



Puregold Price Club, INC.

Company Presentation
9M 2019 Results and Performance
November 2019

PUREGOLD

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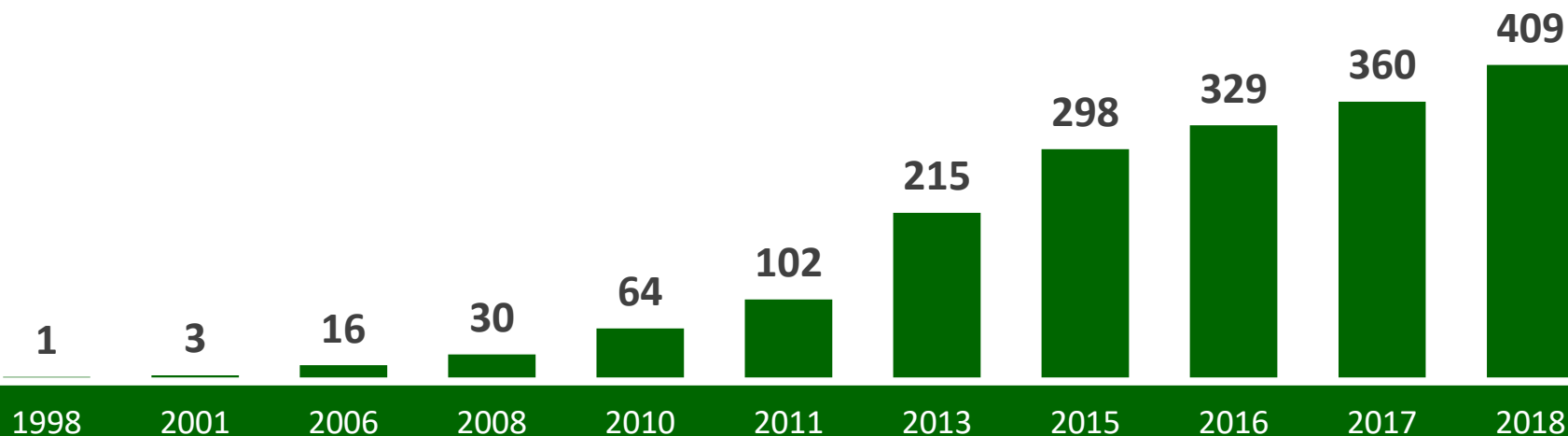
Head Office Address

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 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



Update on Puregold – 9M 2019



9M 2019 Results and Performance

- Opened 17 new PGOLD stores; 1 S&R Warehouse in 9M 2019; closed 2 PGOLD store and 1 S&R QSR
- Operating 423 stores in 9M 2019; with consolidated NSA of around 550,000 sqm
- Consolidated net sales expanded by 10.3% in 9M 2019; Puregold stores sales accounted for about 77% of consolidated net sales
- Gross profit grew by 7.6% in 9M 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 increased by 2.9% in 9M 2019; consolidated net profit margin at 4.1% PGOLD only net margin is at 3% while S&R net margin is 8.1%.
- Core net income (excluding one-time gain in 2018) grew by 12.1% in 9M 2019.

Operating Performance – 9M 2019



Hypermarket, supermarket, extra



Membership shopping

Format		
Revenue contribution	Puregold 77% S&R 23%	
Gross profit (PHP million) & Margin (%)	12,603 (14.8%)	5,618 (22.6%)
Total traffic (million)	133	6.4
Average net ticket (PHP)	637	4,065
Net sales growth (%)	9.0%	15.6%
Traffic growth (%)	1.1%	8.6%
Average net ticket growth (%)	7.8%	6.5%
Same Store net sales growth (%)*	5.6%	8.4%
Same Store traffic growth (%)*	-3.3%	0.7%
Same Store average net ticket growth (%)*	9.3%	7.6%

