





1H22 Results & Performance

PUREGOLD PRICE CLUB, INC.
Company Presentation

August 2022

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HEAD OFFICE ADDRESS

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Puregold Enterprise



- 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



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

Pure Play Philippine Food Retailer

A Proxy for the Philippine Consumption Story

- Robust topline growth from an enterprise with the broadest consumer segments.
- Healthy cash flows and a simple capital structure.
- Two marquee brands in Philippine retail. Puregold stores and S&R WHs.
- Beneficiary of a nation with a growing middle class and a young population.
- Preferred partner of Philippine traditional retail.

1H22 Results Highlights

	CONSO REVENUE	GROSS PROFIT MARGIN %	EBITDA MARGIN %	NIAT
1H22	Php 82.24 bn	19.10%	11%	Php 4.2 bn
YoY	7.9%	+32 bps	-7 bps	5.4%

PUREGOLD
+3.7%



S&R
+18.9%



PUREGOLD
-2.6%



S&R
+13.7%



REVENUE YTD

NET INCOME YTD

Macro Highlights In 2022



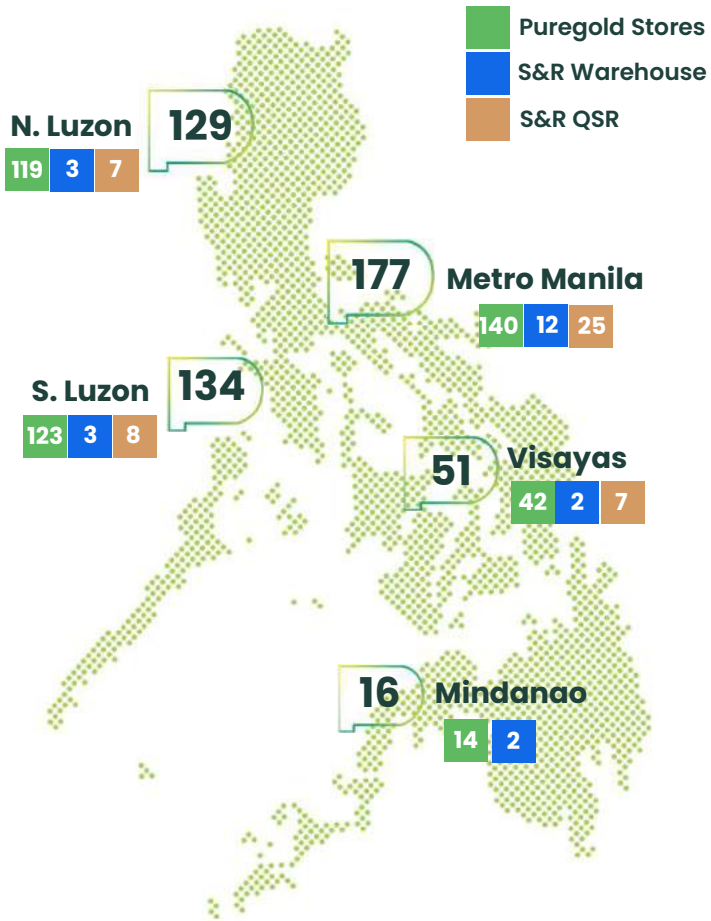
- Resilient mid-C, D and E markets.
- Sustained strength from A, B and upper C markets.
- Greater mobility in 2Q22.
- Construction & Manufacturing led in jobs.
- Phil Mfg. PMI still in expansion.
- Peso weakest among peers and will still see pressure
- BPO revenues, exports and remittances partially offset impact of weaker Peso.
- Business name registrations increased with 305k/ 574k as new business registrations in July 2022.
- Persistence of high inflation. Loss of purchasing power.



- Inflation may show signs of cooling. But sticky.
- Logistic bottlenecks linger.
- High geopolitical uncertainties persist.
- Recession (ongoing?)

Store Portfolio 1H22

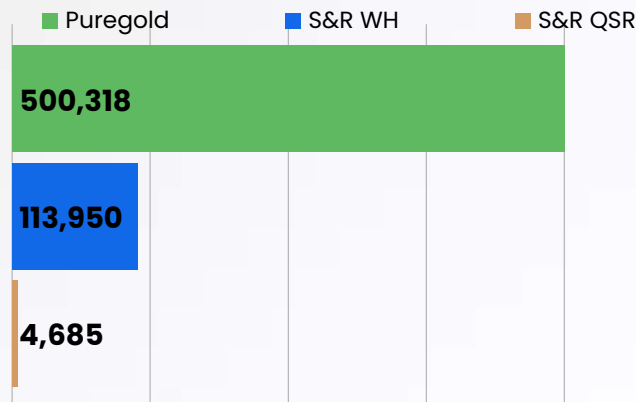
GEOGRAPHIC COVERAGE



KEY STATICS

TOTAL NUMBER OF STORES	507
NO. OF STORES PER FORMAT	271 hypermarkets 100 supermarkets 67 extras 22 S&Rs 47 S&R QSR

NET SELLING AREAS (in sqm)



NEW STORES 1H22

9 New Stores

Puregold - La Paz	NW Luzon
Puregold - Eastland Cogeo	Rizal
Puregold - Allacapan	NE Luzon
Puregold - Teresa	Rizal
Puregold - Nitang	Quezon City
Puregold - Talisay	S Luzon
Puregold - Bocaue	Bulacan
Puregold - Ormoc	E. Visayas
Puregold - Sariaya	S Luzon

OPERATING PERFORMANCE

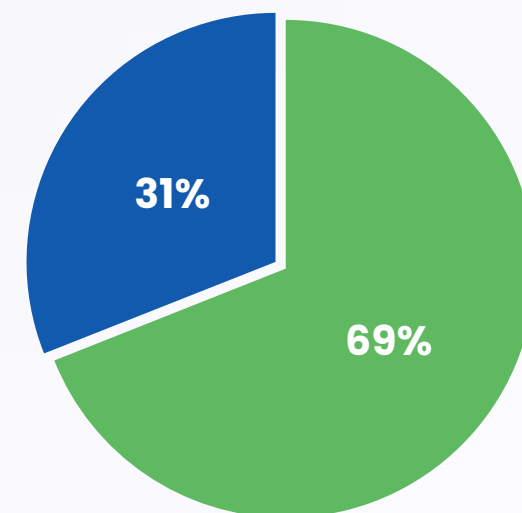
TRAFFIC (in Millions)	PUREGOLD	S&R
1H22	59	5.2
AVE. TICKET (in PHP)	PUREGOLD	S&R
1H22	961	4,833

