



Metro Retail Stores Group, Inc.

**1Q 2020 Earnings Call and
Analysts' Briefing**

May 26, 2020

1Q 2020 Financial and operational highlights



PhP8.50 billion
Net sales



PhP586.38 million
EBITDA



PhP7.98 million
Net income



PhP22.11 billion
Total assets



PhP9.24 billion
Total equity

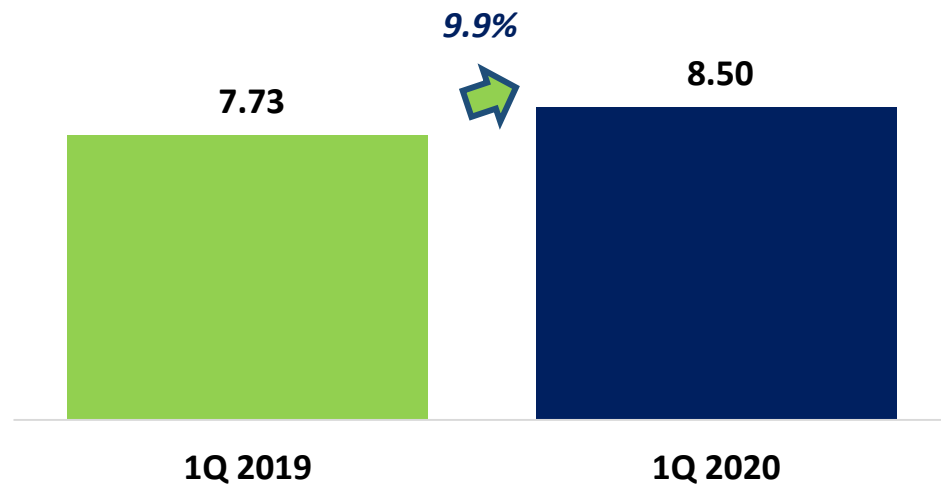


57 stores
30 SM, 14 DS, 13 HM

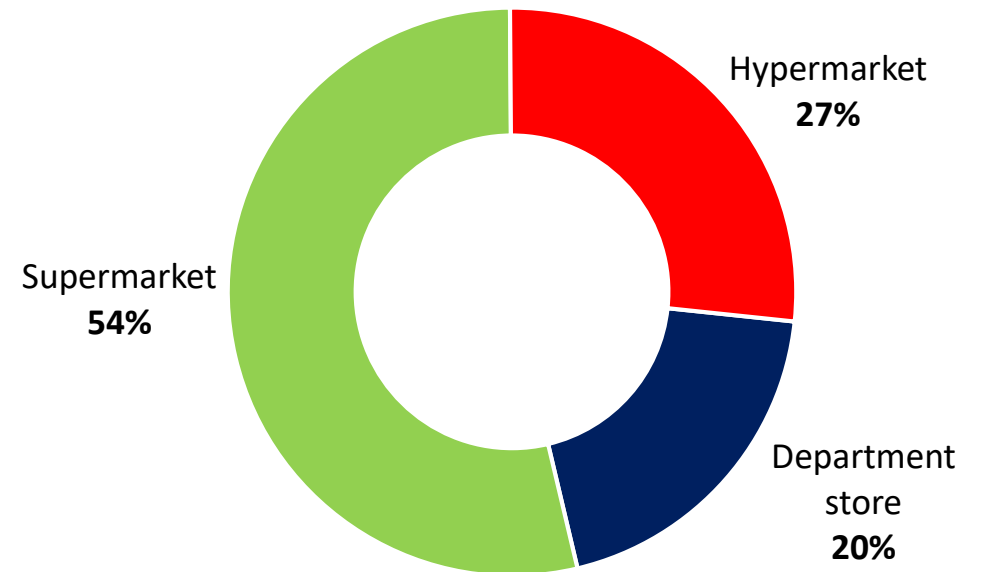
Note: SM refers to Metro Supermarkets, DS for Metro Department Stores, and HM for Super Metro Hypermarkets.

Results of operations

Net sales
(in PhP billion)



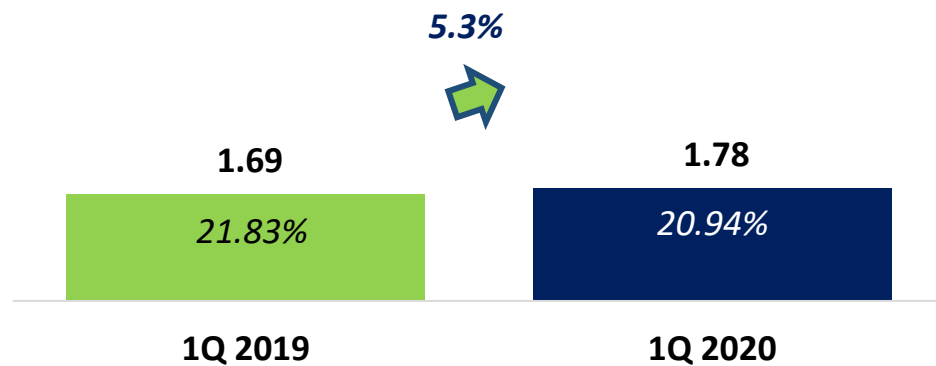
Share to business
(as % of 1Q 2020 net sales)



