Puregold Price Club, INC.

Company Presentation

1H 2019 Results and Performance

August 2019

PUREGOLD

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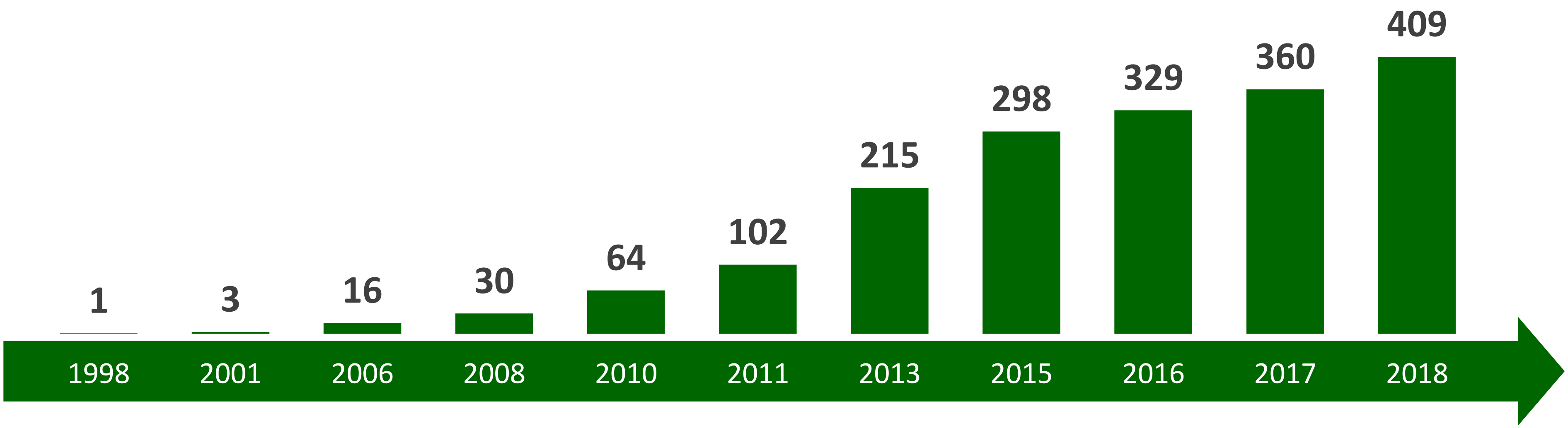
Investment Summary

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 2018



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 409 stores in 20 years

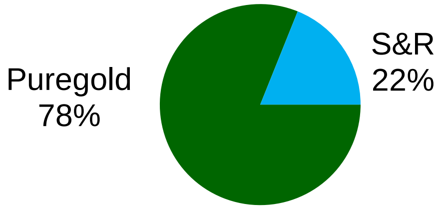
PUREGOLD 20 Always Panalo Years

Update on Puregold – 1H 2019

1H 2019 Results and Performance

- Opened 12 new PGOLD stores; 1 S&R Warehouse in 1H 2019; closed 1 PGOLD store and 1 S&R QSR
- Operating 419 stores in 1H 2019; with consolidated NSA of around 550,000 sqm
- Consolidated net sales expanded by 11.3% in 1H 2019; Puregold stores sales accounted for about 78% of consolidated net sales
- Gross profit grew by 7.5% in 1H 2019; with gross profit margin posted 16.6%
- Operating income increased by 4.8% in 1H 2019; with operating margin at 6.7%
- Consolidated Net income declined by 4.8% in 1H 2019; consolidated net profit margin at 4% PGOLD only net margin is at 3% while S&R net margin is 7.5%.
- Core net income (excluding one-time gain in 2018) grew by 8.4% in 1H 2019.

Operating Performance – 1H 2019

	PUREGOLD	S&R Membership Shopping
Format	**Hypermarket, supermarket, extra**	**Membership shopping**
Revenue contribution		
Gross profit (PHP million) & Margin (%)	8,367 (15.1%)	3,448 (22.1%)
Total traffic (million)	88	4.1
Average net ticket (PHP)	630	3,929
Net sales growth (%)	9.8%	18.1%
Traffic growth (%)	1.6%	11.6%
Average net ticket growth (%)	8.0%	5.9%
Same Store net sales growth (%)*	6.2%	9.3%
Same Store traffic growth (%)*	-3.0%	1.8%
Same Store average net ticket growth (%)*	9.5%	7.4%

*Same Stores Growth for 2019 are based on stores opened as of end December 2017.

