



Puregold Price Club, INC.

Company Presentation
FY21 & 1Q22 Results and Performance
May 2022



PUREGOLD

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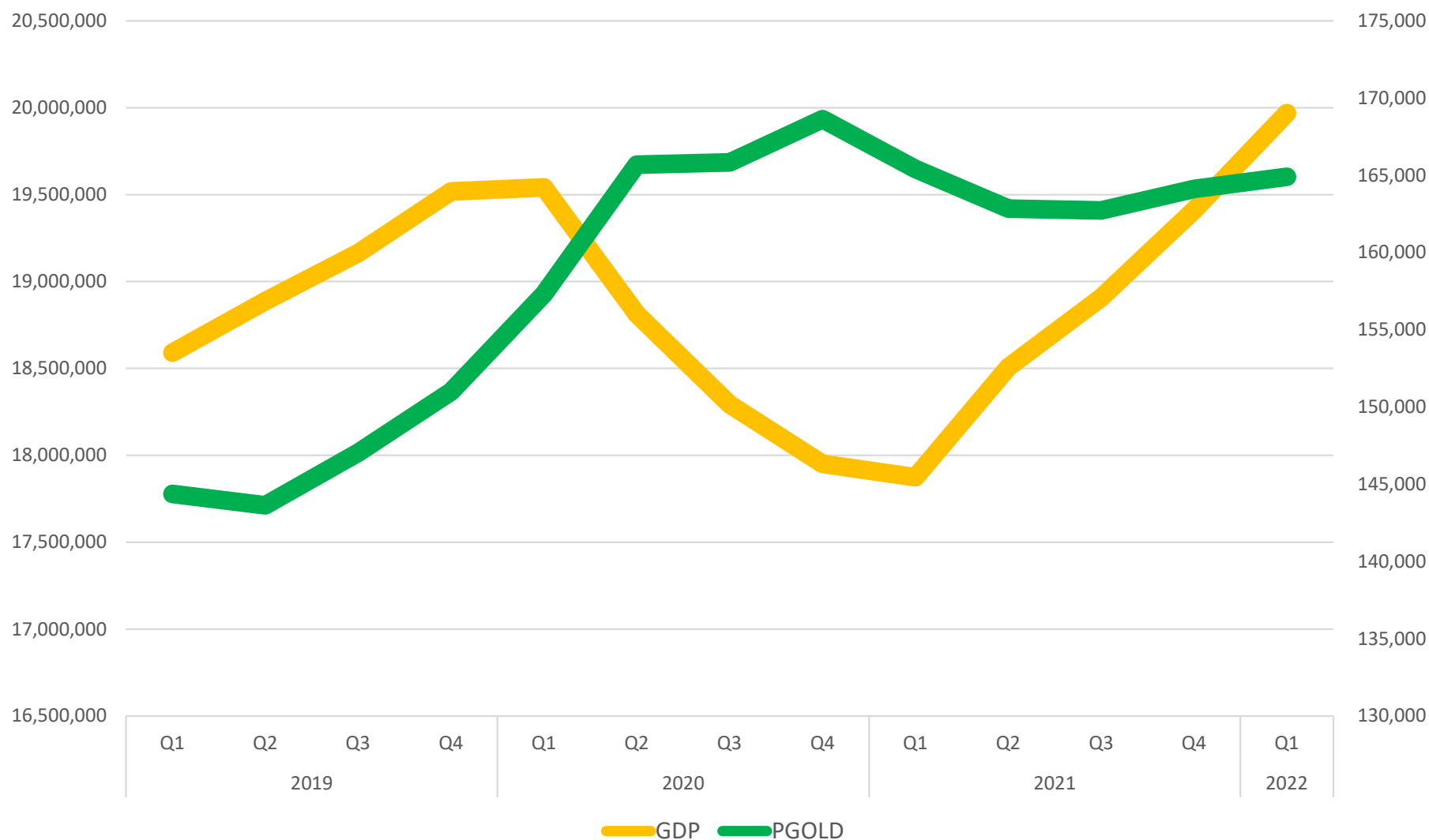
Head Office Address

