Puregold Price Club, INC.

Company Presentation

9M 2020 Results and Performance

October 2020

PUREGOLD

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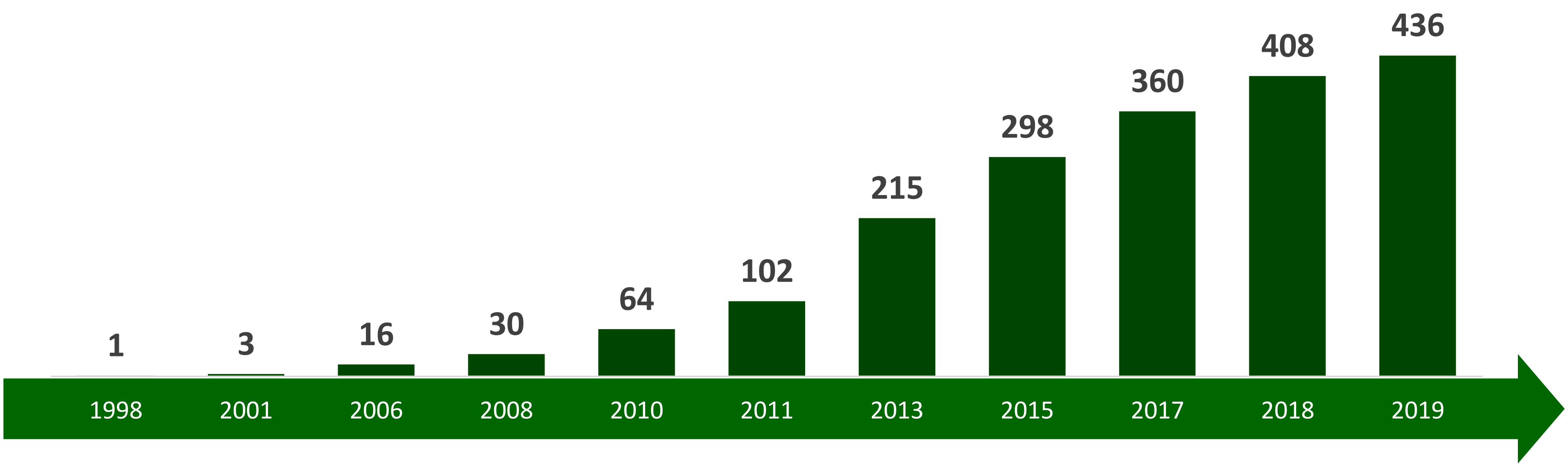
Store roll-out through FY 2019

PUREGOLD 20 Always Panalo Years



First store

- Opened in Mandaluyong City, Metro Manila

First format introduction

PUREGOLD PRICE CLUB, INC.

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

PUREGOLD SUPERMARKET Jr.

Market leadership

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

New format introduction - 2010

PUREGOLD Extra

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

S&R Membership Shopping
The world class shopping experience

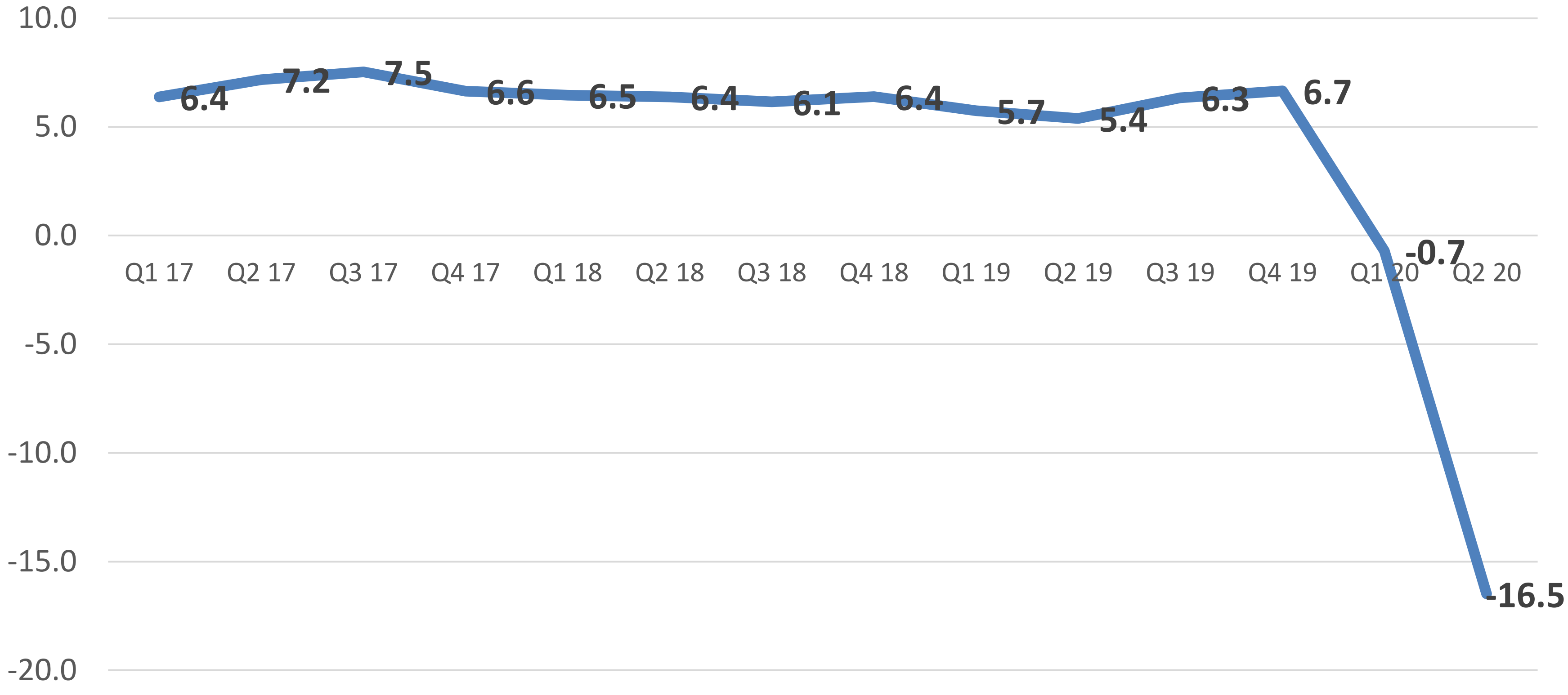
Continuing new stores roll-out via organic geographic expansion and acquisitions

