



Puregold Price Club, INC.

Company Presentation
1H 2020 Results and Performance
August 2020

PUREGOLD

Disclaimer

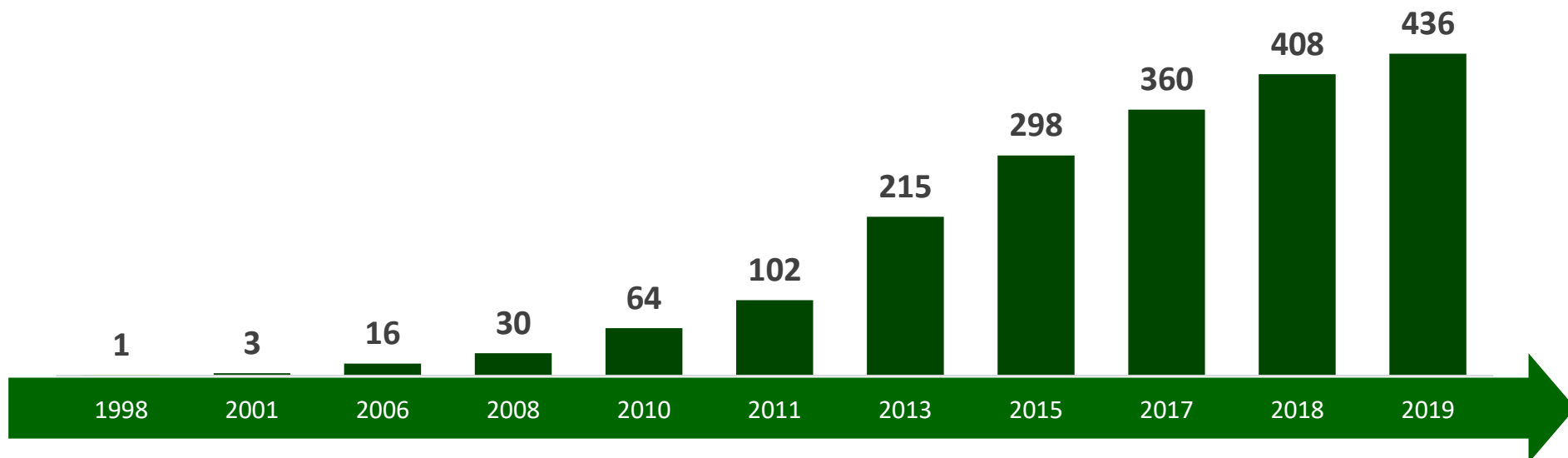


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Head Office Address

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

Store roll-out through FY 2019



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 436 stores in 21 years



Update on Puregold – 1H 2020



1H 2020 Results and Performance

- Opened 7 new PGOLD stores; 2 S&R Warehouse and 1 S&R QSR in 1H 2020; closed 2 PGOLD store
- Operating 444 stores in 1H 2020; with consolidated NSA of around 580,000 sqm
- Consolidated net sales expanded by 15.1% in 1H 2020; Puregold stores sales accounted for about 76% of consolidated net sales
- Gross profit grew by 12.3% in 1H 2020; with gross profit margin posted 16.3%
- Operating income increased by 19.2% in 1H 2020; with operating margin at 7%
- Consolidated Net income increased by 20.1% in 1H 2020; consolidated net profit margin at 4.1% PGOLD only net margin is at 2.6% while S&R net margin is 8.9%.

Operating Performance – 1H 2020

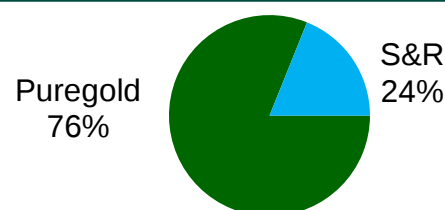


Format

Hypermarket, supermarket, extra

Membership shopping

Revenue contribution



Gross profit (PHP million) & Margin (%)

8,704 (14%)

4,675 (23.6%)

Total traffic (million)

70

4.8

Average net ticket (PHP)

883

4,416

Net sales growth (%)

11.9%

31.0%

Traffic growth (%)

-20.1%

16.5%

Average net ticket growth (%)

