEO CD/SF 15W40 4X4L  
ZOELO MAX DEO CD/SF 15W40 1X18L  
ZOELO MAX DEO CD/SF 15W40 1X200L  
ZOELO EXTRA DEO CF/SF 30 1X18L  
ZOELO EXTRA DEO CF/SF 30 1X200L  
ZOELO EXTRA DEO CF/SF 40 12X1L  
ZOELO EXTRA DEO CF/SF 40 4X4L  
ZOELO EXTRA DEO CF/SF 40 1X18L  
ZOELO EXTRA DEO CF/SF 40 1X200L  
ZOELO EXTRA DEO CF/SF 10W 1X18L  
ZOELO EXTRA DEO CF/SF 10W 1X200L  
ZOELO DIESEL OIL API CC/SC SAE40 PL 18L  
ZOELO DIESEL OIL API CC/SC SAE 40 DRUM  
ZOELO DIESEL OIL API CC/SC SAE30 18LPAIL  
ZOELO DIESEL OIL API CC/SC SAE 30 DRUM  
ZOELO DIESEL OIL API CC/SC 10W PAIL 18L  
ZOELO DIESEL OIL API CC/SC SAE 10W DRUM

#### **GEAR OILS**

PHOENIX GEAR OIL GL-4 90 12X1L  
PHOENIX GEAR OIL GL-4 90 1X18L  
PHOENIX GEAR OIL GL-4 90 1X200L  
PHOENIX GEAR OIL GL-4 140 12X1L  
PHOENIX GEAR OIL GL-4 140 1X18L  
PHOENIX GEAR OIL GL-4 140 1X200L  
PHOENIX GEAR OIL GL-5 80W90 1X200L  
PHOENIX GEAR OIL API GL-5 SAE 90 PAIL 18L  
PHOENIX GEAR OIL API GL-5 SAE 90 DRUM 200L  
PHOENIX GEAR OIL API GL-5 SAE 140 PAIL 18L  
PHOENIX GEAR OIL API GL-5 SAE 140 DRUM 200L  
PHOENIX GEAR OIL API GL-5 SAE 85W 140 PAIL 18L  
PHOENIX GEAR OIL API GL-5 SAE 85W 140 DRUM 200L  
PHOENIX AUTOMATIC TRANSMISSION & POWER STEERING FLUID DIII 12X1L  
PHOENIX AUTOMATIC TRANSMISSION & POWER STEERING FLUID DIII 1X18L  
PHOENIX AUTOMATIC TRANSMISSION & POWER STEERING FLUID DIII 1X200L

#### **GREASES**

PHOENIX EP2 GREASE NLGI2 24X500G  
PHOENIX EP2 GREASE NLGI2 1X16KG

PHOENIX EP2 GREASE NLGI2 1X180KG  
PHOENIX MP3 GREASE NLGI3 24X500G  
PHOENIX MP3 GREASE NLGI3 1X16KG  
PHOENIX MP3 GREASE NLGI3 1X180KG  
PHOENIX HT2 GREASE NLGI 2 320X10G

#### **AUTOMOTIVE SPECIALTIES**

PHOENIX RADIATOR COOLANT 12X1L  
PHOENIX BRAKE AND CLUTCH FLUID 12X900ML  
PHOENIX BRAKE AND CLUTCH FLUID 36X250ML  
PHOENIX BRAKE AND CLUTCH FLUID 36X150ML

#### **INDUSTRIAL GEAR OILS**

INDUSTRIAL GEAR OIL SP 150 PAIL 18L  
INDUSTRIAL GEAR OIL SP 150 DRUM 200L  
INDUSTRIAL GEAR OIL ISO VG 220 PAIL 18L  
INDUSTRIAL GEAR OIL ISO VG 220 DRUM 200L  
INDUSTRIAL GEAR OIL ISO VG 320 PAIL 18L  
INDUSTRIAL GEAR OIL ISO VG 320 DRUM 200L  
INDUSTRIAL GEAR OIL ISO VG 460 PAIL 18L  
INDUSTRIAL GEAR OIL ISO VG 460 DRUM 200L

#### **HYDRAULIC OILS**

HYDRAULIC OIL AW ISO VG 32 PAIL 18L  
HYDRAULIC OIL AW ISO VG 32 DRUM 200L  
HYDRAULIC OIL AW ISO VG 46 PAIL 18L  
HYDRAULIC OIL AW ISO VG 46 DRUM 200L  
HYDRAULIC OIL AW ISO VG 68 PAIL 18L  
HYDRAULIC OIL AW ISO VG 68 DRUM 200L  
HYDRAULIC OIL AW ISO VG 220 PAIL 18L  
HYDRAULIC OIL AW ISO VG 220 1X200L  
HYDRAULIC OIL AW ISO VG 100 PAIL 18L  
HYDRAULIC OIL AW ISO VG 100 200L DRUM  
HYDRAULIC OIL AW ISO VG 460 200L DRUM