- 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

Macroeconomic Updates

- PH GDP Growth Rates



- Q3 2020 GDP forecast to decline by 11.1% (HSBC)

source: PSA, NEDA, HSBC

Shopper Trends

- Decline in Frequency of store visits
  - Local government restrictions/quarantine
- Increase in spending per trip is not enough to offset big frequency drop
- Shorter browsing time per store visit
- Re-prioritization of spending
  - Focusing on essential needs
  - Health (vitamins)
  - Home-cooking
  - Sanitation
- Online Shopping and Digital Payments

Update on Sari-sari stores customers

Sari-sari stores challenged to stay afloat:

- Less capital due to lower sales
  - Needs to prioritize assortment
- Lower sales due to less foot traffic in general
  - No Work / No School
  - Limited Income of shoppers during ECQ
  - Limited operating hours
- Sourcing Issues
  - Out of stock products and no delivery/delayed delivery
  - Long lines in Supermarket
  - Imposed buying limits (anti-hoarding) by government
  - Seniors not given quarantine pass (LGU level)
- Lack of income drive more customers asking for “credit”

Puregold Enterprise

S&R

- Membership shopping model
- Catering to the upper income customers
- Class A & B and upper C segment
- Imported and large size SKUs

Puregold

- Caters to the low income and low-middle income customers
- Lower C, D and E market
- Sari sari store customers/resellers
- Popular local and small sized SKUs

4 Pillars of Growth

1. Protect our Supply Chain
   - Revised inventory targets for emerging categories, food preparation and health/sanitation
   - Increased inventory levels since most companies had supply chain disruptions during lockdown and raw materials/packaging material sourcing
   - Develop local suppliers to improve supply in provincial areas

2. Improve Logistics end-to-end
   - Strengthen and open additional cross-dock facilities for Puregold
   - Build new and bigger distribution center for S&R
   - Build additional capacity for store to shopper delivery

4 Pillars of Growth

3. New Channel Development & Digital Marketing Activities

   – Reactivate coverage of sari-sari stores
   – Opening up of new accounts
   – E-commerce investments

4. Margin Improvement

   - House Brands
   - Streamlining of current operations thru Digitization
   - Front margin pricing strategy
   - Marketing activation = more supplier support

Update on Puregold – 9M 2020

9M 2020 Results and Performance

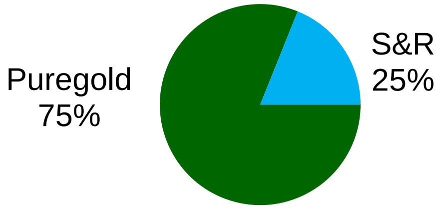
- Consolidated net sales were better than expected; grew by 10.1% in 9M 2020;
- Gross profit grew by 7.9% in 9M 2020; with gross profit margin posted 16.4%
- Operating income increased by 11.8% in 9M 2020; with operating margin at 7%
- Consolidated Net income increased by 10.9% in 9M 2020; consolidated net profit margin at 4.2% (PGOLD net margin is at 2.6% while S&R net margin is 8.8%.)

- Opened 16 new PGOLD stores; 2 S&R Warehouse and 4 S&R QSR in 9M 2020; closed 3 PGOLD store
- Operating 455 stores in 9M 2020; with consolidated NSA of around 583,000 sqm

Operating Performance – 9M 2020

Format	Hypermarket, supermarket, extra	Membership shopping

Revenue contribution



Gross profit (PHP million) & Margin (%)	**12,694 (14%)**	**7,150 (23.7%)**
Total traffic (million)	99	7.2
Average net ticket (PHP)	919	4,465
Net sales growth (%)	**4.5%**	**24.5%**
Traffic growth (%)	-25.7%	13.4%
Average net ticket growth (%)	44.3%	9.8%
Same Store net sales growth (%)*	**4.5%**	**6.4%**
Same Store traffic growth (%)*	-28.4%	-2.5%
Same Store average net ticket growth (%)*	46.1%	9.2%

