



PUREGOLD PRICE CLUB, INC.

Company Presentation
1H 2018 Results and Performance
August 2018



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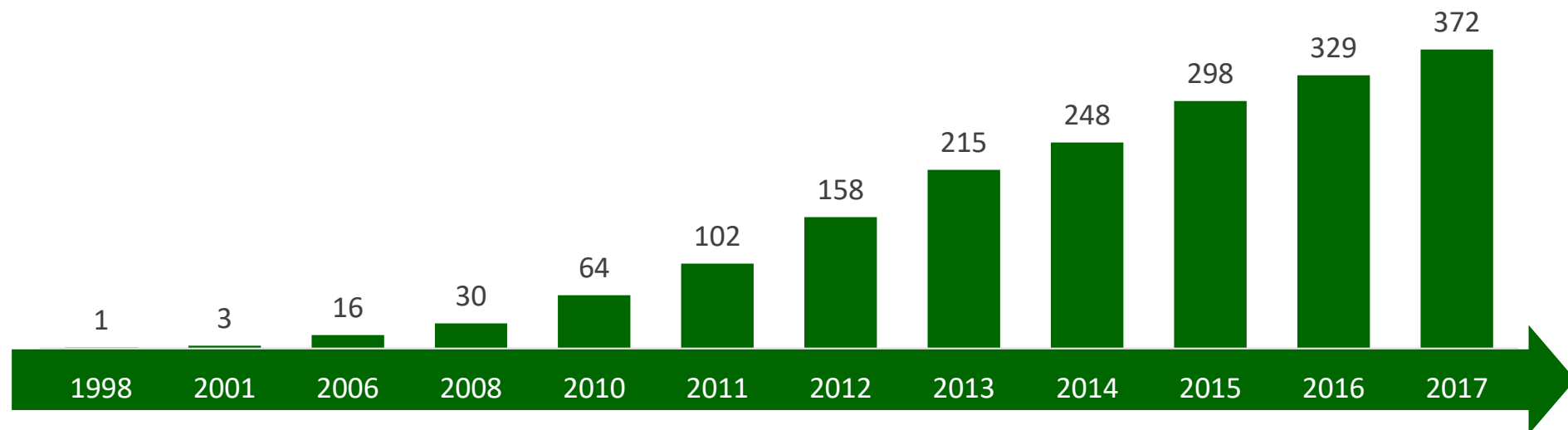
Head Office Address

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 – 1H 2018



1H 2018 Results and Performance

- Opened 15 new PGOLD stores; 2 S&R Warehouse and 4 S&R New York Style Pizza (QSR) in 1H 2018
- Operating 393 stores in 1H 2018; with consolidated NSA of more than 540,000 sqm
- Consolidated net sales expanded by 13.2% in 1H 2018; Puregold stores sales accounted for about 79% of consolidated net sales
- Gross profit grew by 11.7% in 1H 2018; with gross profit margin posted 16.4%
- Operating income increased by 10.1% in 1H 2018; with operating margin at 6.2%
- Consolidated Net income grew by 23.8% in 1H 2018; consolidated net profit margin at 4.8% PGOLD only net margin is at 4.2% while S&R net margin is 7.2%.
- One-time gain from sale of Lawson amounting to Php 362.8million

Operating Performance – 1H 2018



Hypermarket, supermarket, extra



Membership shopping

Format		
Revenue contribution	Puregold 79% S&R 21%	
Gross profit (PHP million) & Margin (%)	7,609 (15.0%)	2,890 (21.5%)
Total traffic (million)	87	3.7
Average net ticket (PHP)	583	3,711
Net sales growth (%)	11.1%	21.5%
Traffic growth (%)	6.3%	13.1%
Average net ticket growth (%)	4.6%	7.5%
Same Store net sales growth (%)*	6.1%	5.9%
Same Store traffic growth (%)*	-0.2%	-2.4%
Same Store average net ticket growth (%)*	6.3%	8.5%