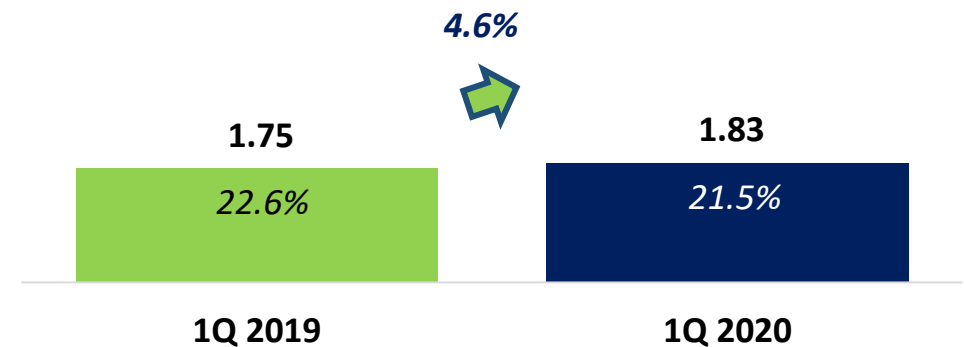
- ❑ Net sales for the first three months of the year expanded by 9.9% due to the 19% ECQ-driven increase in food retail as well as the opening of two new supermarkets in the second half of 2019.
- ❑ General merchandise, however, declined by 10.6% over the same period last year brought about by the disruption and eventual closure of all department stores caused by the containment measures for COVID-19.

Results of operations

Gross profit (in PhP billion)



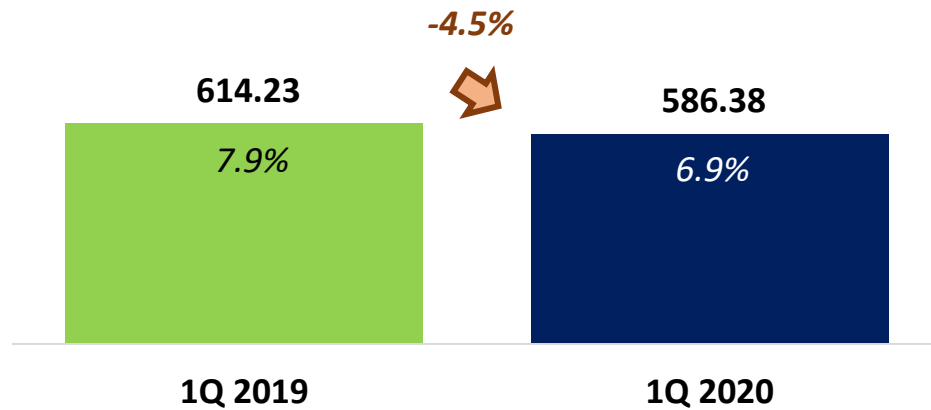
Operating expense (in PhP billion)



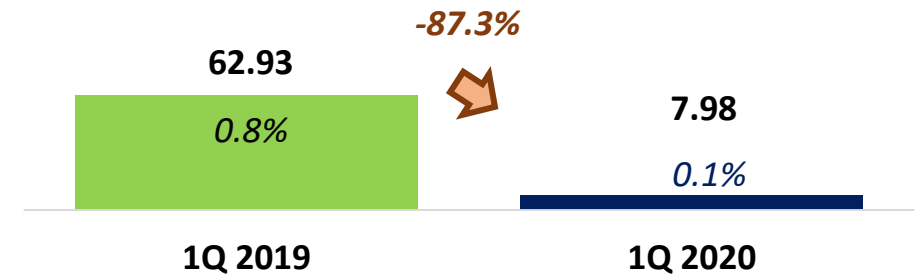
- ❑ Gross profit for the 1Q 2020 grew by 5.3% or PhP91.33 million in absolute amount. GP margin slid by 89 basis points primarily due to faster growth of Cost of Sales as against Net Sales driven by the expansion of our food retail business.
- ❑ Meanwhile, Operating Expenses increased by 4.6% on account of the opening of new stores, as well as, the partial re-opening of the fire-damaged supermarket and department store. OpEx for same stores, warehouses and shared services declined by 4.7% due to increased efficiency and cost saving measures, coupled with the temporary closure of all department stores due to COVID-19

Results of operations

EBITDA (in PhP million)