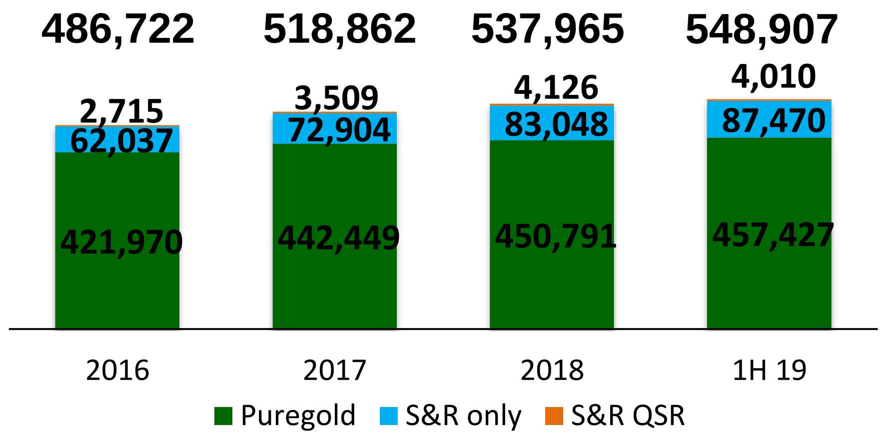
Operating Performance – 1H 2019

Breakdown of Stores (per format)

Group	2016	2017	2018	1H 19
Hypermarket	147	171	208	218
Supermarket	100	103	104	104
Extra	30	35	42	43
S&R	12	14	16	17
S&R QSR	23	32	39	37
NE & Budgetlane	17	17	0	0
TOTAL	**329**	**372**	**409**	**419**
Puregold Only	**2016**	**2017**	**2018**	**1H 19**
Metro Manila	110	114	125	127
North Luzon	70	77	93	97
South Luzon	80	90	101	103
Visayas	9	20	25	27
Mindanao	8	8	10	11
TOTAL	**277**	**309**	**354**	**365**

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

Net Selling Area of Stores (in sqm)



Traffic and Ave Ticket Size

Traffic (in M)	PGOLD	S&R
2016	155	6.3
2017	170	7.2
2018	178	8.2
1H 19	88	4.1

Ave Ticket (in Php)	PGOLD	S&R
2016	567	3,598
2017	577	3,679
2018	612	3,959
1H 19	630	3,929