Operating Performance 1H22



	 PUREGOLD	 S&R Membership Shopping
Gross Profit (PHP million) & Margin (%)	9,588 (16.8%)	6,087 (24.2%)
Total Traffic (Million)	59.4	5.2
Average Net Ticket (PHP)	961	4,833
Net Sales Growth (%)	3.7%	11.4%
Traffic Growth (%)	10.4%	3.5%
Average Net Ticket Growth (%)	-6.0%	7.6%
Same Store Net Sales Growth (%)	0.6%	3.8%
Same Store Net Traffic Growth (%)	6.8%	-4.1%
Same Store Ave. Net Ticket Growth (%)	-5.8%	8.2%

REVENUE CONTRIBUTION

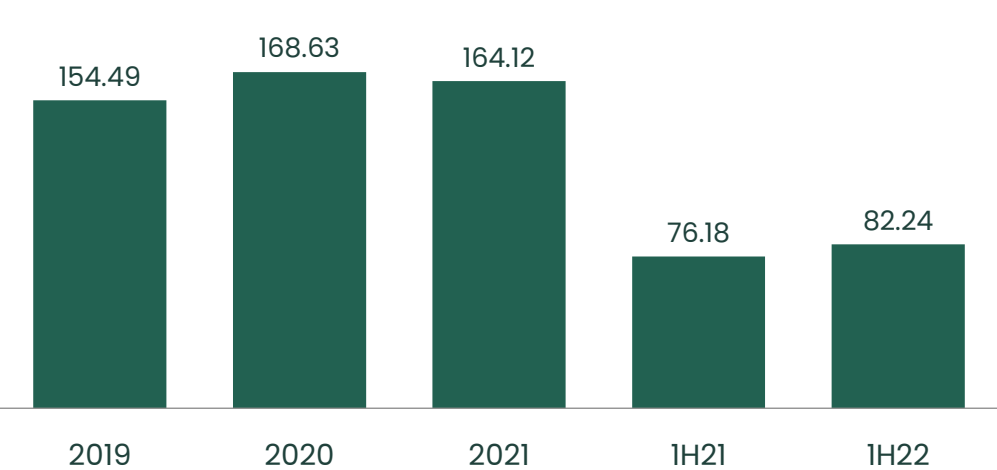


■ Puregold ■ S&R

Financial Performance 1H22

CONSO 1H22

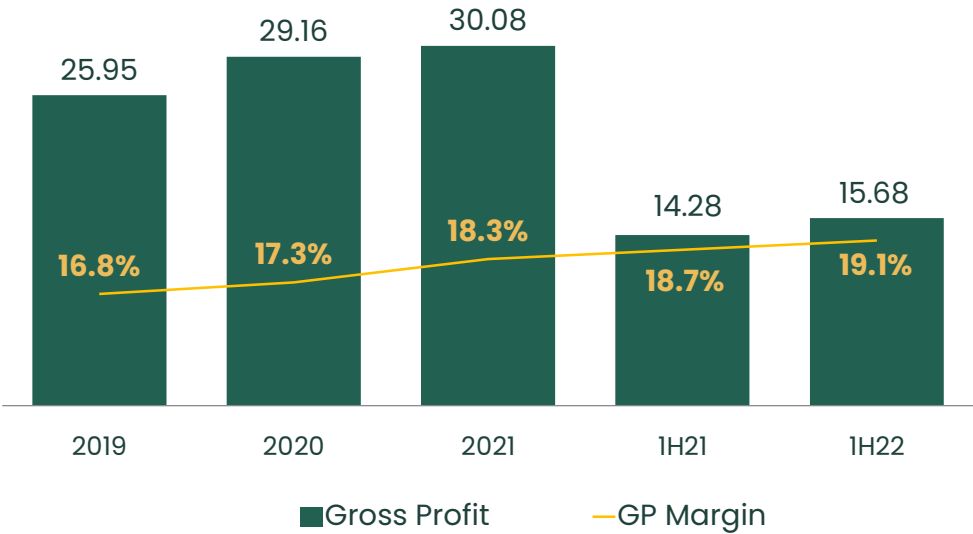
NET SALES (in PHP Billions)



 **3YCAGR 3.1%**

 **7.9%**

GROSS PROFIT & MARGIN (in PHP Billions)



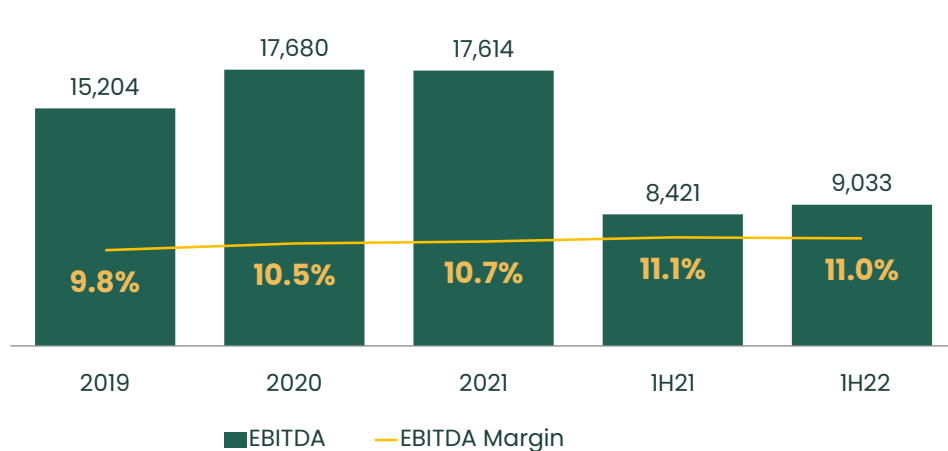
 **3YCAGR 7.7%**

 **9.8%**

Financial Performance 1H22

CONSO 1H22

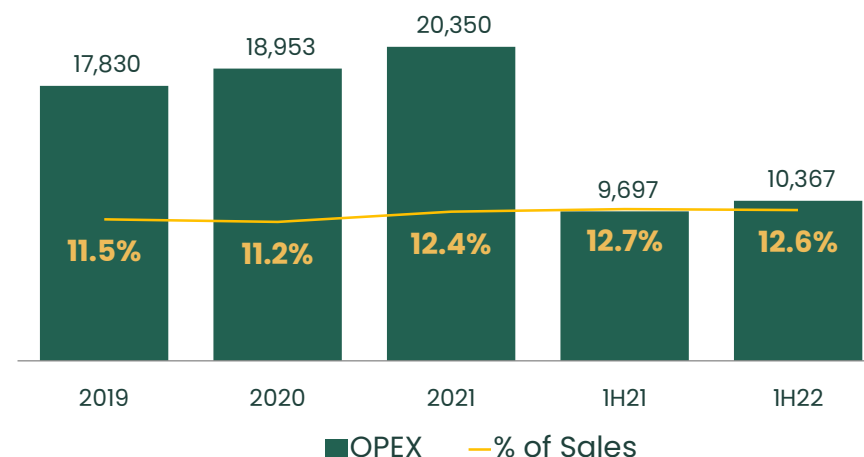
EBITDA & MARGIN (in PHP Millions)



