



Puregold Price Club, INC.

Company Presentation
1H 2021 Results and Performance
August 2021



PUREGOLD

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Puregold Enterprise



S&R

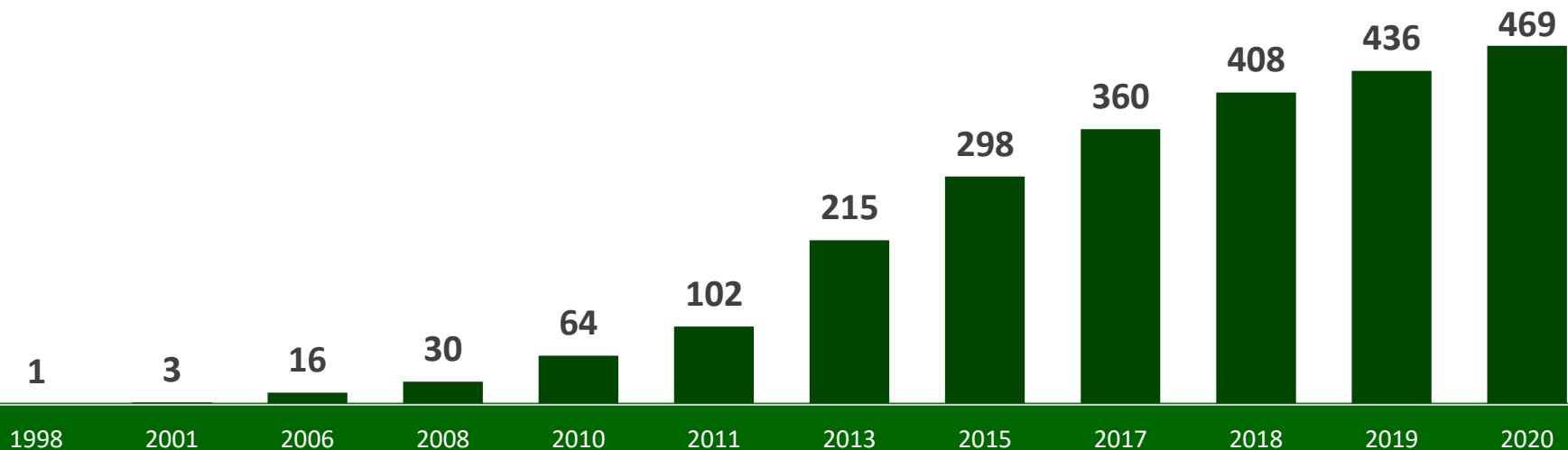
- Membership shopping model
- Catering to the upper income customers
- Class A & B and upper C segment
- Imported and large size SKUs



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

Store roll-out through FY 2020



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 469 stores in 22 years

5 Pillars of Growth in 2021

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

5 Pillars of Growth in 2021

3. New Channel Development & 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 improved processes and digitization
- Smart pricing strategy
- Increased marketing activation and joint business plans = more supplier support

5. Store Expansion

- 30 to 40 new Puregold stores
- 2 S&R Warehouse Clubs



Update on Puregold – 1H 2021



1H 2021 Results and Performance

- Consolidated net sales is lower by 7.1% in 1H 2021;
- Gross profit grew by 6.7% in 1H 2021; with gross profit margin improving to 18.7%
- Operating income increased by 7.5% in 1H 2021; with operating margin at 8.1%
- Consolidated Net income increased by 17.3% in 1H 2021; consolidated net profit margin at 5.2% (PGOLD net margin is at 3.7% while S&R net margin is 9.2%.)
- Opened 15 new PGOLD stores 1H 2021;
- Operating 484 stores in 1H 2021; with consolidated NSA of around 599,000 sqm

Operating Performance – 1H 2021



Format	Hypermarket, supermarket, extra	Membership shopping
Revenue contribution	Puregold 72% S&R 28%	
Gross profit (PHP million) & Margin (%)	9,072 (16.5%)	5,206 (24.6%)
Total traffic (million)	53.8	5.1
Average net ticket (PHP)	1,023	4,492
Net sales growth (%)	-11.5%	7.2%
Traffic growth (%)	-23.6%	5.4%
Average net ticket growth (%)	15.8%	1.7%
Same Store net sales growth (%)*	-13.8%	6.5%
Same Store traffic growth (%)*	-26.4%	4.4%
Same Store average net ticket growth (%)*	17.1%	2.1%