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

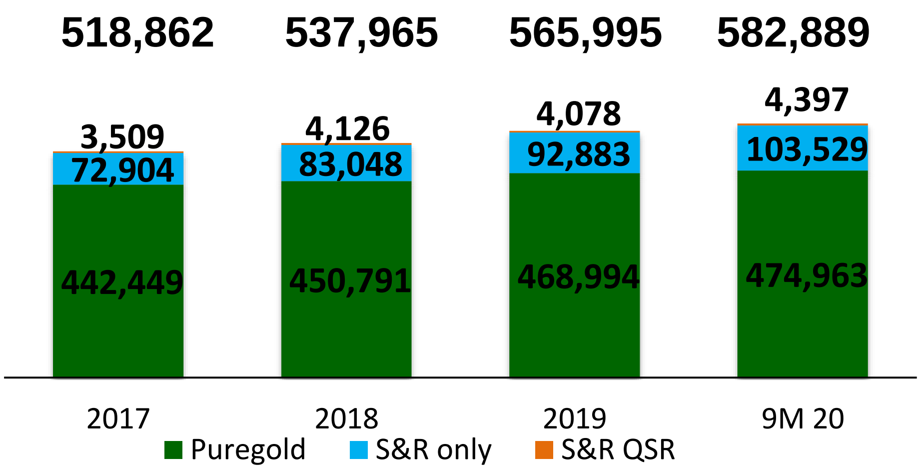
Operating Performance – 9M 2020

Breakdown of Stores (per format)

Group	2018	2019	9M 20
Hypermarket	208	230	234
Supermarket	104	103	102
Extra	42	47	57
S&R	16	18	20
S&R QSR	39	38	42
NE & Budgetlane	0	0	0
TOTAL	**409**	**436**	**455**

Puregold Only	2018	2019	9M 20
Metro Manila	125	130	136
North Luzon	93	100	104
South Luzon	101	106	110
Visayas	25	33	32
Mindanao	10	11	11
TOTAL	**354**	**380**	**393**

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
9M 20	99	7.2

Ave Ticket (in Php)	PGOLD	S&R
2018	612	3,959
2019	656	4,212
9M 20	919	4,465

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

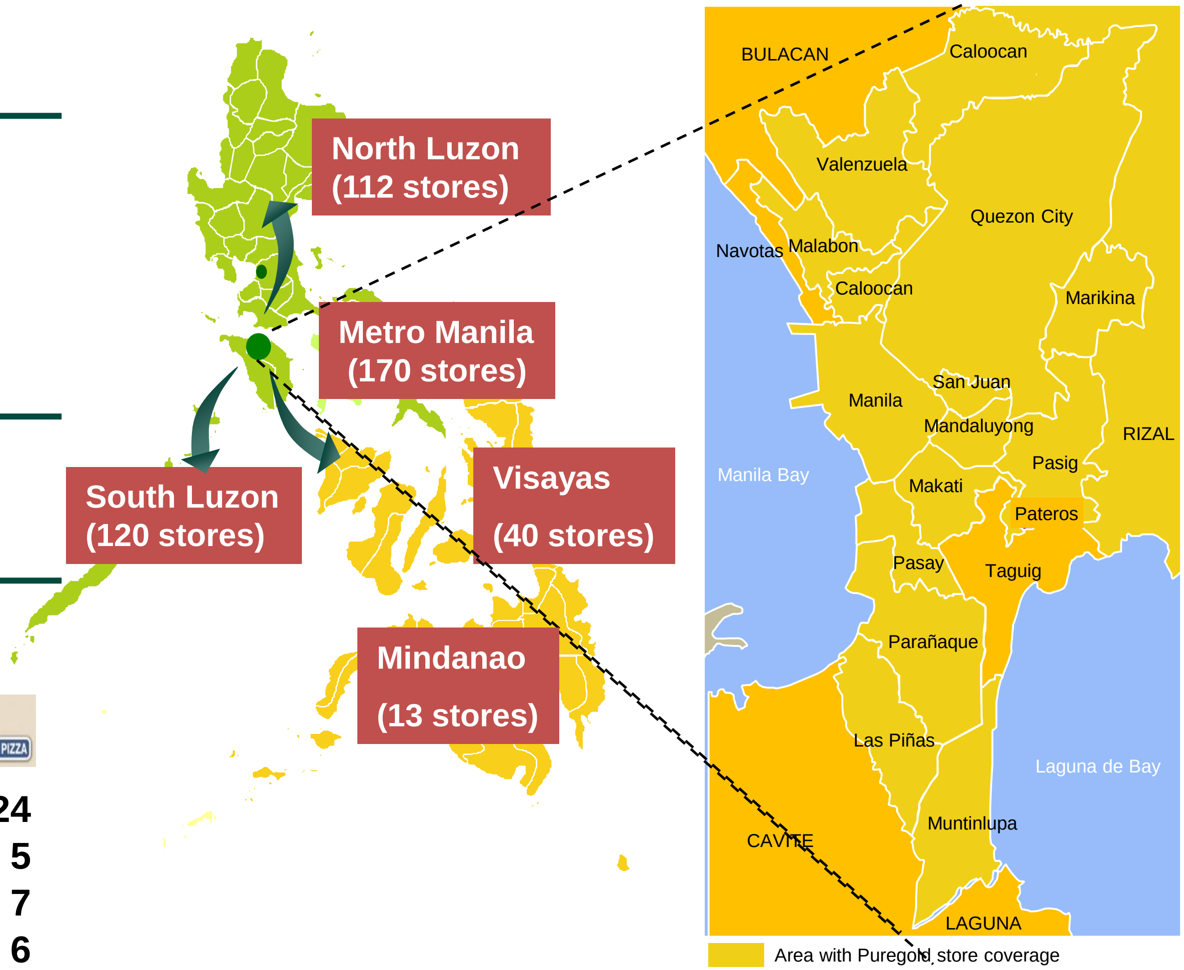
Store Portfolio – 9M 2020

Key statistics 9M 2020

Total no. of stores	• 455
No. of stores per format	• 234 hypermarkets; 102 supermarkets; 57 extras • 20 S&Rs • 42 S&R QSR
Consolidated net selling area	• about 583,000 square meters

