



FIRST QUARTER 2019  
**EARNINGS CALL &  
ANALYSTS' BRIEFING**

May 14, 2019

Metro Retail Stores Group, Inc.  
Manila Business Office

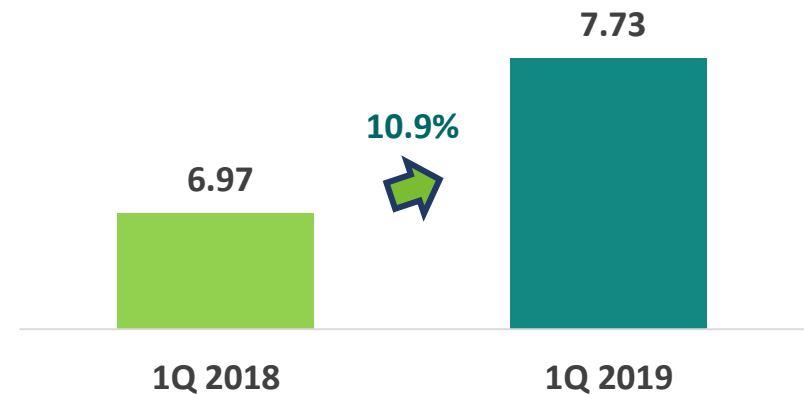
# Agenda

- 1Q 2019 Performance and Results
- Existing Store Network
- Network Expansion Initiative

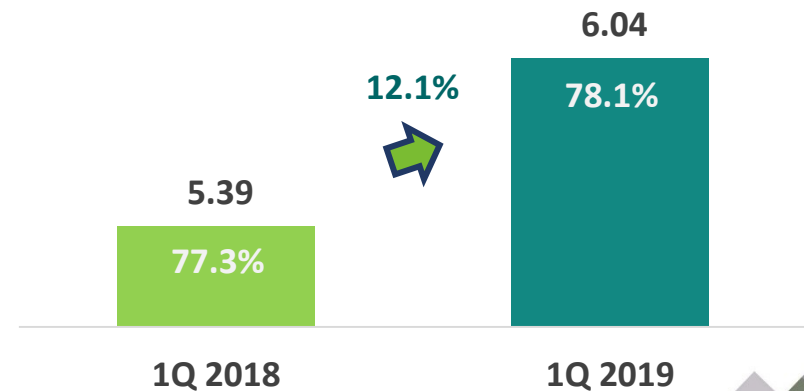
# 1Q 2019 Unaudited Consolidated Results

- The increase in Revenue was brought about by the opening of 3 new stores in the second half of 2018 and the re-opening of Metro Ayala Center Cebu Supermarket.
- The uptrend in Cost of Sales was due to the increasing cost of food items for our Supermarkets.
- MRSGL continues to improve its sourcing strategies and increase engagement with our suppliers to maintain Cost of Sales at manageable levels

## Revenue (in billions Php)



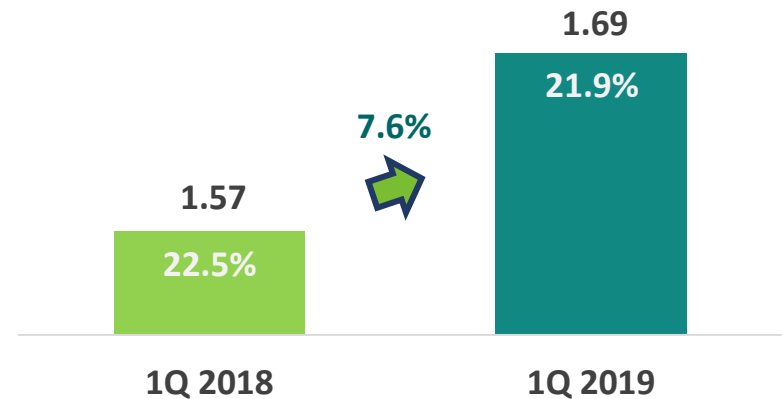
## Cost of Sales (in billions Php)