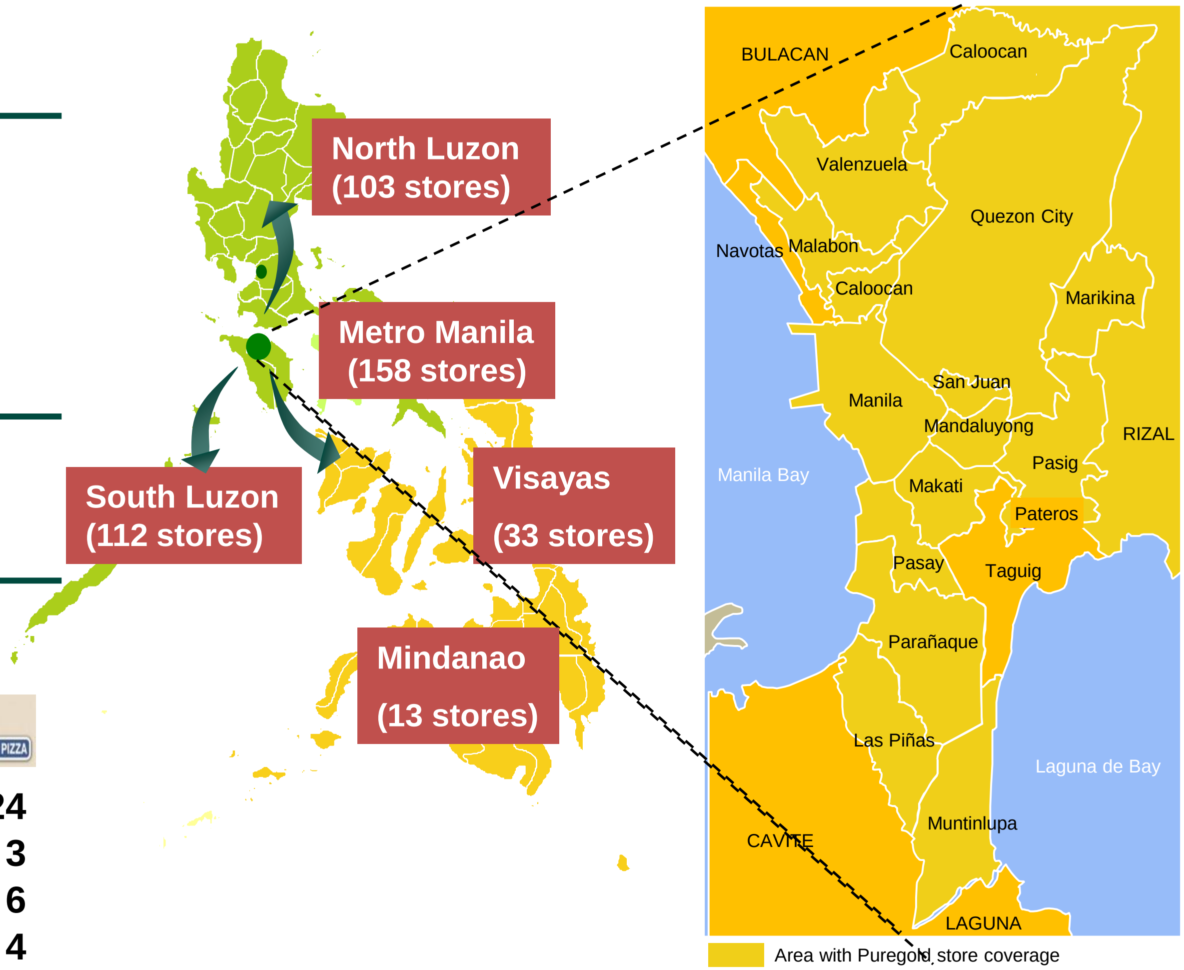
Store Portfolio – 1H 2019

Key statistics 1H 2019

Total no. of stores	• 419
No. of stores per format	• 218 hypermarkets; 104 supermarkets; 43 extras • 17 S&Rs • 37 S&R QSR
Consolidated net selling area	• about 550,000 square meters

	PUREGOLD	S&R	S&R NEW YORK STYLE PIZZA
Metro Manila	127	7	24
North Luzon	97	3	3
South Luzon	103	3	6
Visayas	27	2	4
Mindanao	11	2	0
	365	**17**	**37**

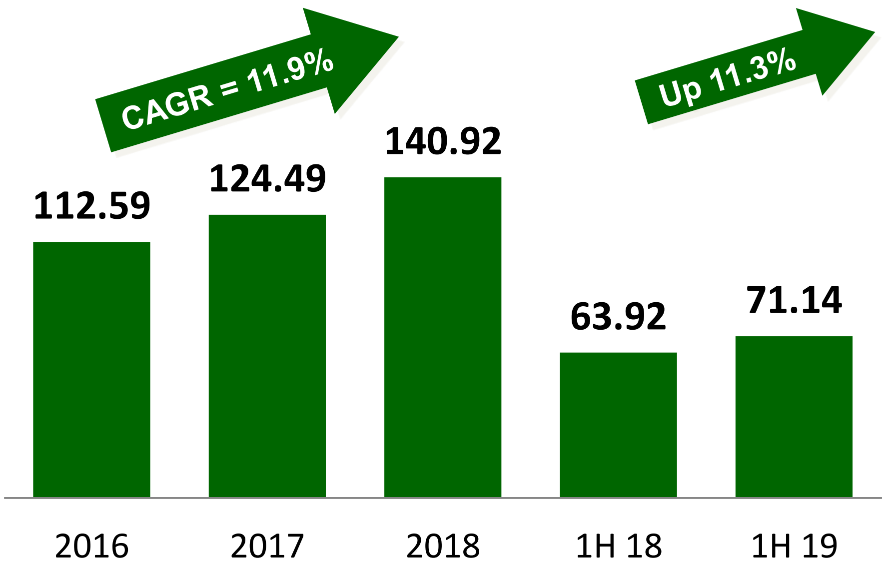
Geographic coverage



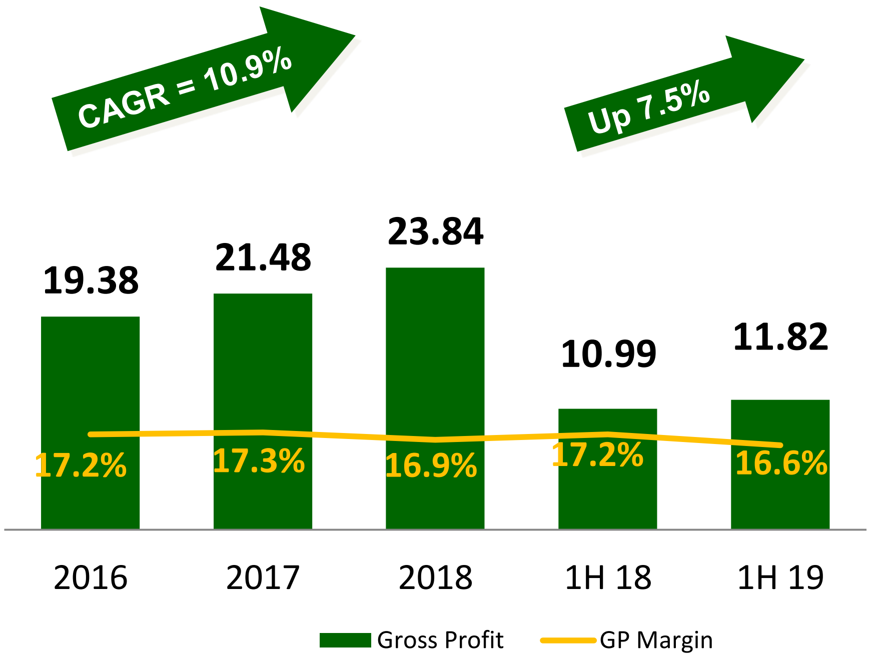
*NE Bodega and Budgetlane Stores are converted to Puregold Stores in 2018

