

SEC Number 168063
File Number _____

PRYCE CORPORATION
(formerly PRYCE PROPERTIES CORPORATION)

Company's Full Name

**17th Floor Pryce Center, 1179 Chino Roces Avenue
corner Bagtikan St., Makati City**

Company's Address

899-44-01 (trunkline)
Telephone Number

December 31

*Fiscal Year Ending
(Month & Day)*

SEC Form 17-Q

Form Type

N/A

Amendment Designation (if applicable)

March 31, 2019

Period Ended Date

N/A

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended March 31, 2019
 2. Commission identification number 168063
 3. BIR Tax Identification No. 000-065-142-000
 4. PRYCE CORPORATION (formerly Pryce Properties Corporation)
 5. Metro Manila, Philippines
 6. Industry Classification Code:
 7. 17th Floor Pryce Center, 1179 Chino Roces Avenue cor. Bagtikan St. Makati City 1203
 8. (0632) 899-44-01 (Trunkline)
 9. N. A.
-
- Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA, as of March 31, 2019.

<u>Title of Each Class</u>	<u>No. of Outstanding shares</u>
Common Shares	2,016,431,100
Treasury Shares	8,068,900

11. Are any or all of the securities listed on a Stock Exchange?
 Yes {/} No { }
 Philippine Stock Exchange Common Stock
12. Indicate by check mark whether the registrant:
 - (a) has filed reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

 Yes {/} No { }
 - (b) has been subject to such filing requirements for the past ninety (90) days.

 Yes {/} No { }

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

PPC registered a 6.5% year-on-year increase in net income, from Php 340.3 million to Php 362.3 million for the first quarter of 2019. Likewise, consolidated revenues increased from Php 2.35 billion to Php 2.57 billion, posting a 9.03% growth from its comparable 2018 period. These growth rates were mainly brought about by the company's principal product, liquefied petroleum gas (LPG).

Liquefied Petroleum Gas (LPG) and industrial gases are products of Pryce Gases, Inc. (PGI) – a subsidiary of the parent company Pryce Corporation (PC). Real estate sales is under Pryce Corporation (PC); while vitamins and supplements are handled by Pryce Pharmaceuticals, Inc. (PPhl), also a subsidiary of PC. Oro Oxygen Corporation (OOC) is a subsidiary of PGI, which distributes LPG and industrial gases in Luzon.

Revenue and Volume Growth

The 9.03% growth in consolidated revenues to P2.57 billion in 2019 is largely accounted for by the 8.75% increase in revenues from LPG and industrial gas. LPG revenues (from sales of cooking gas, cylinders and accessories) contributed the highest at P2.41 billion or 93.89% of total revenues; the balance is broken down as follows: industrial gases, P110.91 million (4.32%); real estate, P32.31 million (1.26%); and pharmaceutical, P13.52 million (0.53%).

Sales of LPG products (cooking gas, cylinders, LPG gensets, and accessories), rose by 8.97% to P2.41 billion while volume (LPG cooking gas) grew by 3.40% to 50.99 thousand MT compared to 49.31 thousand MT of the same period last year.

Industrial gas revenues increased to P110.91 million from P106.51 million or 4.12%. The industrial gas sales come mainly from sales of oxygen and acetylene gases, and other gases. Sales of oxygen was up by 6.22% to P81.13 million compared to year-before figures; while sales of acetylene also went up by 3.34% to P17.54 million; and the balance was accounted for by sales of other gases which declined by 7.05% to P12.24 million.

Real estate sales substantially grew by 30.59% to P32.31 million; revenues from pharmaceutical products likewise grew by 19.38% to P13.52 million.

Market Demand and Price Movement

The local LPG prices are directly affected by the international contract price (CP) of LPG in the world market. Average LPG contract price (CP) during the first quarter of the year was US\$465/MT, which is US\$54/MT lower than US\$519/MT, the average CP for the same period in 2018. Consequently, the average peso price for LPG sales in the 1st quarter of 2019 was lower than that recorded in the same quarter of 2018.

Demand for LPG has been annually growing at an average of 12% for the past 5 years based on data from the Department of Energy. The demand for 2018 of 1.8 million MT is 61% higher than the 5-year-ago figure of 2013 at 1.11 million MT. This is expected to continue, at least in the near term, given the growth momentum of the economy, alongside favourable business environment, and

the great opportunity for growth of the industry considering that the Philippines has a lower LPG per capita consumption compared to most of its Asian neighbors.