 3YCAGR 7.6%

 7.3%

OPERATING EXPENSES (in PHP Millions)



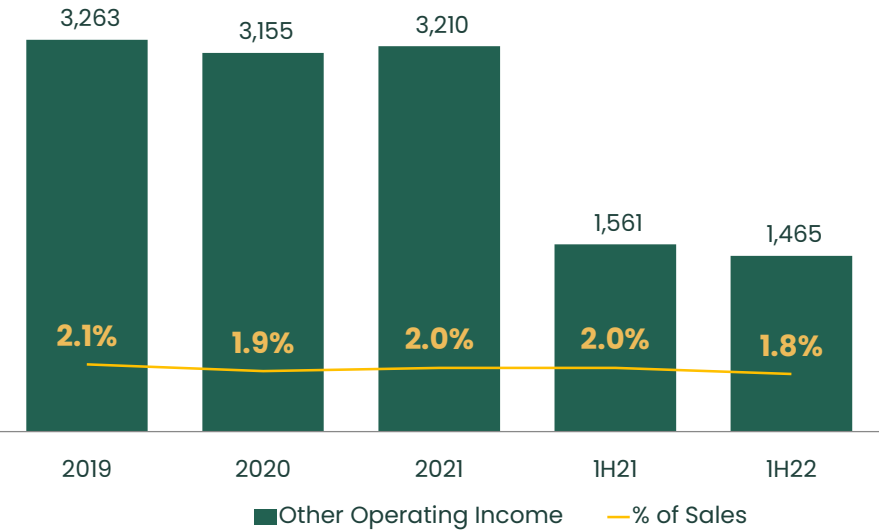
 3YCAGR 6.8%

 6.9%

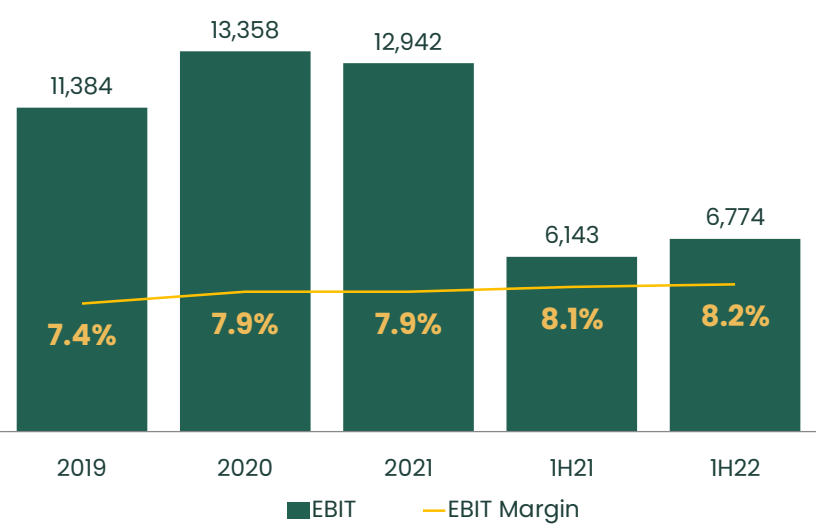
Financial Performance 1H22

CONSO 1H22

OTHER OPERATING INCOME (in PHP Millions)



OPERATING INCOME/EBIT & MARGINS (in PHP Millions)