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

Macroeconomic Updates



TTM GDP vs TTM PGOLD Sales

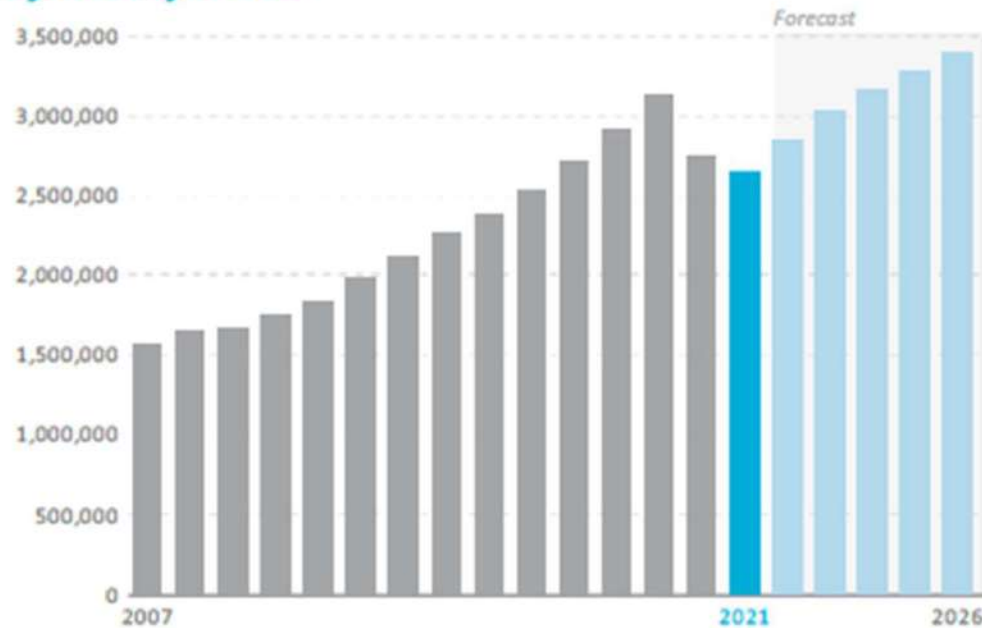


Macroeconomic Updates

Sales of Retailing

Retail Value RSP excl Sales Tax - PHP million - Current - 2007-2026

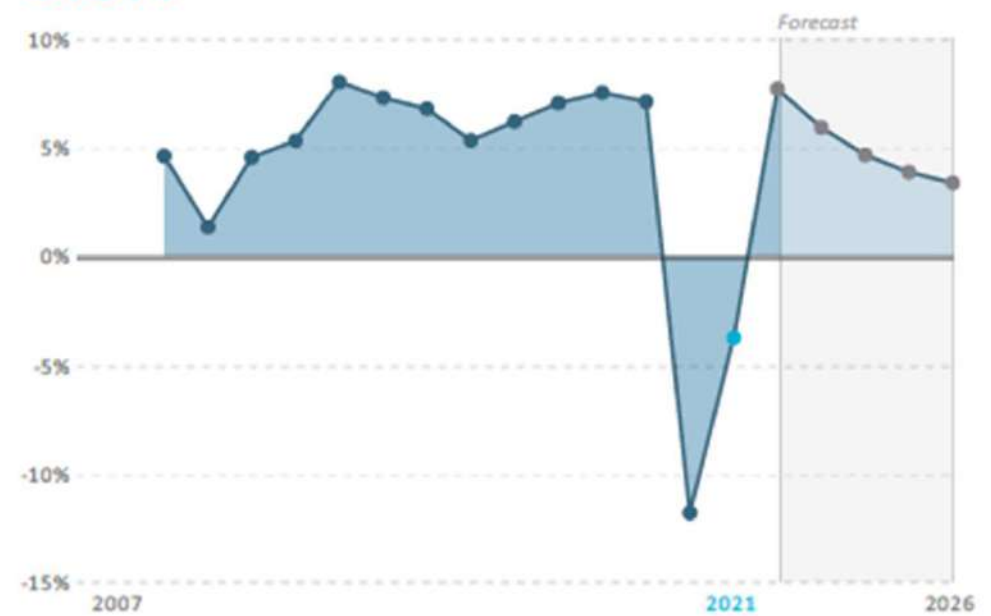
2,633,872



Sales Performance of Retailing

% Y-O-Y Retail Value RSP excl Sales Tax Growth 2007-2026

-3.8%



Source: Euromonitor

Traditional Retail Captures Spend

‘Sari-sari’ stores getting bigger share of wallet, says Kantar

By: [Tyrone Jasper C. Piad](#) - @inquirerdotnet [Philippine Daily Inquirer](#) / 05:26 AM April 22, 2022

Mobility restrictions may have eased with the decline in COVID-19 cases, but many consumers still opt to buy their daily necessities from a nearby “sari-sari” store rather than go to big supermarkets, according to data analytics firm Kantar Philippines.

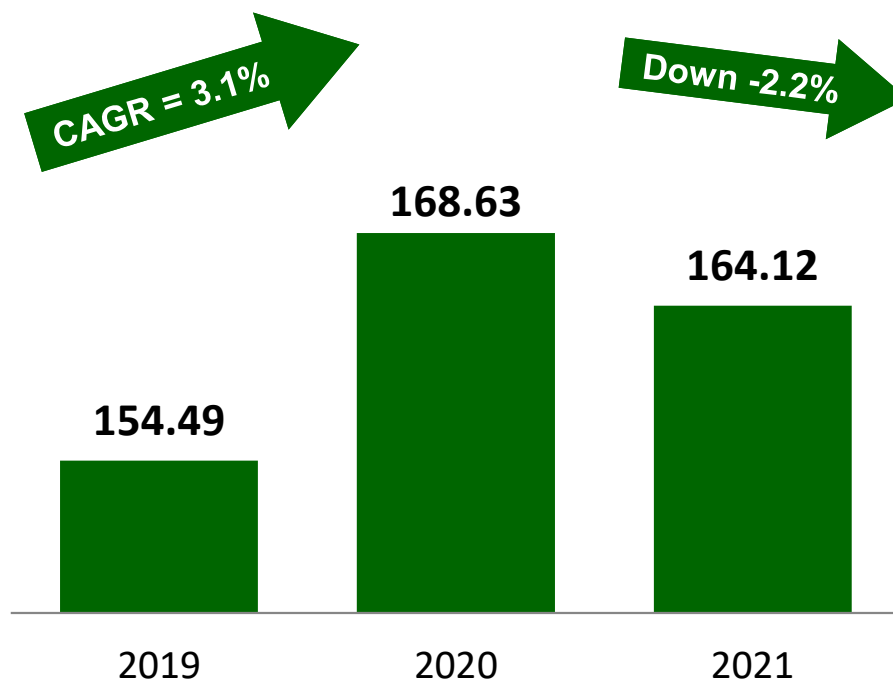
Laurice Obana, shopper and consumer insight director at Kantar, said in a briefing on Thursday that COVID-19 restrictions had made sari-sari stores a preferred choice for shopping as they are right where the buyers live.

In fact, spending per trip on fast-moving consumer goods (FMCGs) such as soap, shampoo and toothpaste as well as hand sanitizer, ready-to-drink beverages, snacks, sandwich ingredients, baby powder, cologne and laundry detergent, increased to P71 last year from P66 in 2020.

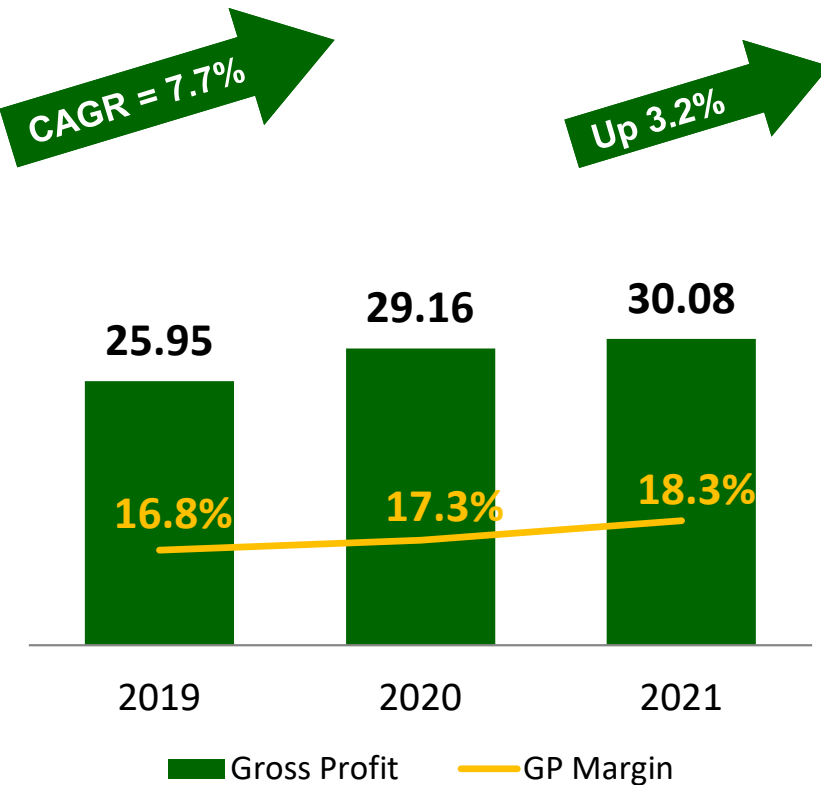
Financial Performance – FY 2021



Net sales (in Php billions)