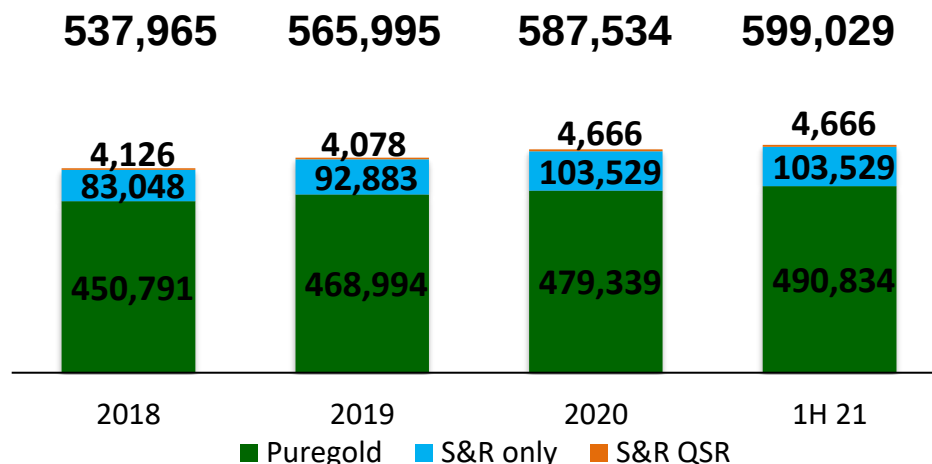
*Same Stores Growth for 2021 are based on stores opened as of end December 2019.

Operating Performance – 1H 2021

Breakdown of Stores (per format)

Group	2018	2019	2020	1H 21
Hypermarket	208	230	244	256
Supermarket	104	103	100	100
Extra	42	47	59	62
S&R	16	18	20	20
S&R QSR	39	38	46	46
NE & Budgetlane	0	0	0	0
TOTAL	409	436	469	484
Puregold Only	2018	2019	2020	1H 21
Metro Manila	125	130	137	138
North Luzon	93	100	107	113
South Luzon	101	106	113	117
Visayas	25	33	35	37
Mindanao	10	11	11	13
TOTAL	354	380	403	418

Net Selling Area of Stores (in sqm)



