PUREGOLD PRICE CLUB, INC.
No. 900 Romualdez St., Paco, Manila

October 29, 2020

Securities and Exchange Commission
G/F Secretariat Bldg. PICC Complex
Roxas Blvd., Pasay City

Attention: **Vicente Graciano P. Felizmenio, Jr.**
Director – Market and Securities Regulation Division

Philippine Stock Exchange
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City 1634

Attention: **Ms. Janet Encarnacion**
Head – Disclosure Department

Subject: **Company Presentation**

GENTLEMEN:

Please see attached Materials for Analysts' Briefing dated October 28, 2020, 3:00PM Manila Time.

Thank you.

Very truly yours,

ATTY. CANDY H. DACANAY-DATUON
Assistant Corporate Secretary

COVER SHEET

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SEC Registration Number

PUREGOLD PRICE CLUB, INC.

(Company's Full Name)

NO. 900 ROMUALDEZ ST., PACO,
MANILA

(Business Address: No. Street City/Town/Province)

CANDY H. DACANAY-DATUON

(Contact Person)

(02) 523-3055

(Company Telephone Number)

1 2	3 1	SEC FORM 17-C	0 8	1 8
Month	Day	(Form Type)	Month	Day

(Secondary License Type, If Applicable)

Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowing

Total No. of Stockholders

Domestic

Foreign

SEC Personnel concerned

File Number

LCU

Document ID

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATIONS CODE AND SRC RULE 17.2 (C) THEREUNDER

Date of Report	October 29, 2020
SEC Identification Number	A199813754
BIR Tax Identification Number	201-277-095
Name of Issuer as specified in its charter	Puregold Price Club, Inc.
Address of principal office and postal code	No. 900 Romualdez St., Paco, Manila, 1007
Industry Classification Code	
Issuer's Telephone Number	(632) 522-8801
Former Name	None
Securities registered pursuant to Section 8 and 12 of the SRC or Sections 4 and 8 of the RSA	Number of Common Shares – 2,869,681,406 Treasury Shares – 19,981,471
Indicate the item numbers reported therein	Other Matters/Event

Other Event:

Please see attached Materials for Analysts' Briefing dated October 28, 2020, 3:00PM Manila Time.