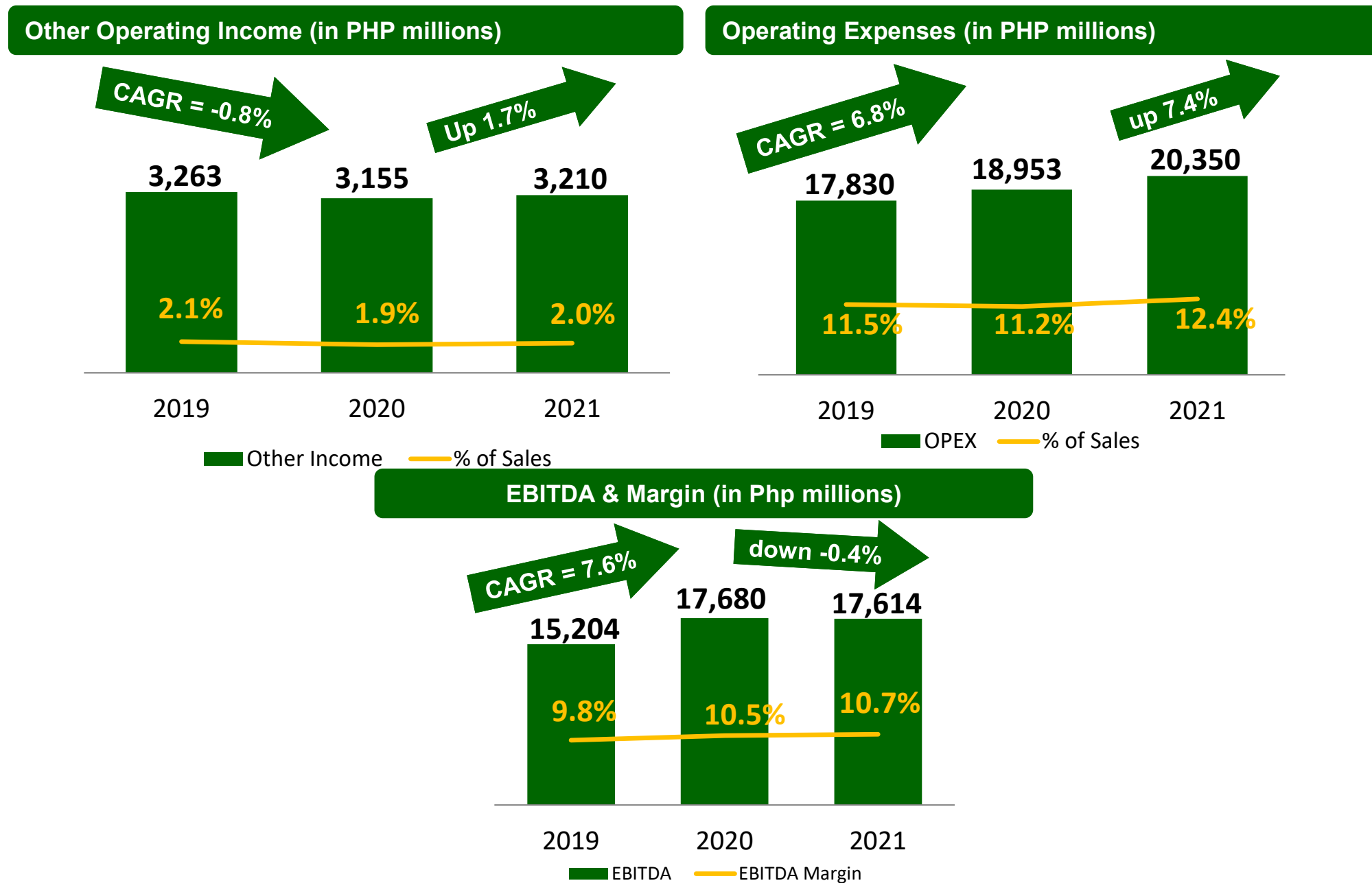


Gross profit & Margin (in PHP billions)



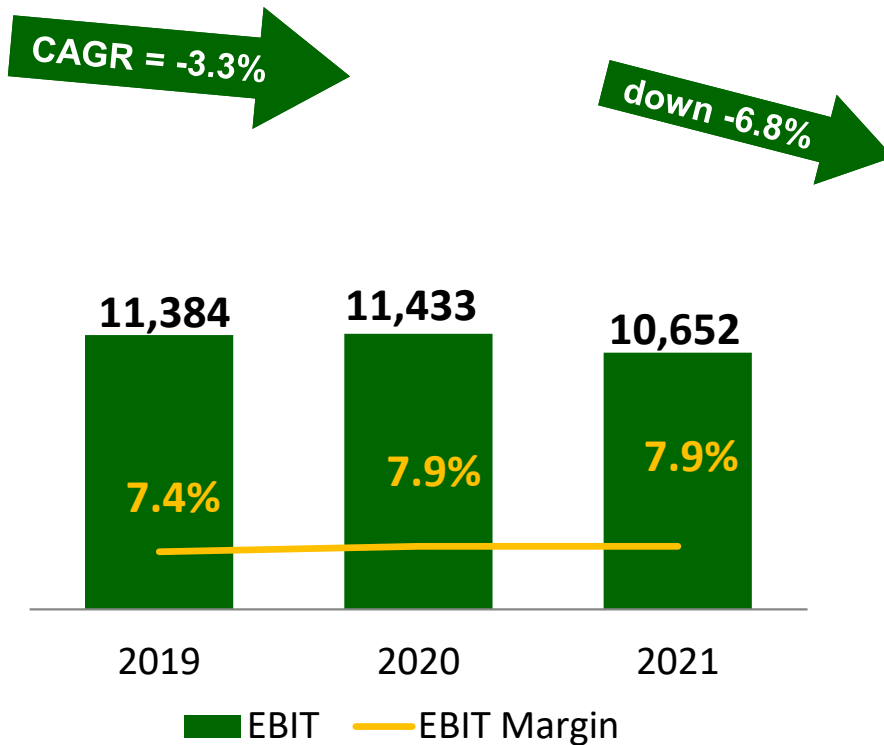
- Conso Net Sales dampened YoY but still largely on an uptrend
- Improved Gross Margins resulting from strong S&R sales and margins uplift
- Wide Filipino target consumers supported growth in revenues despite Covid-19 pandemic

Financial Performance – FY 2021

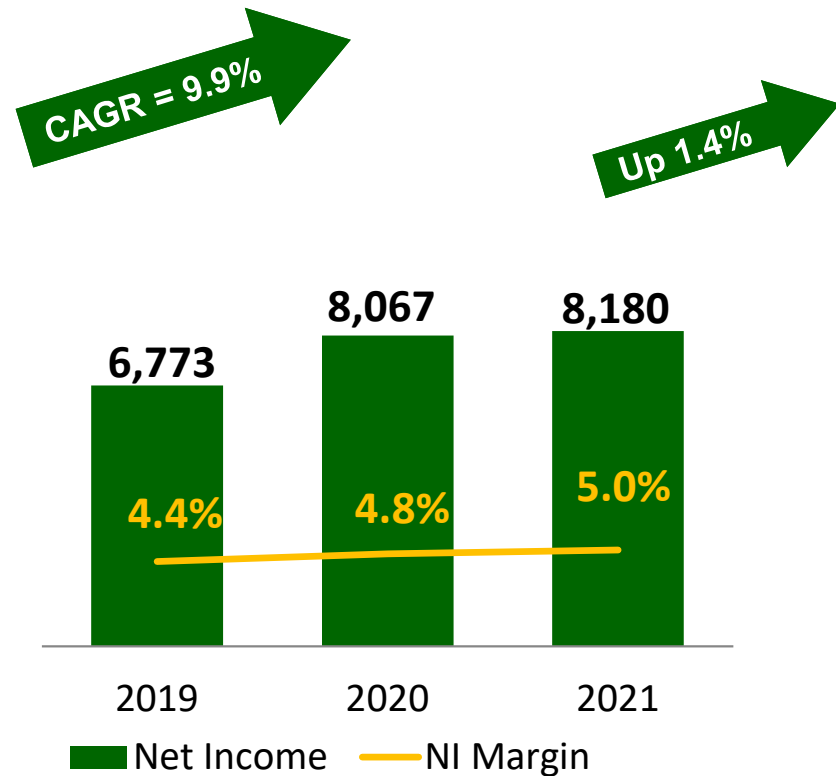


Financial Performance – FY 2021

Operating Income/EBIT and Margins (in PHP millions)



Net Income & Margins (in PHP millions)