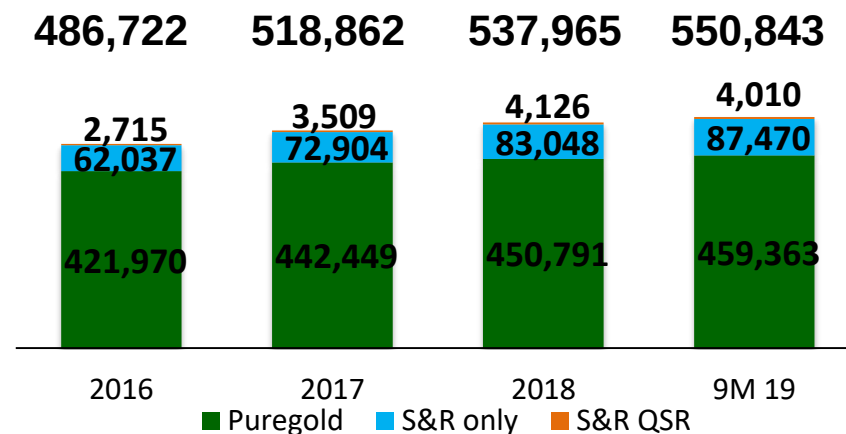
*Same Stores Growth for 2019 are based on stores opened as of end December 2017.

Operating Performance – 9M 2019

Breakdown of Stores (per format)

Group	2016	2017	2018	9M 19
Hypermarket	147	171	208	222
Supermarket	100	103	104	103
Extra	30	35	42	44
S&R	12	14	16	17
S&R QSR	23	32	39	37
NE & Budgetlane	17	17	0	0
TOTAL	329	372	409	423
Puregold Only	2016	2017	2018	9M 19
Metro Manila	110	114	125	128
North Luzon	70	77	93	98
South Luzon	80	90	101	104
Visayas	9	20	25	28
Mindanao	8	8	10	11
TOTAL	277	309	354	369

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
9M 19	133	6.4

Ave Ticket (in Php)	PGOLD	S&R
2016	567	3,598
2017	577	3,679
2018	612	3,959
9M 19	637	4,065

