



PUREGOLD PRICE CLUB, INC.

Company Presentation
FY 2017 Results and Performance
April 2018



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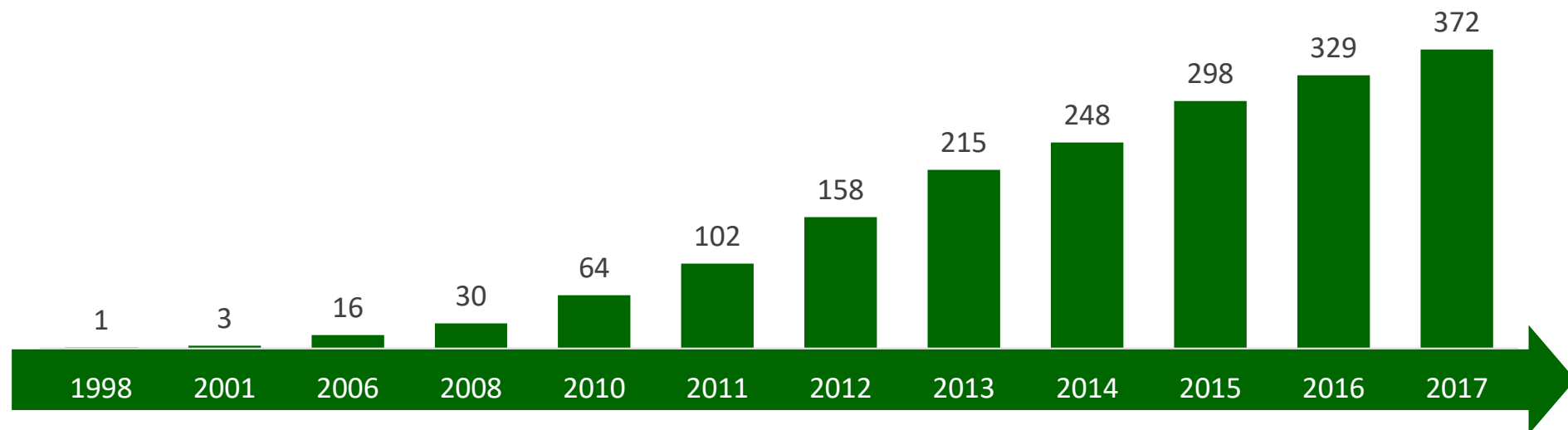
Head Office Address

2nd floor, Tabacalera Building, 900 Romualdez Street, Paco, Manila, 1007 Philippines

Investment Summary

1. Sustained economic growth of the Philippines
2. Exposure to growing & robust consumer sector
3. Visible growth pipeline in the next 5 years
4. Focused core target market per brand
5. Expansion of new store formats aimed at the broad-C market
6. Expansion to new geographic locations
7. Management focused on the sustainable and Long-Term growth of the company

Store roll-out through FY 2017



First store

- Opened in Mandaluyong City, Metro Manila

First format introduction



Expansion

- Launched loyalty program in 2001; renamed as *Tindahan ni Aling Puring* in 2004
- Between 2002 and 2006, launched an average of 3 new stores every year and expanded operations in North and South Luzon

Brand recognition

- Reader's Digest Asia's "Most Trusted Brands"

New format introduction - 2008



Market leadership

- The 2nd largest hypermarket and supermarket retailer in the Philippines in terms of net sales

New format introduction - 2010



Rapid expansion via organic new Puregold stores roll-out and acquisitions

- 2011 - Opened 38 new Puregold stores
- 2012 - Opened 31 new Puregold stores; Acquired Parco supermarkets with 19 stores and S&R warehouse membership shopping club with 6 stores



Continuing new stores roll-out via organic geographic expansion and acquisitions

- Acquired Company E with 15 stores in 2013
- NE Bodega 9 stores and Budgetlane 8 stores acquisitions in 2015
- B&W Supermarket acquisition in 2017

Rapid store expansion from 1 to 372 stores in 19 years



Update on Puregold – FY 2017



FY 2017 Results and Performance

- Opened 30 new PGOLD stores; 2 S&R Warehouse Club, 9 S&R New York Style Pizza (QSR) in FY 2017; closed 3 PGOLD stores; acquired & converted 5 B&W Supermarket
- Operating 372 stores in FY 2017; with consolidated NSA of more than 518,000 sqm
- Consolidated net sales expanded by 10.6% in FY 2017; Puregold stores sales accounted for about 79% of consolidated net sales
- Gross profit grew by 11.4% in FY 2017; with gross profit margin posted 16.6%
- Operating income increased by 6.9% in FY 2017; with operating margin at 7%
- Consolidated Net income grew by 5.7% in FY 2017; consolidated net profit margin at 4.7% PGOLD only net margin is at 4.2% while S&R net margin is 8.4%.