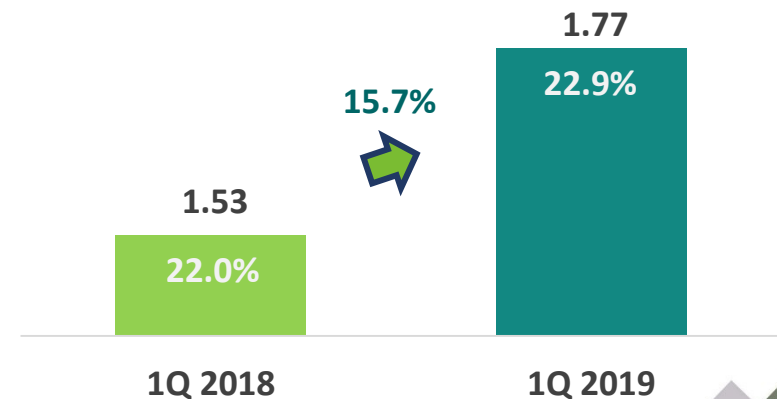
# 1Q 2019 Unaudited Consolidated Results

- Absolute Gross Margin (Php) expanded by 7.6% brought about by the growth in sales from new & existing supermarkets. This, however, lead to a 60 bps decline in GM% to sales as food retail generally has lower margins
- Operating expenses remains largely manageable, growth was due to the Pre-operating expenses for our new stores and rental escalation for our existing stores.

## Gross Margin (in billions Php)



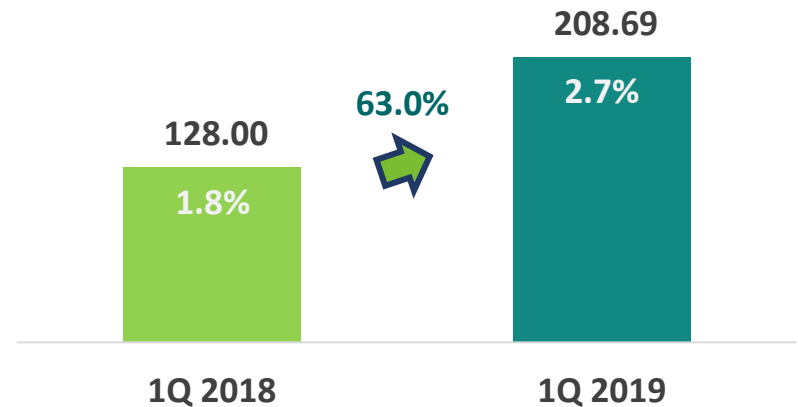
## Operating Expense (in billions Php)



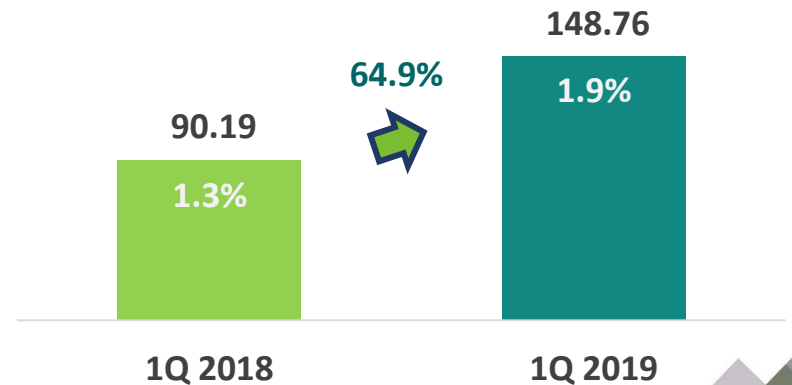
# 1Q 2019 Unaudited Consolidated Results

- Growth in both EBITDA and Net Income was the result of the continued implementation of our key strategies and process improvements, coupled with a boost from the insurance coverage for our flagship store.

## EBITDA (in millions Php)



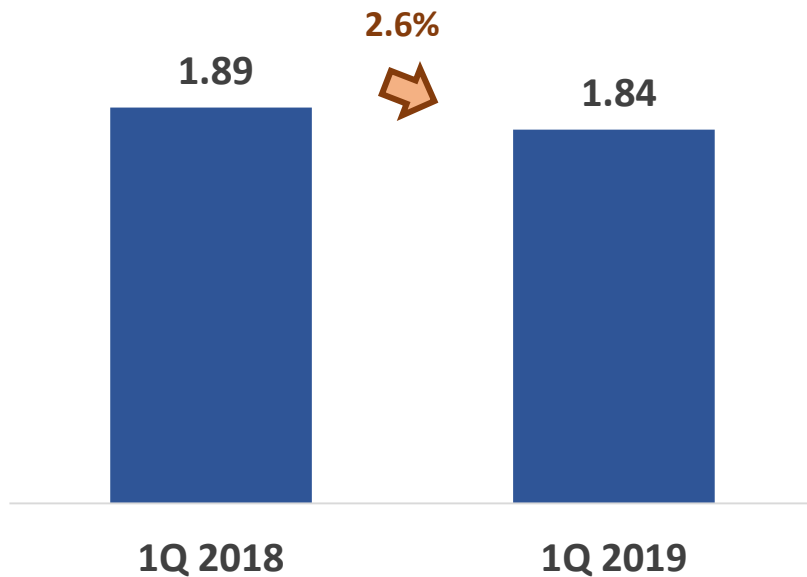
## Net Income (in millions Php)