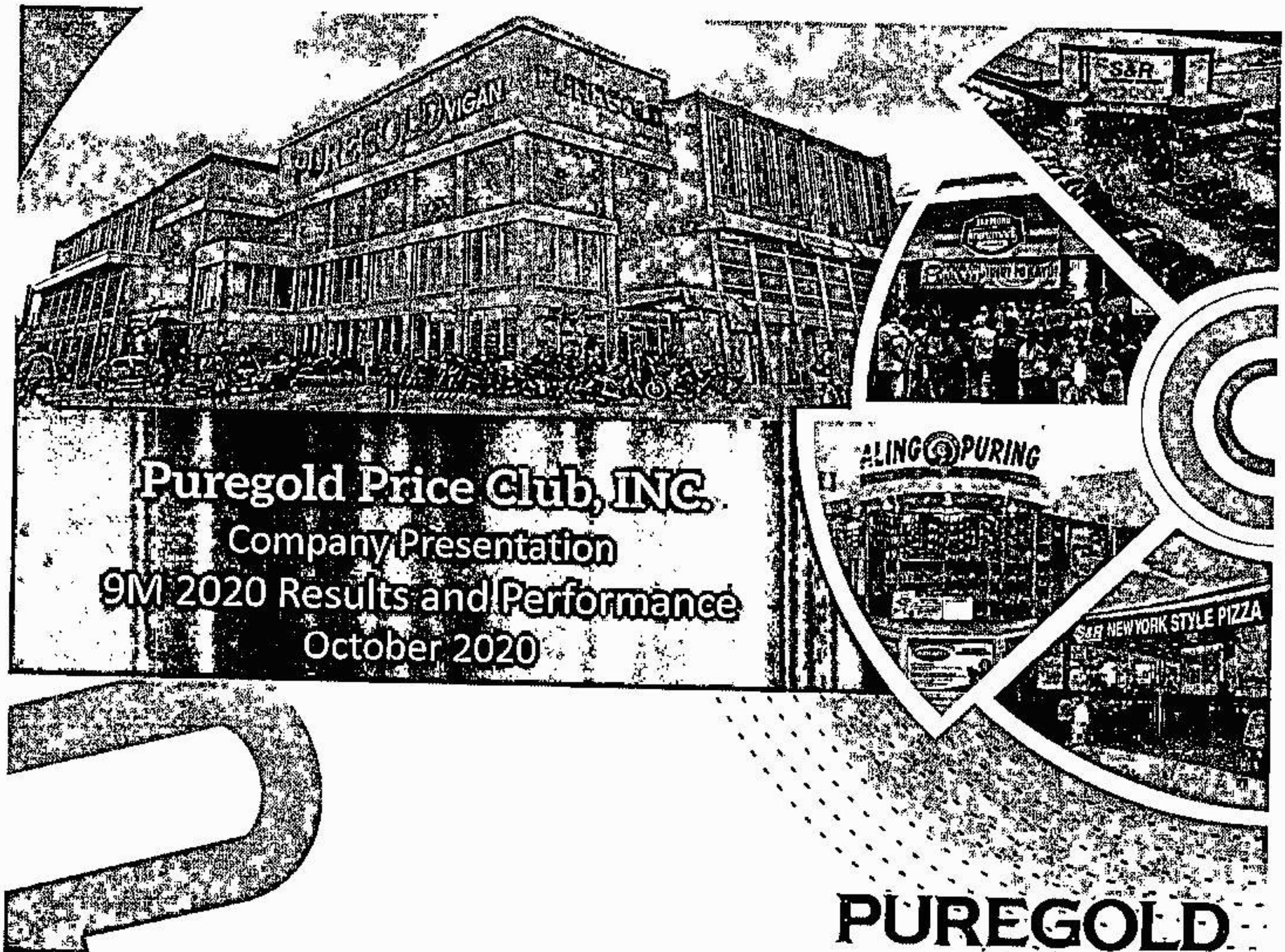
SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PUREGOLD PRICE CLUB, INC.

October 29, 2020

ATTY. CANDY H. DACANAY-DATUON
Assistant Corporate Secretary



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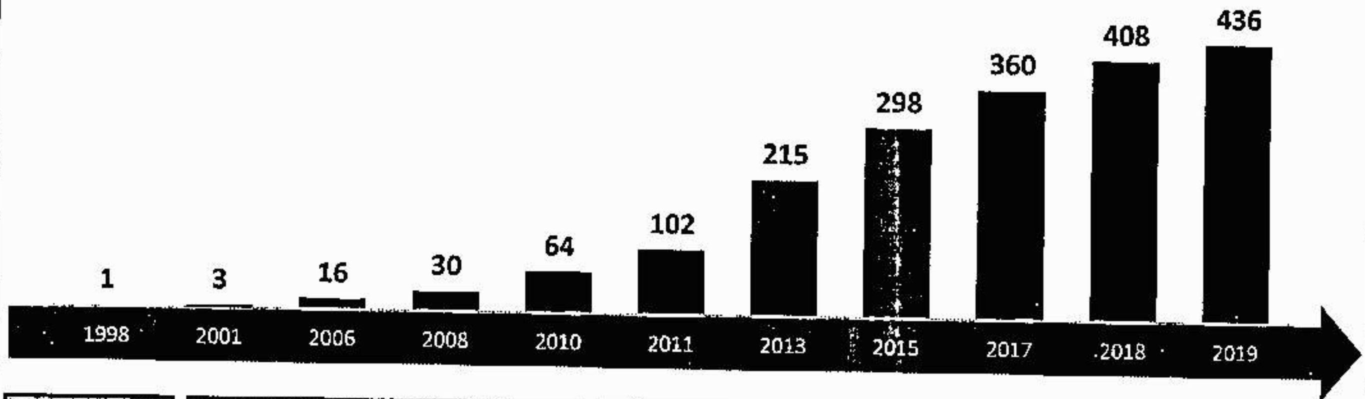
Head Office Address
2nd floor, Tabacalera Building, 900 Romualdez Street, Paco, Manila, 1007 Philippines