Operating Performance – FY 2017



Hypermarket, supermarket, extra



Membership shopping

Format	Hypermarket, supermarket, extra	Membership shopping
Revenue contribution	Puregold 79.8% S&R 20.2%	
Gross profit (PHP million) & Margin (%)	15,050 (15.2%)	5,625 (21.7%)
Total traffic (million)	167	7.2
Average net ticket (PHP)	577	3,679
Net sales growth (%)	8.4%	17.8%
Traffic growth (%)	7.5%	15.1%
Average net ticket growth (%)	1.7%	2.3%
Same Store net sales growth (%)*	4.4%	6.5%
Same Store traffic growth (%)*	0.5%	1.2%
Same Store average net ticket growth (%)*	3.9%	5.3%

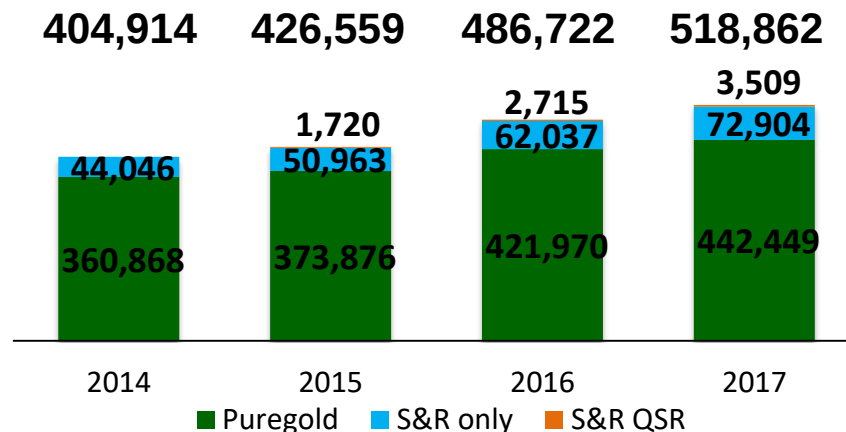
*Same Stores Growth for 2017 are based on stores opened as of end December 2015.

Operating Performance – FY 2017

Breakdown of Stores (per format)

Group	2014	2015	2016	2017
Hypermarket	121	134	147	171
Supermarket	83	93	100	103
Extra	29	28	30	35
S&R	9	10	12	14
S&R QSR	6	16	23	32
NE & Budgetlane		17	17	17
TOTAL	248	298	329	372
Puregold Only	2014	2015	2016	2017
Metro Manila	102	104	110	114
North Luzon	58	64	70	77
South Luzon	67	74	80	90
Visayas	1	6	9	20
Mindanao	5	7	8	8
TOTAL	233	255	277	309

Net Selling Area of Stores (in sqm)



Traffic and Ave Ticket Size

Traffic (in M)	PGOLD	S&R
2014	133.6	4.9
2015	143.6	5.5
2016	155	6.3
2017	167	7.2

Ave Ticket (in Php)	PGOLD	S&R
2014	517	3,763
2015	543	3,584
2016	567	3,598
2017	577	3,679