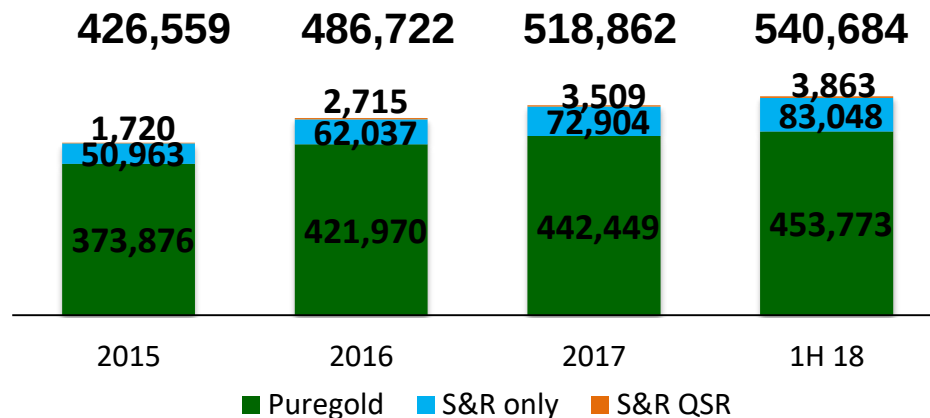
*Same Stores Growth for 2018 are based on stores opened as of end December 2016.

Operating Performance – 1H 2018

Breakdown of Stores (per format)

Group	2015	2016	2017	1H 18
Hypermarket	134	147	171	198
Supermarket	93	100	103	105
Extra	28	30	35	38
S&R	10	12	14	16
S&R QSR	16	23	32	36
NE & Budgetlane	17	17	17	0
TOTAL	298	329	372	393
Puregold Only	2015	2016	2017	1H 18
Metro Manila	104	110	114	121
North Luzon	64	70	77	89
South Luzon	74	80	90	100
Visayas	6	9	20	22
Mindanao	7	8	8	9
TOTAL	255	277	309	341

Net Selling Area of Stores (in sqm)



Traffic and Ave Ticket Size

Traffic (in M)	PGOLD	S&R
2015	143.6	5.5
2016	155	6.3
2017	167	7.2
1H 18	87	3.7

Ave Ticket (in Php)	PGOLD	S&R
2015	543	3,584
2016	567	3,598
2017	577	3,679
1H 18	583	3,711