Store Portfolio – FY 2021

Key statistics FY 2021

Total no. of stores

- 499

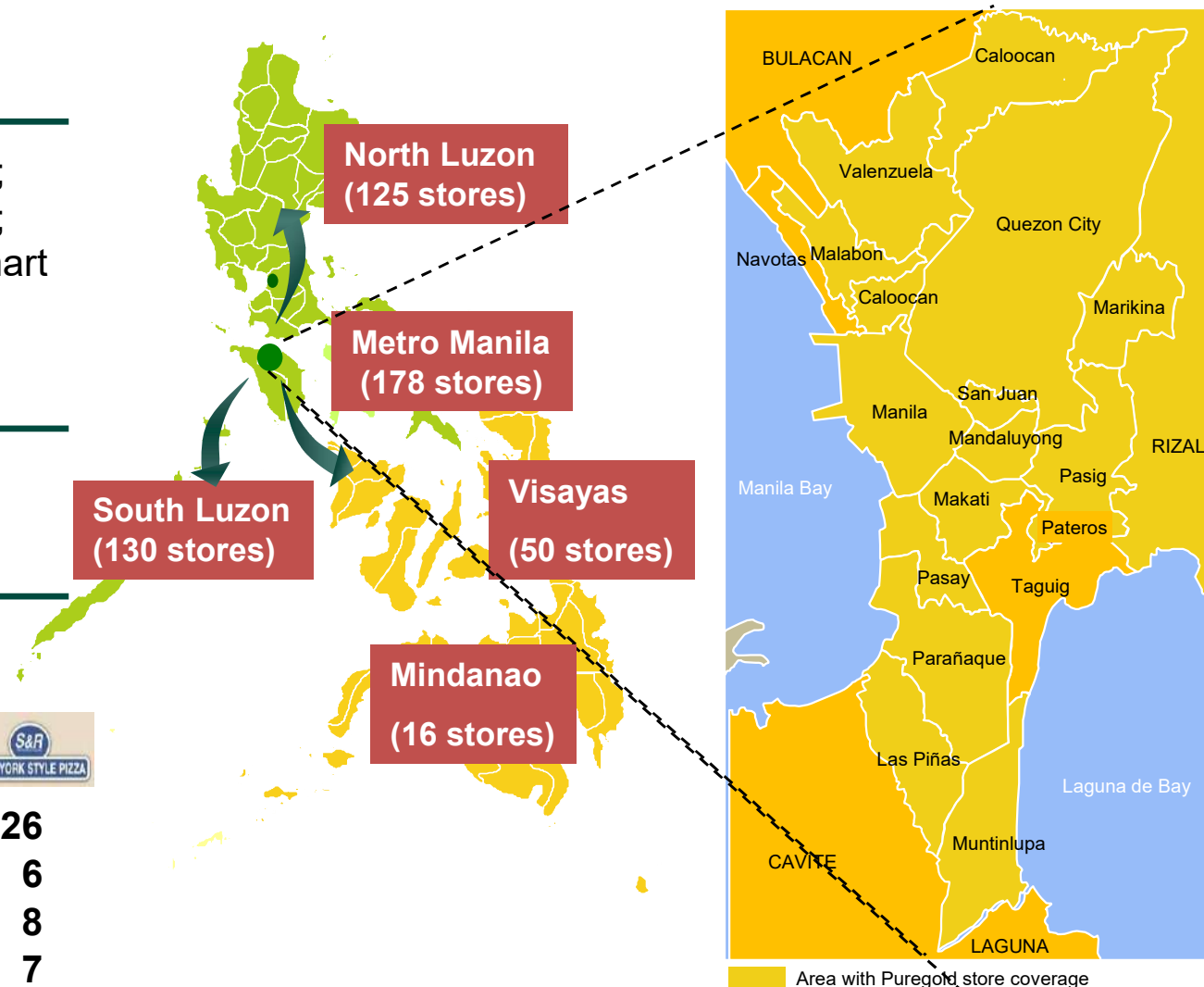
No. of stores per format

- 263 hypermarkets;
100 supermarkets;
28 extra; 39 minimart
- 22 S&Rs
- 47 S&R QSR

Consolidated net selling area

- about 611,105 square meters

Geographic coverage



Metro Manila	140	12	26
North Luzon	116	3	6
South Luzon	119	3	8
Visayas	41	2	7
Mindanao	<u>14</u>	<u>2</u>	<u>0</u>
	<u>430</u>	<u>22</u>	<u>47</u>

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

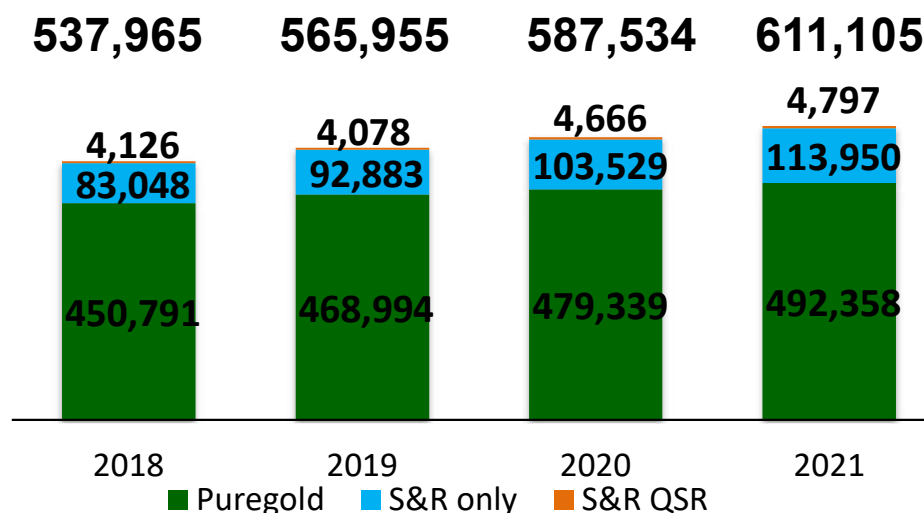
Operating Performance – FY 2021



Breakdown of Stores (per format)

Group	2019	2020	2021
Hypermarket	230	244	263
Supermarket	103	100	100
Extra & MM	47	59	67
S&R	18	20	22
S&R QSR	38	46	47
NE & Budgetlane	0	0	0
TOTAL	436	469	499
Puregold Only	2019	2020	2021
Metro Manila	130	137	140
North Luzon	100	107	116
South Luzon	106	113	119
Visayas	33	35	41
Mindanao	11	11	14
TOTAL	380	403	430

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
2021	111	10.8

Ave Ticket (in Php)	PGOLD	S&R
2019	656	4,212
2020	969	4,667
2021	1,036	4,785

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

Operating Performance – FY 2021



Format	Hypermarket, supermarket, extra	Membership shopping
Revenue contribution	Puregold 70% S&R 30%	
Gross profit (PHP million) & Margin (%)	18,476 (16.0%)	11,607 (23.7%)
Total traffic (million)	111	10.8
Average net ticket (PHP)	1,036	4,785
Net sales growth (%)	-7.2%	8.5%
Traffic growth (%)	-13.2%	5.9%
Average net ticket growth (%)	6.9%	2.5%
Same Store net sales growth (%)*	-9.7%	4.7%
Same Store traffic growth (%)*	-16.4%	2.1%
Same Store average net ticket growth (%)*	8.0%	2.6%