Traffic and Ave Ticket Size

Traffic (in M)	PGOLD	S&R
2019	180	8.9
2020	128	10.2
1H 21	53.8	5.1

Ave Ticket (in Php)	PGOLD	S&R
2019	656	4,212
2020	969	4,667
1H 21	1,023	4,492

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

Store Portfolio – 1H 2021

Key statistics 1H 2021

Total no. of stores

- 484

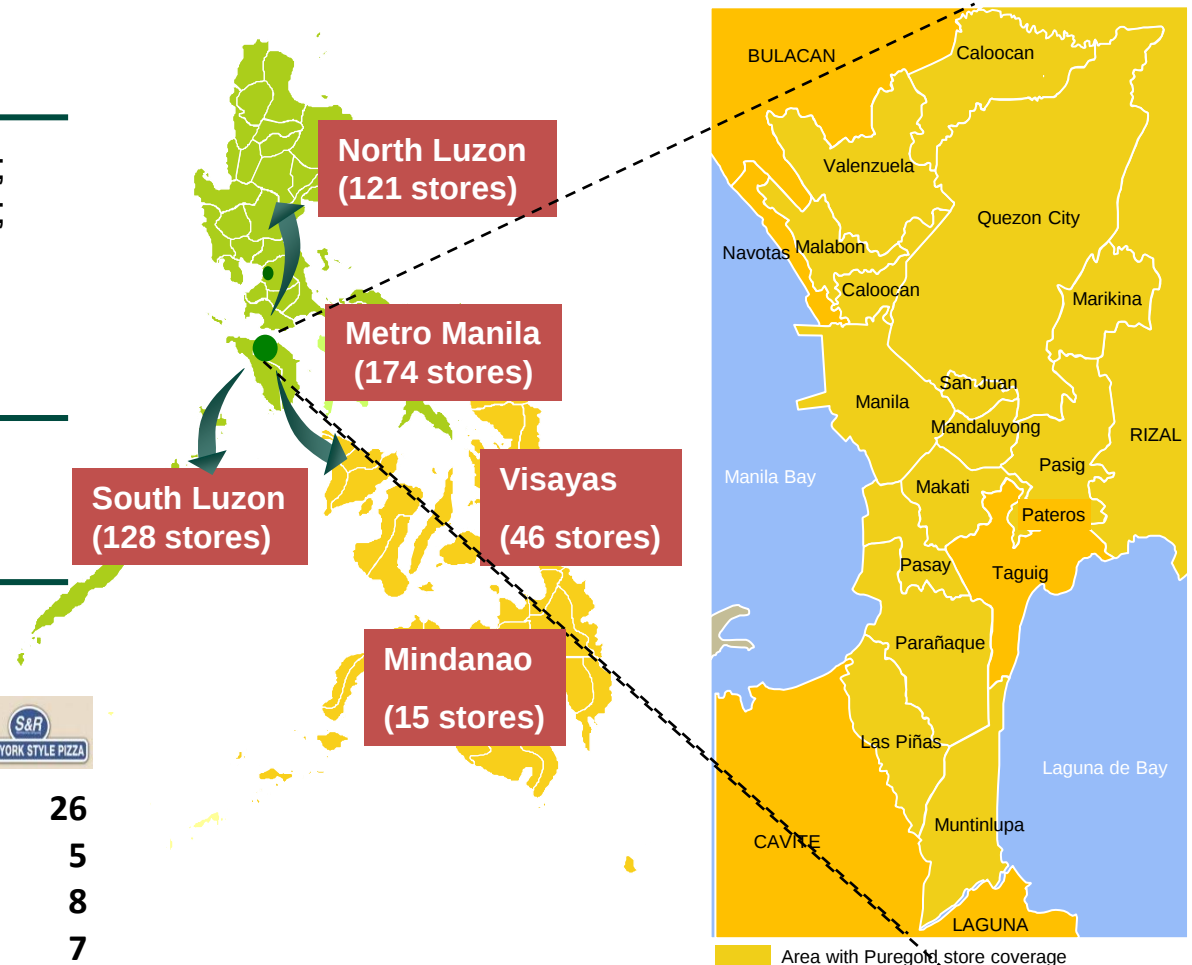
No. of stores per format

- 256 hypermarkets;
100 supermarkets;
62 extras
- 20 S&Rs
- 46 S&R QSR

Consolidated net selling area

- about 599,000 square meters

Geographic coverage

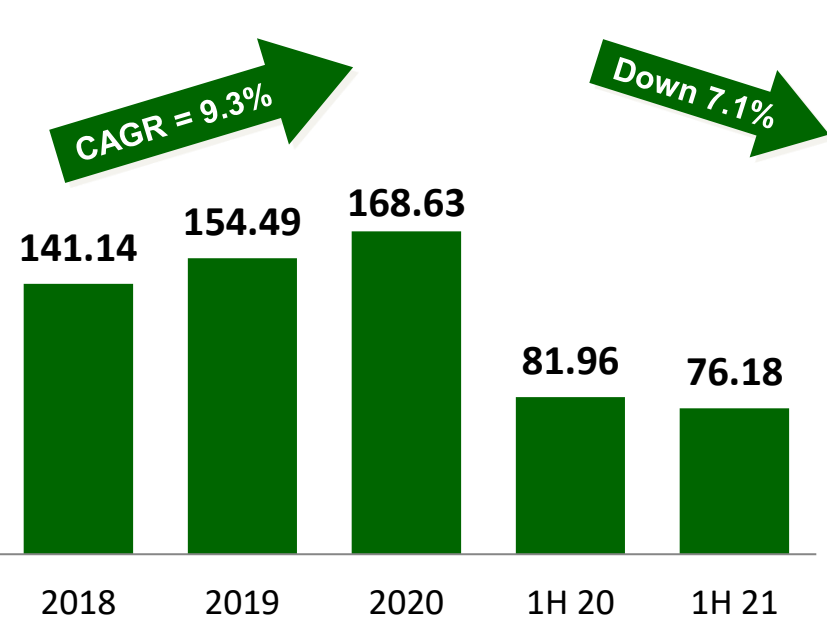


	PUREGOLD	S&R	S&R NEW YORK STYLE PIZZA
Metro Manila	138	10	26
North Luzon	113	3	5
South Luzon	117	3	8
Visayas	37	2	7
Mindanao	13	2	0
	<u>418</u>	<u>20</u>	<u>46</u>