	PUREGOLD	S&R	S&R NEW YORK STYLE PIZZA
Metro Manila	**136**	**10**	**24**
North Luzon	**104**	**3**	**5**
South Luzon	**110**	**3**	**7**
Visayas	**32**	**2**	**6**
Mindanao	**11**	**2**	**0**
	393	**20**	**42**

Geographic coverage



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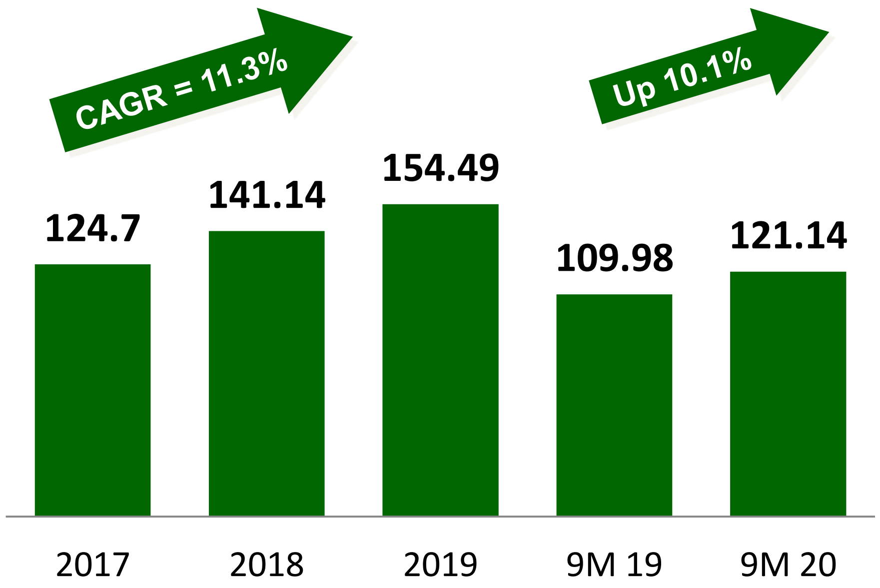
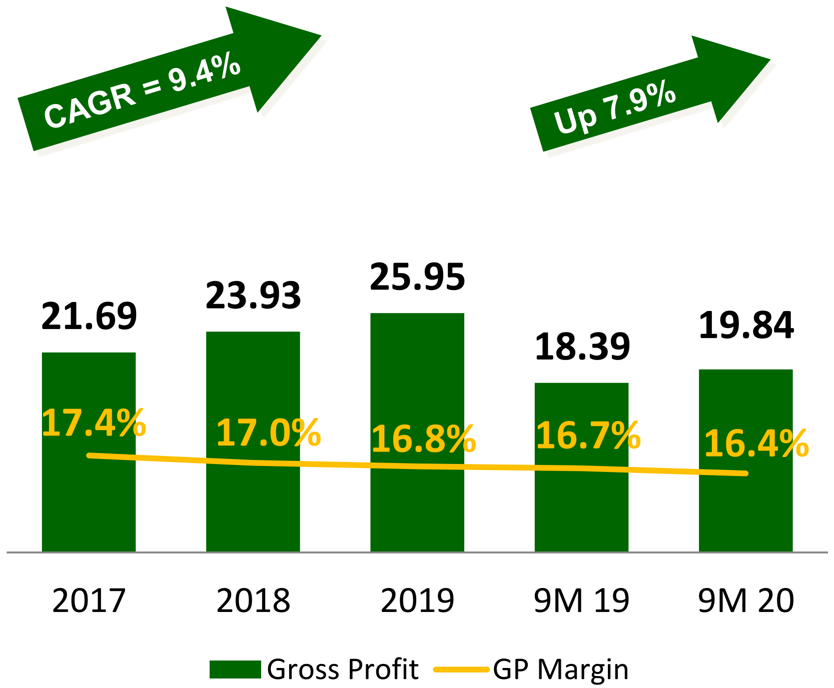
Financial Performance – 9M 2020

Net sales (in Php billions)