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

Store Portfolio – 9M 2019

Key statistics 9M 2019

Total no. of stores

- 423

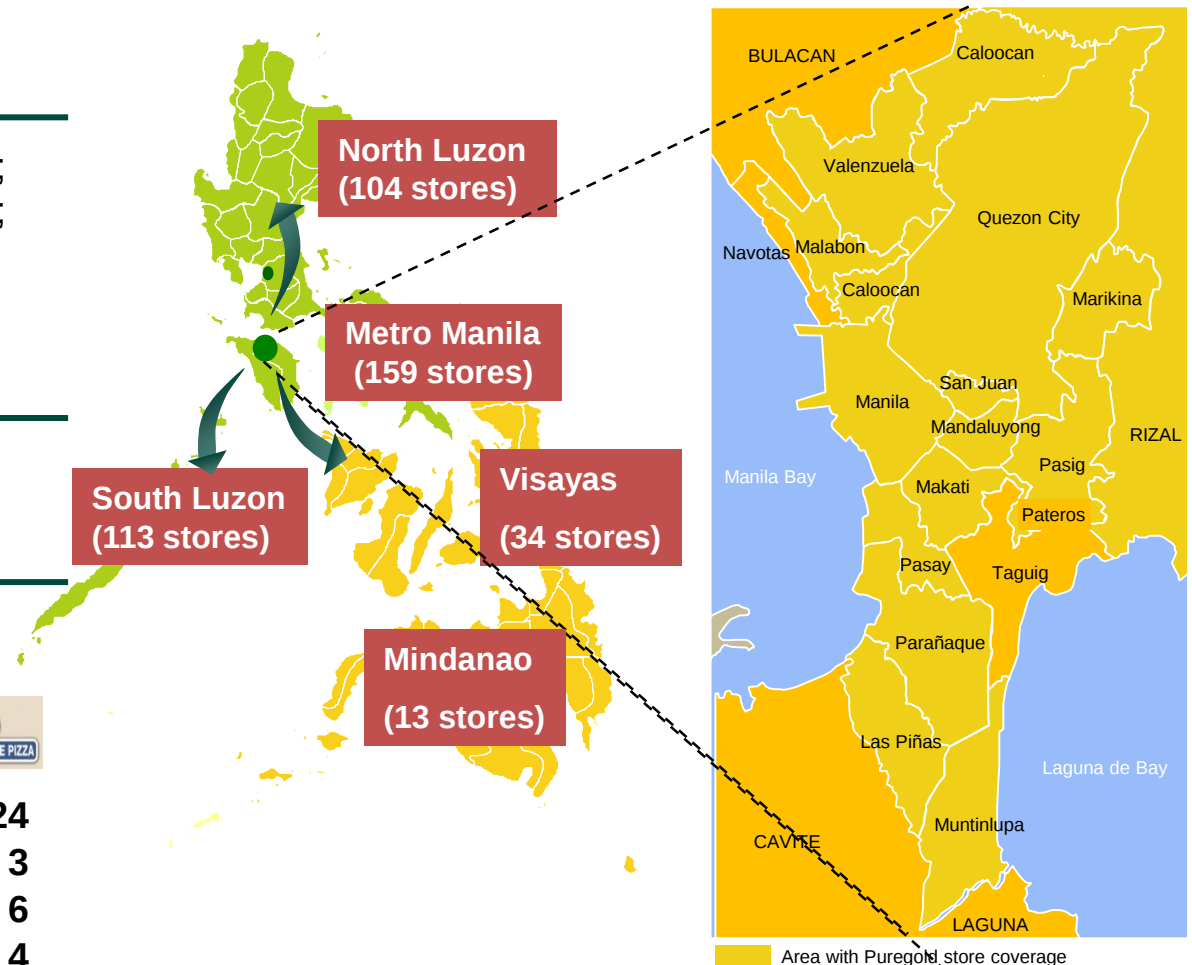
No. of stores per format

- 222 hypermarkets;
103 supermarkets;
44 extras
- 17 S&Rs
- 37 S&R QSR

Consolidated net selling area

- about 550,000 square meters

Geographic coverage

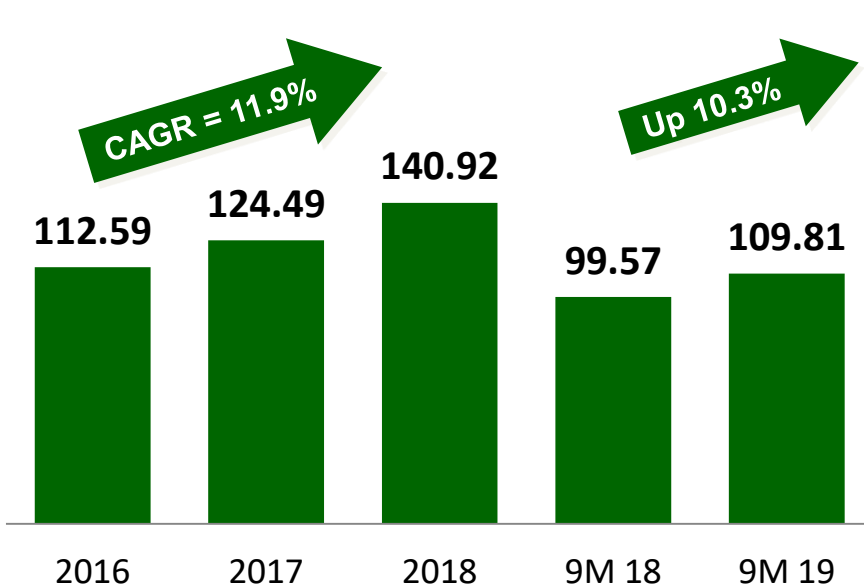


Metro Manila	128	7	24
North Luzon	98	3	3
South Luzon	104	3	6
Visayas	28	2	4
Mindanao	<u>11</u>	<u>2</u>	<u>0</u>
	<u>369</u>	<u>17</u>	<u>37</u>

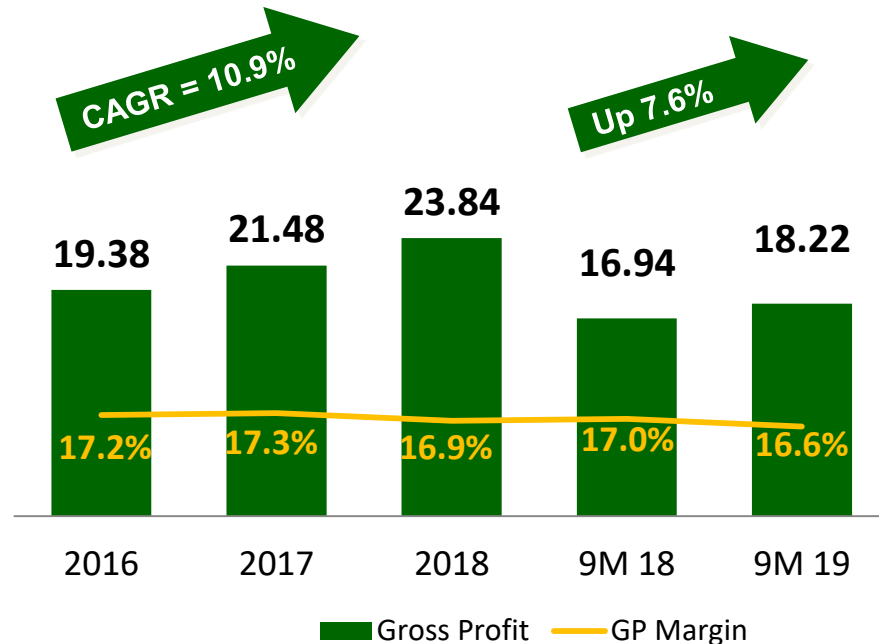
*NE Bodega and Budgetlane Stores are converted to Puregold Stores in 2018