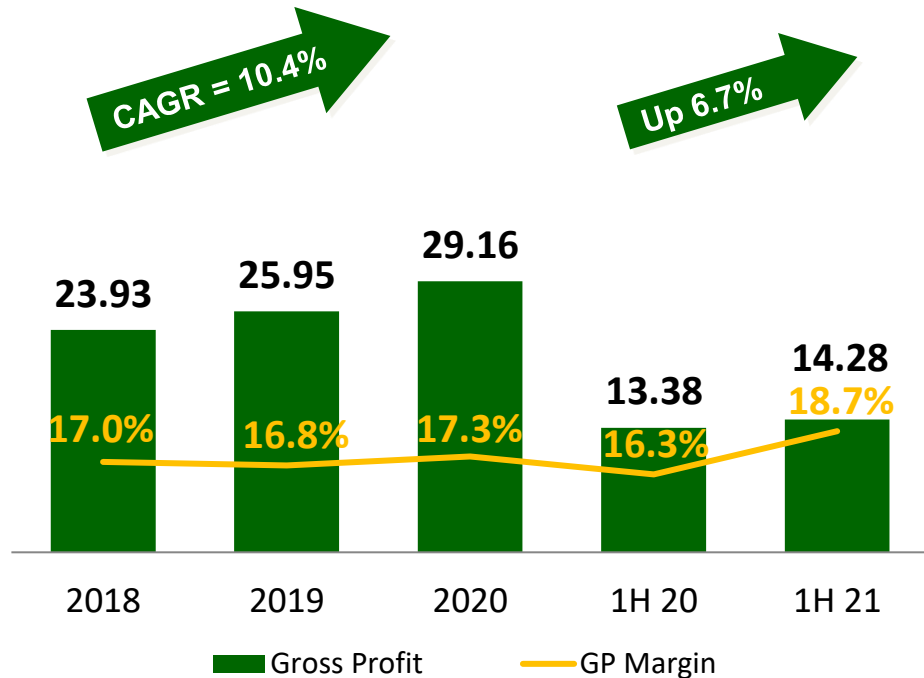
*NE Bodega and Budgetlane Stores are converted to Puregold Stores in 2018

Financial Performance – 1H 2021

Net sales (in Php billions)



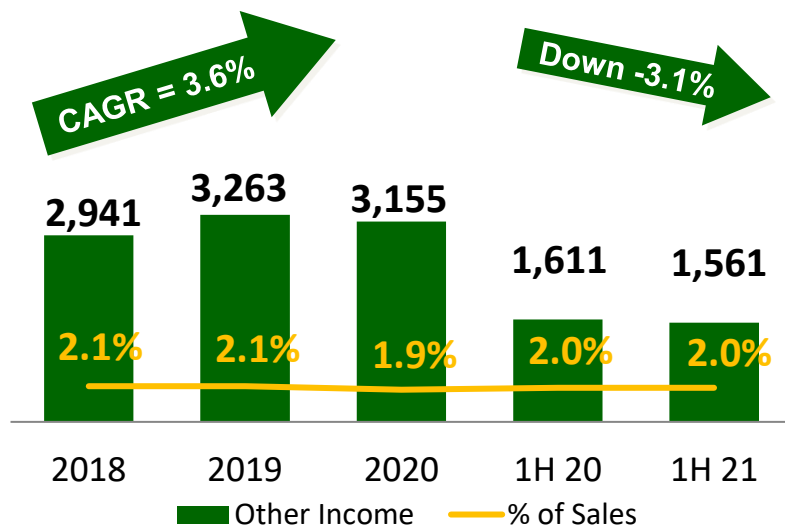
Gross profit & Margin (in PHP billions)



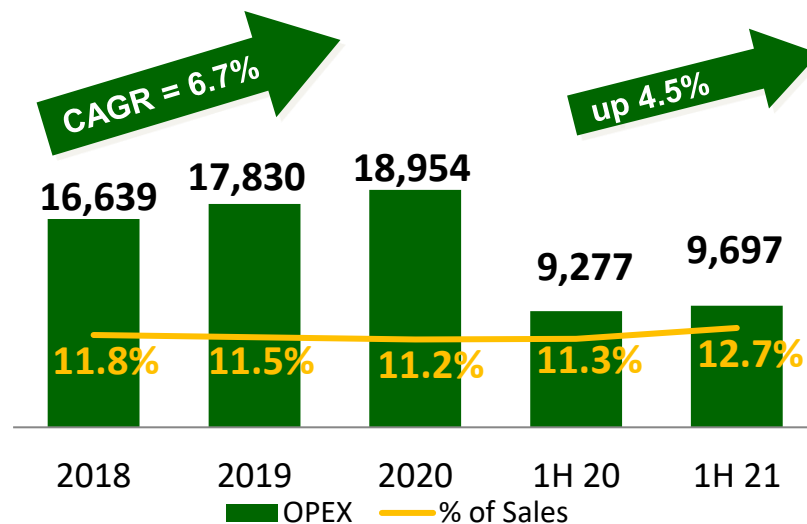
- Continuing strong revenue growth driven by the 403 Puregold stores and the 20 S&R stores in 2020
- Improved Gross Margins resulting from strong S&R sales and margins uplift
- Wide Filipino target consumers supported growth in revenues despite Covid-19 pandemic