Financial Performance – 1H 2019

Net sales (in Php billions)



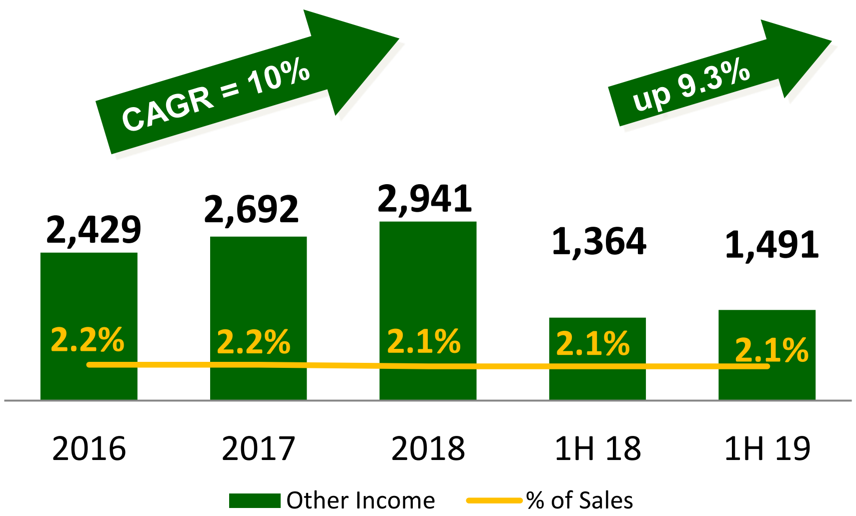
Gross profit & Margin (in PHP billions)



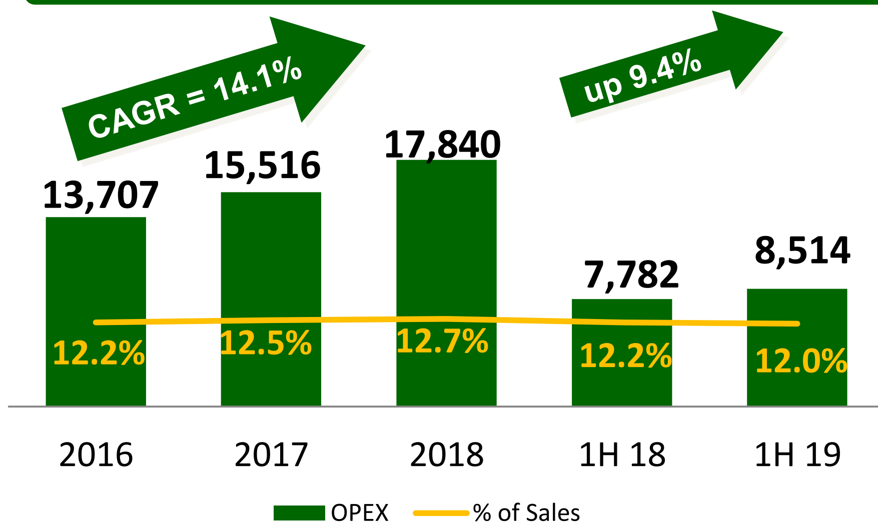
- Continuing strong revenue growth driven by the 354 Puregold stores and the 16 S&R stores in 2018
- Increasing costs of suppliers resulted to reduced marketing and promo support
- Positive effect of Tax Reform law to Filipino consumers supported continuing growth in revenues