Store Portfolio - FY 2017

Key statistics FY 2017

Total no. of stores

- 372

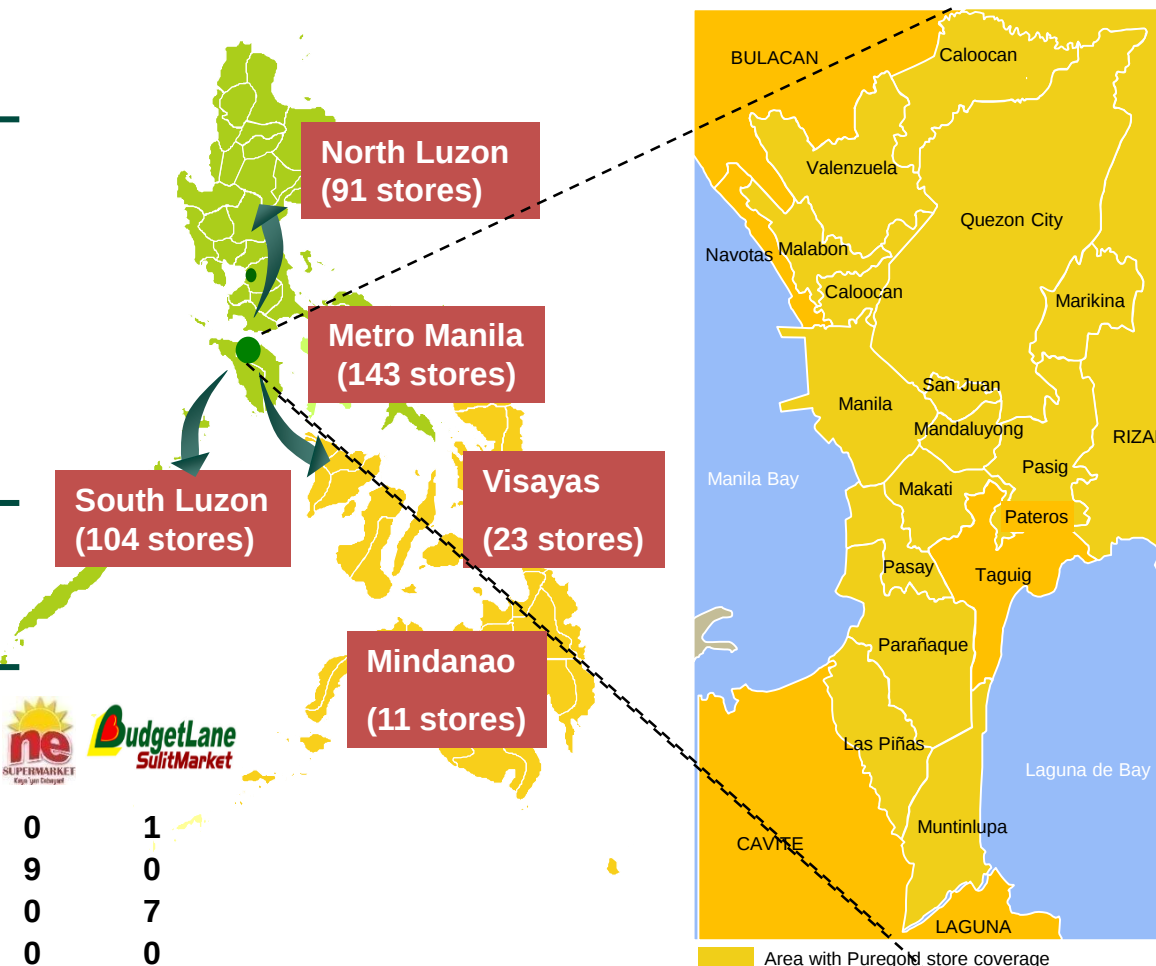
No. of stores per format

- 171 hypermarkets;
103 supermarkets;
35 extras
- 14 S&Rs
- 32 S&R QSR
- 17 NE Bodega &
Budgetlane Stores