Review of Pillars of Growth '20 – '21



1. Protect our Supply Chain

- Inventory levels raised (65 days vs 53 days in 2020)

2. Improve Logistics end-to-end

- Last mile capability is 92% order fulfillment next day delivery
- Improved delivery capacity via transport management

3. New Channel Development & Marketing Activities

- Direct SSS coverage from 180k to 210k SSS
- Caravan & Rolling Stores (1900 caravans; 4000 rolling stores)
- E-commerce Business 2.5x growth
- ~P7.2bn revenue contributed by these initiatives

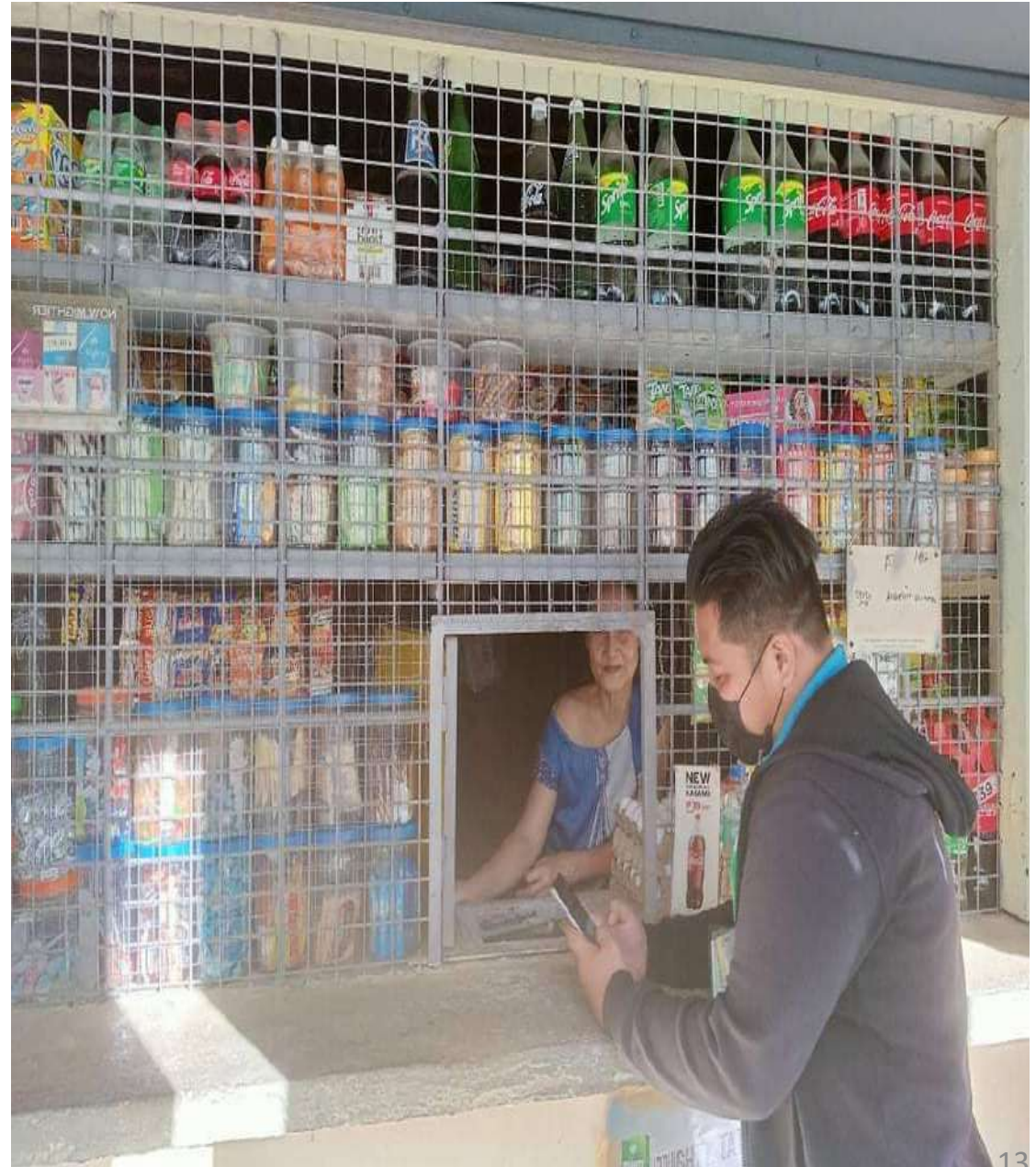
4. Margin Improvement

- GP Margin +18.7%

5. Store Expansion

- 51 new Puregold stores since 2020
- 4 S&R Warehouse Clubs since 2020

Out of Store Chassis



Out of Store Chassis

Puregold Rolling Stores



Out of Store Chassis

Puregold Caravan



ECommerce



PUREGOLD MOBILE

CHOOSE FROM IN-STORE PICK-UP OR DELIVERY SERVICE

SHOP USING THE SEARCH FEATURE OR BY BARCODE SCANNING

PAY VIA

BUY

PREPAID LOAD SERVICES

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Scan here to download!

SHOP ANYTIME AND ANYWHERE!



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FREE DELIVERY

Featured Products



Social Media

MEGATRENDS IN THE PHILIPPINES

Puregold Price Club pioneers 'shoppertainment' in the Philippines



51% of Millennials say they make purchases via social media platforms

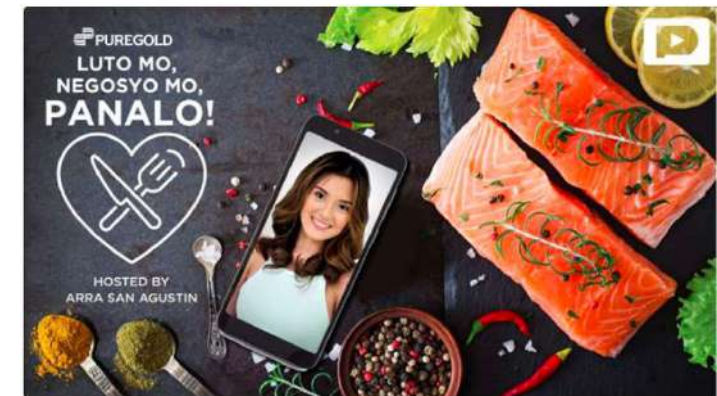
- National retailer Puregold Price Club has launched a mobile app and its own social media entertainment channel, in addition to expanding its store network.
- In July 2021, the retailer reported that its Puregold Mobile app had accrued some 780,000 users, and that it had increased its social media following by 100% by producing quality entertainment content through its Puregold Channel on Facebook and YouTube.
- Puregold Channel offers a mix of game shows, talk shows, stand-up comedy and gaming tournaments, which have aimed to keep people entertained during the pandemic.

Key takeaways

- With the rise of video content and live streaming, 'shoppertainment' is an effective way to reach and engage with Filipino consumers, especially while lockdown measures are in place.
- Operating a social media entertainment channel also provides opportunities for branded messaging, sales offers and seamless shopping transactions.

DIGITAL FOOTPRINT

• Facebook	2,951,169 Likes	3,083,777 Followers
• Instagram	31,999 followers	
• YouTube	37,700 subscribers	
• TikTok	16,300 followers	
• Puregold Mobile	Over 1 million downloads	250,000+ Monthly Users



Sustainability Highlights

Environment Performance

6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



157

Wastewater treatment
facilities compliant
with Clean Water Act



2%

Clean energy used.
Solar rooftop
installation in 12 stores.