Financial Performance – 1H 2019

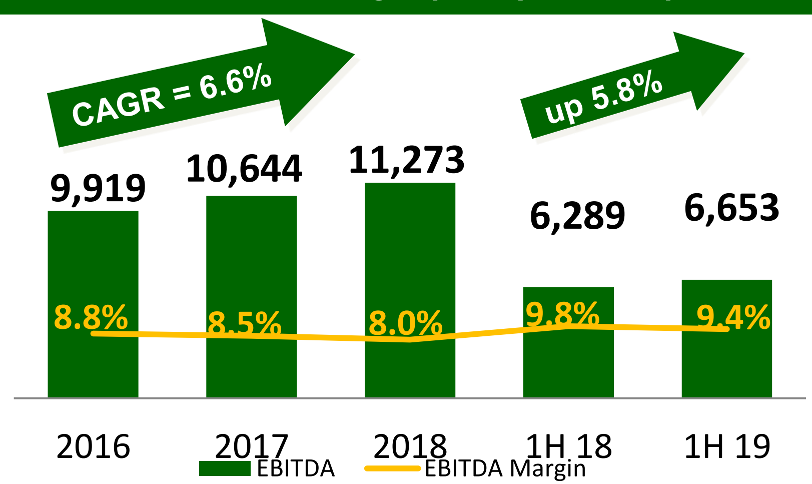
Other Operating Income (in PHP millions)



Operating Expenses (in PHP millions)

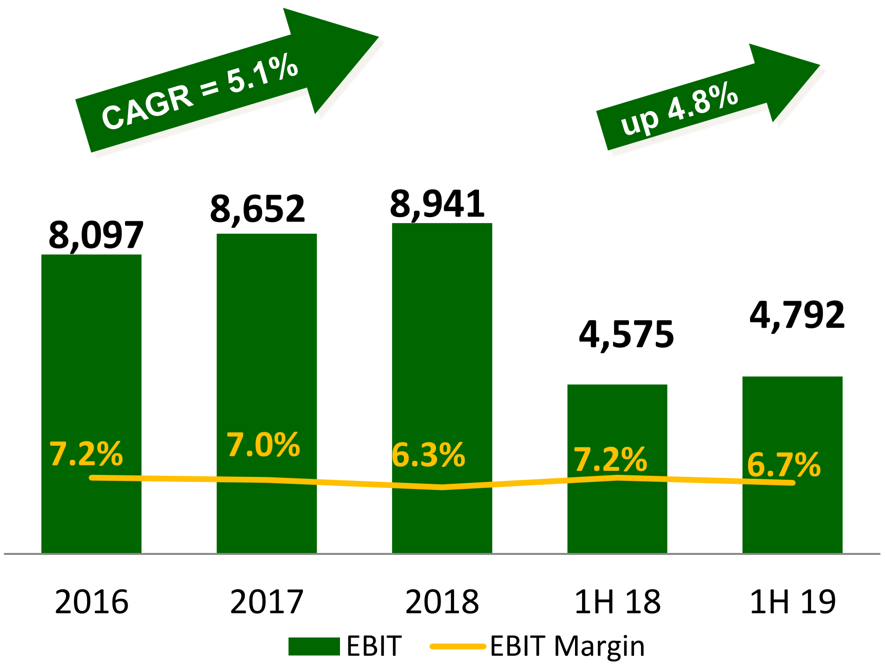


EBITDA & Margin (in Php millions)

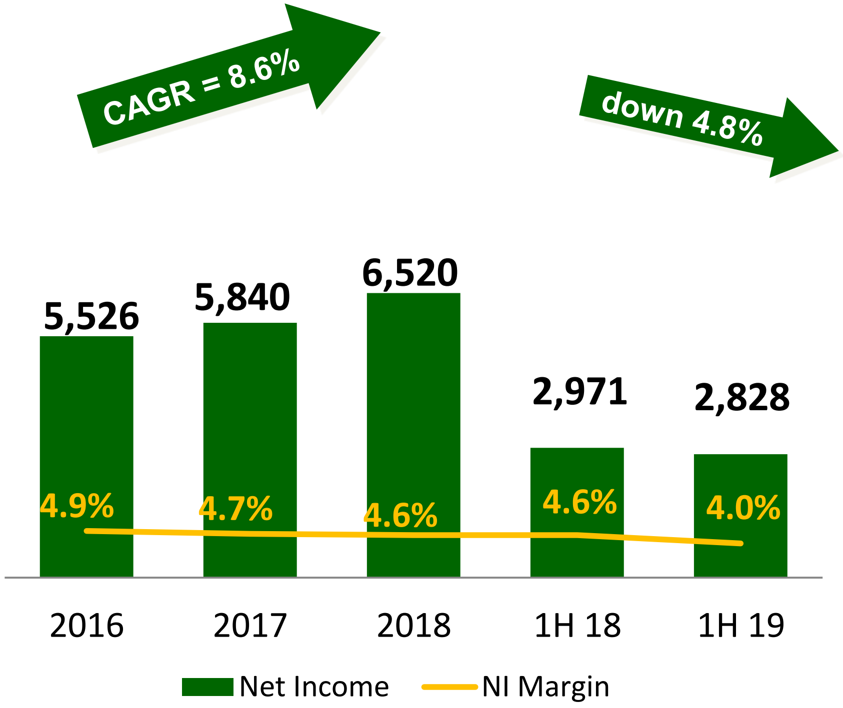


Financial Performance – 1H 2019

Operating Income/EBIT and Margins (in PHP millions)