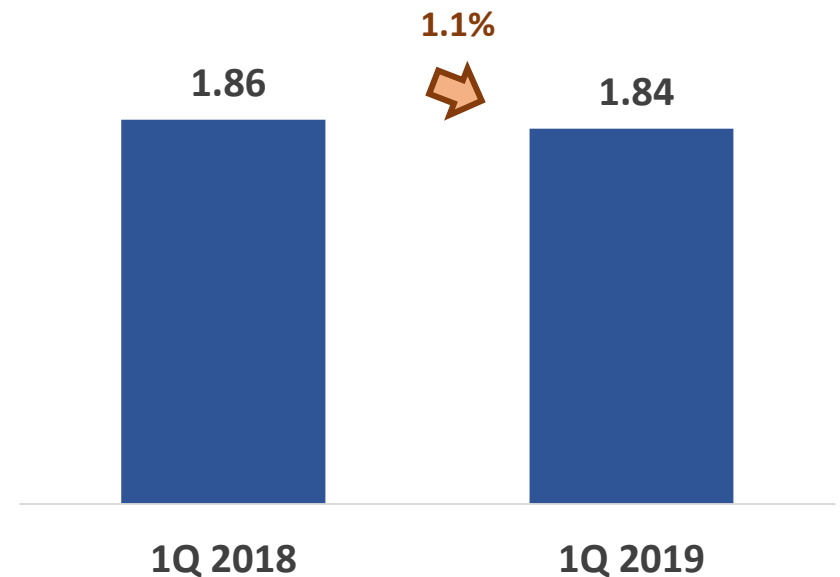
# 1Q 2019 Performance and Results

## Department Store Comparable Sales

### Store Sales with METRO Ayala Cebu



### Store Sales w/o METRO Ayala Cebu

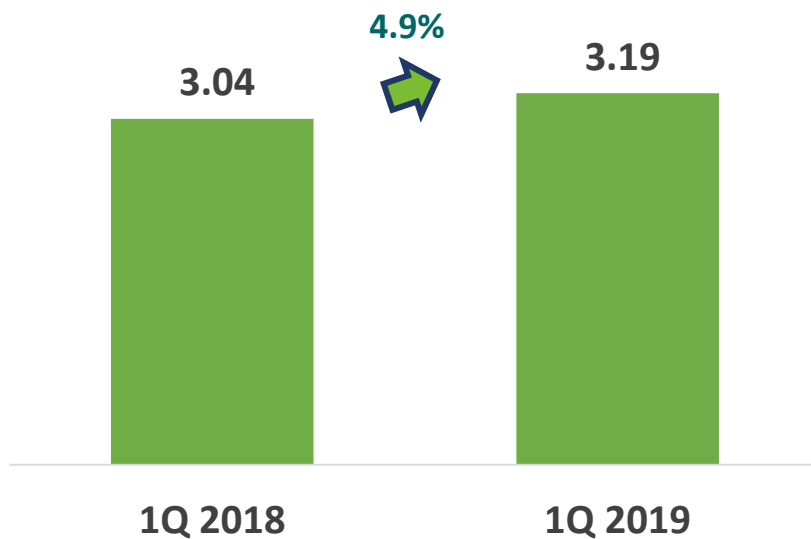


- The decline in SSSG for our Department Store segment is on account of a slowdown in sales among our selected stores as we enter the lean shopping season of the year.