Financial Performance – 1H 2021

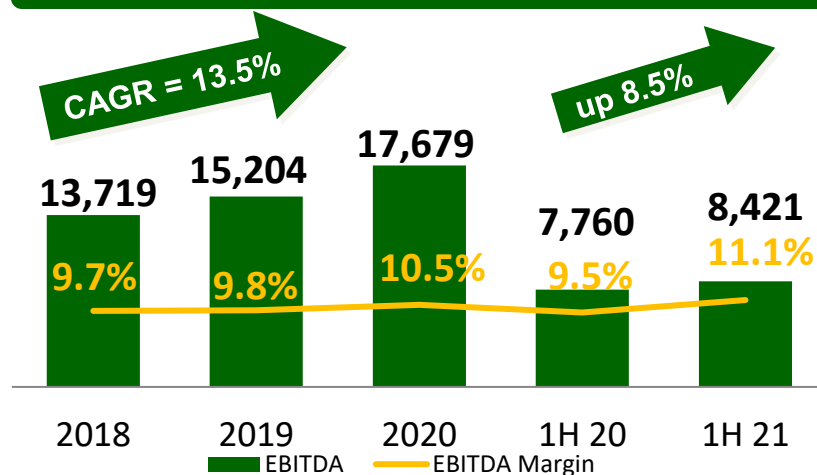
Other Operating Income (in PHP millions)



Operating Expenses (in PHP millions)

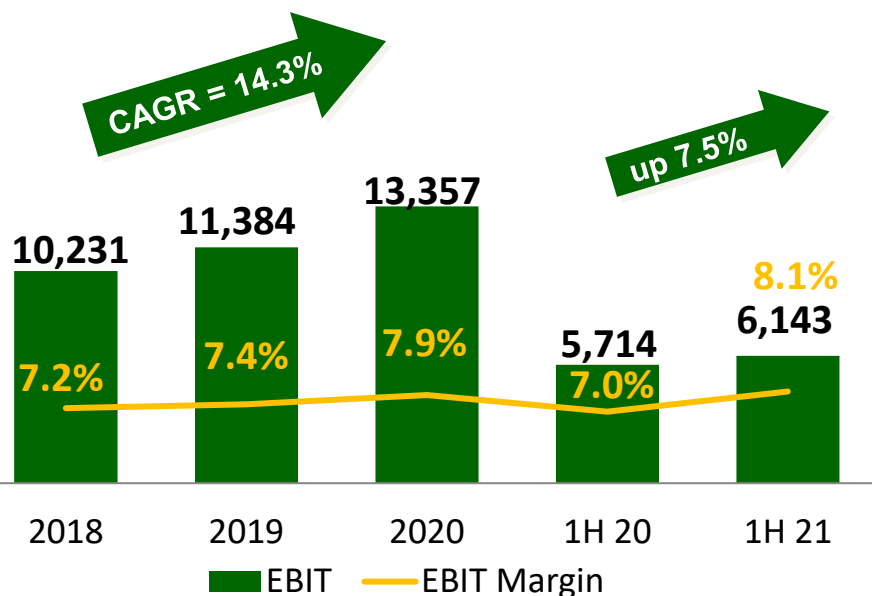


EBITDA & Margin (in Php millions)