Consolidate d net selling area

- about 502,000 square meters

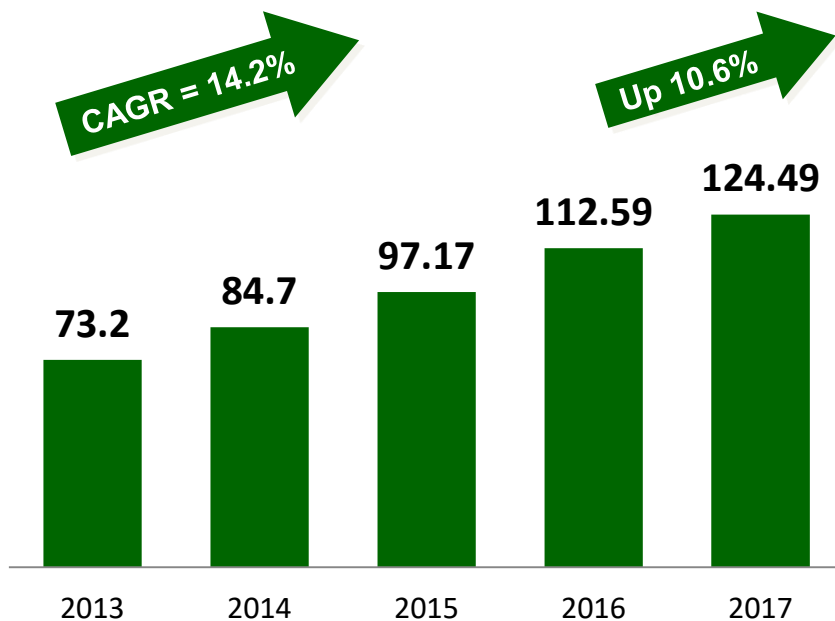
Geographic coverage



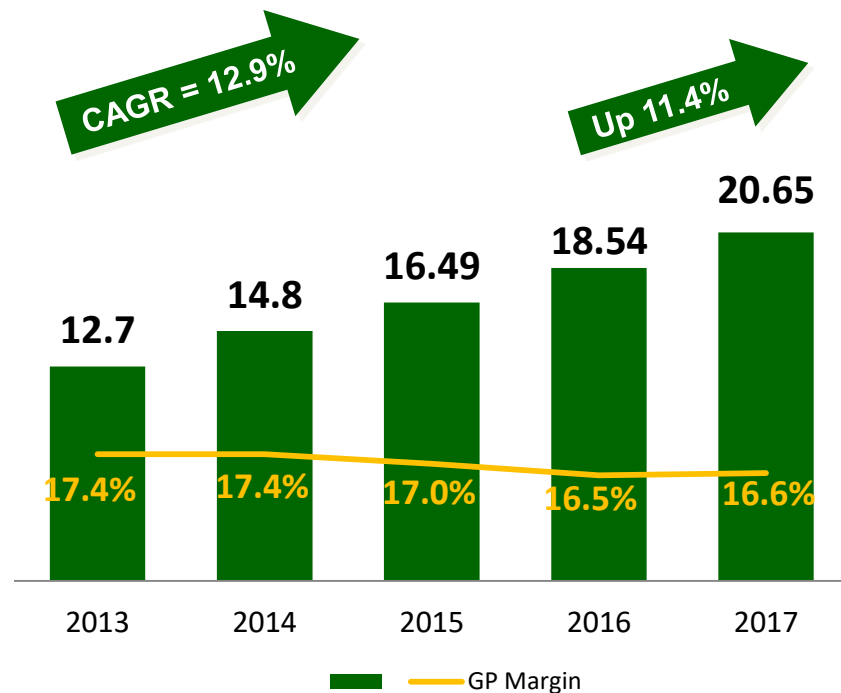
	PUREGOLD	S&R	S&R NEW YORK STYLE PIZZA	ne SUPERMARKET	BudgetLane SulitMarket
Metro Manila	114	6	22	0	1
North Luzon	77	2	3	9	0
South Luzon	90	2	5	0	7
Visayas	20	2	1	0	0
Mindanao	8	2	1	0	0
	<u>309</u>	<u>14</u>	<u>32</u>	<u>9</u>	<u>8</u>

Financial Performance – FY 2017

Net sales (in Php billions)



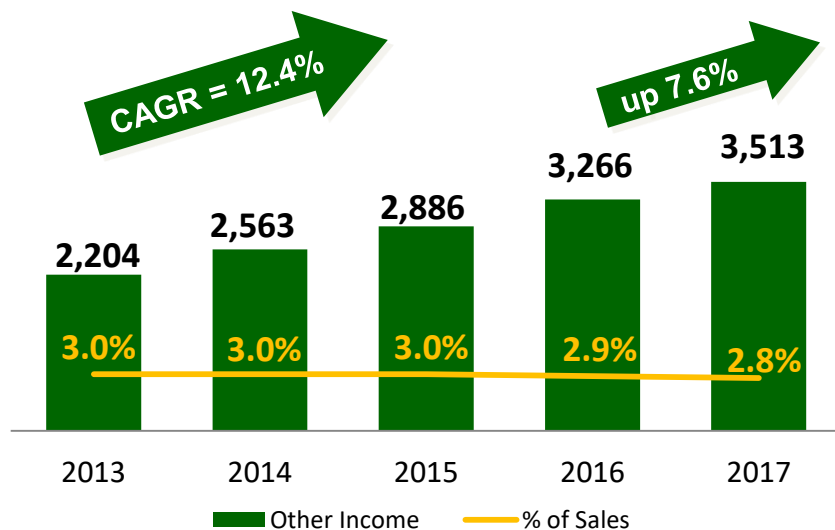
Gross profit & Margin (in PHP billions)



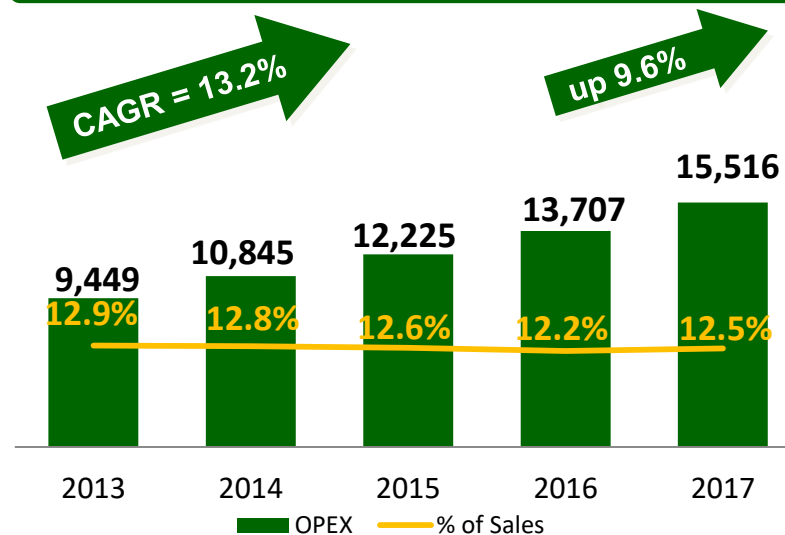
- Continuing strong revenue growth driven by the 309 Puregold stores and the 14 S&R stores
- Increasing scale of operations resulted to continuing support from suppliers in terms of discount and rebates
- Acquisitions and strong election related spending supported continuing growth in revenues