57%

Direct GHG
Emissions
Reduction



99.97%

Compliant to
Environmental Laws
& Regulations



100%

of Puregold and S&R
stores were converted
to LED lamps.



100M

Reduction of plastic
bags used in Puregold
and S&R stores. 63%
Puregold stores use
paper bags.

Sustainability Highlights

Economic Contribution

1 NO
POVERTY



8 DECENT WORK AND
ECONOMIC GROWTH



13 CLIMATE
ACTION



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Php 4.25B

Taxes paid to
the Government



97%

of Cosco economic value
generated distributed to
key stakeholders



Php 10.7M

Invested to
scholarship and
community
development



Php 3B

Employee wages
and benefits



11,647

Total no. of direct employees
>95% local hiring



0

Incidents of
Corruption

Sustainability Highlights

Social Responsibility



753

Scholars graduated
107 Passed licensure exam
381 Current no. of scholars



56%

Female employees in the workforce



238

Employees from indigenous communities and vulnerable sector



4,325

Employees attended technical and behavioral skills training



612

Employees in Puregold and S&R promoted



0

legal actions or employee grievance on forced or child labor

Management Guidance 2022



- Consolidated Revenue Growth: 7% to 9% target
- GP Margin:
 - Puregold Stores: 15% to 16% target
 - S&R WH: 22% to 22.50% target

CAPEX Guidance for FY 2022



- CAPEX Budget of Php 5.8 billion in 2022
 - Php 2 billion for 35 new Puregold Stores
 - Php 2.8 billion for 3 S&R stores + 5 S&R QSR
 - Php 1 billion for maintenance capex, solar projects and IT upgrades

Annex

Financial Performance: For 2021

<i>Php in thousands</i>	Audited 2021	%	Audited 2020	%	Change	%
Net Sales	P164,124,835	100.0%	P168,632,329	100.0%	(P4,507,493)	-2.7%
Gross Profit	30,082,768	18.3%	29,156,116	17.3%	926,652	3.2%
Other Operating Income	3,209,751	2.0%	3,154,799	1.9%	54,952	1.7%
Operating Expenses	20,350,317	12.4%	18,953,231	11.2%	1,397,086	7.4%
Income Tax Expense	2,471,796	1.5%	3,366,295	2.0%	(894,499)	-26.6%
Income After Tax	P8,180,022	5.0%	P8,066,828	4.8%	P113,193	1.4%
EBITDA	P17,613,781	10.7%	P17,679,610	10.5%	(P65,829)	-0.4%
EPS	P2.85		P2.81			

Financial Position as of end-2021

<i>Php in thousands</i>	Audited 2021	Audited 2020	Change	%
Current Assets				
Cash and cash equivalents	P41,311,594	P32,724,094	8,587,501	26.2%
Investments in trading securities	30,726	2,411,375	(2,380,649)	-98.7%
Receivables - net	2,178,899	2,676,255	(497,355)	-18.6%
Merchandise inventory	21,558,633	20,918,320	640,313	3.1%
Prepaid expenses and other current assets	850,856	658,107	192,749	29.3%
Total Current Assets	P65,930,709	P59,388,151	6,542,558	11.0%
Noncurrent Assets				
Investments	P636,548	P636,548		0.0%
Property and equipment - net	23,069,508	21,966,176	1,103,331	5.0%
Right-of-use assets	26,216,544	26,137,183	79,361	0.3%
Deferred tax assets	1,334,337	1,257,600	76,737	6.1%
Intangibles	19,703,407	19,715,895	(12,488)	-0.1%
Other noncurrent assets	2,542,755	2,491,956	50,799	2.0%
Total Noncurrent Assets	73,503,099	72,205,359	1,297,740	1.8%
	-	-		
Total Assets	P139,433,807	P131,593,509	7,840,298	6.0%

Financial Position as of end-2021

<i>Php in thousands</i>	Audited 2021	Audited 2020	Change	%
Current Liabilities				
Accounts payable and accrued expenses	P14,422,700	P14,341,507	81,194	0.6%
Loans payable				0.0%
Income tax payable	853,926	1,304,530	(450,603)	-34.5%
Due to related parties	45,868	49,569	(3,700)	-7.5%
Current portion of lease liabilities	1,091,723	896,501	195,223	21.8%
Other current liabilities	650,597	510,380	140,217	27.5%
Total Current Liabilities	P17,064,815	P17,102,485	(37,670)	-0.2%
Noncurrent Liabilities				
Lease liabilities	P33,827,243	P32,731,125	1,096,118	3.3%
Longterm debt - net of current maturities and debt issue cost	11,770,458	11,875,122	(104,665)	-0.9%
Retirement benefits liability	1,295,299	1,383,057	(87,758)	-6.3%
Total Noncurrent Liabilities	46,893,000	45,989,304	903,695	2.0%
Total Liabilities	P63,957,815	P63,091,790	866,025	1.4%

Financial Position as of end-2021

<i>Php in thousands</i>	Audited 2021	Audited 2020	Change	%
Equity				
Capital stock	P2,904,214	P2,904,214		0.0%
Reserve for retirement plan - net of tax	151,224	(118,634)	269,858	-227.5%
Additional paid in capital	25,361,671	25,361,671		0.0%
Treasury stock - at cost	(112,593)	(71,253)	(41,340)	58.0%
Retained earnings	47,171,476	40,425,723	6,745,754	16.7%
Total Equity	P75,475,992	P68,501,720	6,974,272	10.2%

Cash Flows Period Ended Dec 2021

<i>Php in thousands</i>	Audited 2021	Audited 2020
Income before income tax	P10,651,818	P11,433,124
Noncash operating items	7,210,412	6,433,859
Operating income before changes in working capital	17,862,230	17,866,983
Increase in merchandise inventory	(640,313)	(1,392,124)
Decrease (increase) in other operating assets	149,653	(320,395)
Increase (decrease) in accounts payable and other accrued expense	(29,059)	1,156,969
Increase in other operating liabilities	136,517	78,027
Cash generated from operations	17,479,028	17,389,460
Interest received	399,201	272,989
Income taxes paid	(2,945,338)	(2,951,060)
Retirement benefits paid	(3,317)	(8,639)
Net cash provided by operating activities	P14,929,574	P14,702,750

Cash Flows Period Ended Dec 2021

<i>Php in thousands</i>	Audited 2021	Audited 2020
Additions to property and equipment	(P3,682,334)	(P3,205,693)
Decrease (increase) in other investing activities	2,327,253	(2,550,180)
Net cash used in investing activities	(P1,355,081)	(P5,755,872)
Availment of long-term loans	P0	P11,871,000
Payment of short-term loans		(501,570)
Payment of long-term loans	(120,000)	(400,000)
Payment on lease liabilities	(765,518)	(856,362)
Interest paid - lease liabilities	(2,269,147)	(2,121,718)
Payment for treasury shares	(41,340)	
Interest paid	(499,631)	(149,721)
Dividends paid	(1,291,357)	(1,147,873)
Net cash provided by (used in) financing activities	(P4,986,992)	P6,693,756
NET INCREASE IN CASH AND CASH EQUIVALENTS	P8,587,501	P15,640,634
CASH AND CASH EQUIVALENTS, BEGINNING	P32,724,094	P17,083,459
CASH AND CASH EQUIVALENTS, END	P41,311,594	P32,724,094