Competition

Despite the LPG market being a highly competitive environment, PGI remains a major industry player, especially in the Visayas and Mindanao areas given its more than 20 years of experience, infrastructure network of import marine terminals and various refilling plants all over the country, and the customers' brand loyalty owing to reliability of supply.

The Department of Energy ("DOE") reports that PGI has the following LPG market shares in the following regions as of 2018: 25% in Mindanao, 22% in Visayas, and 9% in Luzon (including NCR). PGI has an 11% share of the country's total market; it is the 2nd largest industry player in both the Visayas and Mindanao areas, and has a 23% market share of those areas combined.

Profitability

Gross Margin on LPG revenues improved to 22.59% from the year-ago figure of 21.18%. Likewise, gross margin on industrial gas sales minimally decreased to 49.31% from 49.73%. Gross margin on real estate sales declined to 70.15% from 81.80% while gross margin on pharmaceutical products also decreased to 30.00% from 34.30%. Consolidated income from operations reached P392.57 million, 15.22% higher than last year's P340.71 million. Other Income (mainly fair value gain adjustments on PC and PGI's Financial Assets at FVPL and sale of scrap materials), however, went down by 28.08% to P38.48 million from the previous year's P53.50 million.

With an after-tax net income of Php 362.35 million, the company posted earnings of P0.1652 per share for the period under review. Net income for the coming years will however be affected by the expiration of the income tax holidays that were enjoyed by the company's San Fabian, Pangasinan import terminal. PPC remains optimistic about its prospects for the year 2019 on account of strong household incomes (given steady OFW remittances and new job opportunities in a growing economy), and the company's expansion projects with the aim to widen the scope of its market as well as bring its LPG products closer to the consumers.

Liquidity

Liquid assets of the company as of March 31, 2019 totalled P1.63 billion, consisting of P806.53 million of Cash and P821.76 million of financial assets at FVPL. This amount of liquid resources had an insignificant decrease of 1.57% from the audited figure of P1.65 billion as of December 31, 2018. Other liquid assets of the company as of March 31, 2019 consisted of Trade and Other Receivables amounting to P378.85 million.

Current ratio as of March 31, 2019 was at 1.86:1 while total debt-to-equity ratio stood at 0.37:1.

Balance Sheet Changes

Compared to the December 31, 2018 audited accounts, the considerable movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Trade and other receivables	5.79%	Increase in revenue
Inventories	(11.36%)	Less importation received during the period

Prepayments & other current assets	38.07%	Due to accrual and prepayments of accounts
Deferred tax assets	6.90%	Adjustment of provision for deferred tax
Trade and other payables	(7.17%)	Due to payments of various accounts
Dividends payable	(97.02%)	Due to payment of dividends
Income Tax payable	58.74%	Increase in net income
Customer's deposits	(16.00%)	Due to recognition of deposits to revenue
Short-term debts	(5.86%)	Due to payment of short term loans
Retirement benefit obligations	6.63%	Additional recognition of retirement benefit
Retained earnings	13.85%	Increase in net income of 2019
Treasury stock	658.23%	Additional buy-back by Parent Company of its common shares from the open market
Non-controlling interest	6.95%	Increase in net income

Numerical Performance Indicators

The measures of revenue growth are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2019 (March 31, 2019)	2018 (March 31, 2018)	Percent Growth/ (Decline)
REVENUE	P 2,565,416,333	P 2,352,985,970	9.03%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2019 (March 31, 2019)	2018 (March 31, 2018)	Percent Growth/ (Decline)
LPG (in MT)	50,990	49,312	3.40%

The measurements of profitability are shown below.

	2019 (March 31, 2019)	2018 (March 31, 2018)
Return on Assets (%)	3.89%	4.07%
Return on Equity (%)	5.63%	5.69%
Net profit margin (%)	16.80%	16.75%

The liquidity measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2019 (March 31, 2019)	2018 (March 31, 2018)
Current ratio	1.86	2.39
Debt to equity ratio	0.37	0.33

PART II – OTHER INFORMATION

For the period under review, the reports filed with the SEC by way of SEC 17-C pertain to Postponement of Stockholders Meeting and Certification by the Court on its closure and termination of PPC's corporate rehabilitation proceedings Ordered on July 28, 2015 and Board's approval of the Audited Financial Statements (Consolidated) for the year ended Dec. 31, 2018.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRYCE CORPORATION

By:


JOSE MA. C. ORDENES
Treasurer


SALVADOR P. ESCAÑO
Chairman & CEO

14 March 2019