Financial Performance – FY 2017

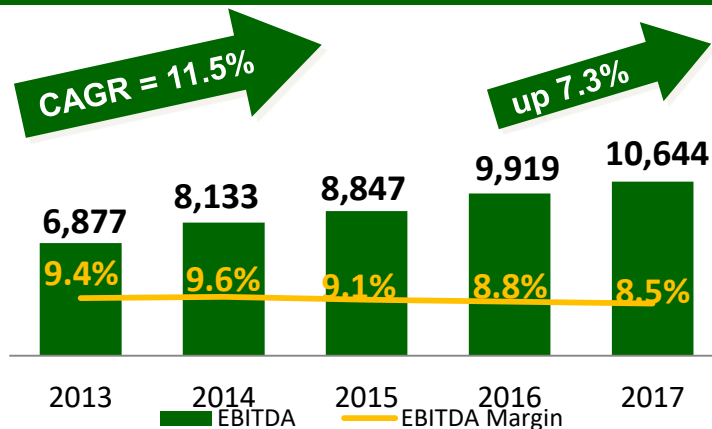
Other Operating Income (in PHP millions)



Operating Expenses (in PHP millions)

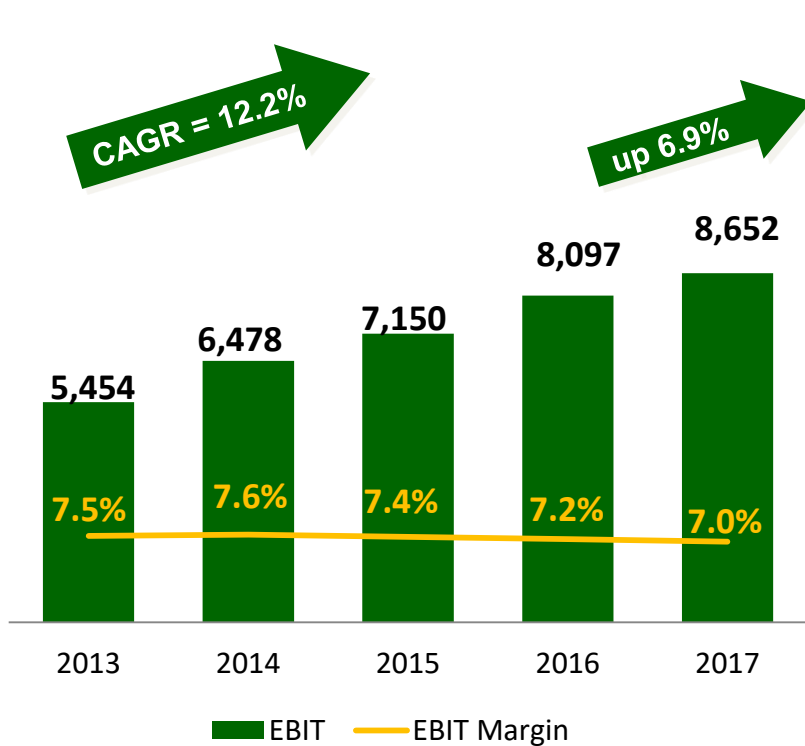


EBITDA & Margin (in Php millions)