3YCAGR -0.8%



-6.2%



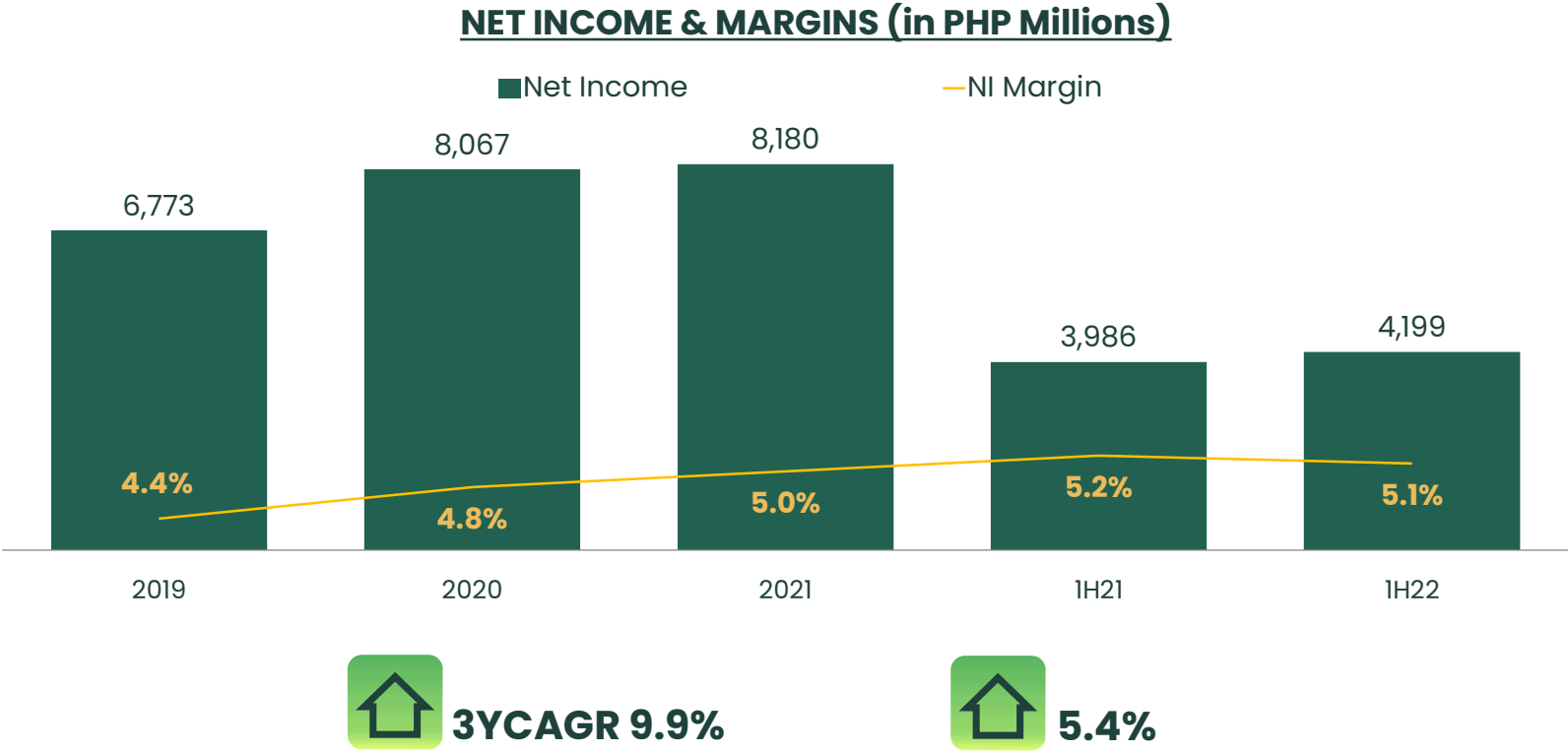
3YCAGR 6.6%



+10.3%

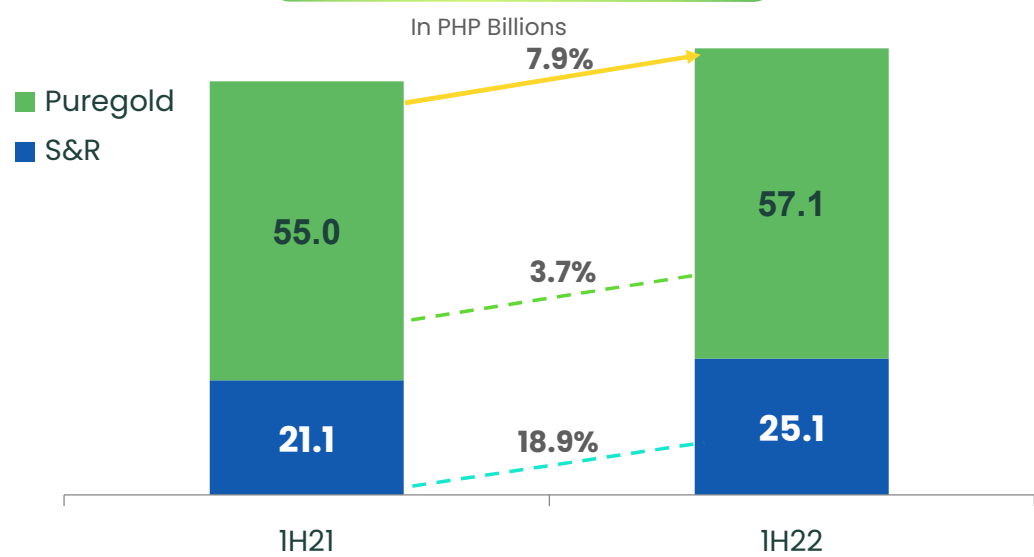
Financial Performance 1H22

CONSO 1H22

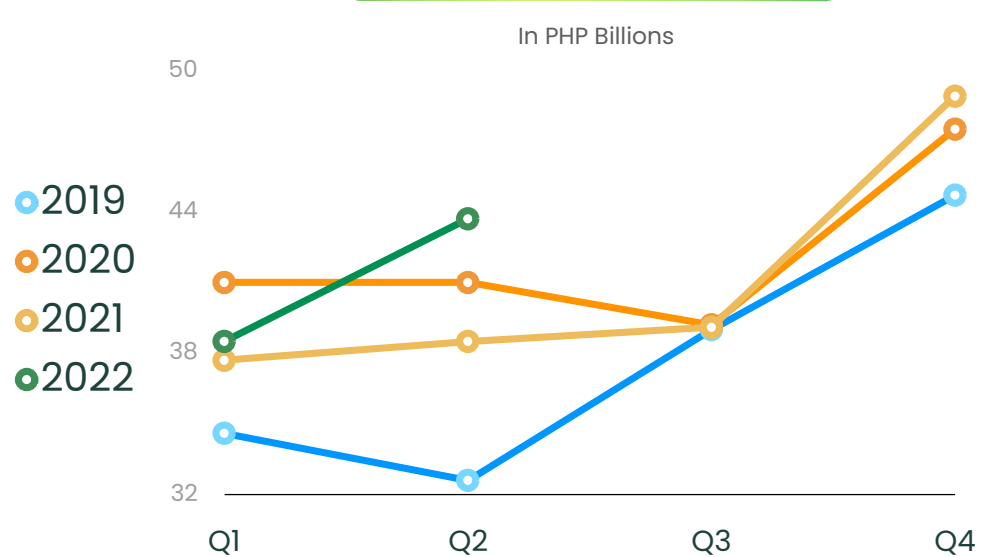


Net Sales Breakdown

NET SALES BREAKDOWN



QTR NET SALES TREND



	1H21		1H22	
	TRAFFIC	TICKET	TRAFFIC	TICKET
Puregold	53,816	1,023	59,401	961
S&R WH	5,062	4,492	5,241	4,833

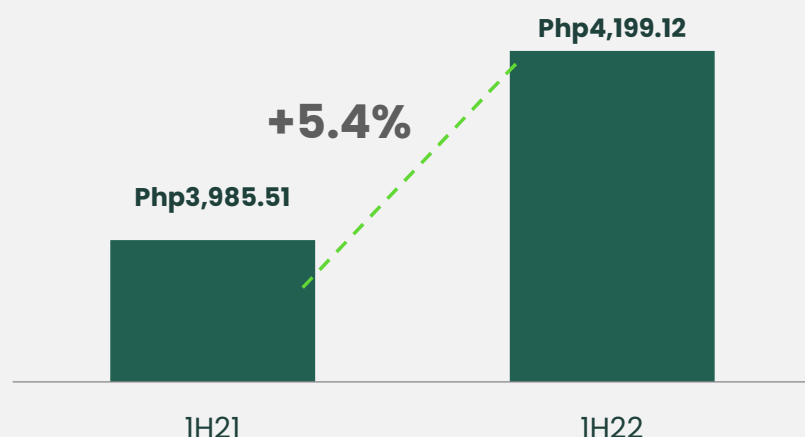
Steep trajectory from Q1 to Q2 as economy opened up more. Stark contrast in activity bet the two quarters.

1H YoY major contributors are bigger ticket size in S&R WHs and higher traffic in Puregold stores slightly offset by decrease in ticket size in Puregold stores.

Profitability

NET INCOME AFTER TAX

In PHP Millions



	1H21	1H22	CHANGE	
GPM GROSS PROFIT MARGIN	18.74%	19.06%	+32bps	 Strong continuing supplier support generated by numerous in-store events. Buffers and protection orders helped lift margins
EBITDAM EBITDA MARGIN	11.05%	10.98%	-7bps	 Due to higher cash opex and less concession income buffered by better overall earnings. Opex higher as business activities rose.
NET MARGIN	5.23%	5.11%	-13bps	 Largely sustained despite higher costs to sales this year. More favorable tax adjustments in 2021.

1H22 GPMs while higher YoY, is lower QoQ in 2Q22 due to pricing strategy aligned with our Pillars of Growth.

1H22 growth of +5.4% in NIAT mainly driven by opening of the economy, eased restrictions and better mobility but partially offset by higher expenses and higher effective tax rate. However, 1H22 Net income before taxes is up +11.8% YoY and in the 2Q22 alone up +17.8% YoY.