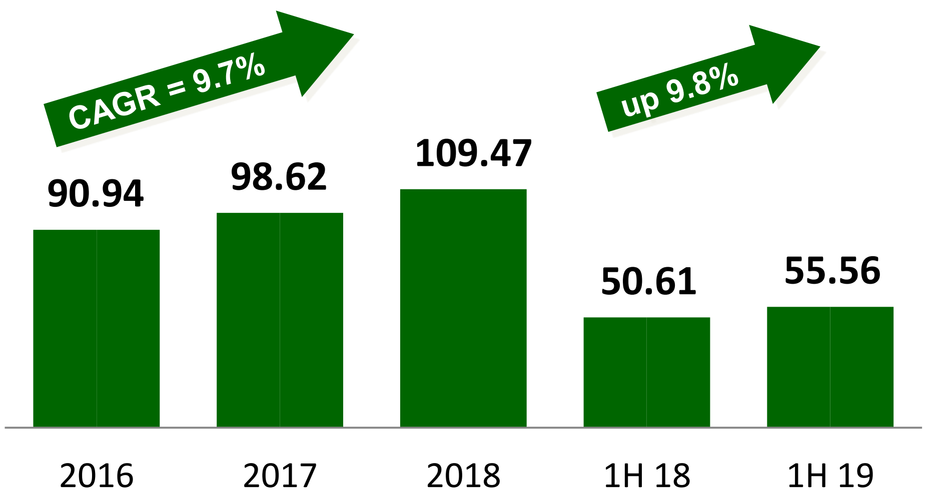
Net Income & Margins (in PHP millions)



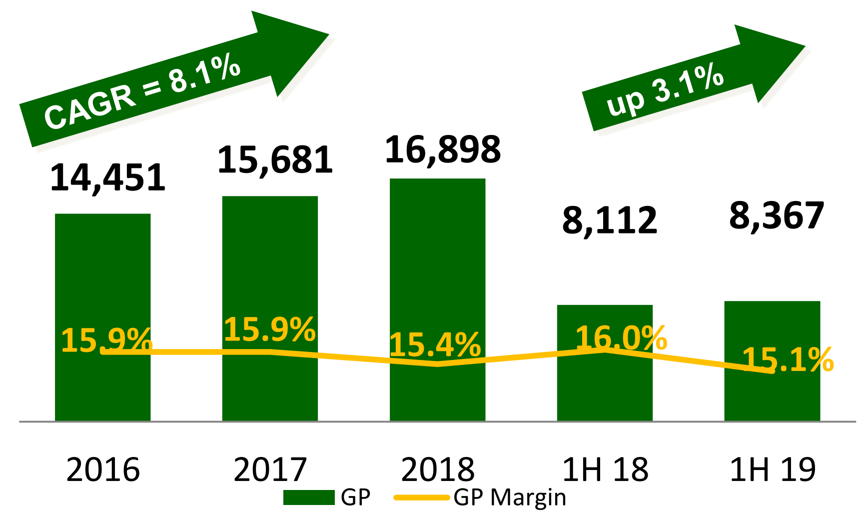
*Core Net Income (excluding one-off gain in 2018) grew by 8.4% in 1H 2019

Financial Performance – Puregold Only

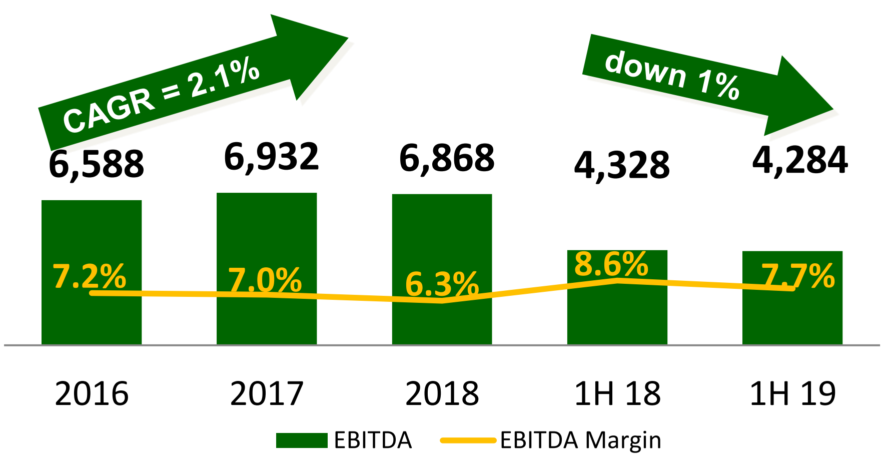
Revenues (in PHP Billions)