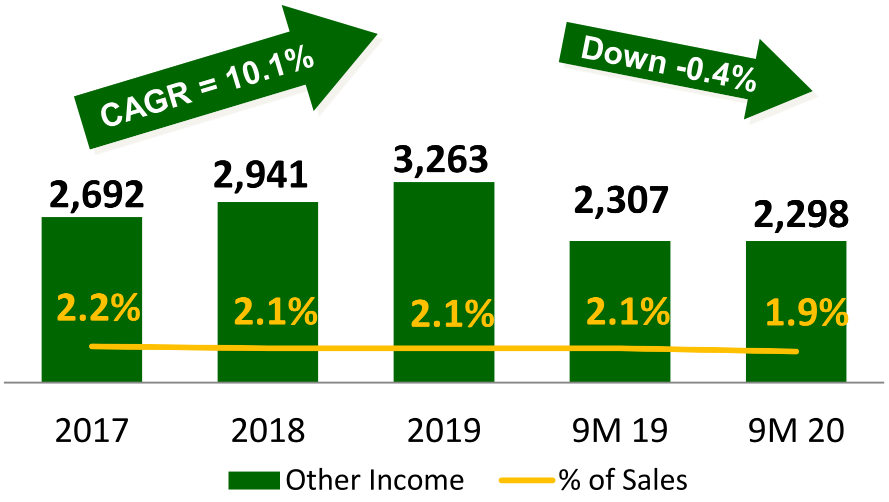
Gross profit & Margin (in PHP billions)



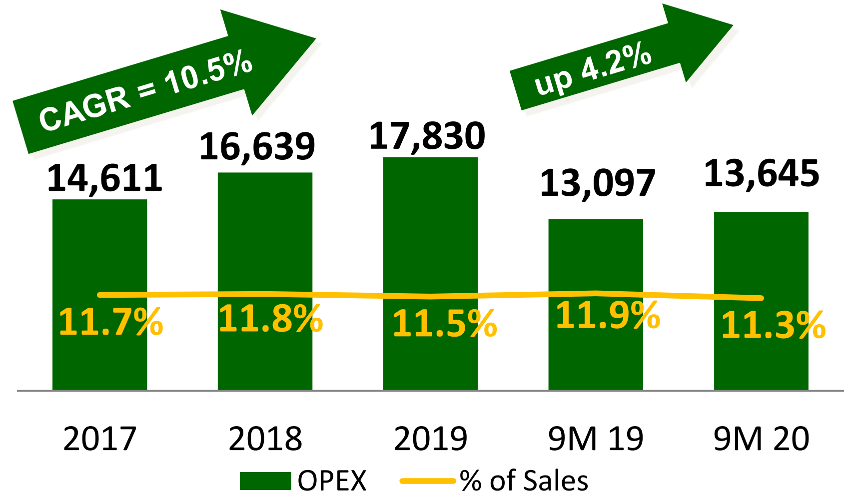
- Continuing strong revenue growth driven by the 380 Puregold stores and the 20 S&R stores in 2019
- Increasing costs of suppliers resulted to reduced marketing and promo support
- Positive effect of Tax Reform law to Filipino consumers supported continuing growth in revenues

Financial Performance – 9M 2020

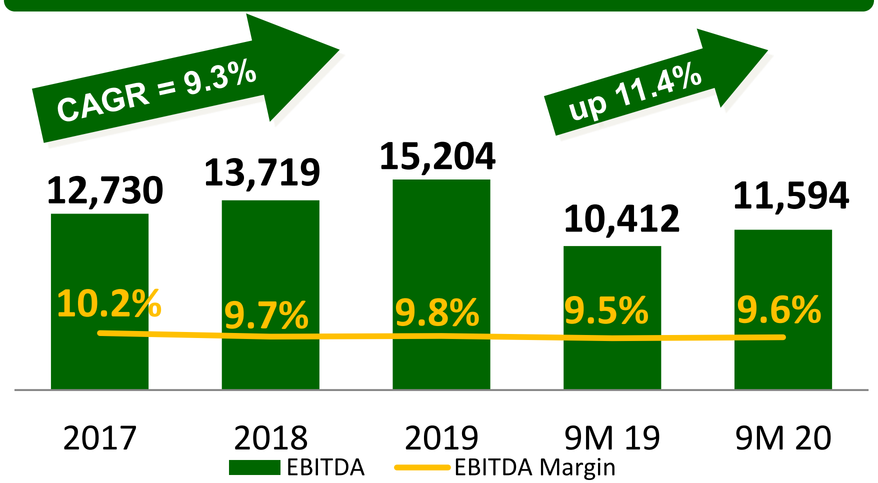
Other Operating Income (in PHP millions)



Operating Expenses (in PHP millions)