Financial Performance – 9M 2019

Net sales (in Php billions)



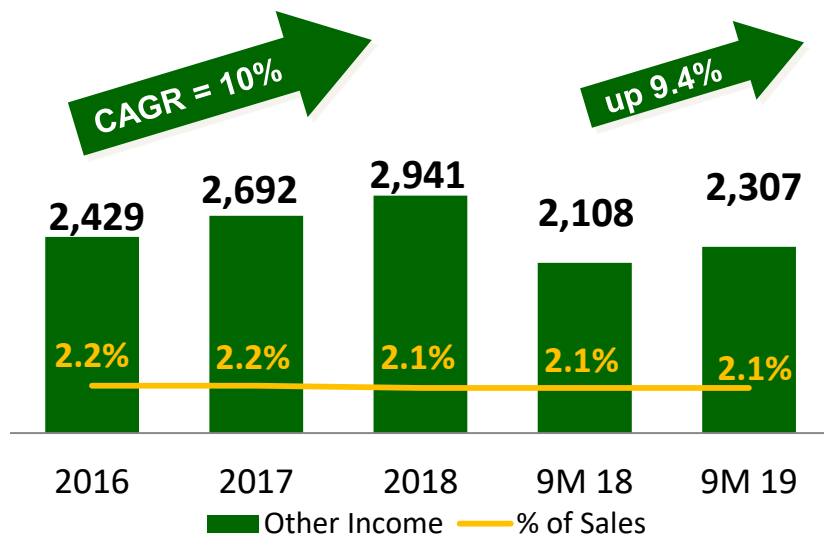
Gross profit & Margin (in PHP billions)



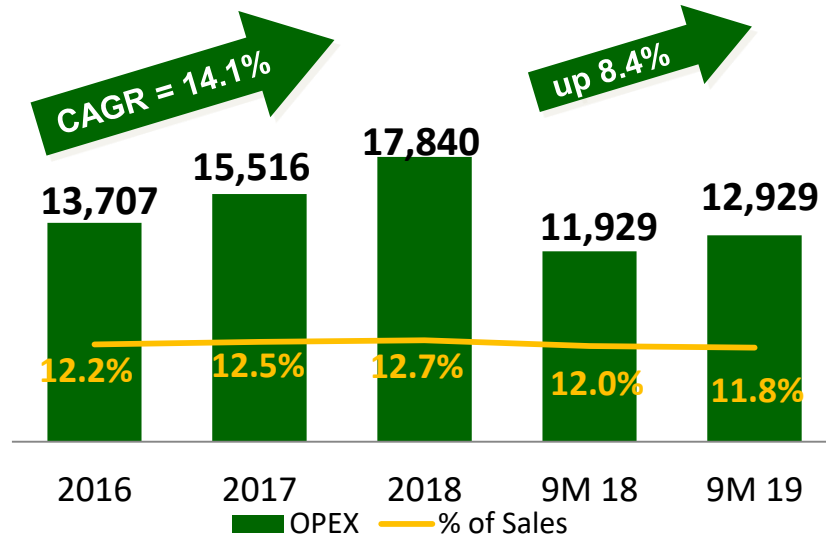
- Continuing strong revenue growth driven by the 354 Puregold stores and the 16 S&R stores in 2018
- Increasing costs of suppliers resulted to reduced marketing and promo support
- Positive effect of Tax Reform law to Filipino consumers supported continuing growth in revenues