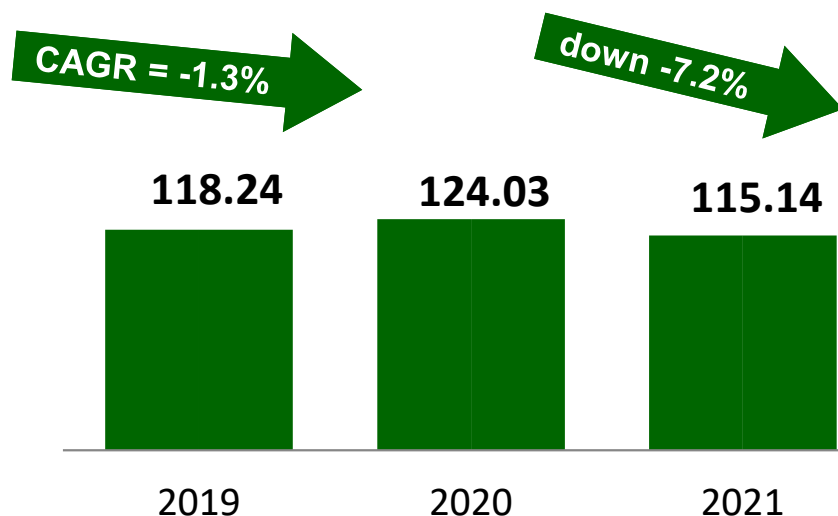
Cash Flows Period Ended 1Q2022

<i>Php in thousands</i>	Mar 2022	Mar 2021
Additions to property and equipment	(P745,235)	(P1,009,371)
Decrease in other investing activities	(3,049,104)	(1,555,999)
Net cash used in investing activities	(P3,794,340)	(P2,565,369)
Payment on lease liabilities	(265,253)	(166,937)
Interest paid - lease liabilities	(569,765)	(601,324)
Payment for treasury shares	(54,146)	
Interest paid	(123,548)	(125,374)
Dividends paid	(1,434,268)	(1,291,357)
Net cash used in financing activities	(P2,446,981)	(P2,184,991)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(P8,948,577)	(P12,336,064)
CASH AND CASH EQUIVALENTS, BEGINNING	P41,311,594	P32,724,094
CASH AND CASH EQUIVALENTS, END	P32,363,017	P20,388,030

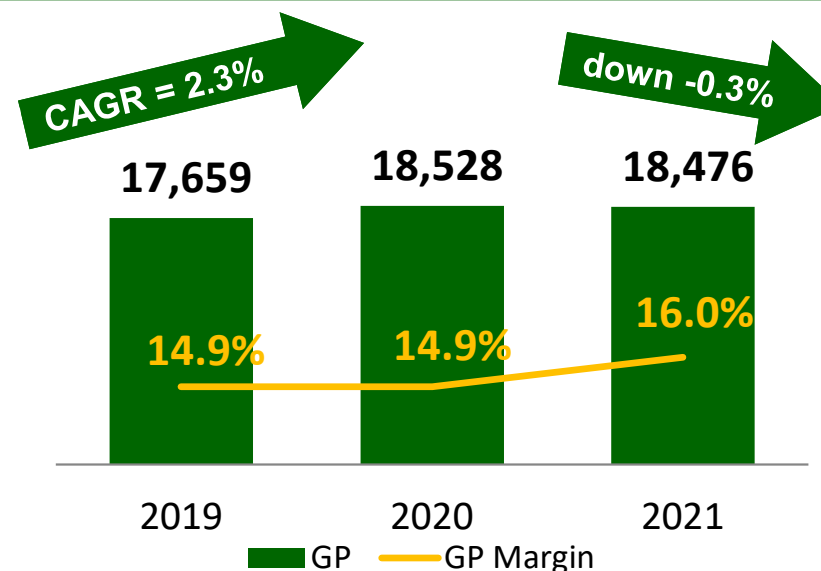
Financial Performance – Puregold Only



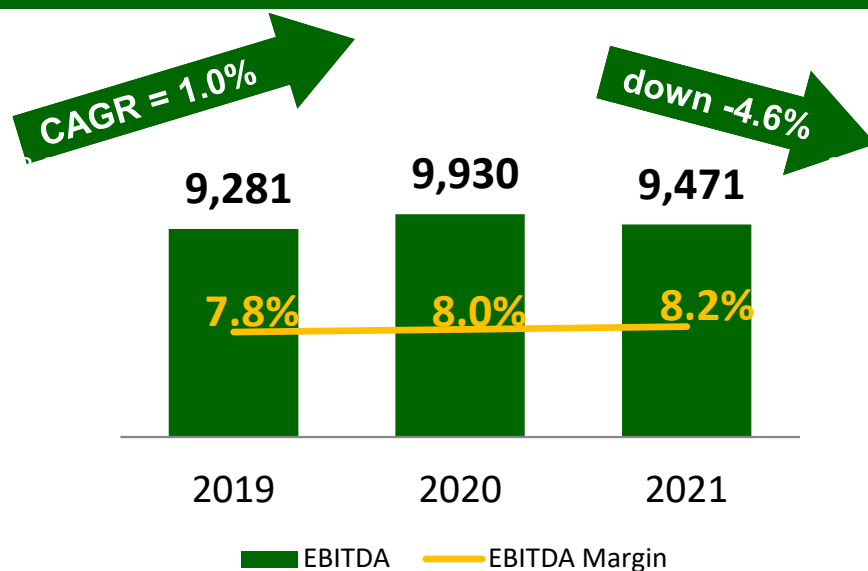
Revenues (in PHP Billions)



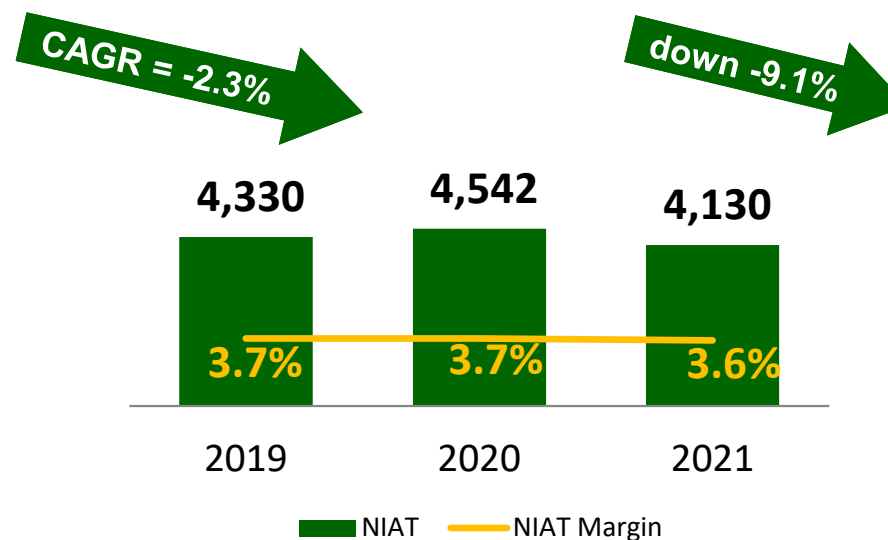
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)