*NE Bodega and Budgetlane Stores are converted to Puregold Stores in 2018

Store Portfolio – 1H 2018

Key statistics 1Q 2018

Total no. of stores

- 393

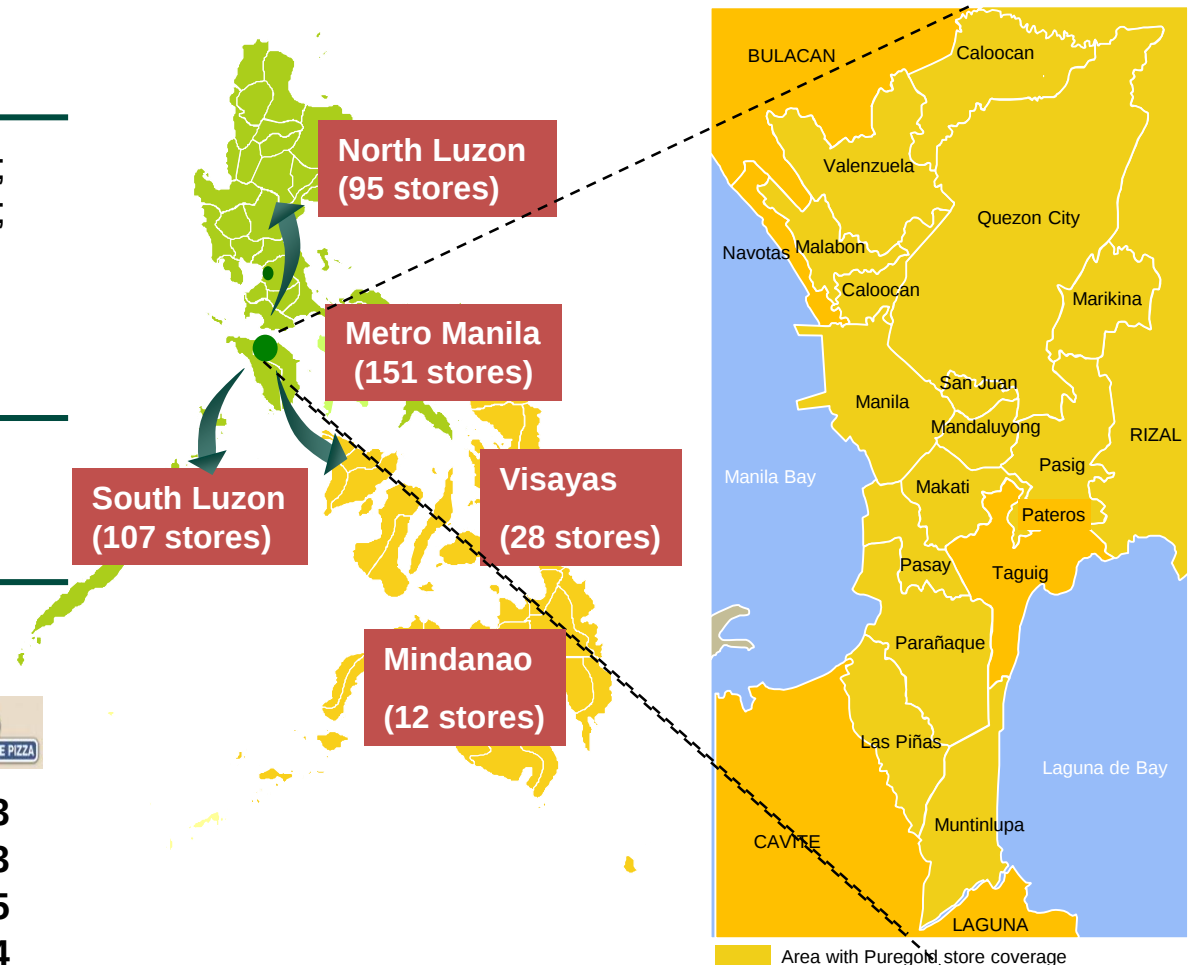
No. of stores per format

- 198 hypermarkets;
105 supermarkets;
38 extras
- 16 S&Rs
- 36 S&R QSR

Consolidated net selling area

- about 540,000 square meters

Geographic coverage

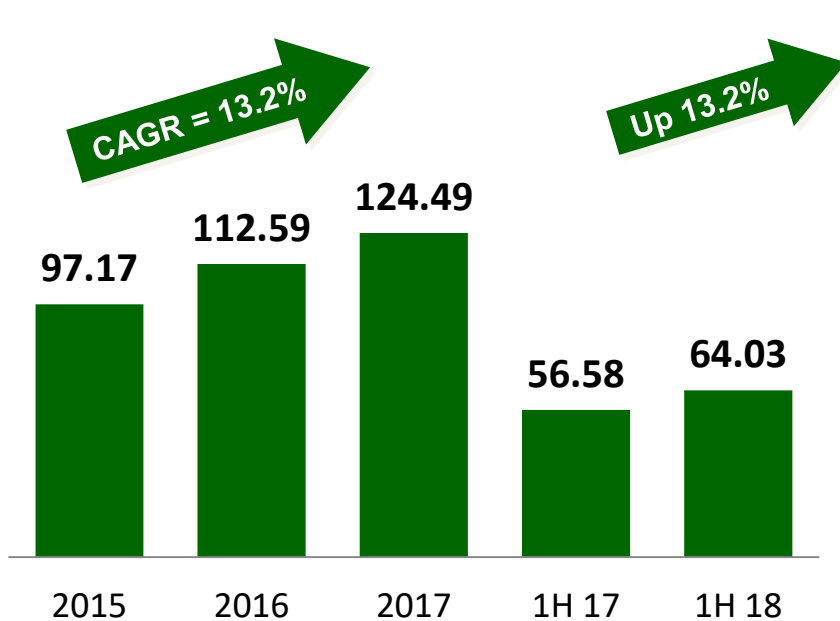


Metro Manila	121	7	23
North Luzon	89	3	3
South Luzon	100	2	5
Visayas	22	2	4
Mindanao	9	2	1
	341	16	36