Financial Performance – 9M 2019

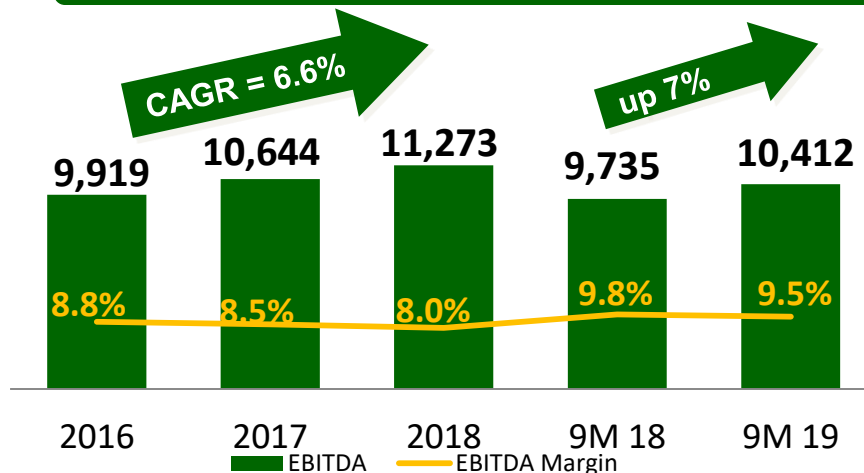
Other Operating Income (in PHP millions)



Operating Expenses (in PHP millions)

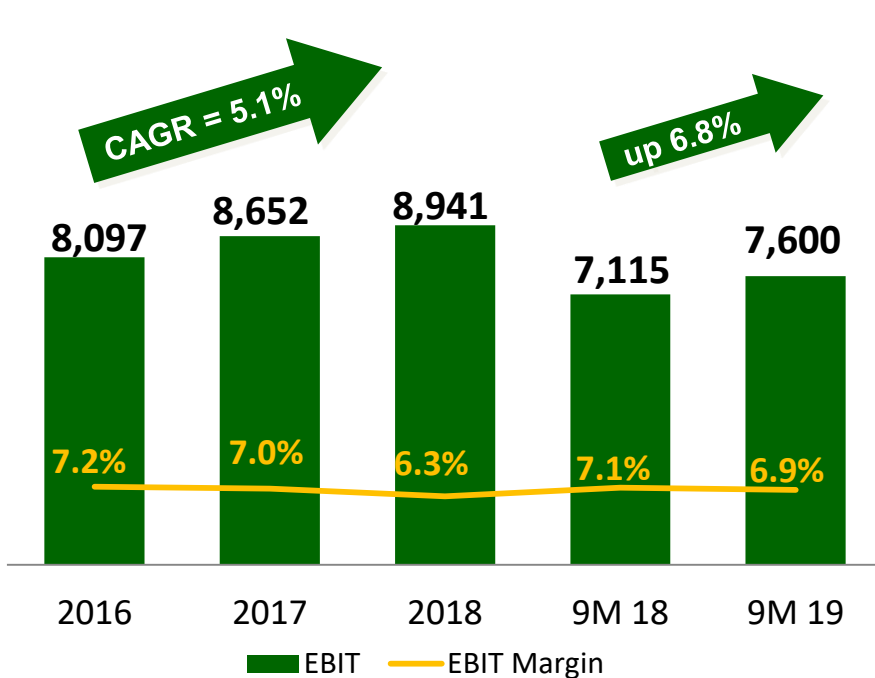


EBITDA & Margin (in Php millions)