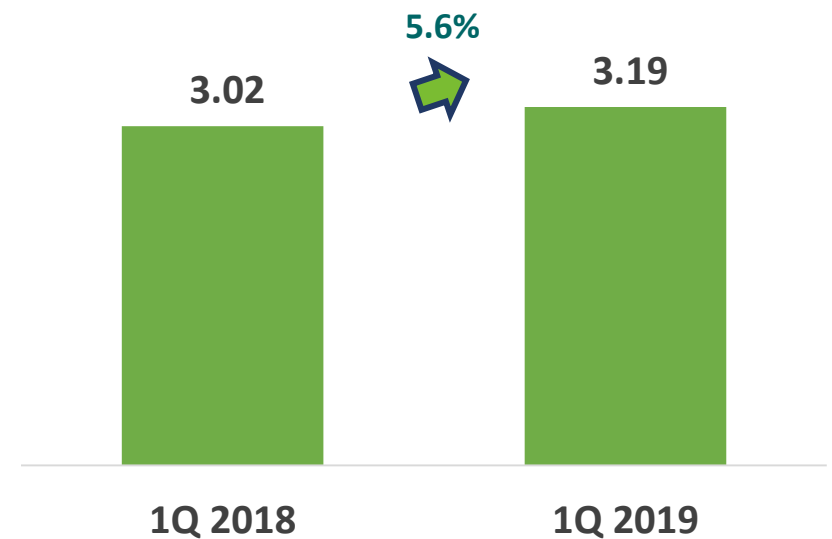
# 1Q 2019 Performance and Results

## *Supermarket Comparable Sales*

### Store Sales with METRO Ayala Cebu



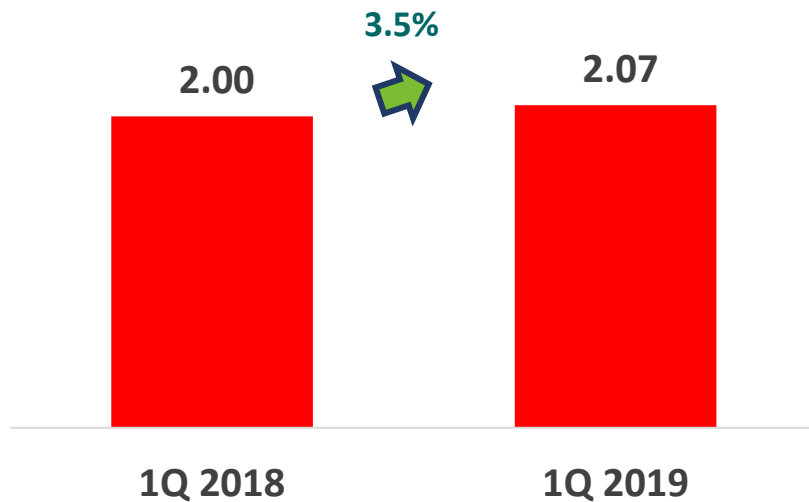
### Store Sales w/o METRO Ayala Cebu



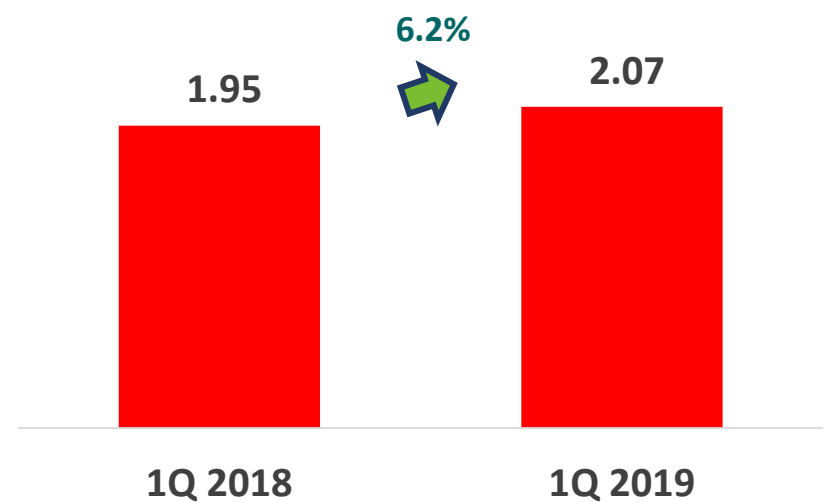