Store roll-out through FY 2019

PUREGOLD 20 Always Panalo Years



First store
- Opened in Mandaluyong City, Metro Manila

First format introduction

PUREGOLD

Expansion
- Launched loyalty program in 2001 renamed as *Tindahan ni Aling Puring* in 2004
- Between 2002 and 2008 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

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

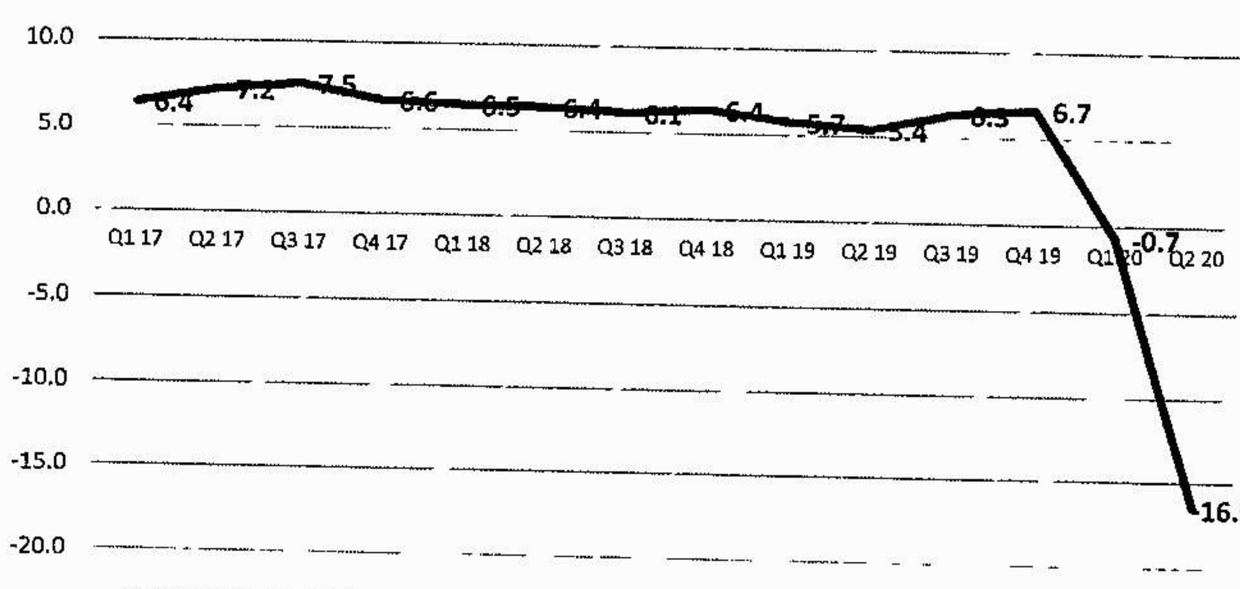
Continuing new stores roll-out via organic geographic expansion and acquisitions
- Acquired Company 5 with 15 stores in 2013
- NE Bodega 9 stores and Budgetlane 8 stores acquisitions in 2015
- B&W Supermarket acquisition in 2017