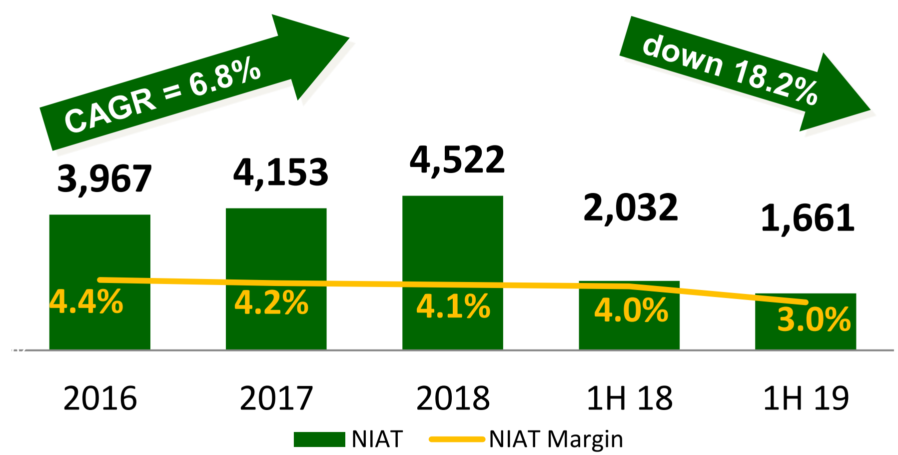
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



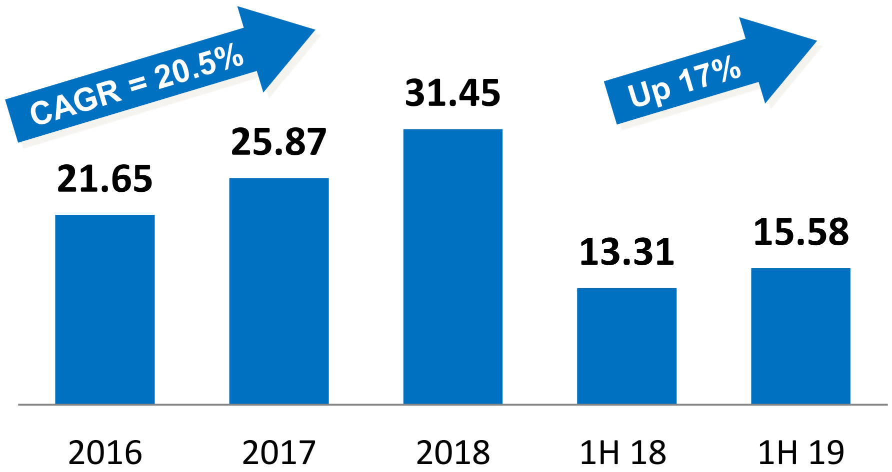
Net Profit & Margins (in PHP millions)



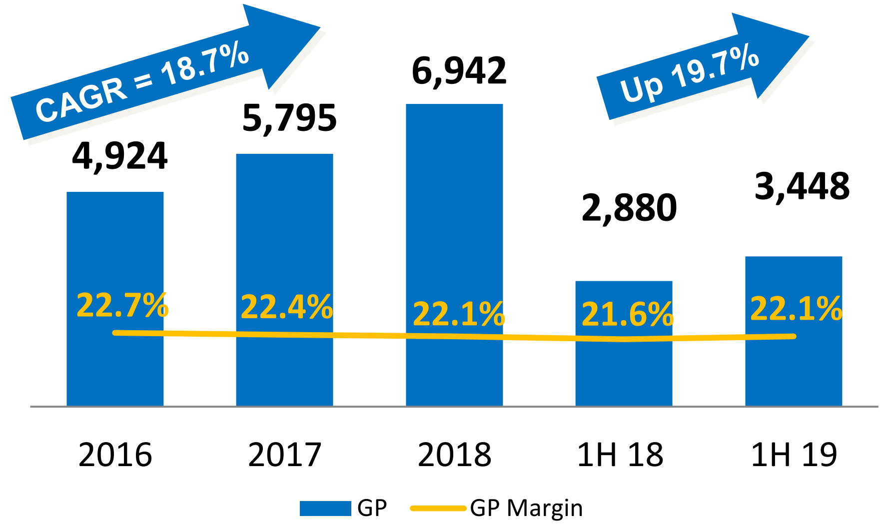
*Core Net Income (excluding one-off gain in 2018) decline by 0.5% in 1H 2019