# 1Q 2019 Performance and Results

## *Hypermarket Comparable Sales*

### Store Sales with Super METRO Anonas



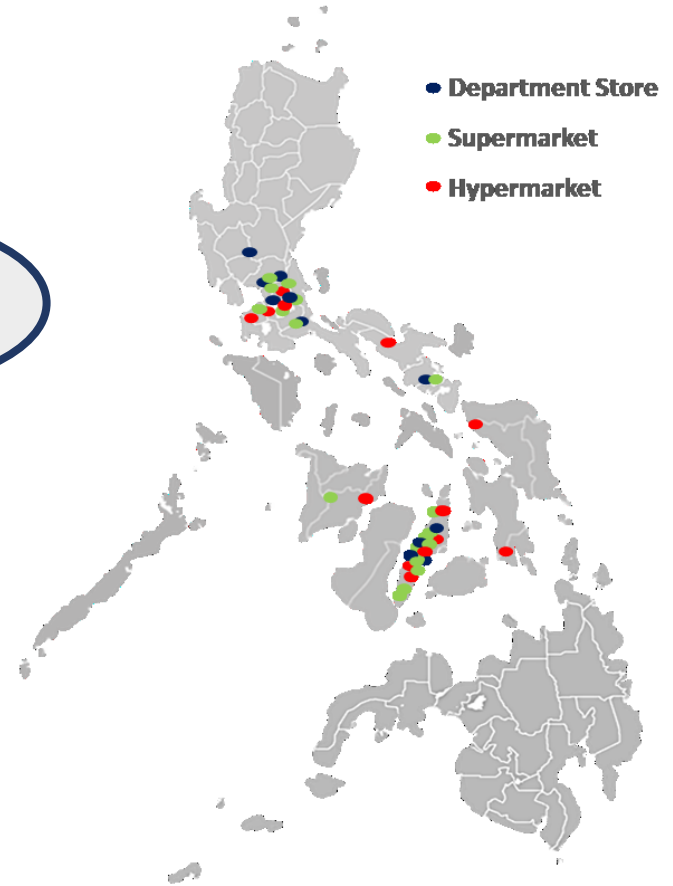
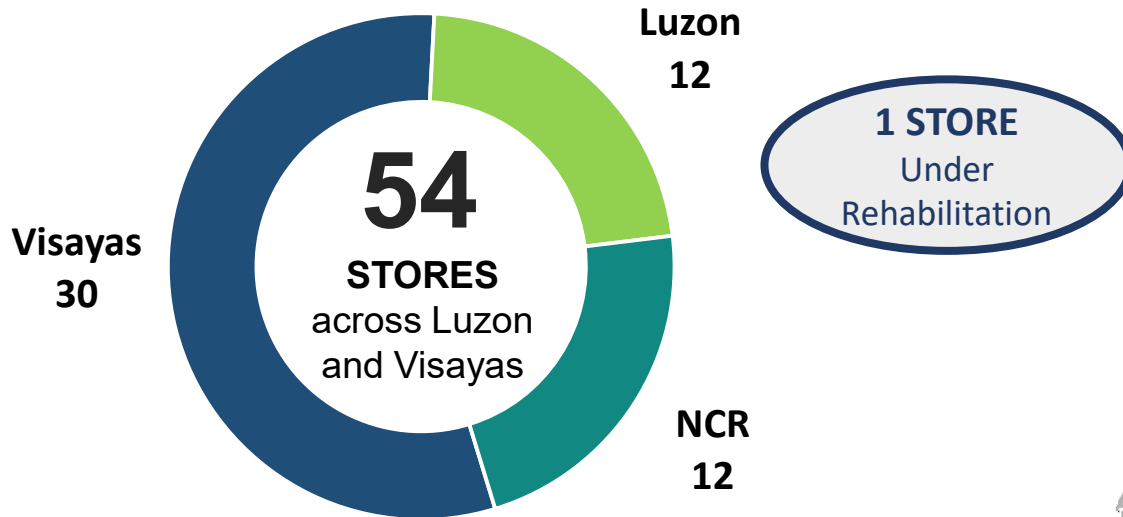
### Store Sales w/o Super METRO Anonas