Rapid store expansion from 1 to 436 stores in 21 years

Macroeconomic Updates

PUREGOLD 20 Always Panalo Years

- 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

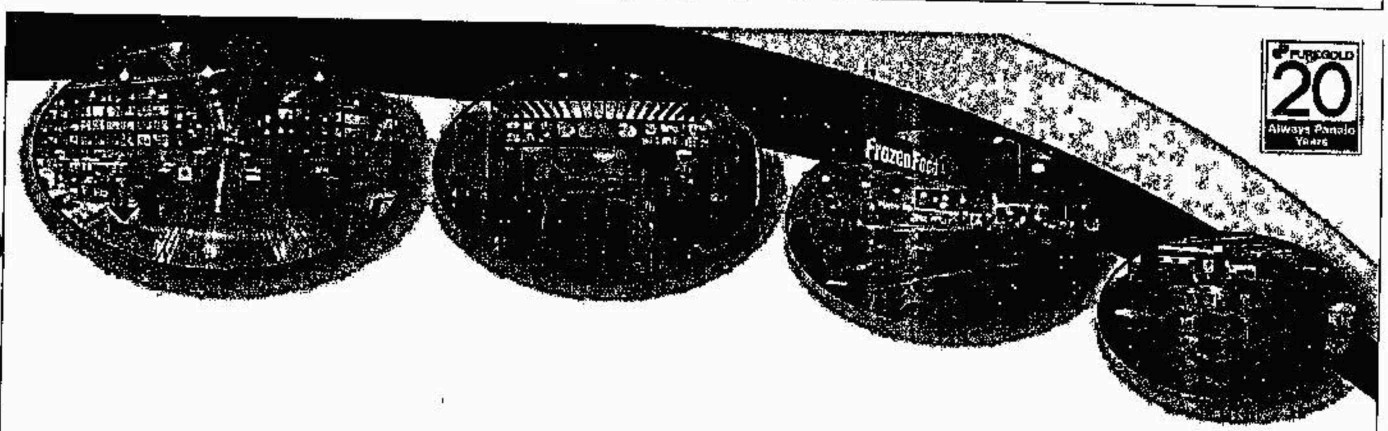
1. Protect our Supply Chain
   - Revised inventory targets for emerging categories, food preparation and health/sanitation
   - Increased inventory levels since most companies had supply chain disruptions during lockdown and raw materials/packaging material sourcing
   - Develop local suppliers to improve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

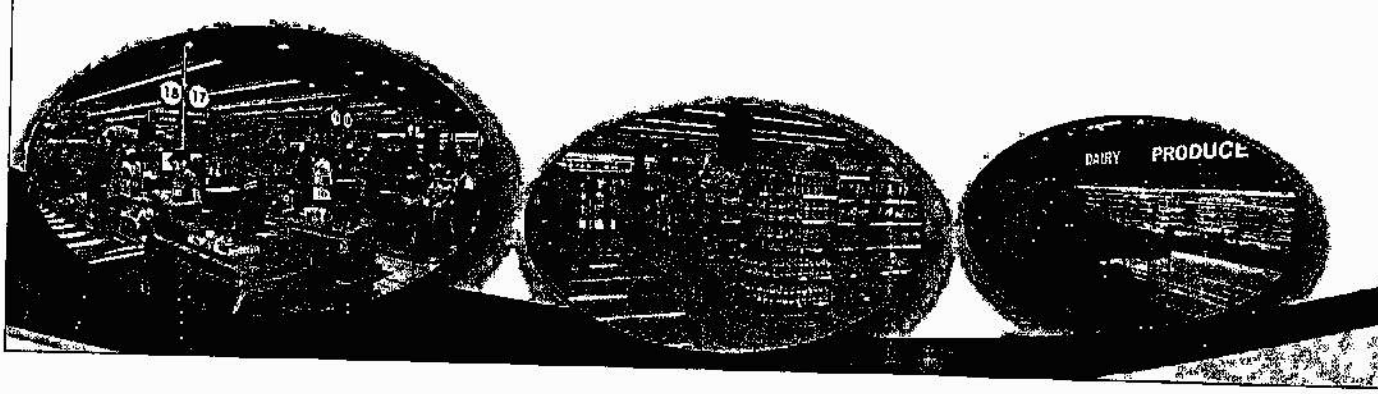
4 Pillars of Growth

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

PUREGOLD 20 Always Panalo Years

- 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

PUREGOLD 20 Always Panalo Years

Format	PUREGOLD Hypermarket, supermarket, extra	S&R Membership Shopping The world class shopping experience Membership shopping
Revenue contribution	Puregold 75%	S&R 25%
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

PUREGOLD 20 Always Panalo Years

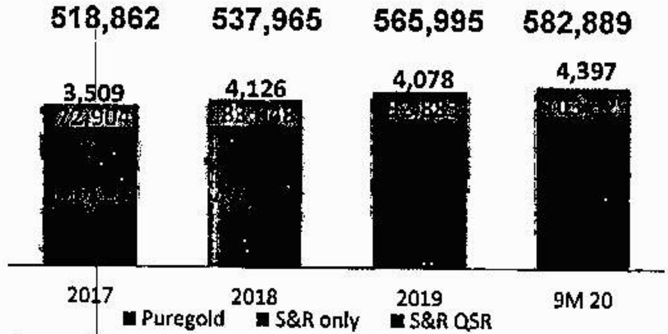
Breakdown of Stores (per format)