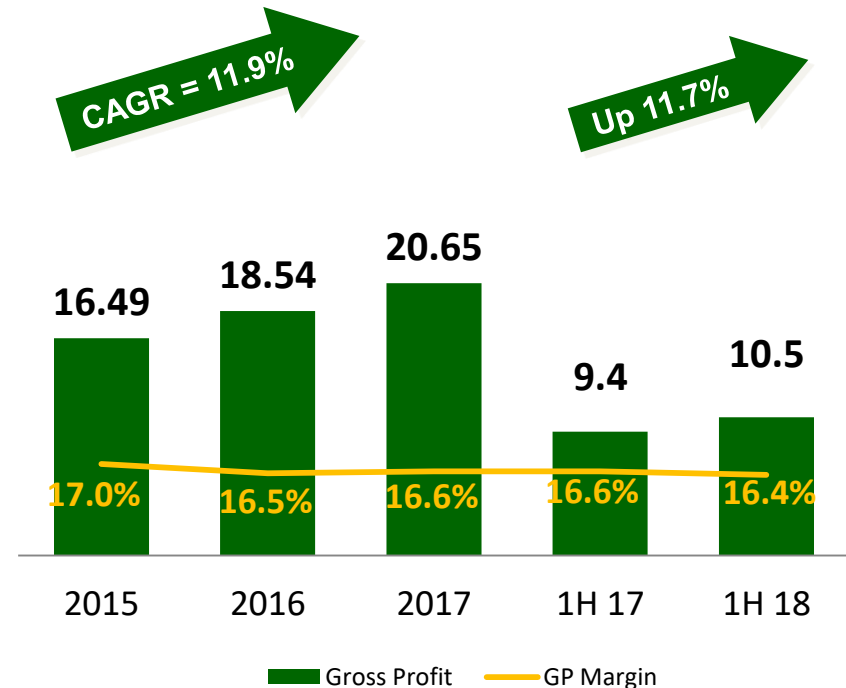
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Financial Performance – 1H 2018

Net sales (in Php billions)



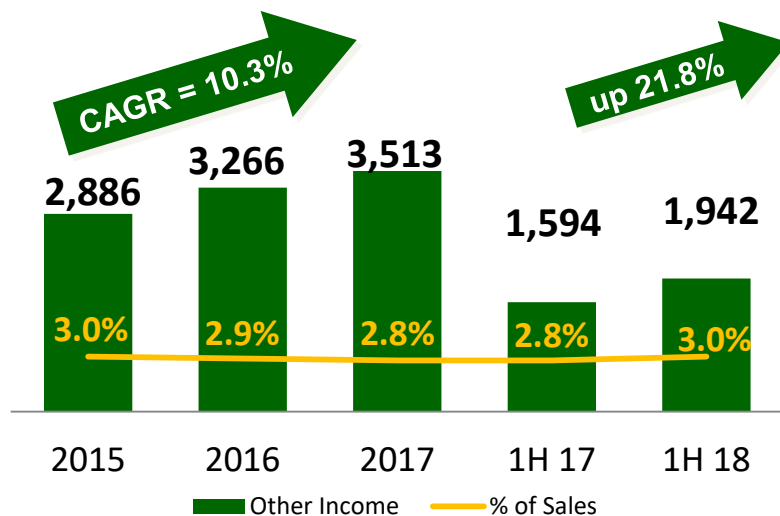
Gross profit & Margin (in PHP billions)



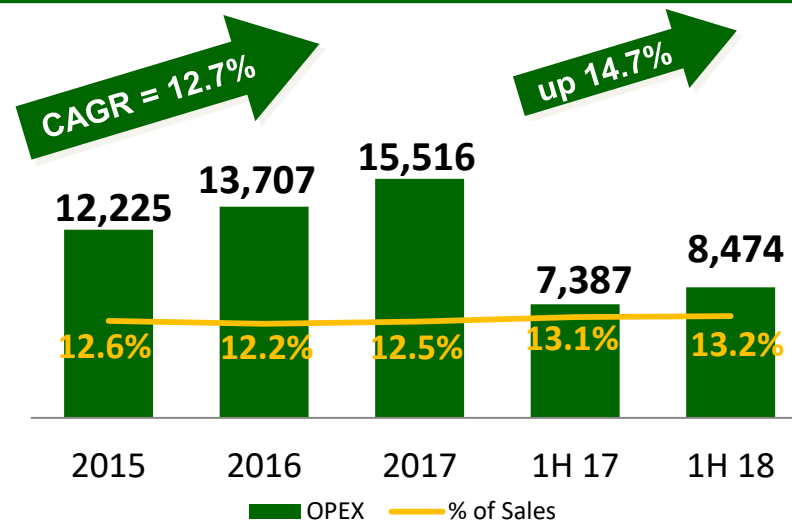
- Continuing strong revenue growth driven by the 309 Puregold stores and the 14 S&R stores in 2017
- Increasing scale of operations resulted to continuing support from suppliers in terms of discount and rebates
- Acquisitions and strong election related spending supported continuing growth in revenues