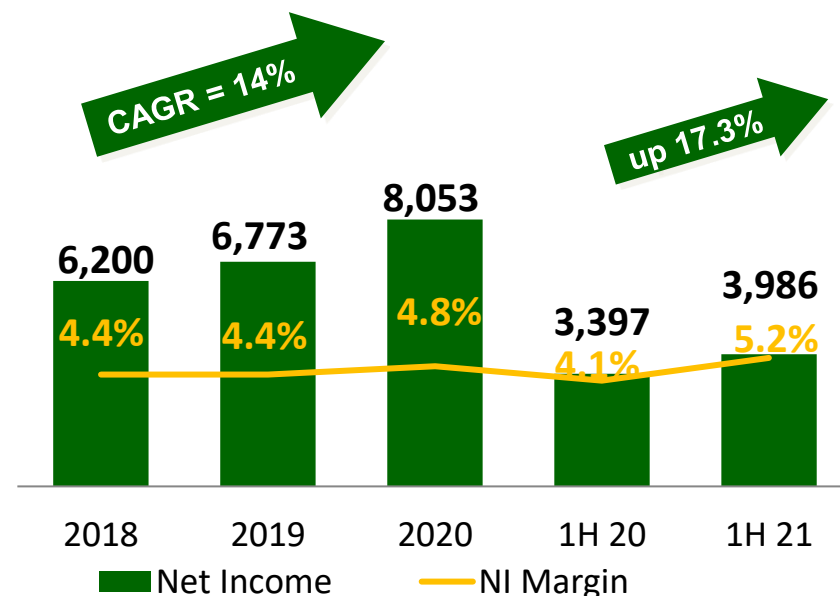


Financial Performance – 1H 2021

Operating Income/EBIT and Margins (in PHP millions)

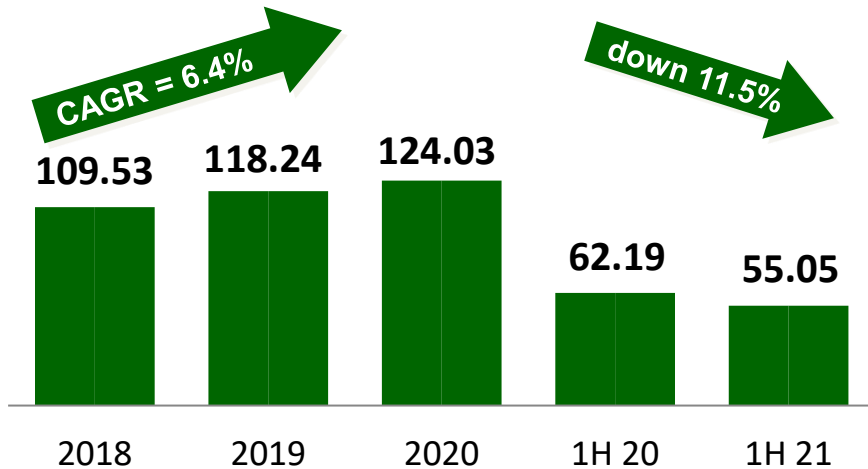


Net Income & Margins (in PHP millions)