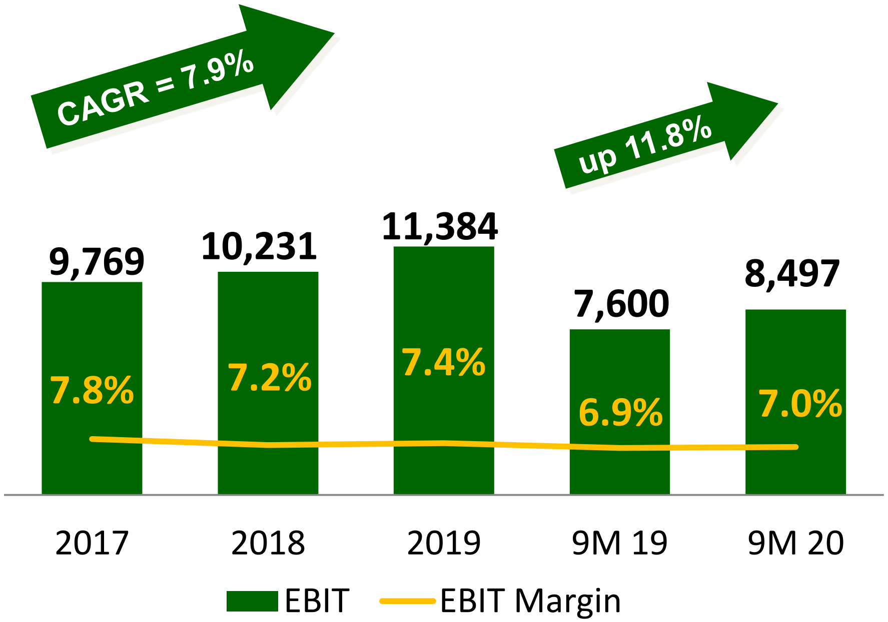


EBITDA & Margin (in Php millions)

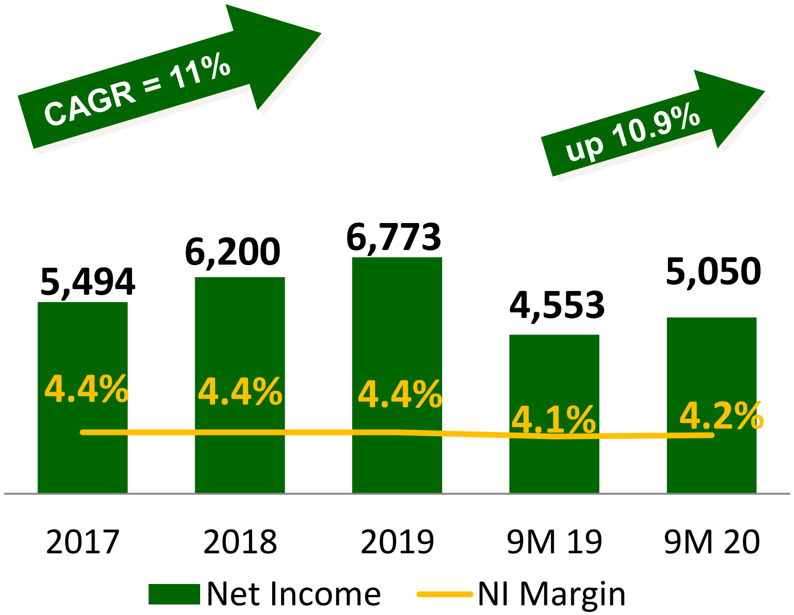


Financial Performance – 9M 2020

Operating Income/EBIT and Margins (in PHP millions)

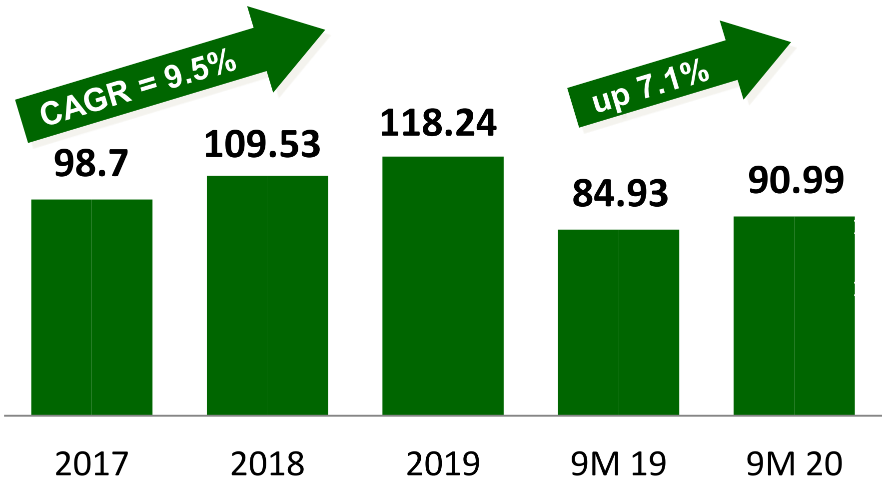


Net Income & Margins (in PHP millions)