Financial Performance – S&R Only

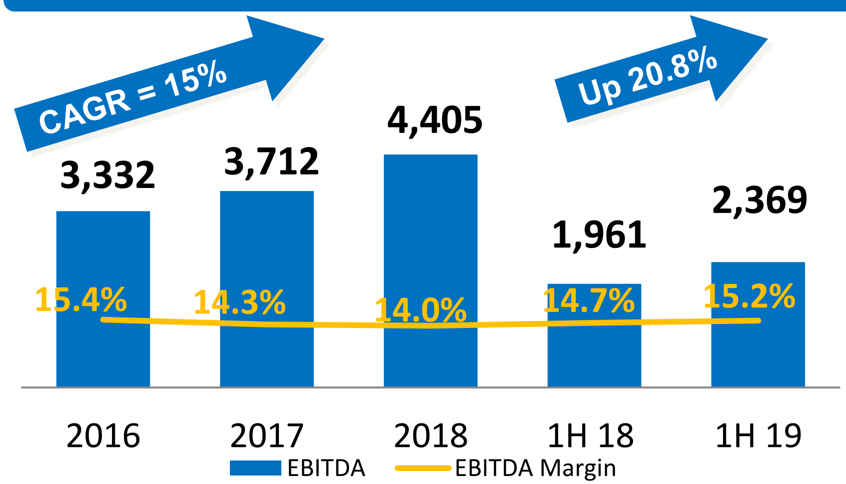
Revenues (in PHP Billions)



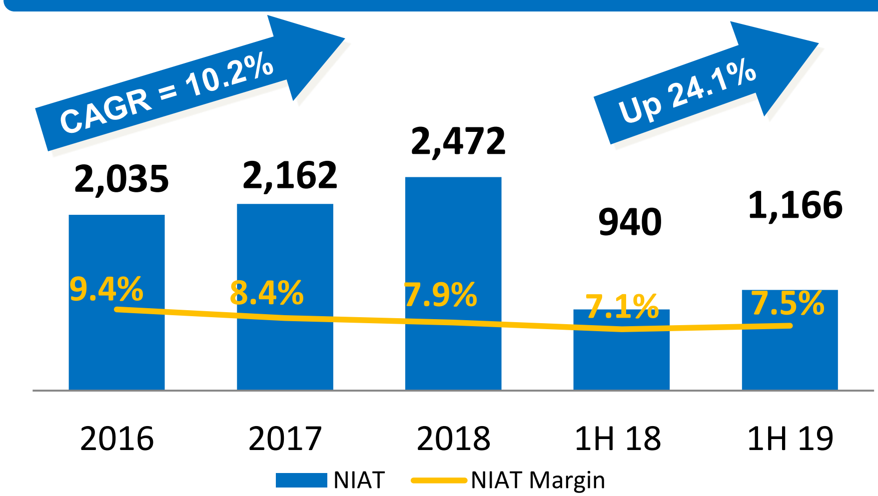
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



Net Profit & Margins (in PHP millions)



Financial Performance – 1H 2019

PUREGOLD 20 Always Panalo Years

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

	2016	2017	2018	1H 19
Trade Receivables Days	6.0	7.0	7.6	6.0
Inventory Days	56.9	59.8	58.0	59.2
Trade Payables Days	20.9	21.7	23.9	19.0

New Puregold Store roll out and new S&R Stores to be opened in 2019

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 2019

- CAPEX Budget of Php 5 billion in 2019
  - Php 1 billion for 25 new Puregold Stores
  - Php 3.2 billion for 4 S&R stores
  - Php 36 million for 2 S&R QSR
  - Php 800 million Maintenance Capex

- To be funded by internally generated cash and short term untapped bank credit lines if necessary.

Guidance for 2019

- Consolidated net sales targeted to grow by 8 to 10% driven by the following:
  – Net sales growth from organic Puregold and S&R stores
  – Positive SSSG for Puregold (3 to 5%) and S&R (3 to 5%)
  – Opening of 25 new Puregold stores
  – Opening of 4 S&R Warehouse stores & 2 S&R QSRs

- Sustain PGOLD only gross and net profit margins
- Pursue acquisitions and expand into new geographic locations

Q & A

Thank you!