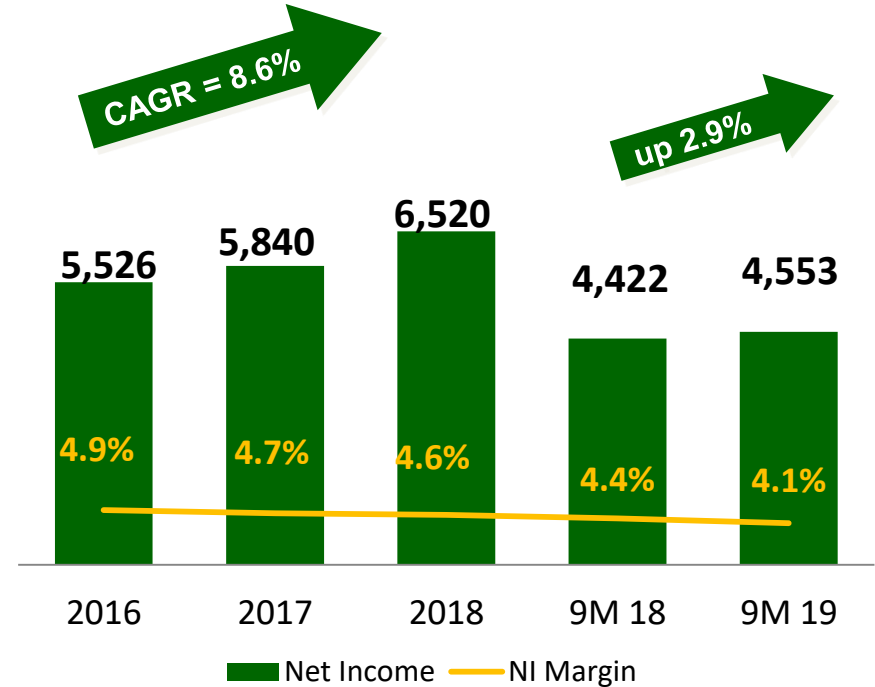


Financial Performance – 9M 2019

Operating Income/EBIT and Margins (in PHP millions)



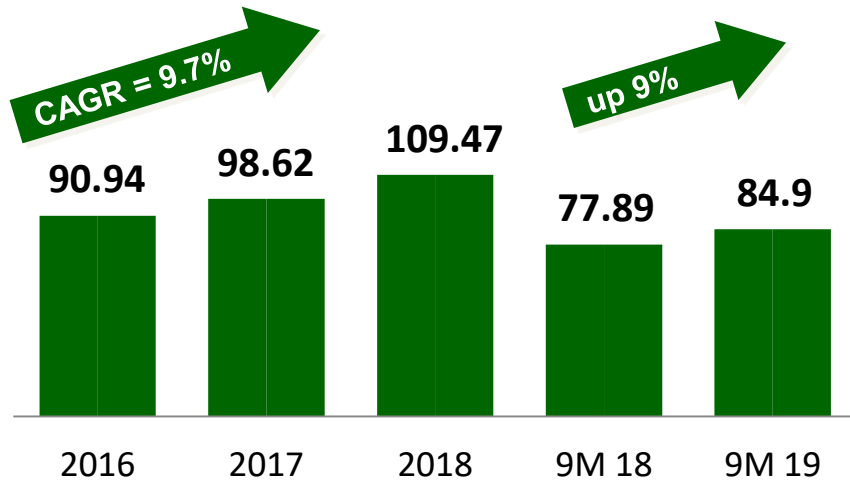
Net Income & Margins (in PHP millions)



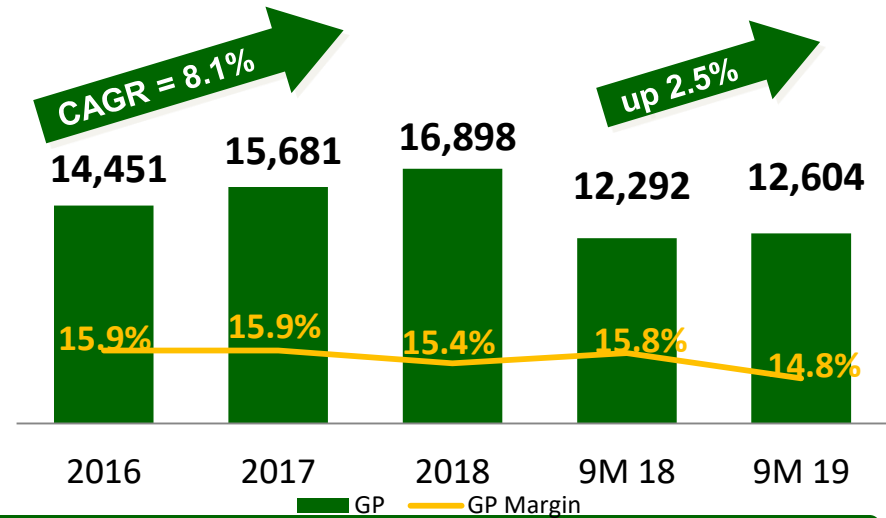
*Core Net Income (excluding one-off gain in 2018) grew by 12.1% in 9M 2019