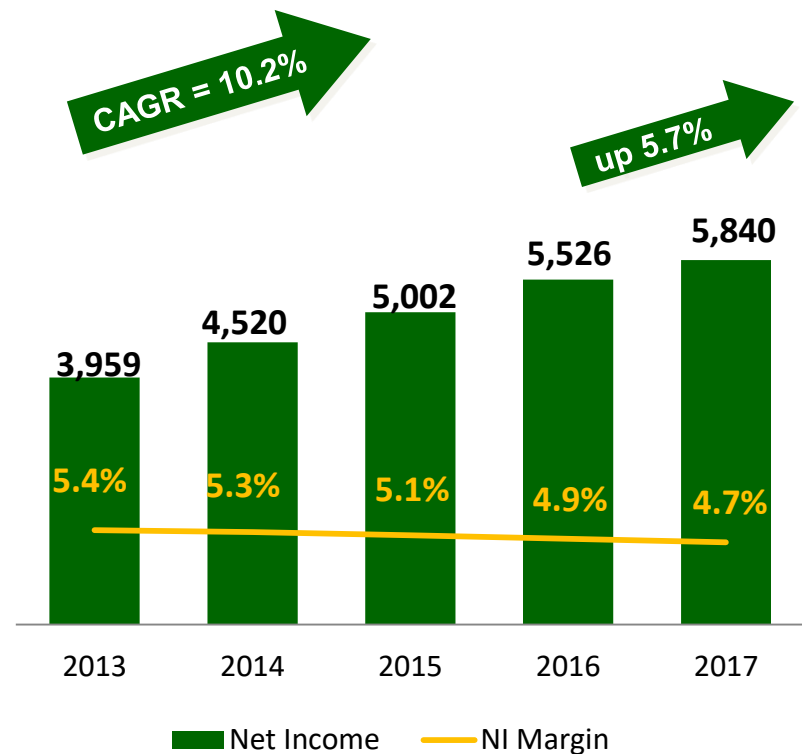


Financial Performance – FY 2017

Operating Income/EBIT and Margins (in PHP millions)

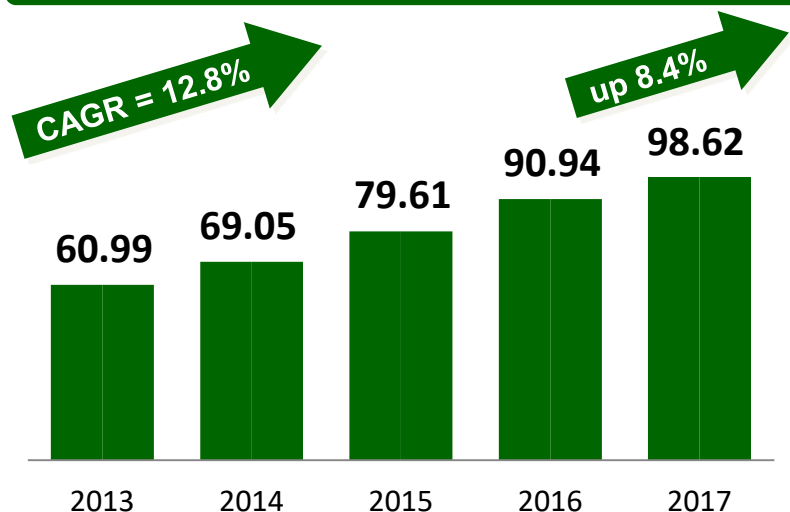


Net Income & Margins (in PHP millions)