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

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

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

Store Portfolio – 9M 2020

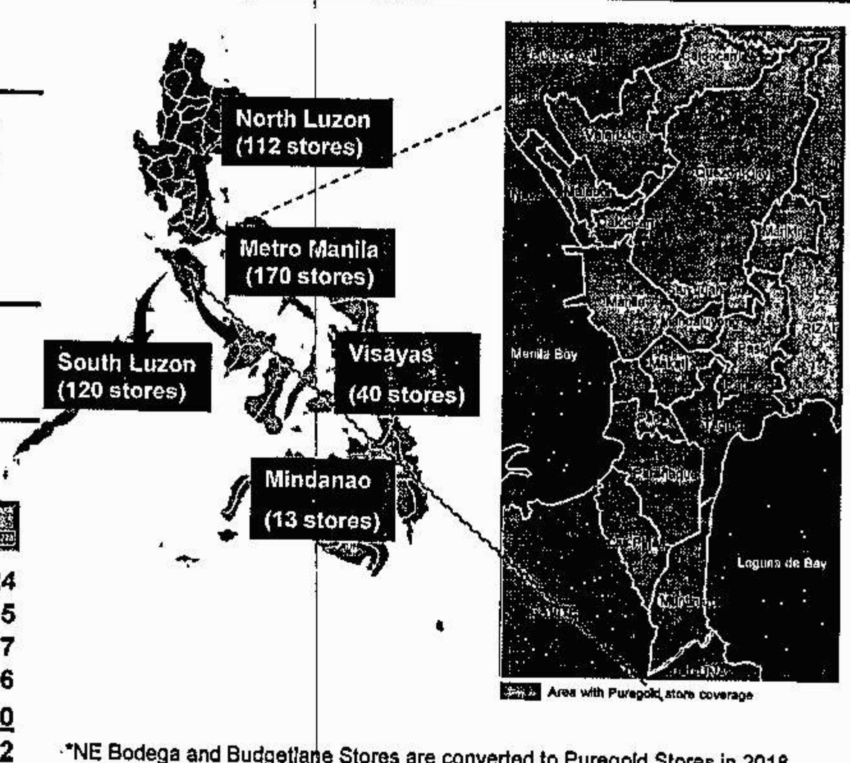
PUREGOLD 20 Always Panalo Years

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 QSR
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

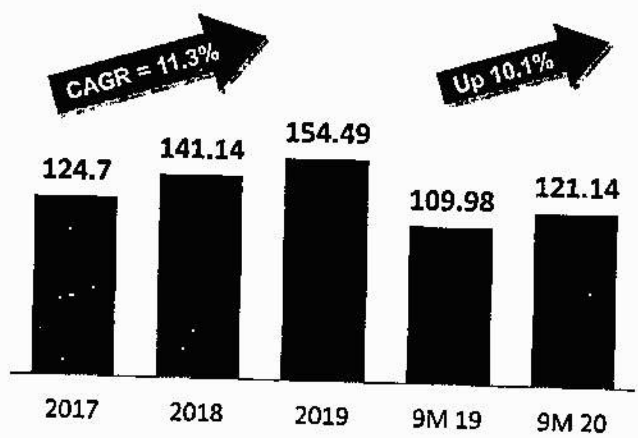
Geographic coverage



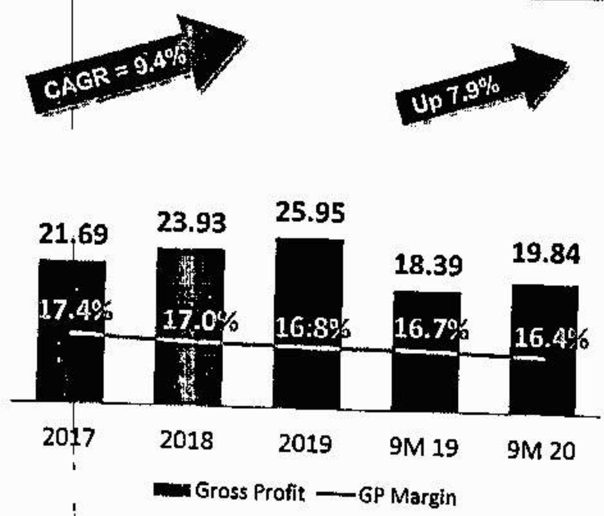
*NE Bodega and Budgetlane Stores are converted to Puregold Stores in 2018