40.1%

12.4%

Same Store net sales growth (%)*

9.2%

12.0%

Same Store traffic growth (%)*

-23.3%

0.4%

Same Store average net ticket growth (%)*

42.4%

11.5%

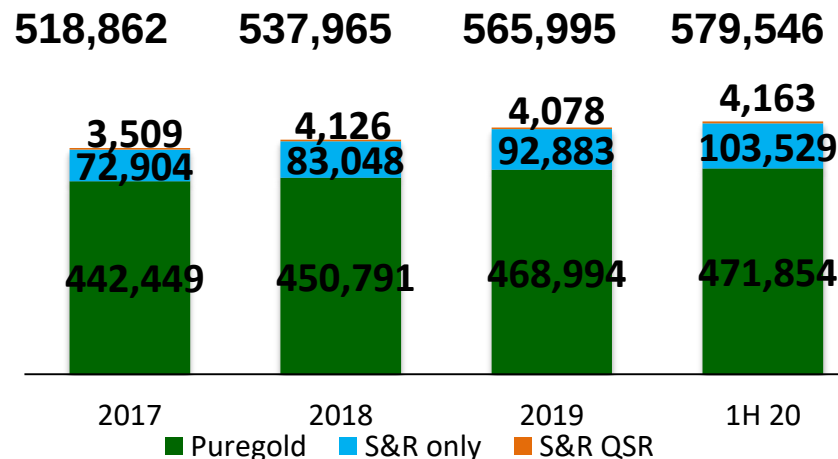
*Same Stores Growth for 2020 are based on stores opened as of end December 2018.

Operating Performance – 1H 2020

Breakdown of Stores (per format)

Group	2018	2019	1H 20
Hypermarket	208	230	232
Supermarket	104	103	102
Extra	42	47	51
S&R	16	18	20
S&R QSR	39	38	39
NE & Budgetlane	0	0	0
TOTAL	409	436	444
Puregold Only	2018	2019	1H 20
Metro Manila	125	130	133
North Luzon	93	100	101
South Luzon	101	106	108
Visayas	25	33	32
Mindanao	10	11	11
TOTAL	354	380	385

Net Selling Area of Stores (in sqm)