Shopper Trends 2022



Sari-sari Stores are thriving



Pre-pandemic key categories rebound
(work & school)



Pantry stocking normalizing



Importance of
AFFORDABILITY
across all segments



Increasing foot traffic



Pillars of Growth '22-'23

01



Store Expansion

- +15% increase pace in Puregold-only stores
- more provincial areas (70% of new stores)
- Initial foray into Central Visayas (Cebu)

02



Increase Shopper Count

- Increase high potential accounts from 220K to 280K
- ECommerce - "Sally", Aling Puring App & Aggregators
- Out-of-store chassis (Rolling Store, Caravan, APARs)

03



Demand Creation

- Reboot of marketing events
 - TNAP Convention
 - HORECA Convention
 - VIPuring
- Leverage social media capabilities
- Level-up joint business & marketing plans with suppliers

04



Robust End-to-End Supply Chain

- "Just in Case" vs. "Just in Time"
- Improve Fresh
- Order fulfillment from 92% to 95% next day delivery

TNAP Negosyo Convention 2022



Out of Store Chassis

**Puregold
APARS**



**Puregold
Rolling Stores**

**Puregold
Caravan**



e-Commerce





Experience Pure Shopping Power with **Puregold Mobile** app!

Major Services: In-store Pick up / Delivery / Express Delivery (2-hour) / P-Wallet / Bills Pay / Buy Load / Pure Treats (vouchers) / Donation Drive

App Features: Sally's Chatbot / Suggested Items / Inbox Message / PERKS & TNAP Points / Shoppable Recipes

Exclusive Promo Offers: Sally's Chatbot / Suggested Items / Inbox Message / PERKS & TNAP Points / Shoppable Recipes

The **Aling Puring** app transforms sari-sari stores to e-business hubs!

The app allows Tindahan Ni Aling Puring members access to e-commerce opportunities with products such as mobile load, bills payment and cash-in for digital wallets. It also has a direct access to Puregold Mobile app for easy re-ordering or stock replenishment.

Major Services: Load To All Networks / Cash In Services For Digital Wallets / Bills Pay To Various Merchants / Direct Access to Puregold Mobile











Puregold x 917ventures – PureGo

The partnership leverages on the technology expertise of Globe and Puregold's retail foot print. The app covers NCR and major cities in Visayas and Mindanao.

App Features: Integrated Customer Function, Exclusive Promotions, Engaging Retention Plays, Wide Assortment, Tech Driven Fulfillment



Social Media & Retailtainment

Retailtainment

Puregold pioneers *retailtainment* by maximizing social media as a way of connecting and interacting where consumers are; in or outside Puregold stores.

Puregold Channel

Combining content with modern retailing gives Puregold more opportunities for branded messaging and segments, sale offers, and ultimately an instant link to frictionless transactions.

Digital Foot Print



3M Followers



150K Followers



122K Subscribers



32K Followers



Management Guidance 2022

Consolidated Revenue Growth

7% to 9% target

Gross Profit 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

Q&A

PUREGOLD PRICE CLUB, INC.

Company Presentation

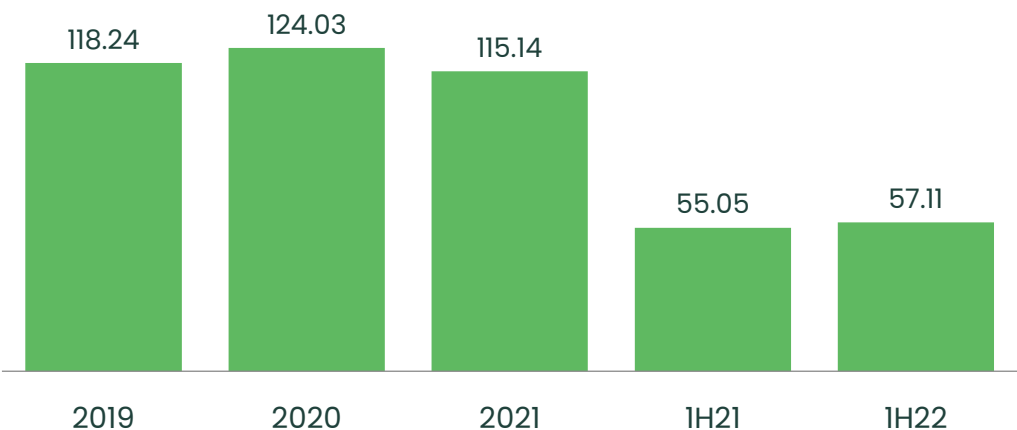


Annex

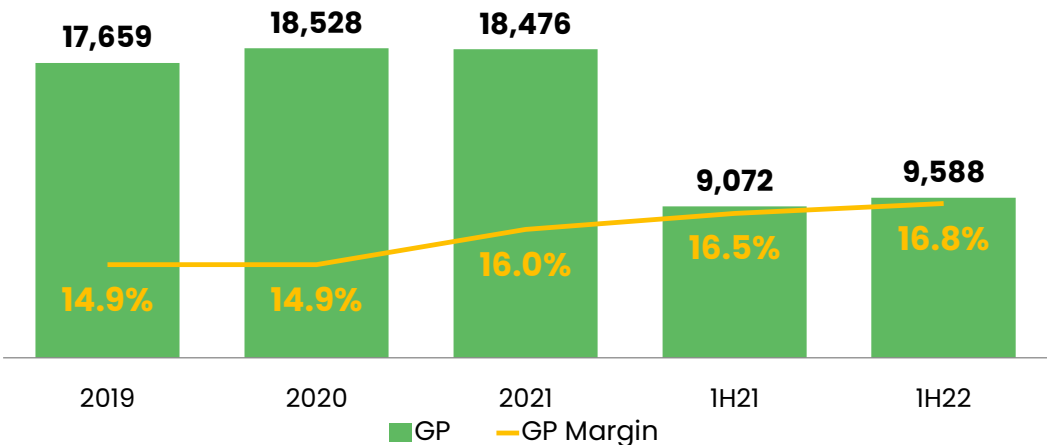
Financial Performance 1H22

PUREGOLD ONLY 1H22

NET SALES (in PHP Billions)



GROSS PROFIT & MARGIN (in PHP Millions)