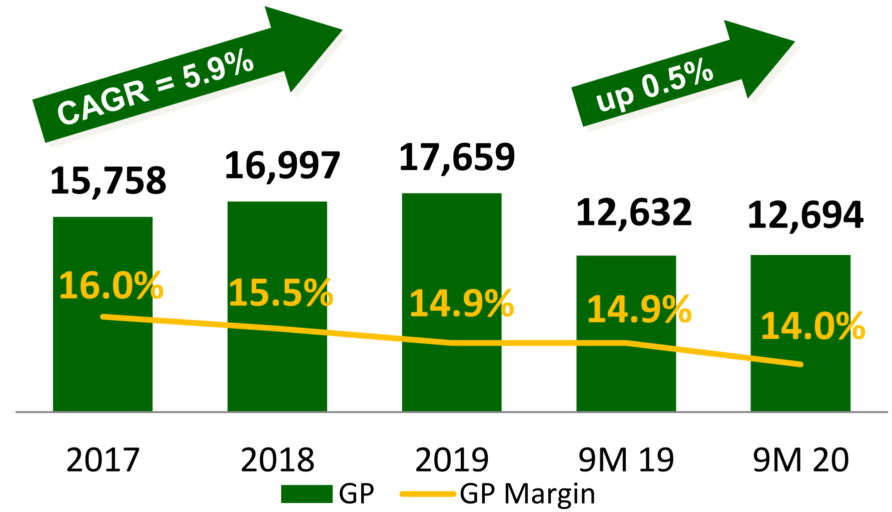


Financial Performance – Puregold Only

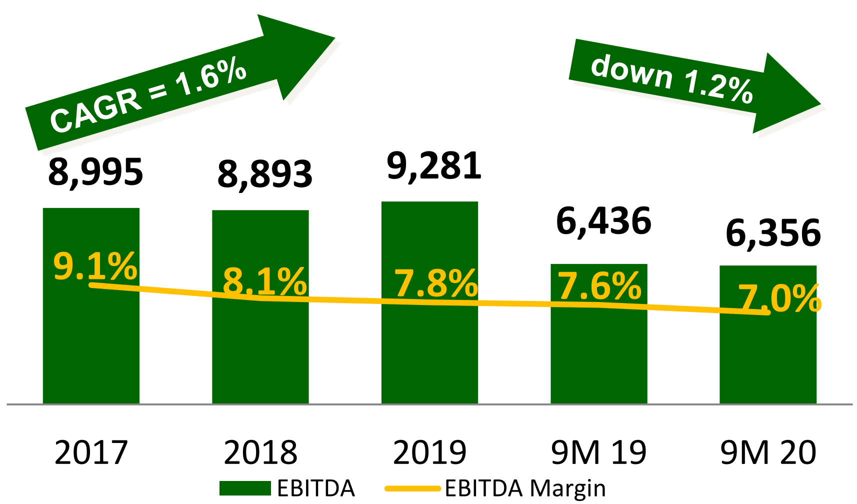
Revenues (in PHP Billions)



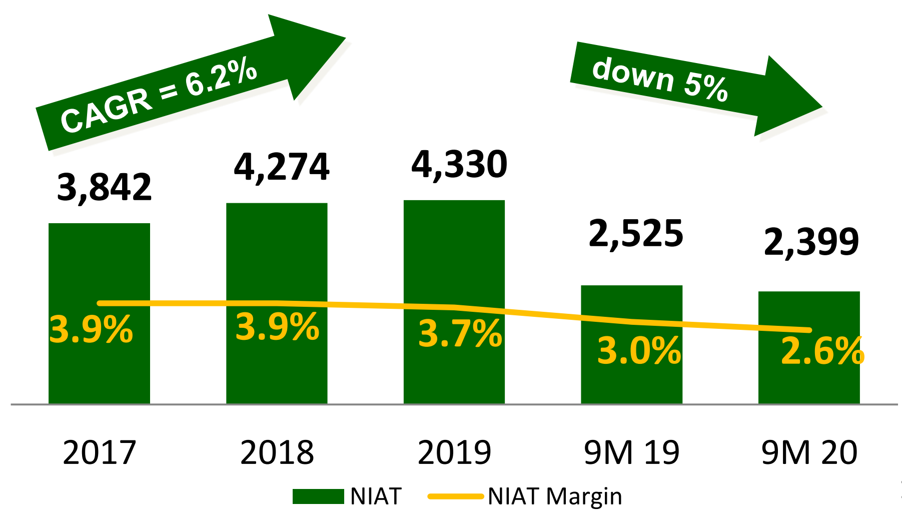
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)

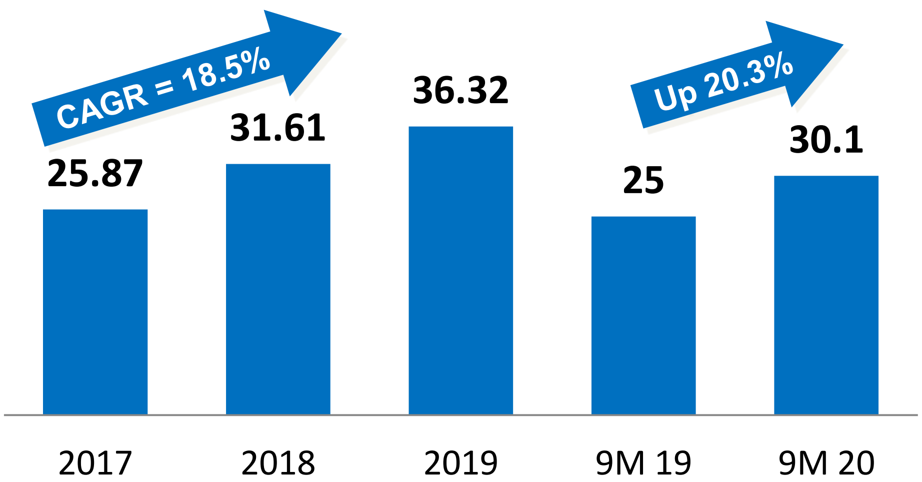


Net Profit & Margins (in PHP millions)