Financial Performance – Puregold Only

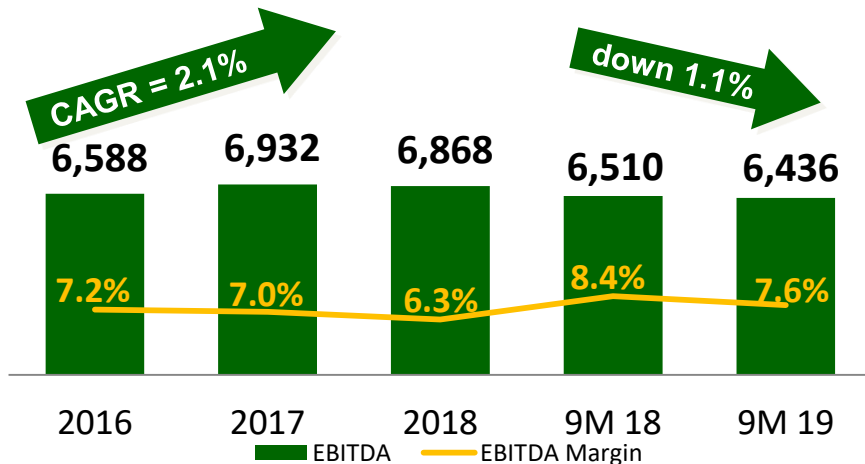
Revenues (in PHP Billions)



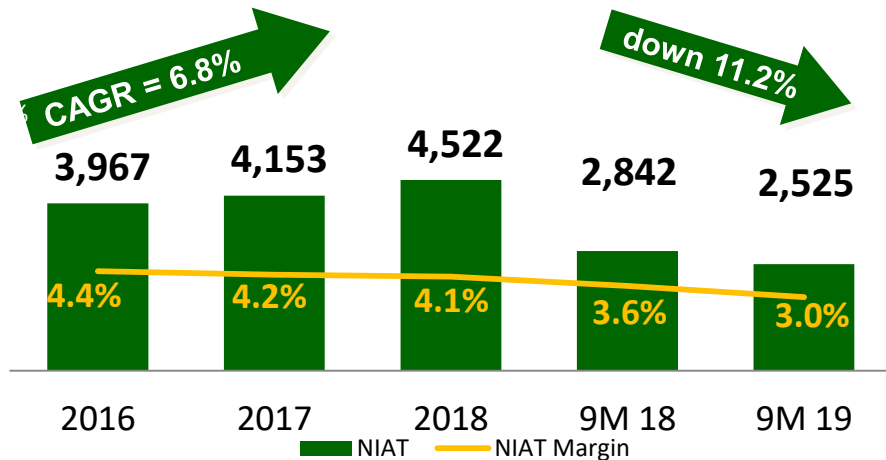
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



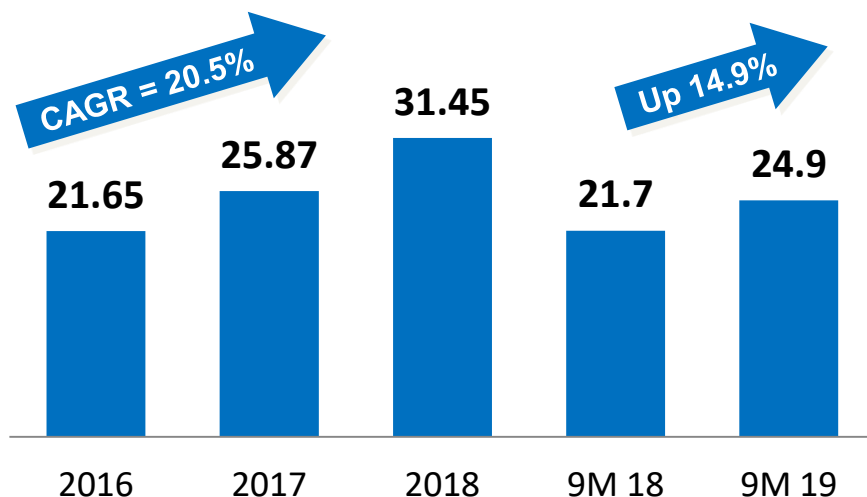
Net Profit & Margins (in PHP millions)



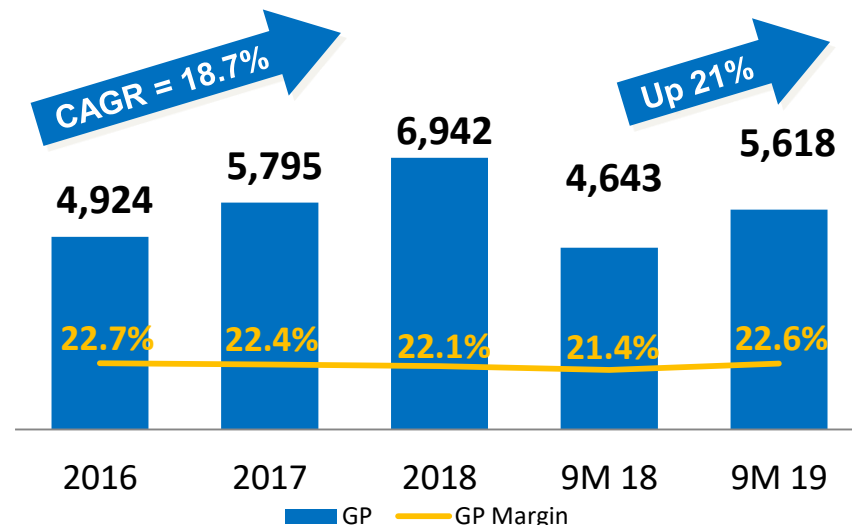
*Core Net Income (excluding one-off gain in 2018) increased by 1.8% in 9M 2019