Financial Performance – 9M 2020

Net sales (in Php billions)



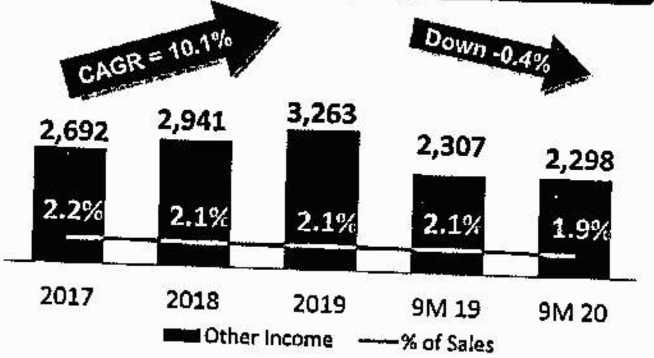
Gross profit & Margin (in PHP billions)



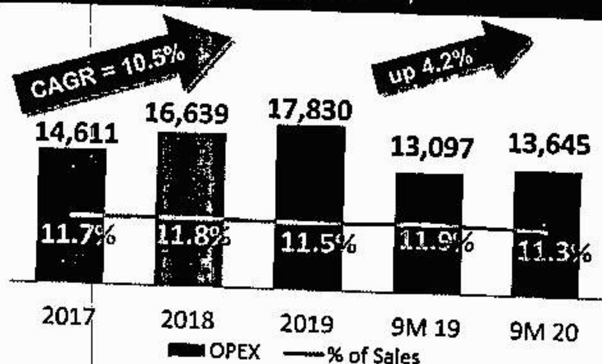
- Continuing strong revenue growth driven by the 380 Puregold stores and the 20 S&R stores in 2019
- Increasing costs of suppliers resulted to reduced marketing and promo support
- Positive effect of Tax Reform law to Filipino consumers supported continuing growth in revenues

Financial Performance – 9M 2020

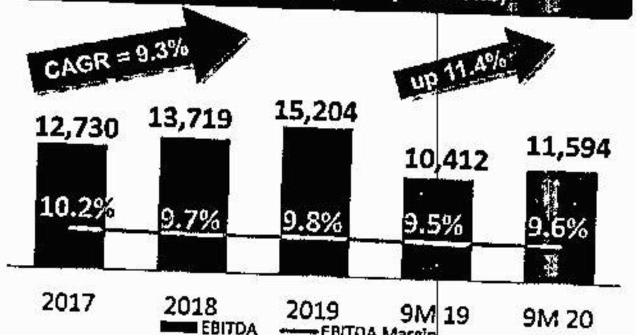
Other Operating Income (in PHP millions)



Operating Expenses (in PHP millions)



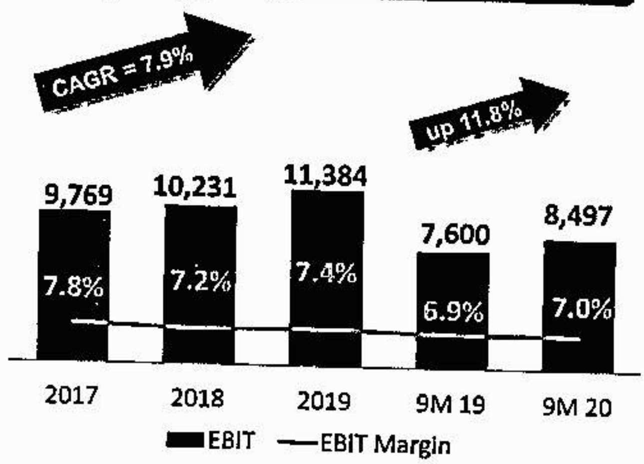
EBITDA & Margin (in Php millions)