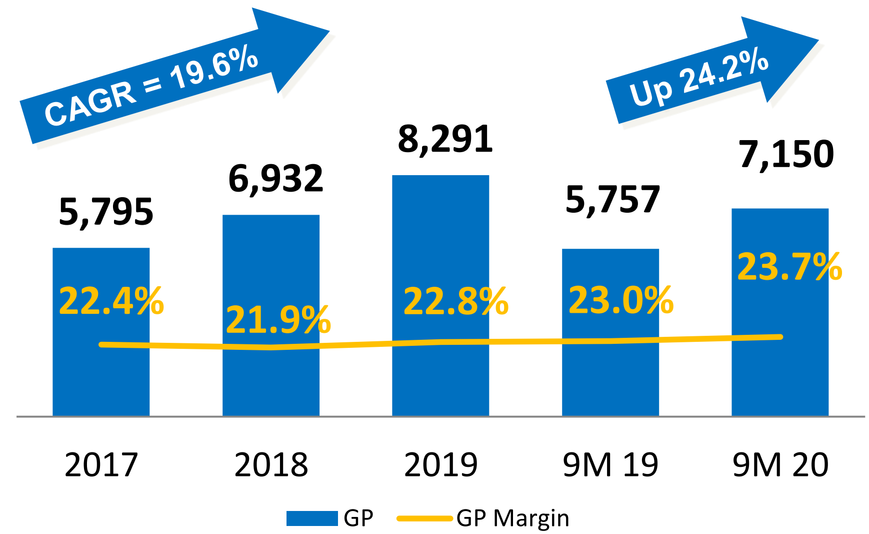


Financial Performance – S&R Only

Revenues (in PHP Billions)



Gross Profit & Margins (in PHP millions)



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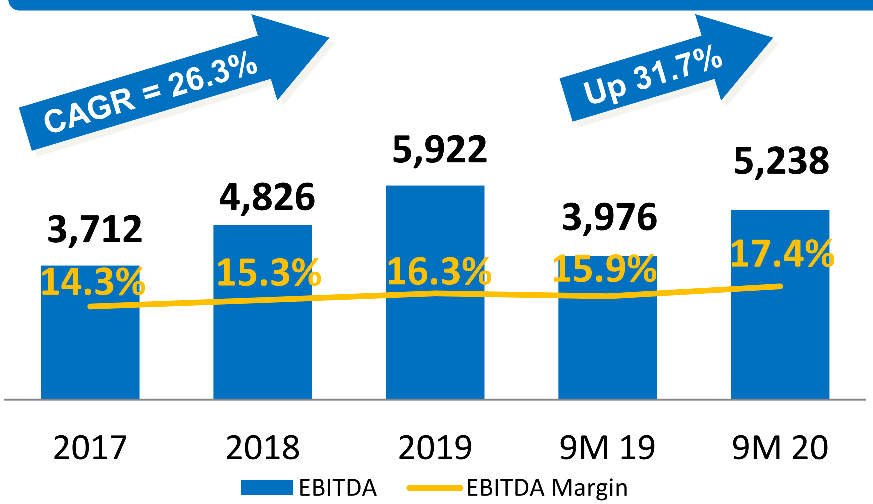
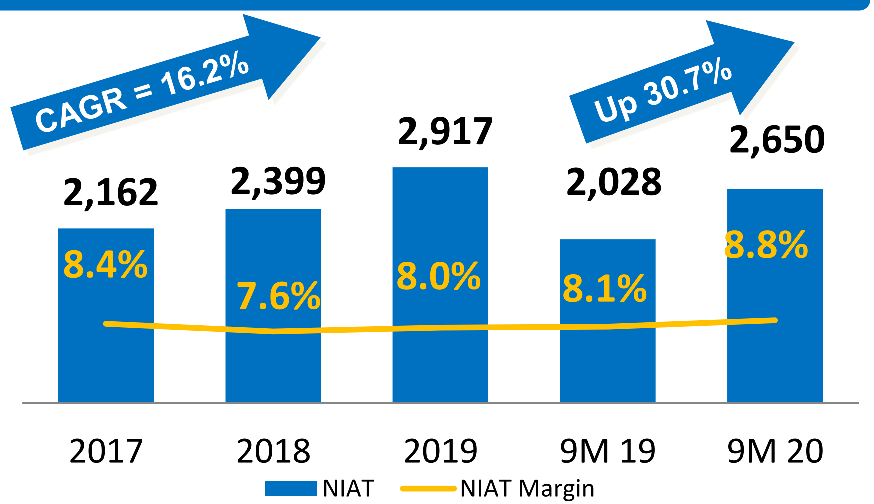


Net Profit & Margins (in PHP millions)



Financial Performance – 9M 2020

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

	2018	2019	9M 20	
Trade Receivables Days	7.6	6.6	2.9	
Inventory Days	58.0	55.4	57.0	New Puregold Store roll out and new S&R Stores to be opened in 2019
Trade Payables Days	23.9	22.9	15.8	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)

Guidance for 2020

- Consolidated net sales target to grow between 4 to 5% in 2020
  – Opening of 25 new Puregold stores
  – Opening of 2 S&R Warehouse stores

- Improve PGOLD gross and net profit margins versus 9M 2020
- Sustain S&R gross profit margins versus 9M 2020

- Pursue acquisitions and expand into new geographic locations

Use of Proceeds: Php 12 Billion

1.	M&A Opportunities	Php 5 billion
2.	Increase Inventory Supply by 1.5 to 2 weeks	Php 4.5 billion
3.	Investments in Logistics (DC and Cross Dock)	Php 2 billion
4.	S&R Solar Projects for 8 warehouse clubs	Php 200 million
5.	S&R Store Renovations	Php 300 million

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

Q & A

Thank you!