Financial Performance – 1H 2018

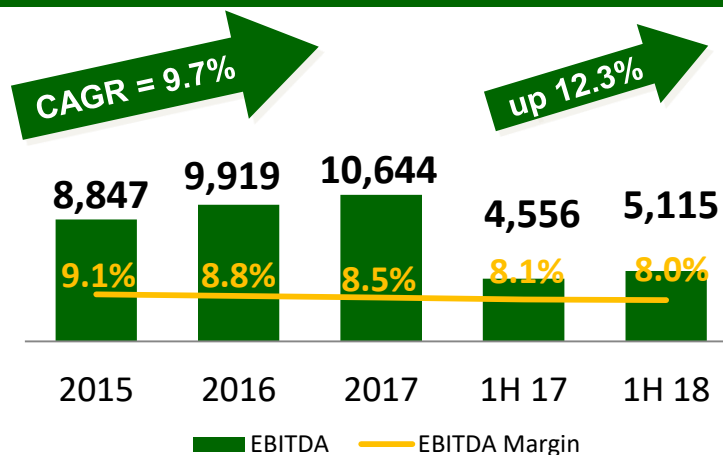
Other Operating Income (in PHP millions)



Operating Expenses (in PHP millions)

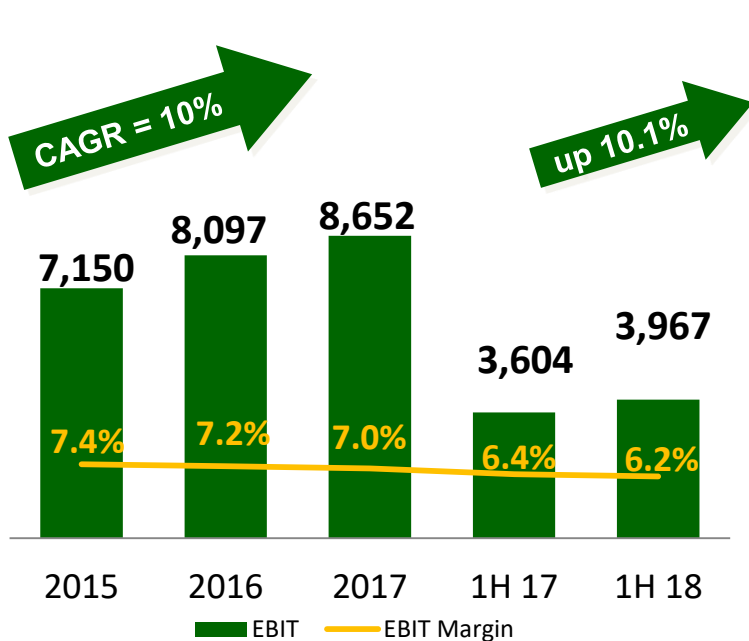


EBITDA & Margin (in Php millions)