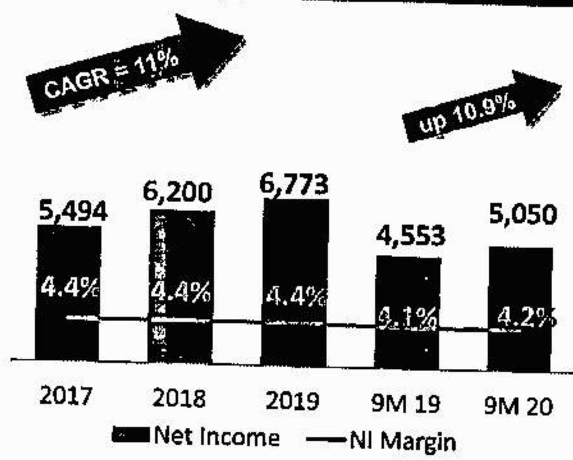
Financial Performance – 9M 2020

PUREGOLD 20 Always Panalo Years

Operating Income/EBIT and Margins (in PHP millions)



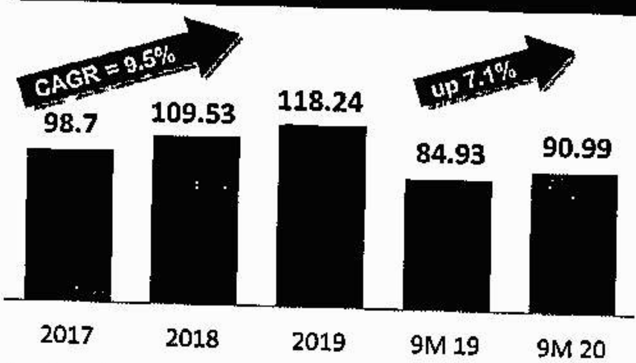
Net Income & Margins (in PHP millions)



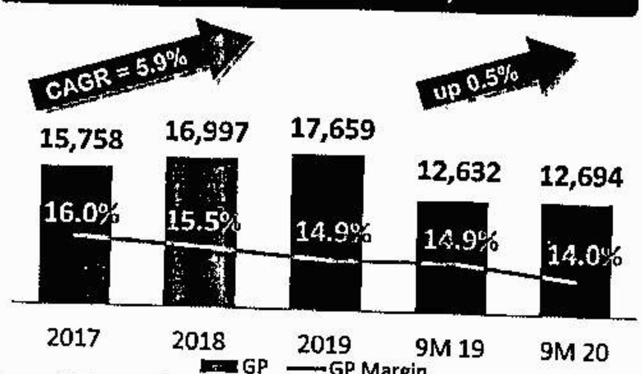
Financial Performance – Puregold Only

PUREGOLD 20 Always Panalo Years

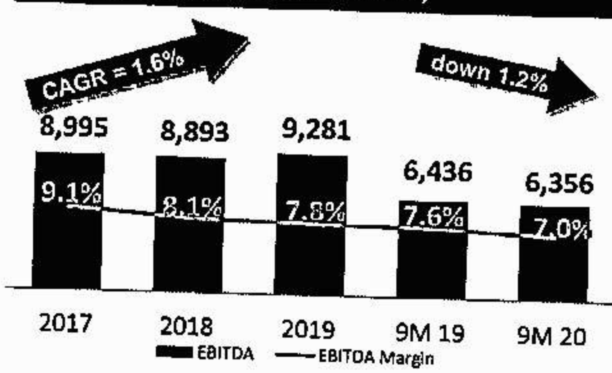
Revenues (in PHP Billions)