Traffic and Ave Ticket Size

Traffic (in M)	PGOLD	S&R
2018	178	8.2
2019	180	8.9
1H 20	70	4.8

Ave Ticket (in Php)	PGOLD	S&R
2018	612	3,959
2019	656	4,212
1H 20	883	4,416

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

Store Portfolio – 1H 2020

Key statistics 1H 2020

Total no. of stores

- 444

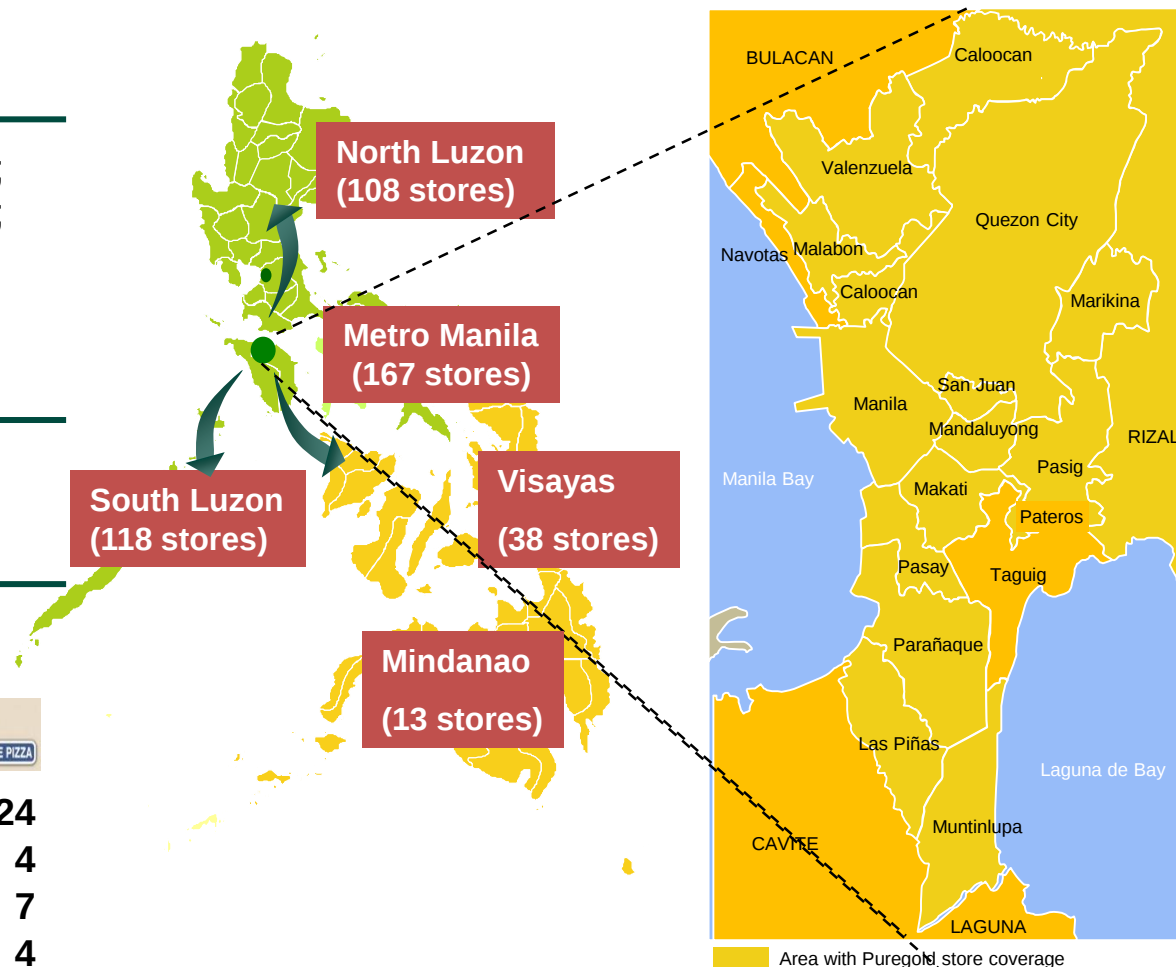
No. of stores per format

- 232 hypermarkets;
102 supermarkets;
51 extras
- 20 S&Rs
- 39 S&R QSR

Consolidated net selling area

- about 580,000 square meters

Geographic coverage

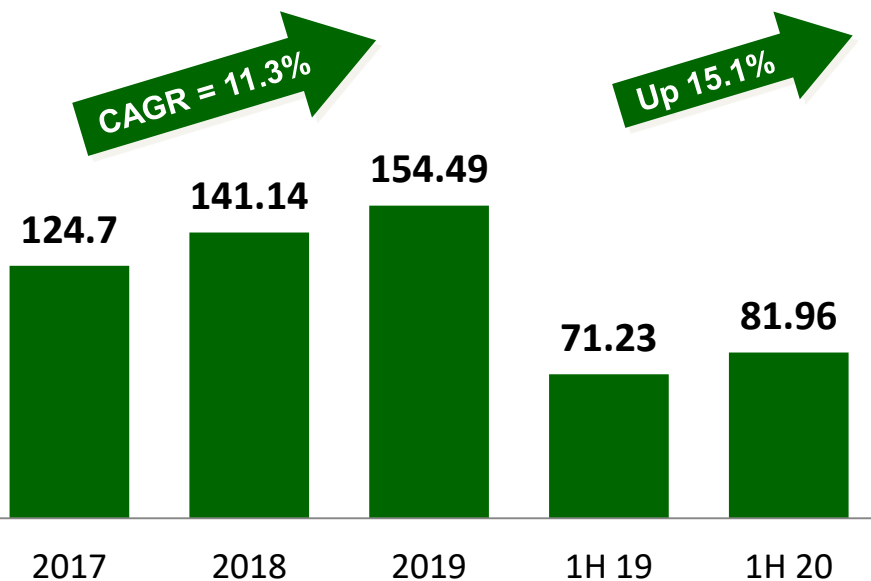


Metro Manila	133	10	24
North Luzon	101	3	4
South Luzon	108	3	7
Visayas	32	2	4
Mindanao	<u>11</u>	<u>2</u>	<u>0</u>
	<u>385</u>	<u>20</u>	<u>39</u>