Financial Performance – S&R Only

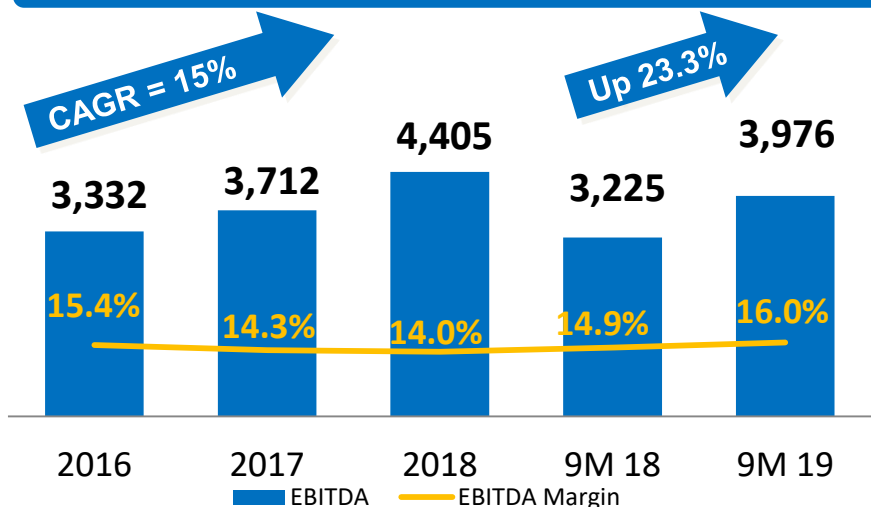
Revenues (in PHP Billions)



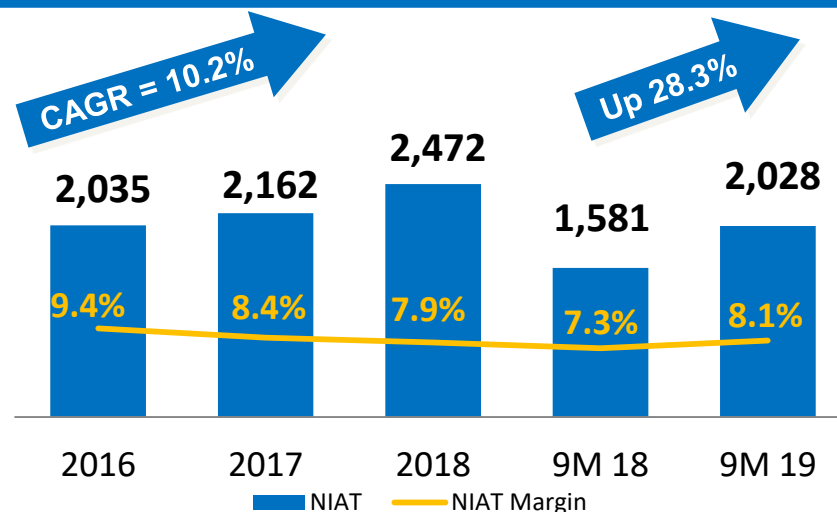
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



Net Profit & Margins (in PHP millions)



Financial Performance – 9M 2019

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

	2016	2017	2018	9M 19
Trade Receivables Days	6.0	7.0	7.6	5.1
Inventory Days	56.9	59.8	58.0	59.4
Trade Payables Days	20.9	21.7	23.9	16.3

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 (4 to 6%) and S&R (6 to 7%)
 - Opening of 25 new Puregold stores
 - Opening of 2 S&R Warehouse stores & 1 S&R QSRs
- Sustain PGOLD gross and net profit margins
- Pursue acquisitions and expand into new geographic locations

Q & A

Thank you!