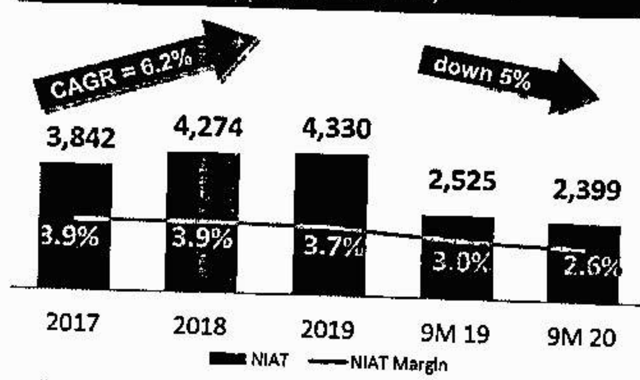
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



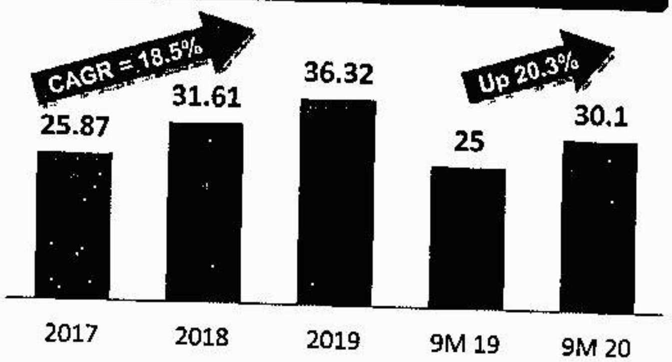
Net Profit & Margins (in PHP millions)



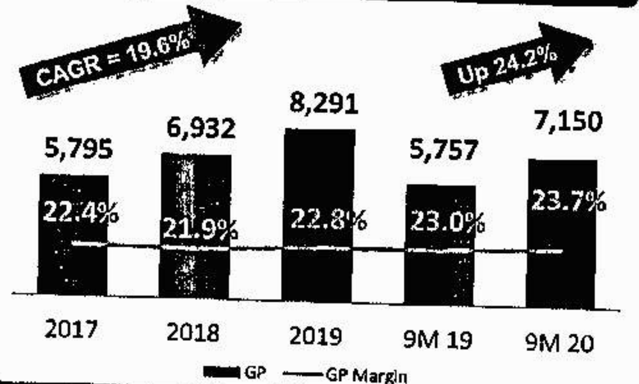
Financial Performance – S&R Only

S&R

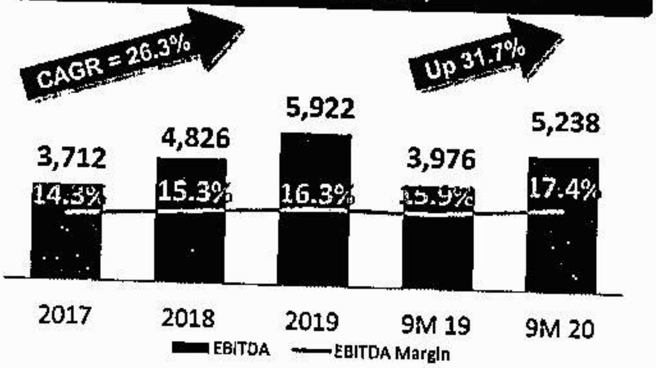
Revenues (in PHP Billions)



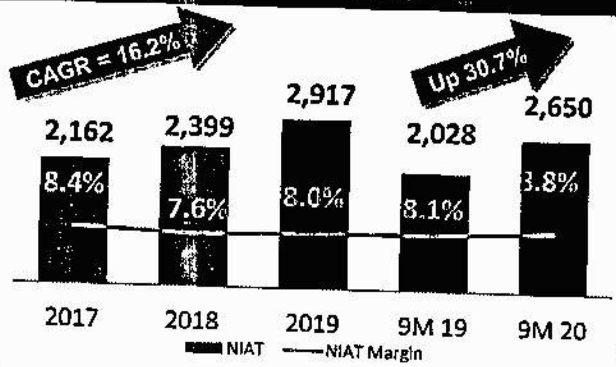
Gross Profit & Margins (in PHP millions)



EBITDA and Margin (in PHP millions)



Net Profit & Margins (in PHP millions)



Financial Performance – 9M 2020

PUREGOLD 20 Always Panalo Years

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
Trade Payables Days	23.9	22.9	15.8

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!