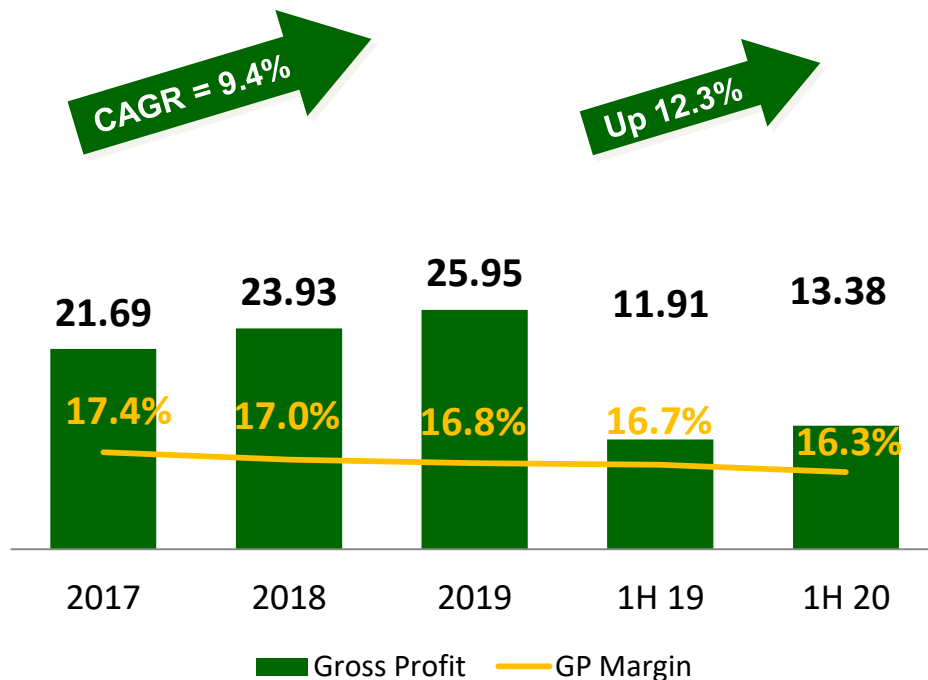
*NE Bodega and Budgetlane Stores are converted to Puregold Stores in 2018

Financial Performance – 1H 2020

Net sales (in Php billions)



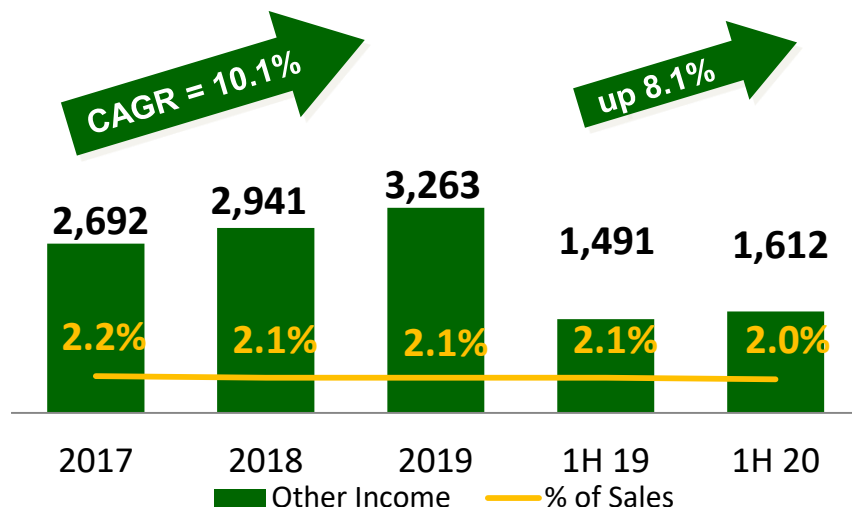
Gross profit & Margin (in PHP billions)



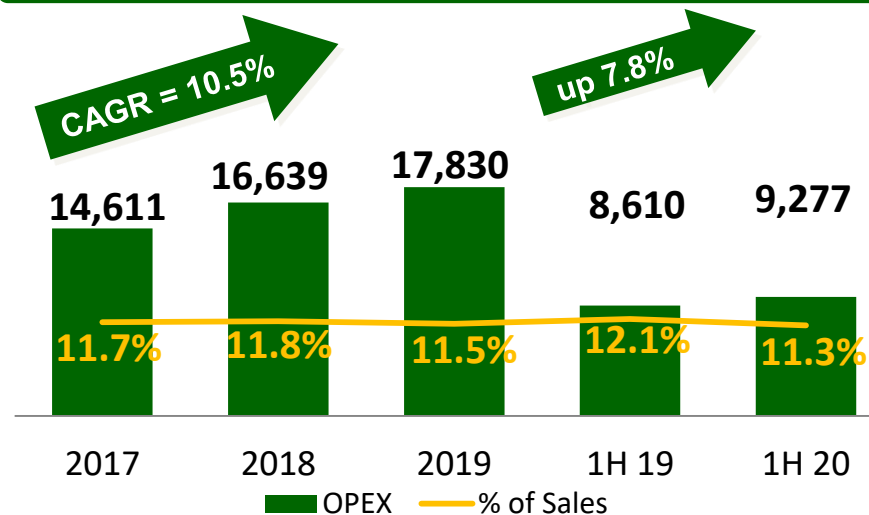
- Continuing strong revenue growth driven by the 380 Puregold stores and the 20 S&R stores in 2019
- Increasing costs of suppliers resulted to reduced marketing and promo support
- Positive effect of Tax Reform law to Filipino consumers supported continuing growth in revenues