# MRSGI Existing Store Network

1Q 2019 Store Network Composition  
by geographical location

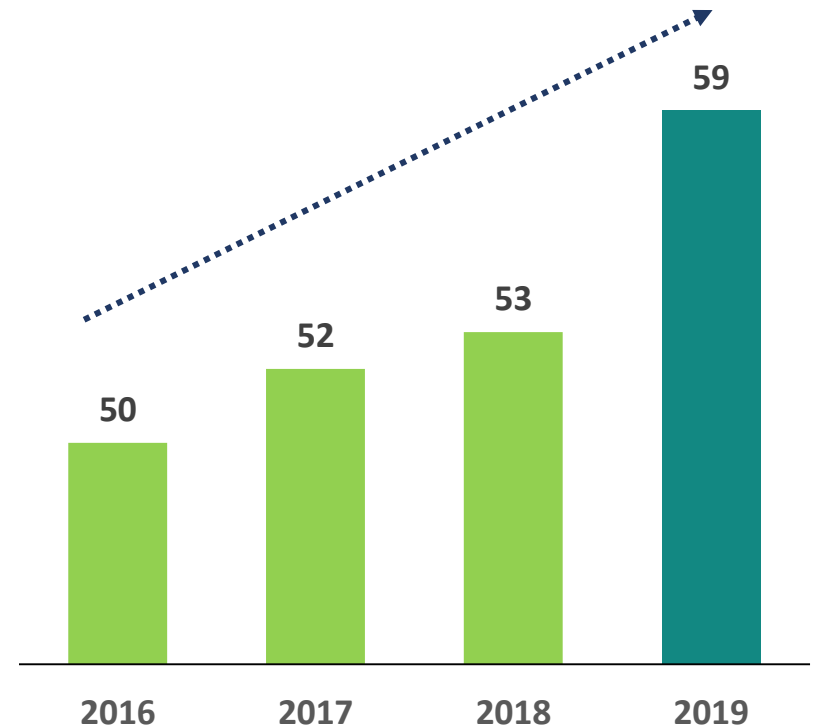


DEPARTMENT STORE		SUPERMARKET		HYPERMARKET	
NCR	5	NCR	7	NCR	0
Luzon	4	Luzon	4	Luzon	4
Visayas	4	Visayas	17	Visayas	9
<b>TOTAL</b>	<b>13</b>	<b>TOTAL</b>	<b>28</b>	<b>TOTAL</b>	<b>13</b>

# MRSGI Expansion Plan

Format	Region	GFA	Est. Opening
Ayala Center Cebu Department Store	Cebu City C. Visayas	33,000	4Q 2019
Department Store & Supermarket	Tacloban, E. Visayas	18,000	3Q 2019
Department Store & Supermarket	Danao, Cebu C. Visayas	15,000	3Q 2019
Hypermarket	Baybay, Leyte E. Visayas	10,000	2Q 2019
Supermarket	Cebu City C. Visayas	3,000	4Q 2019
Supermarket	Bacolod W. Visayas	3,000	3Q 2019