 3YCAGR -1.3%

 3.7%

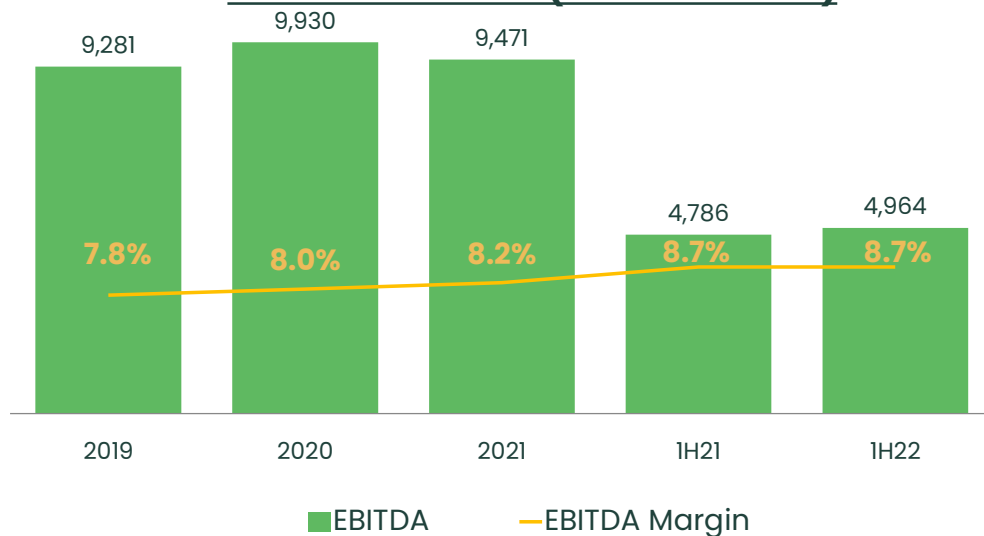
 3YCAGR 2.3%

 5.7%

Financial Performance 1H22

PUREGOLD ONLY 1H22

EBITDA & MARGIN (in PHP Millions)

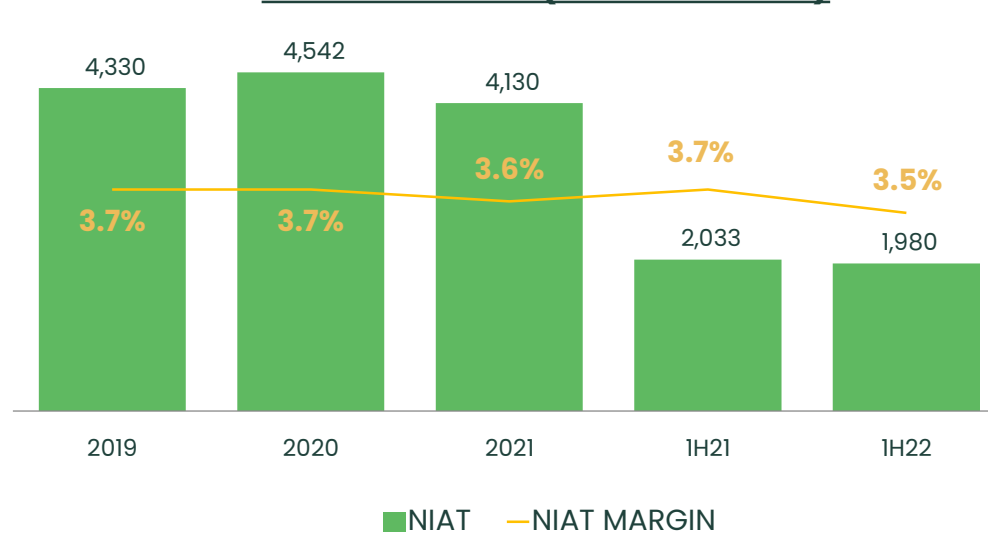


3YCAGR 1.0%



3.7%

NIAT & MARGIN (in PHP Millions)



3YCAGR -2.3%

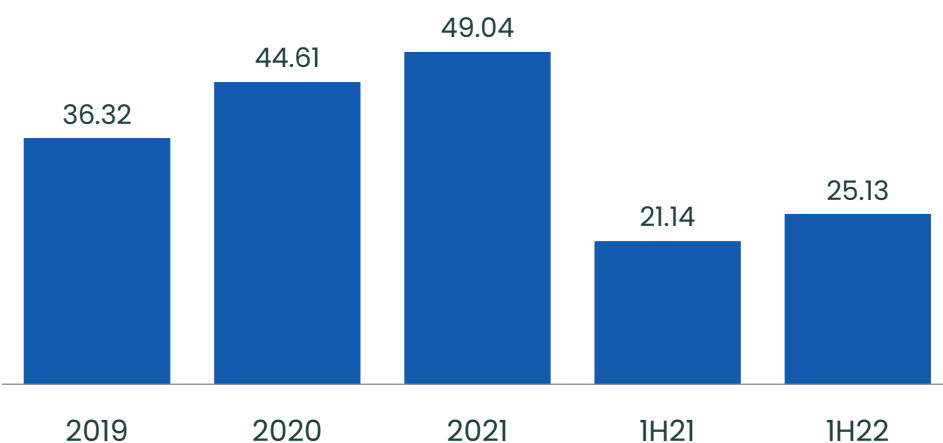


-2.6%

Financial Performance 1H22

S&R ONLY 1H22

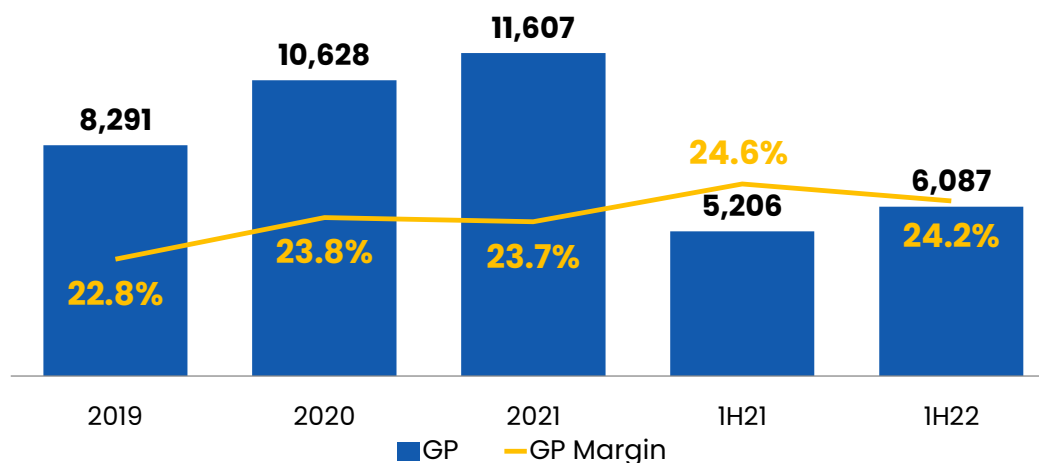
NET SALES (in PHP Billions)



 3YCAGR 16.2%

 18.9%

GROSS PROFIT & MARGIN (in PHP Millions)