Financial Performance – 1H 2020

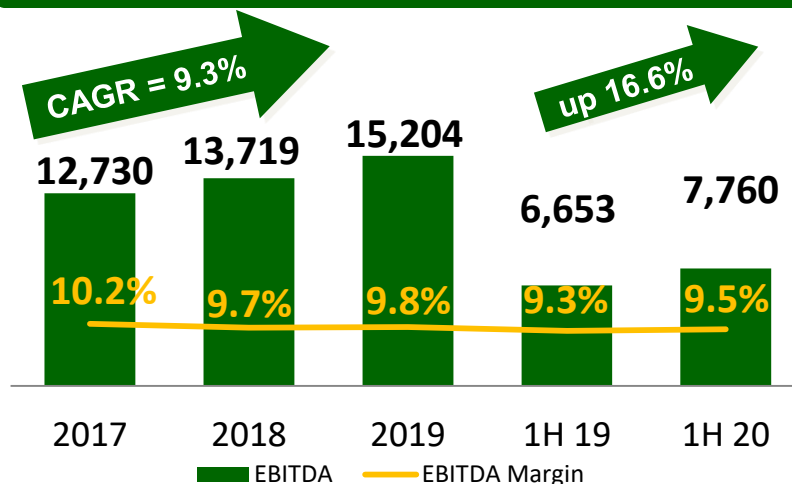
Other Operating Income (in PHP millions)



Operating Expenses (in PHP millions)

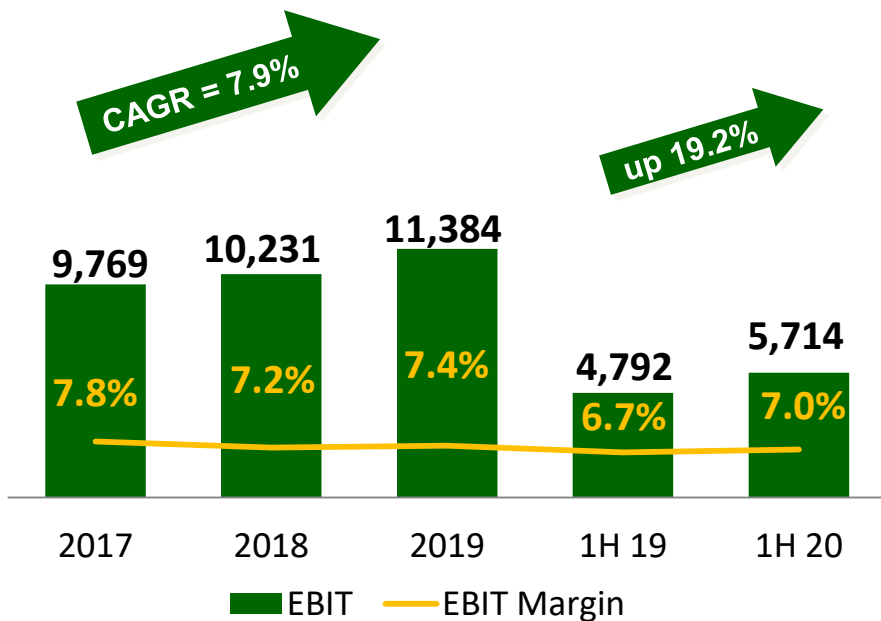


EBITDA & Margin (in Php millions)