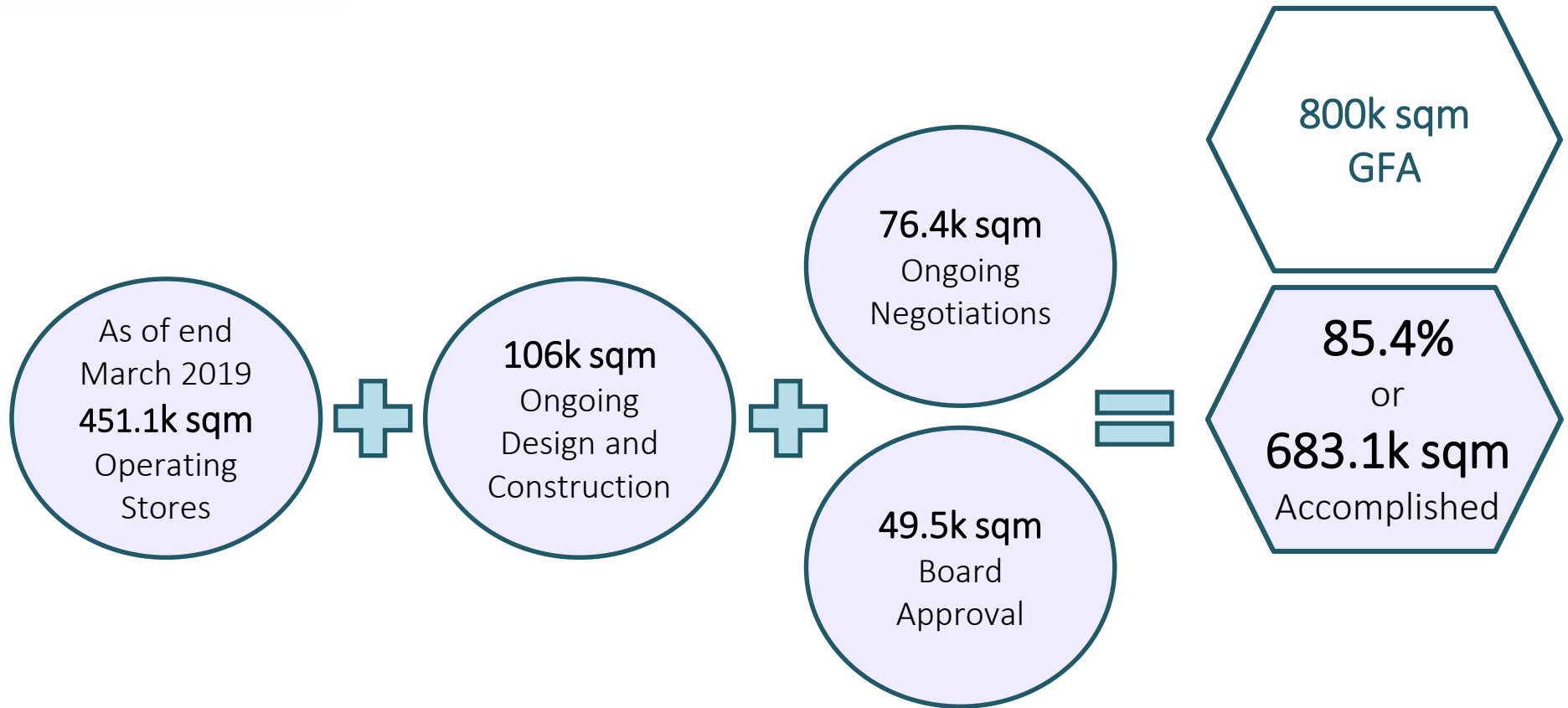
**Projected No. of Stores by 2019**



# Metro Ayala Center Cebu Rebuild Program

<b>METRO Ayala Cebu Level</b>	<b>% to Store Sales (2017)</b>	<b>Re-Build Phase</b>	<b>Scheduled Re-Opening</b>
Basement 1	6%	Phase 1	Opened in Dec. 2018
Basement 2	49%		
Ground Floor	12%	Phase 2	3Q 2019
Second Floor	12%	Phase 3	4Q 2019
Third Floor	6%		
Fourth Floor	8%		
Fifth Floor	7%		
Sixth Floor	1%		

# MRSGI Expansion Plan



*New Stores will mostly be Supermarket or Hypermarket*

*Department Stores will be pursued opportunistically*

# MRSGI Expansion Plan

## METRO Capitol - Bacolod

*Fully opened: 1Q 2019*





# MRSGI Expansion Plan



**METRO Danao**  
*Estimated Opening Date:*  
2H 2019



# MRSGI Expansion Plan



**METRO Tacloban**  
*Estimated Opening Date:*  
2H 2019





# MRSGI Expansion Plan



Super METRO Baybay  
*Opening Date:*  
2H 2019





# Other First Quarter Highlights

- The slight decline in our Gross Margin can be attributed to the faster growth of our food retail brought about by the opening of 3 Supermarkets. GMs for these items are usually lower as compared to general merchandise sold in our Department Stores.
- In terms of the P190 million Gain from Insurance Claims, this refers to the insurance coverage for business interruptions for our Ayala Center Cebu Store and is only recognized upon confirmation of amount from respective Insurers.



**THANK  
YOU!**



| **Annex**

# Unaudited Interim Statement of Comprehensive Income

## METRO RETAIL STORES GROUP, INC.

### UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three-Months Ended March 31	
	2019	2018
	(Unaudited)	(Unaudited)
<b>REVENUE</b>		
Net sales (Note 14)	¥7,728,438,806	¥6,967,784,535
Rentals (Note 23)	58,407,638	60,464,639
	7,786,846,444	7,028,249,174
<b>COSTS AND EXPENSES</b>		
Cost of sales (Note 16)	6,041,104,800	5,393,182,581
Operating expenses (Note 17)	1,772,340,932	1,534,029,622
	7,813,445,732	6,927,212,203
<b>OTHER INCOME (CHARGES)</b>		
Interest and other income (Note 15)	239,411,278	31,315,353
Finance costs (Notes 10 and 23)	(4,124,073)	(4,355,049)
<b>INCOME BEFORE INCOME TAX</b>	<b>208,687,917</b>	<b>127,997,275</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 20)</b>		
Current	63,213,760	41,187,239
Deferred	(3,282,039)	(3,382,037)
	59,931,721	37,805,202
<b>NET INCOME</b>	<b>148,756,196</b>	<b>90,192,073</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Not to be reclassified to profit or loss in subsequent periods</i>		
Remeasurement gains (losses) on defined benefit obligation	-	-
Income tax effect	-	-
	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>¥148,756,196</b>	<b>¥90,192,073</b>
<b>Basic/Diluted Earnings Per Share (Note 21)</b>	<b>¥0.04</b>	<b>¥0.03</b>

See accompanying Notes to Interim Condensed Financial Statements.