#### **MARINE OILS**

MANTA MARINE ENGINE OIL TBN10 SAE30 200L  
MANTA MARINE ENGINE OIL TBN10 SAE40 200L  
MANTA MARINE ENGINE OIL TBN12 SAE40 200L  
MANTA MARINE ENGINE OIL TBN30 SAE40 200L  
MANTA MARINE ENGINE OIL TBN15 SAE30 200L  
MANTA MARINE ENGINE OIL TBN15 SAE40 200L  
MANTA MARINE ENGINE OIL TBN20 SAE30 200L  
MANTA MARINE ENGINE OIL TBN20 SAE40 200L  
MANTA MARINE ENGINE OIL TBN40 SAE40 200L  
MANTA MARINE ENGINE OIL TBN50 SAE40 200L

NAUTILUS CYLINDER OIL TBN 50 SAE 50 200L  
NAUTILUS CYLINDER OIL TBN70 SAE50 200L

#### **TURBINE OILS**

TURBINE OIL 32 1X18L  
TURBINE OIL 32 1X200L  
TURBINE OIL ISO VG 68 PAIL 18L  
TURBINE OIL 68 1X200L  
TURBINE OIL 46 1X18L  
TURBINE OIL 46 1X200L  
TURBINE SYNTHETIC OIL 68 1X18L  
TURBINE SYNTHETIC OIL 68 1X200L

#### **COMPRESSOR OILS**

COMPRESSOR OIL 68 PAIL 18L  
COMPRESSOR OIL 68 DRUM 200L  
COMPRESSOR OIL 100 PAIL 18L  
COMPRESSOR OIL 100 DRUM 200L  
COMPRESSOR OIL 100 PAIL 18L  
COMPRESSOR OIL 100 DRUM 200L  
COMPRESSOR OIL 150 PAIL 18L  
COMPRESSOR OIL 150 DRUM 200L

#### **OTHER OILS**

PHOENIX SMO SAE 30 12X1L  
PHOENIX SMO SAE 40 12X1L  
PHOENIX ALL PURPOSE OIL 36X120ML  
HEAT TRANSFER OIL BULK  
HEAT TRANSFER OIL 200L  
HEAT TRANSFER OIL 18L  
TRANSFORMER OIL DRUM 200L

## Contact Us

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1-800-10-PNX FUEL  
(769-3835)

Globe Toll Free:  
1-800-8-PNXFUEL  
(769-3835)

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0917-313-7011 to 18  
Smart Mobile Numbers:  
0998-960-4246 to 53

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Instagram:  
[www.instagram.com/phoenixfuels](http://www.instagram.com/phoenixfuels)

## Corporate Offices

### DAVAO HEAD OFFICE:

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### MANILA:

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Fax: +63 (02) 403-4021

### CEBU:

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M.C. Briones St., National Highway,  
Maguikay, Mandaue City, Cebu 6014  
Telefax: +63 (032) 236-8168

### BACOLOD:

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Purok Rio Vista Circumferential  
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Bacolod City, Negros Occidental  
6100  
Telefax: +63 (34) 441-2683

### CAGAYAN DE ORO:

Suite 1 & 2, 8th Floor Limketkai  
Gateway Center,  
Lapasan, Cagayan de Oro City 9000  
Tel: +63 (088) 855-4527  
Fax: +63 (088) 855-4528

## Subsidiaries

### PHOENIX LPG PHILIPPINES, INC.

(formerly Petronas Energy Philippines,  
Inc.)  
Matabang, Dalipuga, Iligan City 9200  
Tel: +63 (063) 225-1214 to 16

### PNX PETROLEUM SINGAPORE PTE LTD

350 Orchard Road,  
#17-05/06 Shaw House,  
238868 Singapore  
Tel: +65 6360-0780  
Email: [info@pnxpetroleum.com](mailto:info@pnxpetroleum.com)

### PHILIPPINE FAMILYMART CVS, INC.

The Penthouse, TARA Building  
389 Sen. Gil Puyat Ave.,  
Makati City 1200  
Tel: +63 (02) 908-0500

## Shareholder Services

### BANCO DE ORO

Stock Transfer Office  
16F BDO South Tower Bldg.  
Makati Ave. corner H.V. Dela Costa St.  
Salcedo Village, Makati City  
1227 Philippines  
Tel: +63 (02) 840-7000 local 6975 to  
6979

### STOCK TRADING INFORMATION

Phoenix Petroleum Philippines, Inc. is  
listed on the Philippine Stock  
Exchange.

Ticker symbol: PNX