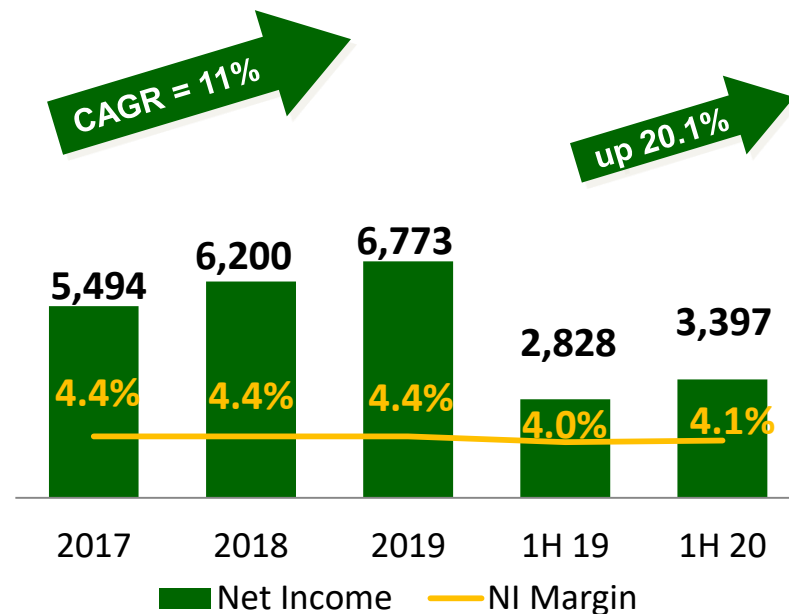


Financial Performance – 1H 2020

Operating Income/EBIT and Margins (in PHP millions)

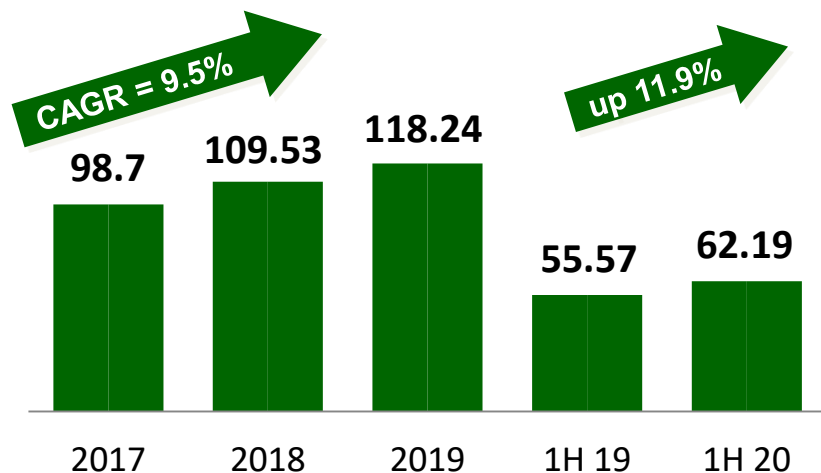


Net Income & Margins (in PHP millions)