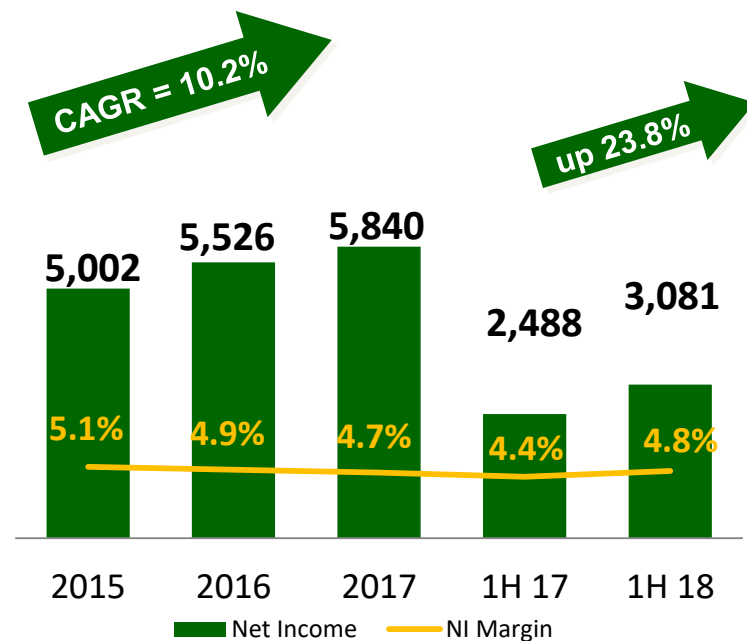


Financial Performance – 1H 2018

Operating Income/EBIT and Margins (in PHP millions)

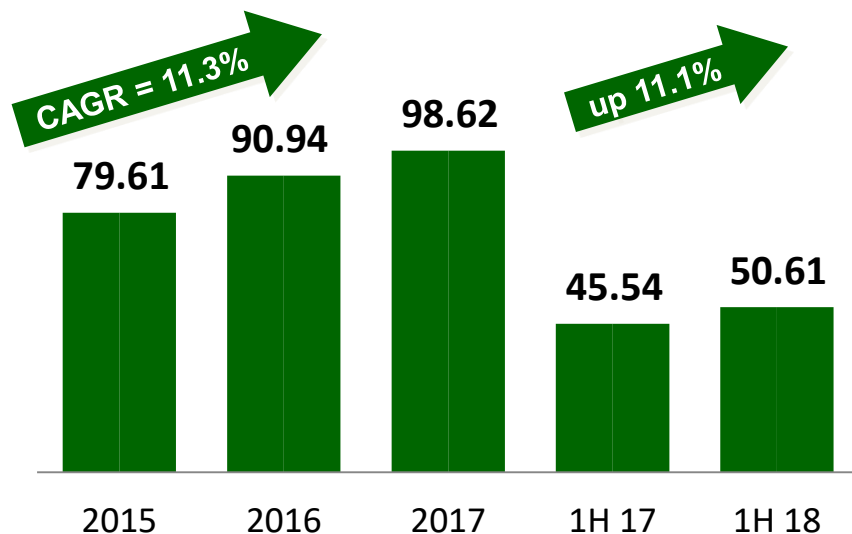


Net Income & Margins (in PHP millions)