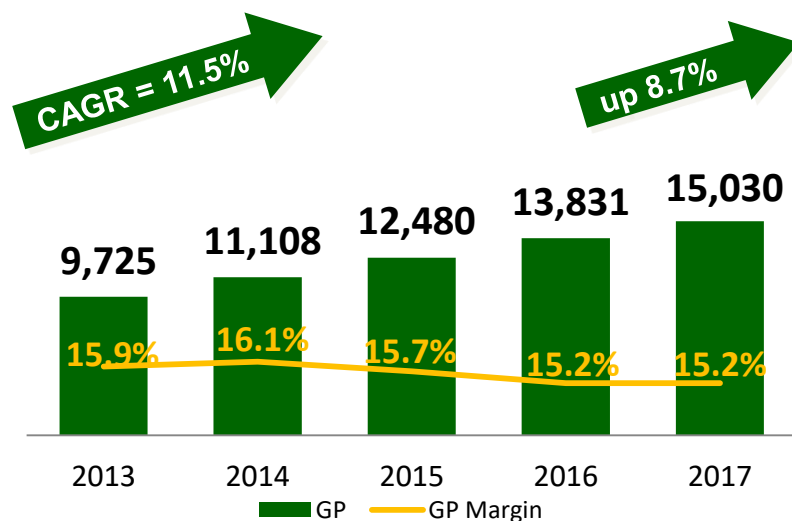


Financial Performance – Puregold Only

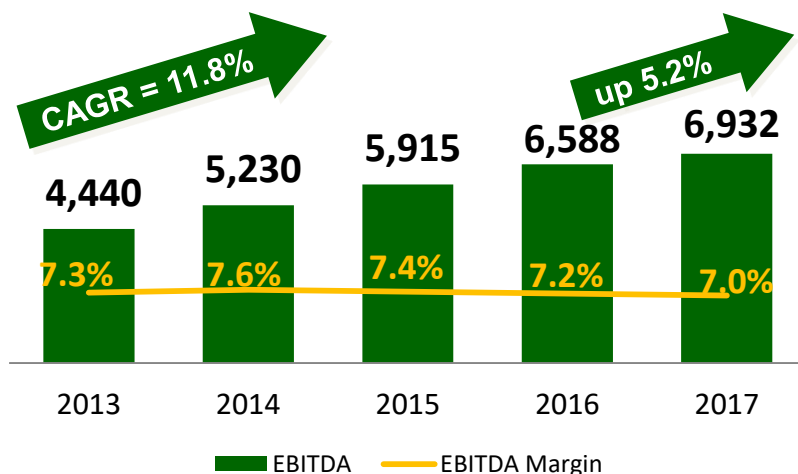
Revenues (in PHP Billions)



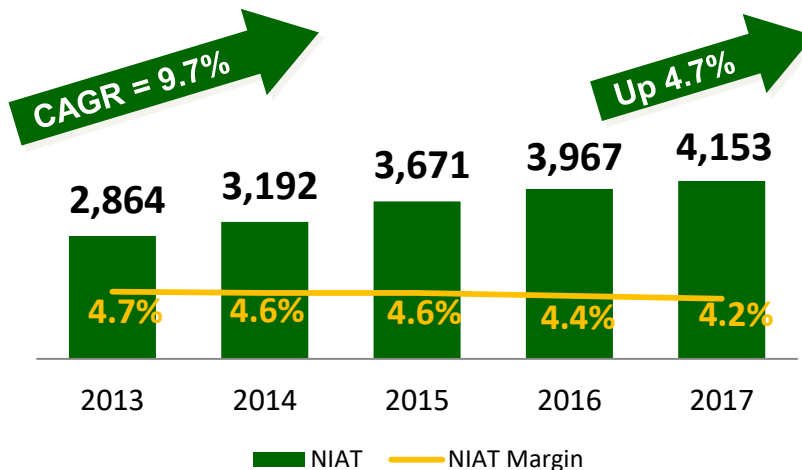
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)

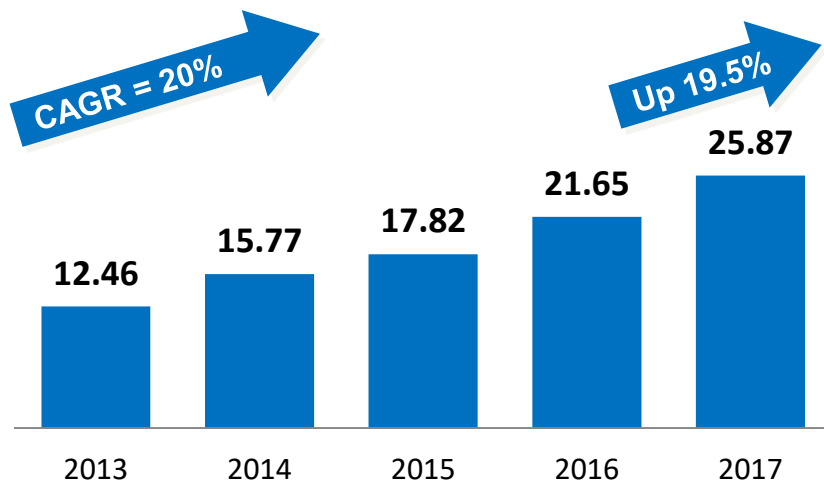


Net Profit & Margins (in PHP millions)