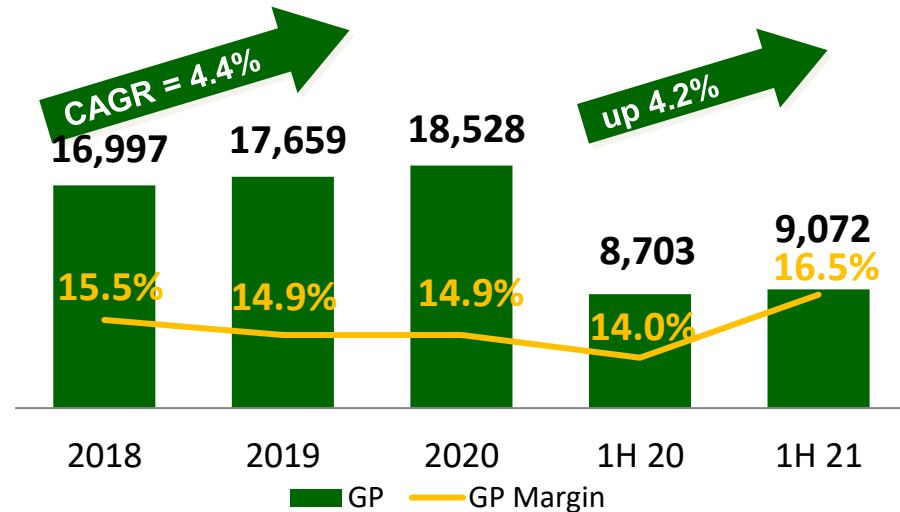


Financial Performance – Puregold Only

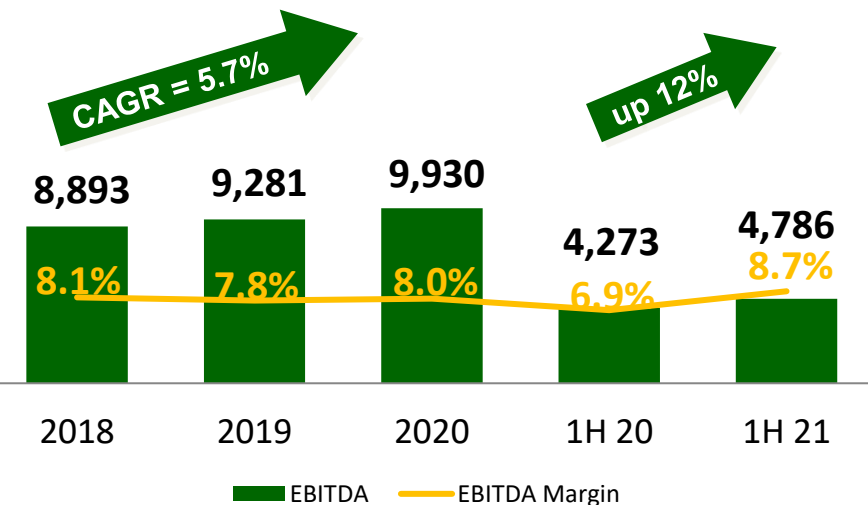
Revenues (in PHP Billions)



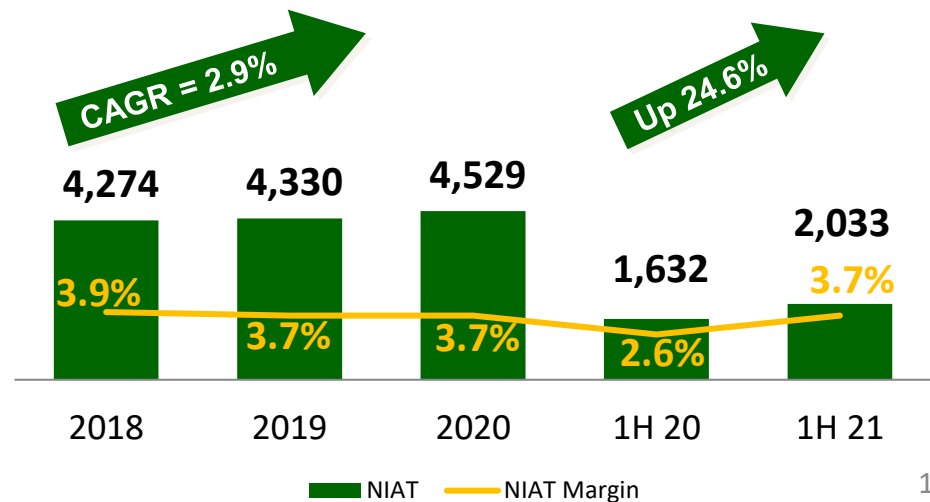
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)

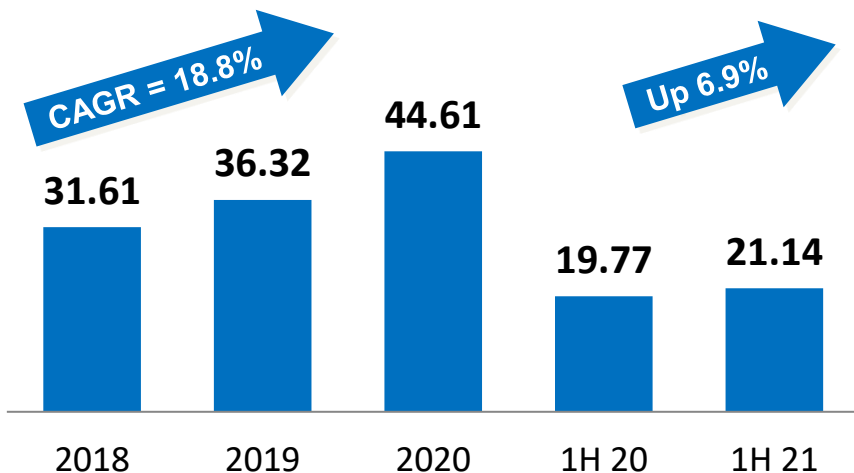


Net Profit & Margins (in PHP millions)