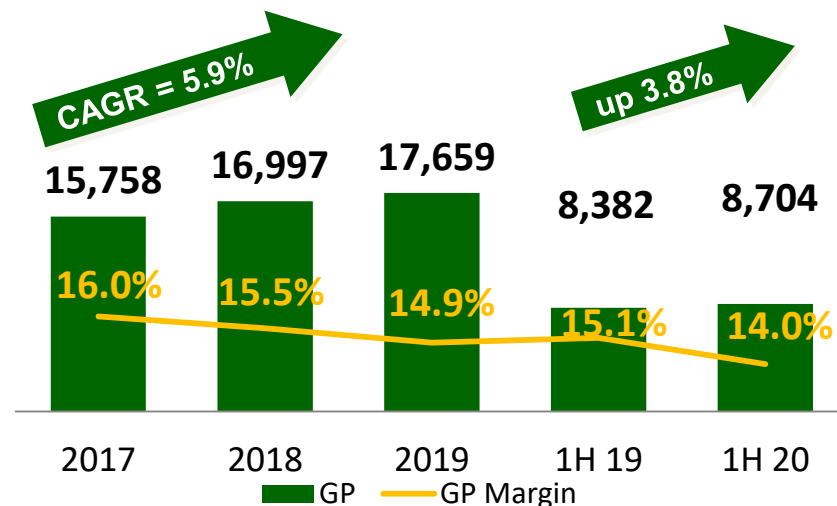


Financial Performance – Puregold Only

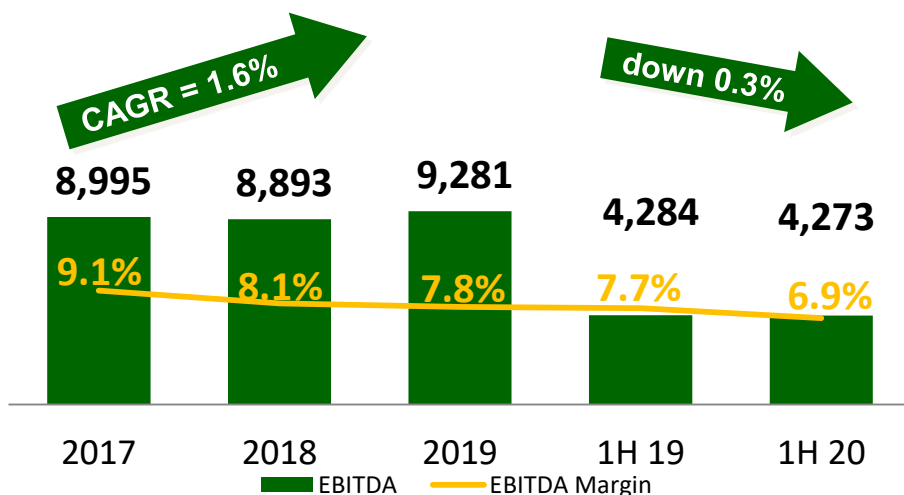
Revenues (in PHP Billions)



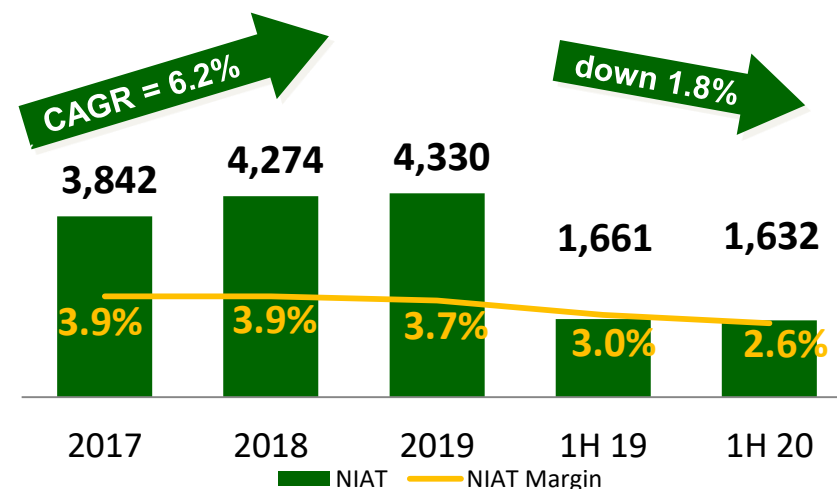
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)

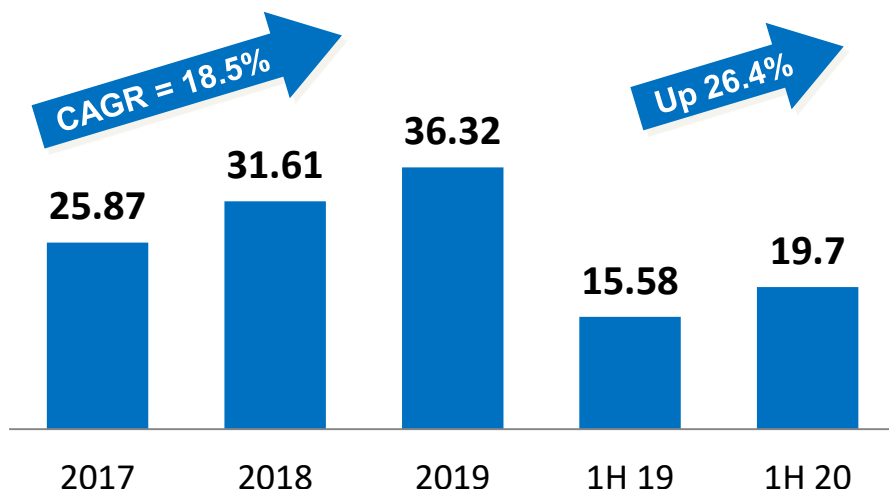


Net Profit & Margins (in PHP millions)