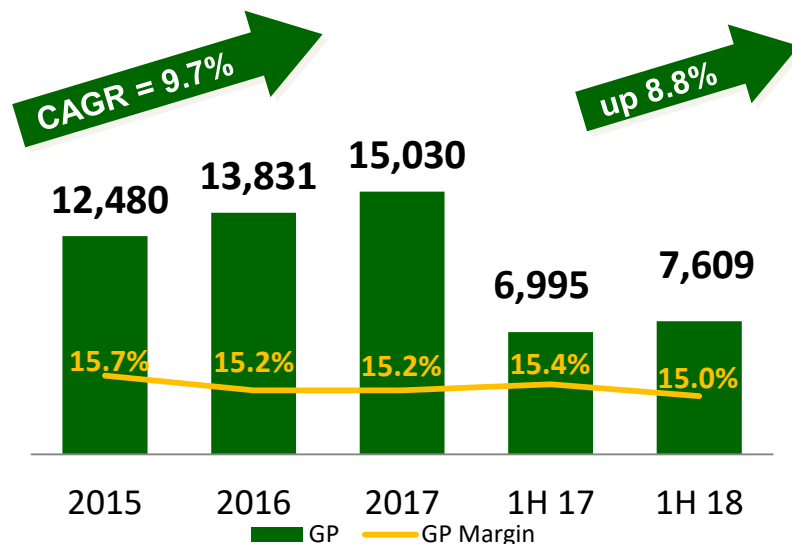


Financial Performance – Puregold Only

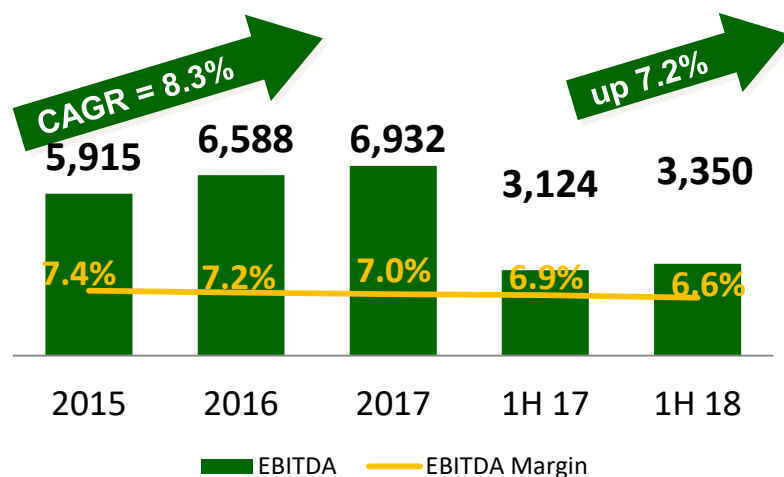
Revenues (in PHP Billions)



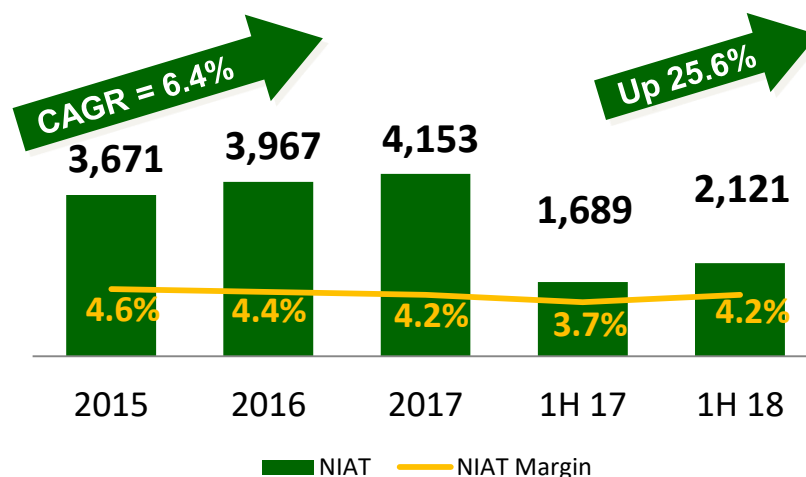
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)

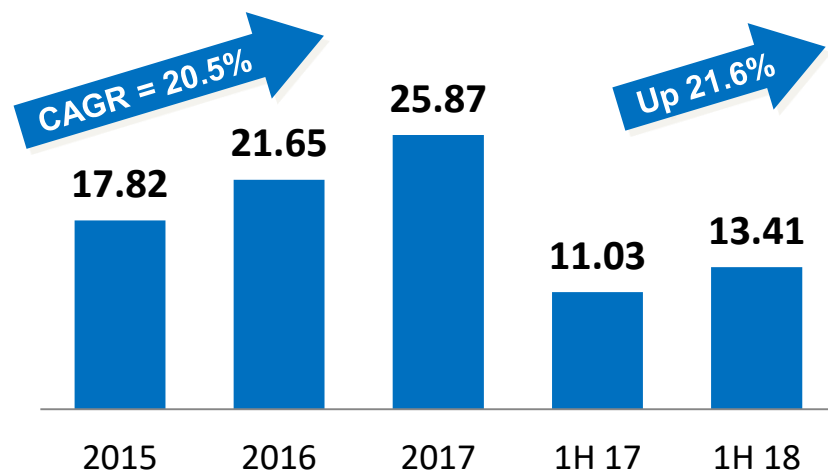


Net Profit & Margins (in PHP millions)