# Unaudited Interim Statement of Financial Position

## METRO RETAIL STORES GROUP, INC.

### UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2019

(With Comparative Audited Figures as at December 31, 2018)

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	#2,361,025,244	#3,606,179,404
Short-term investments (Note 4)	258,438,404	338,438,404
Receivables (Note 5)	1,354,976,329	1,371,393,749
Merchandise inventories (Note 6)	3,857,276,410	3,589,605,171
Other current assets (Note 7)	525,894,007	495,107,374
<b>Total Current Assets</b>	<b>8,357,610,394</b>	<b>9,420,924,102</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 8)	3,613,752,381	3,286,048,181
Deferred tax assets - net (Note 20)	156,277,269	152,995,229
Other noncurrent assets (Note 9)	1,096,409,485	1,008,491,392
<b>Total Noncurrent Assets</b>	<b>4,866,439,135</b>	<b>4,447,535,002</b>
<b>TOTAL ASSETS</b>	<b>#13,224,049,529</b>	<b>#13,868,459,104</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 10)	#3,558,804,919	#4,392,287,409
Contract liabilities (Note 11)	87,363,036	103,195,660
Income tax payable	205,913,423	158,339,929
Dividends payable	205,770,659	-
Finance lease liability - current portion (Note 23)	38,082,218	36,744,720
<b>Total Current Liabilities</b>	<b>4,095,934,255</b>	<b>4,690,567,718</b>
<b>Noncurrent Liabilities</b>		
Finance lease liability - net of current portion (Note 23)	23,020,215	28,648,744
Retirement benefit obligation (Note 18)	403,947,032	393,006,901
Other noncurrent liabilities (Note 12)	55,134,993	53,216,403
<b>Total Noncurrent Liabilities</b>	<b>482,102,240</b>	<b>474,872,048</b>
<b>Total Liabilities</b>	<b>4,578,036,495</b>	<b>5,165,439,766</b>
<b>Equity</b>		
Capital stock (Note 13)	3,429,375,000	3,429,375,000
Additional paid-in capital (Note 13)	2,455,542,149	2,455,542,149
Retained earnings (Note 13)	2,718,468,726	2,775,475,030
Remeasurement gains on defined benefit obligation (Note 18)	42,627,159	42,627,159
<b>Total Equity</b>	<b>8,646,013,034</b>	<b>8,703,019,338</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>#13,224,049,529</b>	<b>#13,868,459,104</b>

See accompanying Notes to Interim Condensed Financial Statements.

# Unaudited Interim Statements of Cash Flows

## METRO RETAIL STORES GROUP, INC.

### UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	Three-month Periods Ended March 31	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	#208,687,917	#127,997,275
Adjustments for:		
Depreciation and amortization (Note 9)	118,140,187	125,571,505
Net gain on insurance claims (Notes 6, 7, 9 and 16)	(190,534,237)	-
Retirement benefits costs (Note 20)	13,083,175	11,273,456
Finance costs (Notes 11 and 23)	4,124,073	4,355,049
Loss on retirement of property and equipment (Note 9)	254	-
Interest income (Note 16)	(33,154,825)	(18,183,495)
Foreign currency exchange gains (Note 16)	(3,942,550)	(7,704,711)
Operating income before working capital changes	116,403,974	243,309,079
Decrease (increase) in:		
Receivables	210,385,885	(107,622,222)
Merchandise inventories	(267,671,239)	35,462,926
Other current assets	(41,063,990)	(82,433,697)
Increase (decrease) in:		
Trade and other payables	(838,677,954)	(1,156,833,862)
Contract liabilities	(15,832,623)	111,369,476
Other noncurrent liabilities	1,918,590	3,618,609
Cash flows used in operating activities	(834,737,357)	(853,229,693)
Interest received	29,520,597	17,939,949
Income tax paid	(5,362,910)	(3,457,483)
Interest paid	(863,496)	(6,761,623)
Net cash used in operating activities	(811,043,166)	(845,508,848)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment (Note 9)	(424,353,691)	(183,637,085)
Increase in other noncurrent assets	(109,406,822)	(8,151,904)
Decrease in short-term investments	100,000,000	-
Net cash used in by investing activities	(433,760,513)	(191,788,989)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of:		
Finance lease liability (Note 23)	(4,291,031)	-
Net cash used in financing activities	(4,291,031)	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,249,096,710)</b>	<b>(1,137,397,837)</b>
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	3,942,550	7,704,711
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,606,179,484	3,707,152,708
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	#2,361,025,244	#2,577,459,582

See accompanying Notes to Interim Condensed Financial Statements.

# Disclosure

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