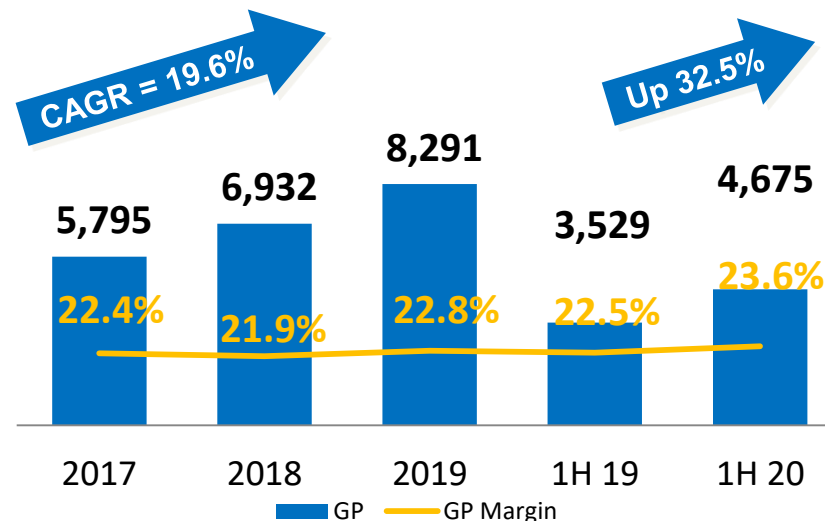


Financial Performance – S&R Only

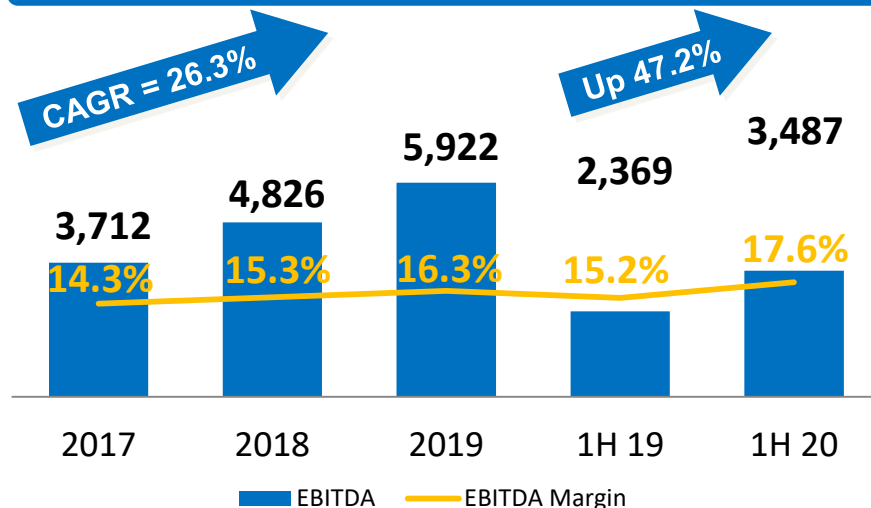
Revenues (in PHP Billions)



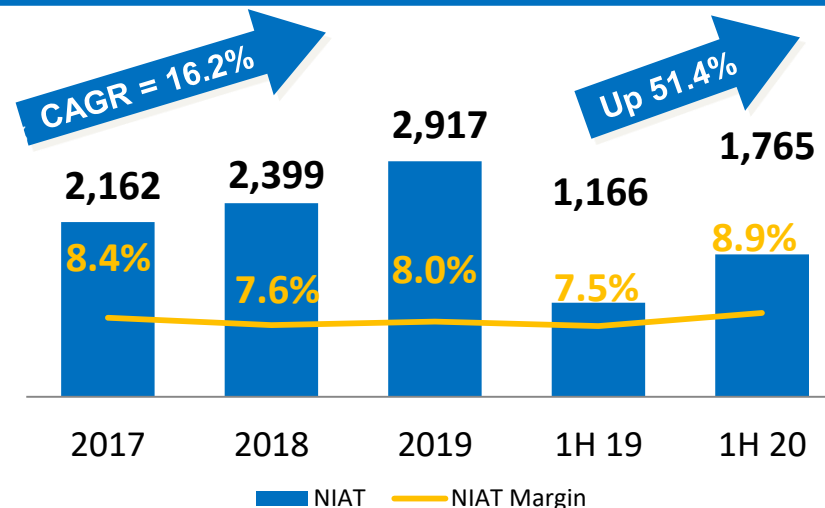
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



Net Profit & Margins (in PHP millions)



Financial Performance – 1Q 2020

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

	2018	2019	1H 20
Trade Receivables Days	7.6	6.6	3.1
Inventory Days	58.0	55.4	53.1
Trade Payables Days	23.9	22.9	18.6

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 2020

- CAPEX Budget of Php 3.4 billion in 2020
 - Php 1 billion for 25 new Puregold Stores
 - Php 1.6 billion for 2 S&R stores
 - Php 200 million for 10 S&R QSR
 - Php 600 million Maintenance Capex
- To be funded by internally generated cash and short term untapped bank credit lines if necessary.

Q & A

Thank you!