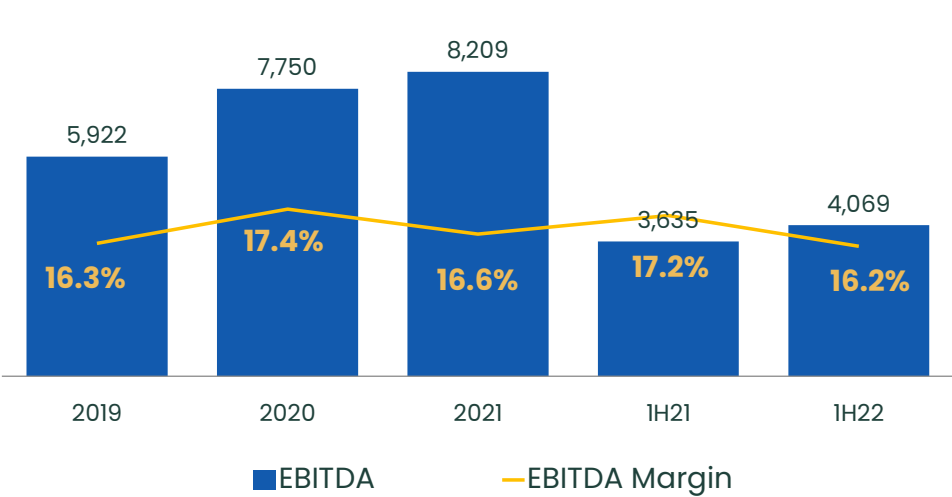
 3YCAGR 18.3%

 16.9%

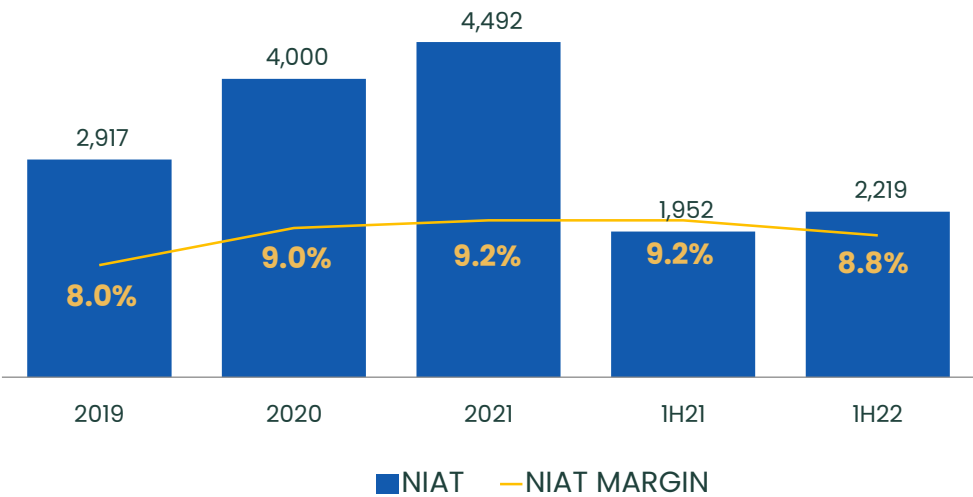
Financial Performance 1H22

S&R ONLY 1H22

EBITDA & MARGIN (in PHP Millions)



NIAT & MARGIN (in PHP Millions)



 **3YCAGR 17.7%**

 **11.9%**

 **3YCAGR 24.1%**

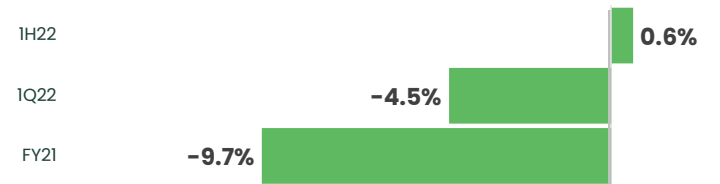
 **13.7%**

Comparative Sales



PUREGOLD ONLY

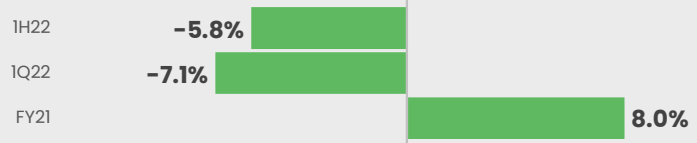
SSSG



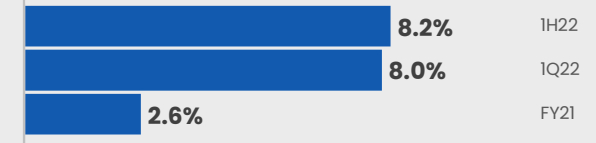
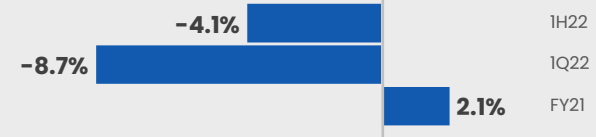
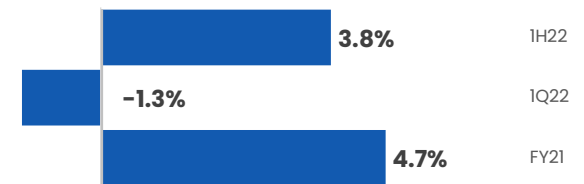
TRAFFIC