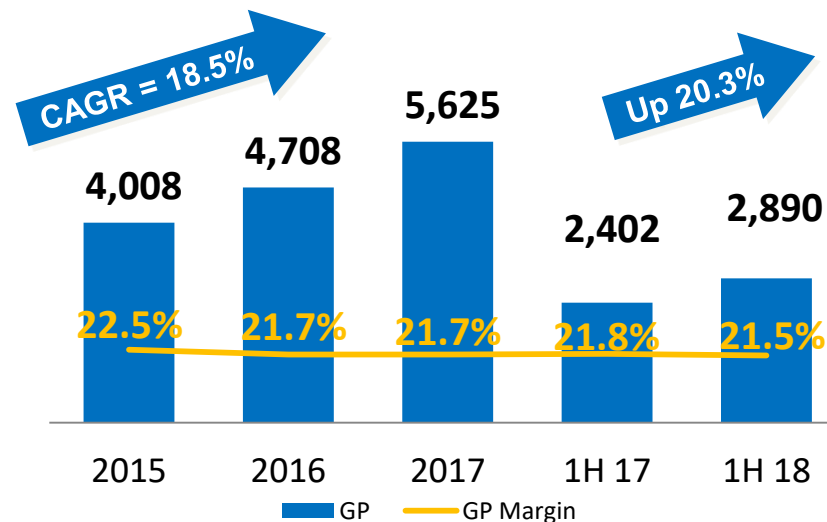


Financial Performance – S&R Only

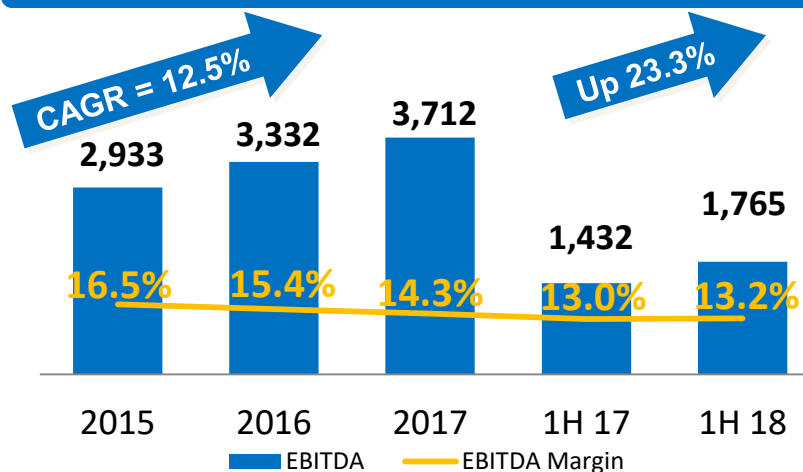
Revenues (in PHP Billions)



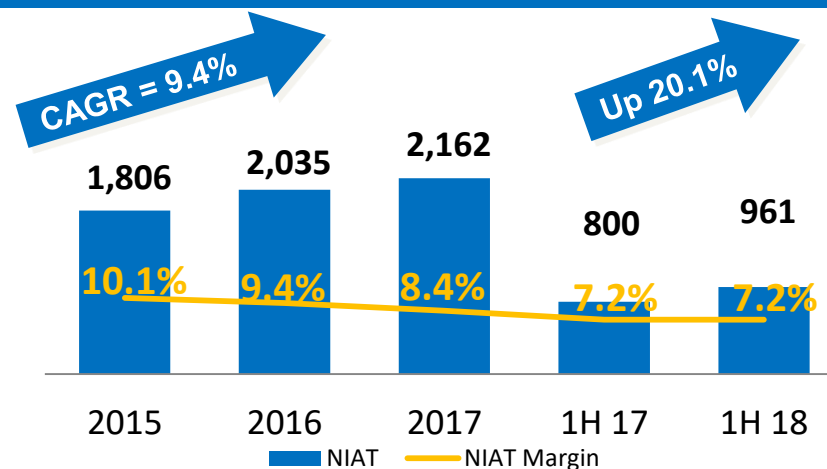
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



Net Profit & Margins (in PHP millions)



Financial Performance – 1H 2018

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

	2015	2016	2017	1H 18	
Trade Receivables Days	5.7	6.0	7.0	5.0	
Inventory Days	54.3	56.9	59.8	64.2	New Puregold Store roll out and new S&R Stores to be opened in 2018
Trade Payables Days	27.7	20.9	21.7	17.6	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 3.65 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 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 7 to 9% 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!