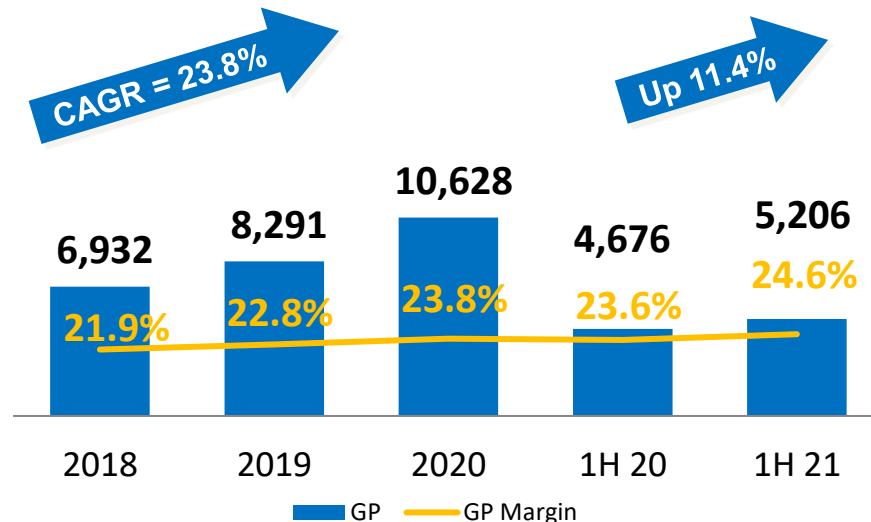


Financial Performance – S&R Only

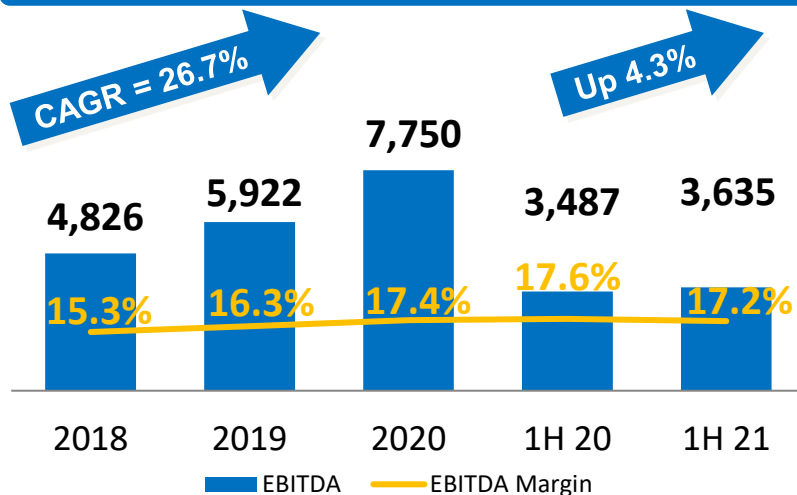
Revenues (in PHP Billions)



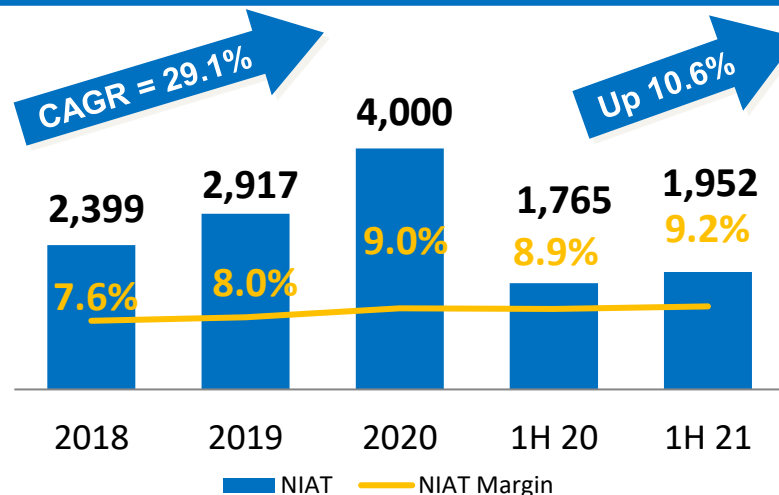
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



Net Profit & Margins (in PHP millions)



Financial Performance – 1H 2021

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

	2019	2020	1H 21
Trade Receivables Days	6.6	4.1	2.9
Inventory Days	55.4	52.6	63.6
Trade Payables Days	22.9	21.5	21.5

New Puregold Store roll out and new S&R Stores to open in 2021

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 2021

- CAPEX Budget of Php 4.1 to 4.7 billion in 2021
 - Php 1.7 to 2.3 billion for 30 to 40 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

In Summary

- Bullish for 2021 as the economy opens up given the massive vaccination program starting in the 3rd quarter
- Continue our aggressive expansion plans
- Marketing plans are improved upon to cope with current pandemic and shopper trends
- Sari-sari store recovery is on track
- Joint business plans with major suppliers are in place

Q & A Thank you!