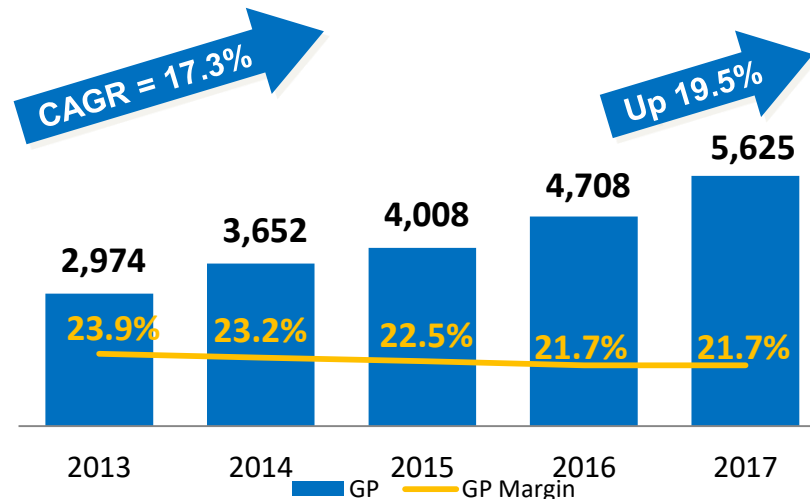


Financial Performance – S&R Only

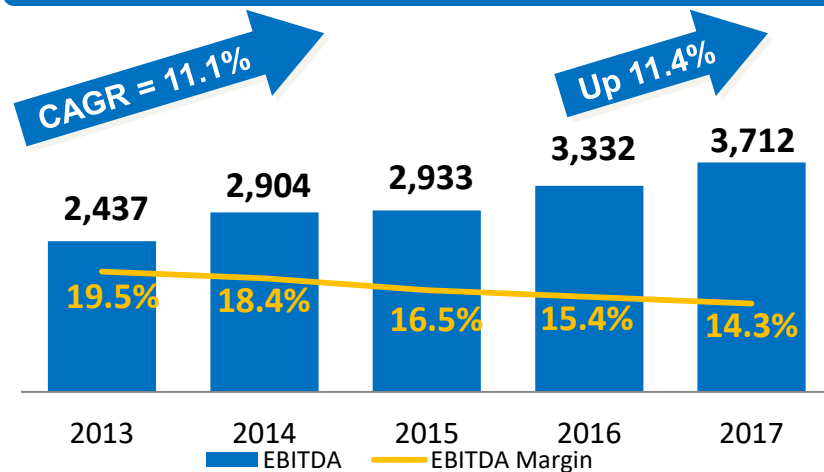
Revenues (in PHP Billions)



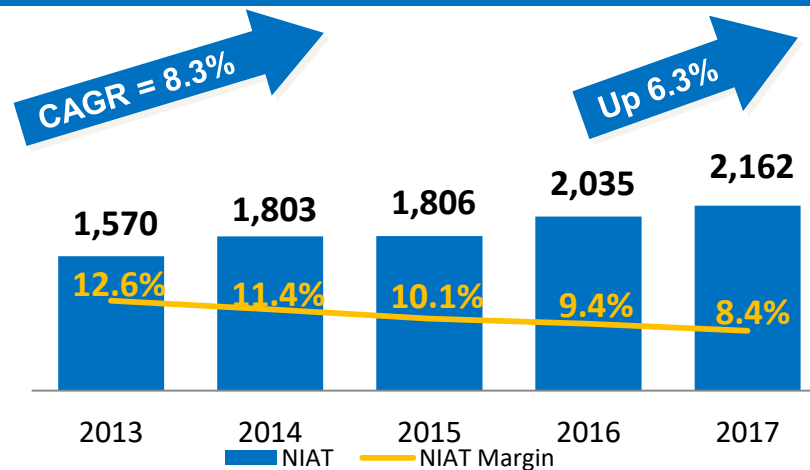
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



Net Profit & Margins (in PHP millions)



Financial Performance – FY 2017

Working capital days due to S&R importations and Puregold rapid store expansions and acquisitions

	2014	2015	2016	2017	
Trade Receivables Days	5.3	5.7	6.0	7.0	
Inventory Days	53.2	54.3	56.9	59.8	New Puregold Store roll out and new S&R Stores to be opened in 2017
Trade Payables Days	35	27.7	20.9	21.7	Similar payments terms to suppliers to avail of continued discounts

Notes:

- 1.Average of inventory at the beginning and end of the period / cost of sales x 363 (for full year))
- 2.Average of trade receivables at the beginning and end of the period / net sales x 363 (for full year)
- 3.Average of trade payable at the beginning and end of the period / cost of sales x 363 (for full year)

CAPEX Guidance for FY 2018

- CAPEX Budget of Php 3.7 billion in 2018
 - Php 1 billion for 25 new Puregold Stores
 - Php 1.5 billion for 2 S&R stores
 - Php 200 million for 12 S&R QSR
 - Php 50 million for 10 Lawsons Stores
 - Php 250 million IT System Upgrade
 - Php 700 million Maintenance Capex
- To be funded by internally generated cash and short term untapped bank credit lines if necessary.

Guidance for 2018

- Consolidated net sales targeted to grow by 6 to 8% driven by the following:
 - Net sales growth from organic Puregold and S&R stores
 - Positive SSSG for Puregold (2 to 4%) and S&R (2 to 4%)
 - Opening of 25 new Puregold stores
 - Opening of 2 S&R Warehouse stores & 12 S&R QSRs
 - Conversion of NE Bodega & Budgetlane Supermarket
- Sustain PGOLD only gross and net profit margins
- Pursue acquisitions and expand into new geographic locations

Q & A

Thank you!