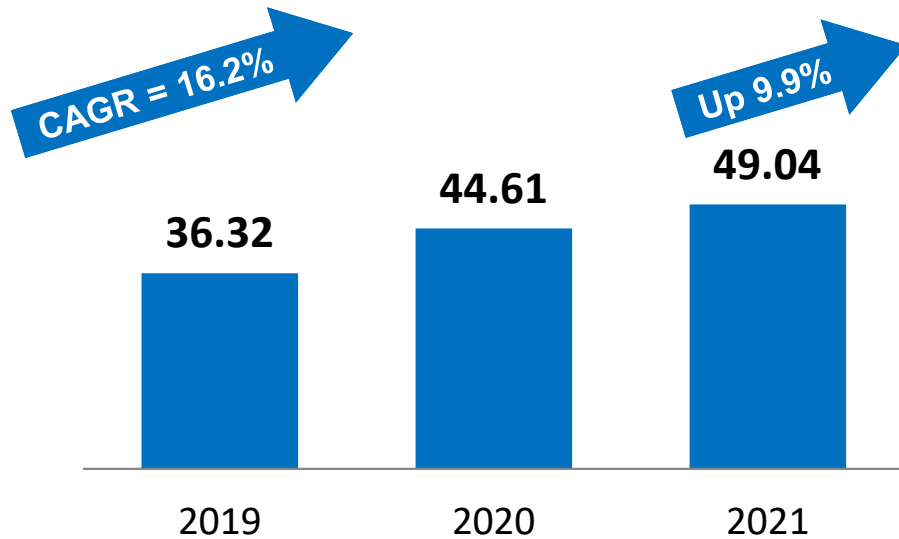


Net Profit & Margins (in PHP millions)

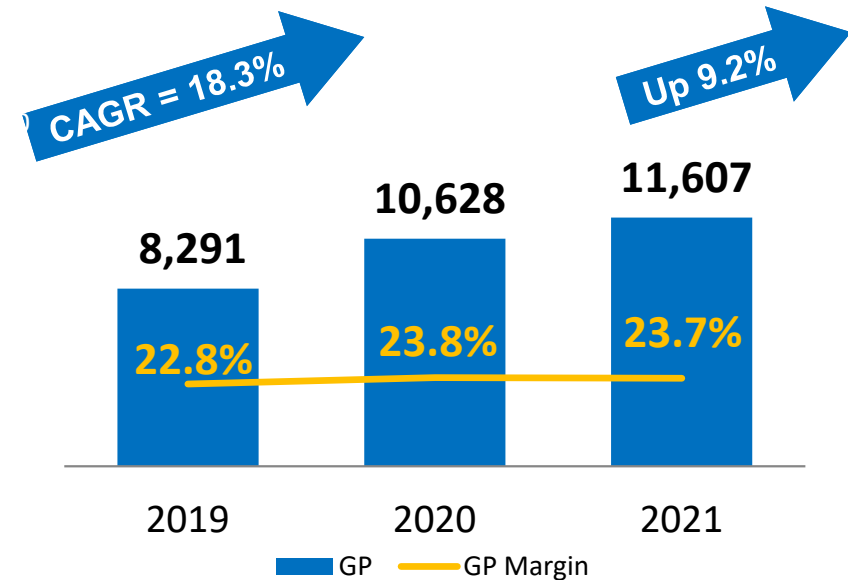


Financial Performance – S&R Only

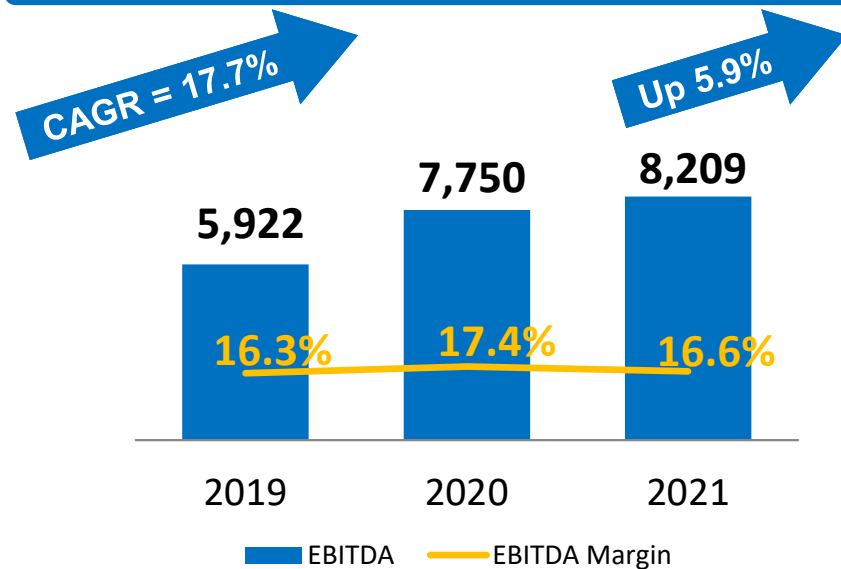
Revenues (in PHP Billions)



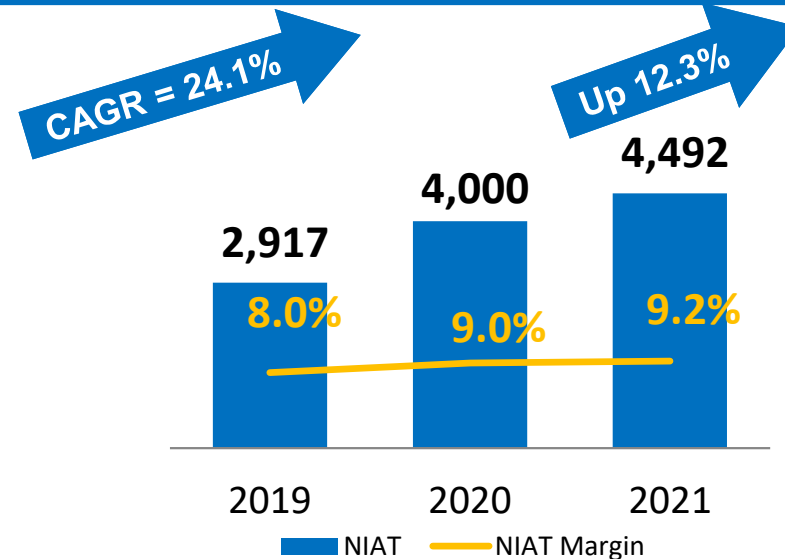
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



Net Profit & Margins (in PHP millions)



Financial Performance – FY 2021

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

	2019	2020	2021	
Trade Receivables Days	6.6	4.1	3.3	
Inventory Days	55.4	52.6	57.5	Increased buffers
Trade Payables Days	22.9	21.5	24.8	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)

Puregold Enterprise



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

S&R

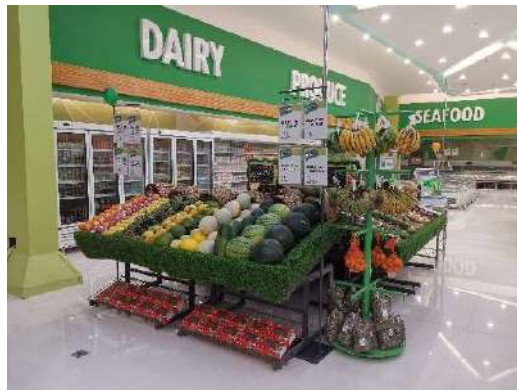
- Membership shopping model
- Catering to the upper income customers
- Class A & B and upper C segment
- Imported and large size SKUs



Puregold Stores



Puregold Stores



S&R Warehouse



END