TICKET



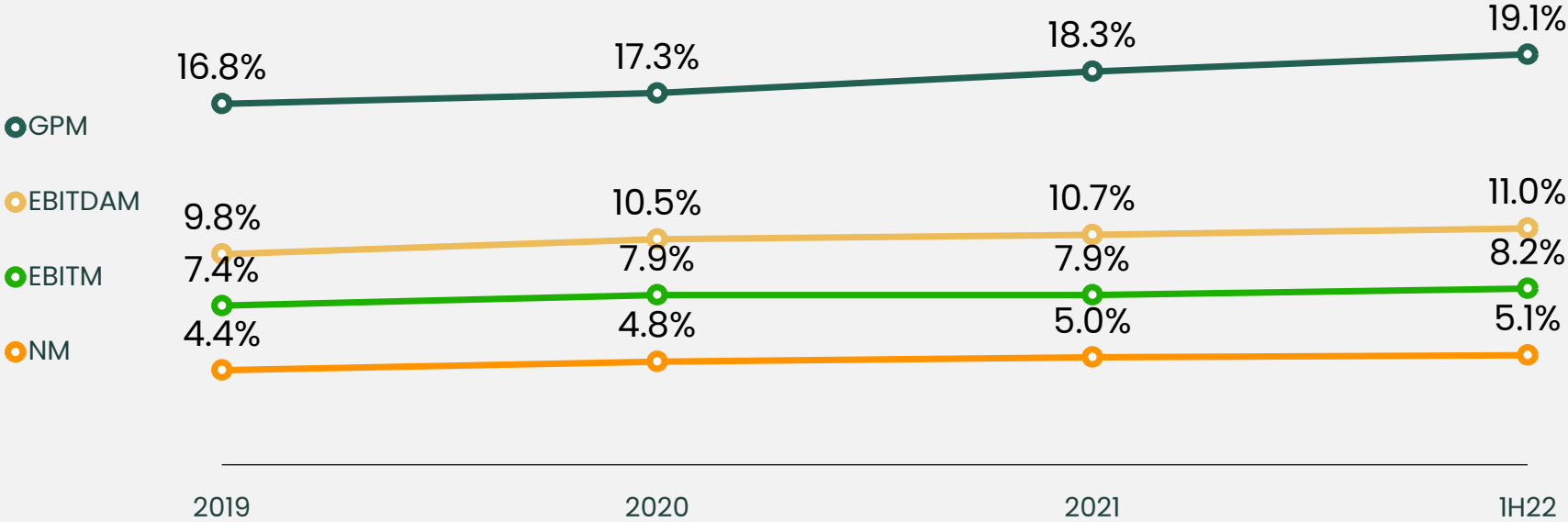
S&R ONLY



Margins



MARGIN TRENDS



Financial Performance 1H22



	2021	1H21	1H22	
Trade Receivables Days	3.3	2.9	2.4	
Inventory Days	57.5	63.6	64.6	Elevated inventory days to ensure availability
Trade Payables Days	24.8	20.0	21.0	Favorable payment terms to suppliers to get bigger allocation and avail of discounts
Cash Conversion Cycle	36.1	46.5	46.0	

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)

Financial Position – Assets

PHP (in Thousands)	JUNE 2022	JUNE 2021
Current Assets		
Cash and cash equivalents	₱31,398,784	₱30,634,131
Investments in trading securities	3,027,489	28,285
Receivables – net	2,318,724	1,678,054
Merchandise inventory	26,232,989	22,853,898
Prepaid expenses & other current assets	1,398,281	1,269,531
Total Current Assets	₱64,376,267	₱56,463,899
Noncurrent Assets		
Investments	636,548	636,548
Property & Equipment – net	23,542,129	22,572,853
Right-of-use assets	26,480,219	26,284,347
Deferred tax assets	1,426,002	1,277,140
Intangibles	19,703,613	19,706,988
Other concurrent assets	2,818,781	2,521,140
Total Noncurrent Assets	₱74,607,294	₱72,999,016
TOTAL ASSETS	₱138,983,560	₱129,462,915

Financial Position – Liabilities

PHP (in Thousands)	JUNE 2022	JUNE 2021
Current Liabilities		
Accounts payable & accrued expenses	₱9,502,945	₱8,185,769
Income tax payable	653,664	543,500
Due to related parties	28,437	27,414
Current maturities of long term debt - net of debt issue cost	120,000	120,000
Current portion of lease liabilities	982,288	809,545
Other current liabilities	387,379	543,845
Total Current Liabilities	₱11,674,714	₱10,230,072
Noncurrent Liabilities		
Lease Liabilities	₱34,757,894	₱33,633,283
Long term debt - net of current maturities & debt issue cost	11,658,125	11,762,790
Retirement benefits liability	1,287,905	1,380,635
Total Noncurrent Liabilities	₱47,703,925	₱46,776,708
TOTAL LIABILITIES	₱59,378,639	₱57,006,780

Financial Position – Equity

PHP (in Thousands)	JUNE 2022	JUNE 2021
Equity		
Capital Stock	₱2,904,214	₱2,904,214
Reserve for retirement plan - net of tax	151,224	(118,634)
Additional paid in capital	25,361,671	25,361,671
Treasury stock - at cost	(182,786)	(102,351)
Retained earnings	51,370,599	44,411,235
TOTAL EQUITY	₱79,604,921	₱72,456,135

Cash Flows



PHP (in Thousands)	JUNE 2022	JUNE 2021
Income before tax	₱5,547,497	₱4,963,876
Noncash operating items	3,486,374	3,455,167
Operating income before changes in working capital	9,033,871	8,419,043
Increase in merchandise inventory	(4,674,356)	(1,935,577)
Decrease (increase) in other operating assets	(762,966)	292,181
Decrease in accounts payable & other accrued expense	(3,485,487)	(4,864,382)
Increase (decrease) in other operating liabilities	(280,649)	11,311
Cash generated from (used in) operations	(169,586)	1,922,576
Interest received	191,775	236,640
Income taxes paid	(1,564,587)	(1,744,409)
Retirement benefits paid	(7,394)	(2,422)
Net cash provided by (used in) operating activities	₱1,549,792	₱412,385

Cash Flows



PHP (in Thousands)	JUNE 2022	JUNE 2021
Additions to property and equipment	(P 1,619,625)	(P 1,846,142)
Decrease (increase) in other investing activities	(3,300,279)	(2,427,953)
Net cash provided by (used in) investing activities	(P4,919,904)	(P581,811)
Payment on lease liabilities	(528,725)	(355,779)
Interest paid - lease liabilities	(1,161,126)	(1,154,404)
Payment for treasury shares	(70,193)	(31,098)
Interest paid	(248,803)	(251,521)
Dividends paid	(1,434,268)	(1,291,357)
Net cash used in financing activities	(P3,443,115)	(P3,804,158)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(P 9,912,811)	(P 2,089,962)
CASH AND CASH EQUIVALENTS, BEGINNING	P41,311,594	P32,724,094
CASH AND CASH EQUIVALENTS, END	P31,398,784	P30,634,131

Sustainability Highlights

ENVIRONMENTAL PERFORMANCE



Monthly upsizing through regular promotions to **reduce single-use packaging**



Gearing towards **100%** LED main lighting



Migration to cross-docking operations to help reduce CO2 emission by up to **36%**



Almost 50% of total Puregold stores have discontinued the usage of single-use plastic bags



135 Wastewater Treatment Facilities are compliant to **Clean Water Act**



40% reduction on company's purchase of plastic bag since 2021



Rain water catchment and Gray water to reduce overall demand for potable water



Collect & Convert sachet drive in key stores to help manage plastic waste

Sustainability Highlights

ECONOMIC CONTRIBUTION



PHP 4.25B taxes paid to the government



PHP 3B employee wages and benefits



97% of Cosco economic value generated distributed to key stakeholders



11,647 total no. of direct employees
>95% local hiring



PHP 10.7M invested to scholarship and community development



0 incidents of corruption

Sustainability Highlights

SOCIAL RESPONSIBILITY



753 scholars graduated, **107** passed licensure exam, **381** current no. of scholars



4,325 employees attended technical and behavioral skills training



56% female employees in the workforce



612 employees in Puregold and S&R promoted



238 employees from indigenous communities and vulnerable sector



0 legal actions or employee grievance on forced and child labor



THANK YOU!