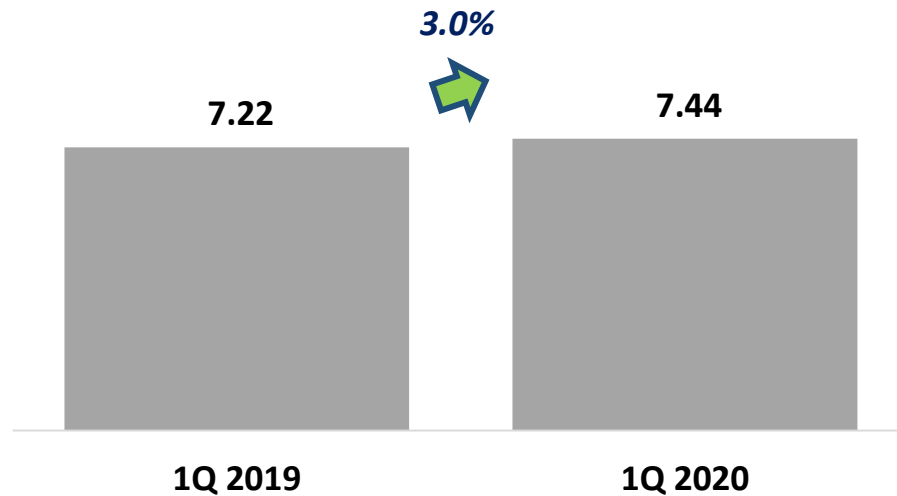
Net income (in PhP million)



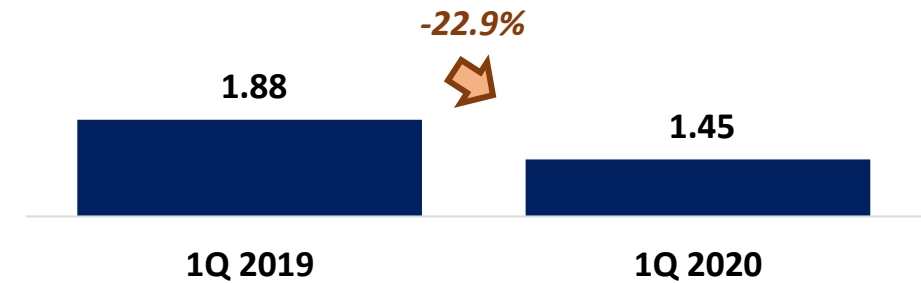
- ❑ The decline in net income by 87.3% was mainly attributable to the operational disruptions caused by quarantine measures against COVID-19 and the lower insurance recoveries amounting to PhP104.4 million in 1Q 2020 (vs PhP190.5 million in 1Q 2019).
- ❑ The Company recognized finance costs on related lease liabilities amounting to PhP142.0 million in 1Q 2020 and PhP148.5 million in 1Q 2019 to reflect PFRS 16 (Leases).
- ❑ Excluding the impact of the adoption of PFRS 16, the Company's net income would have only decreased by 50.7%.

Comparable sales

Blended comparable sales
(in PhP billion)



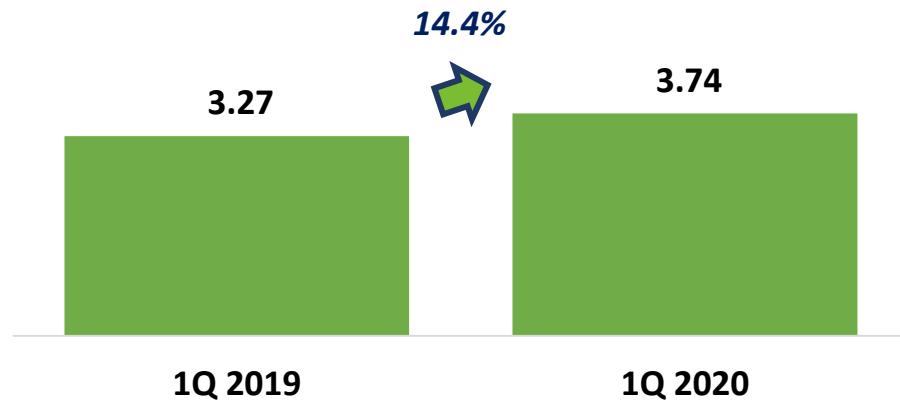
Department Store sales
(in PhP billion)



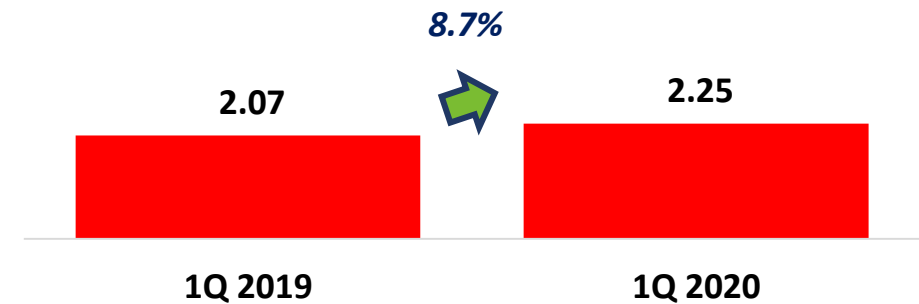
- ❑ Blended comparable sales across all three store formats grew by 3.0%, taking into account the implementation of the ECQ in the middle of March.
- ❑ Comparable sales of Department Stores declined by 22.9% primarily due to the lean season for general merchandise as well as the eventual temporary closure of Metro Department Stores in compliance with quarantine guidelines.

Comparable sales

Supermarket sales
(in PhP billion)



Hypermarket sales
(in PhP billion)

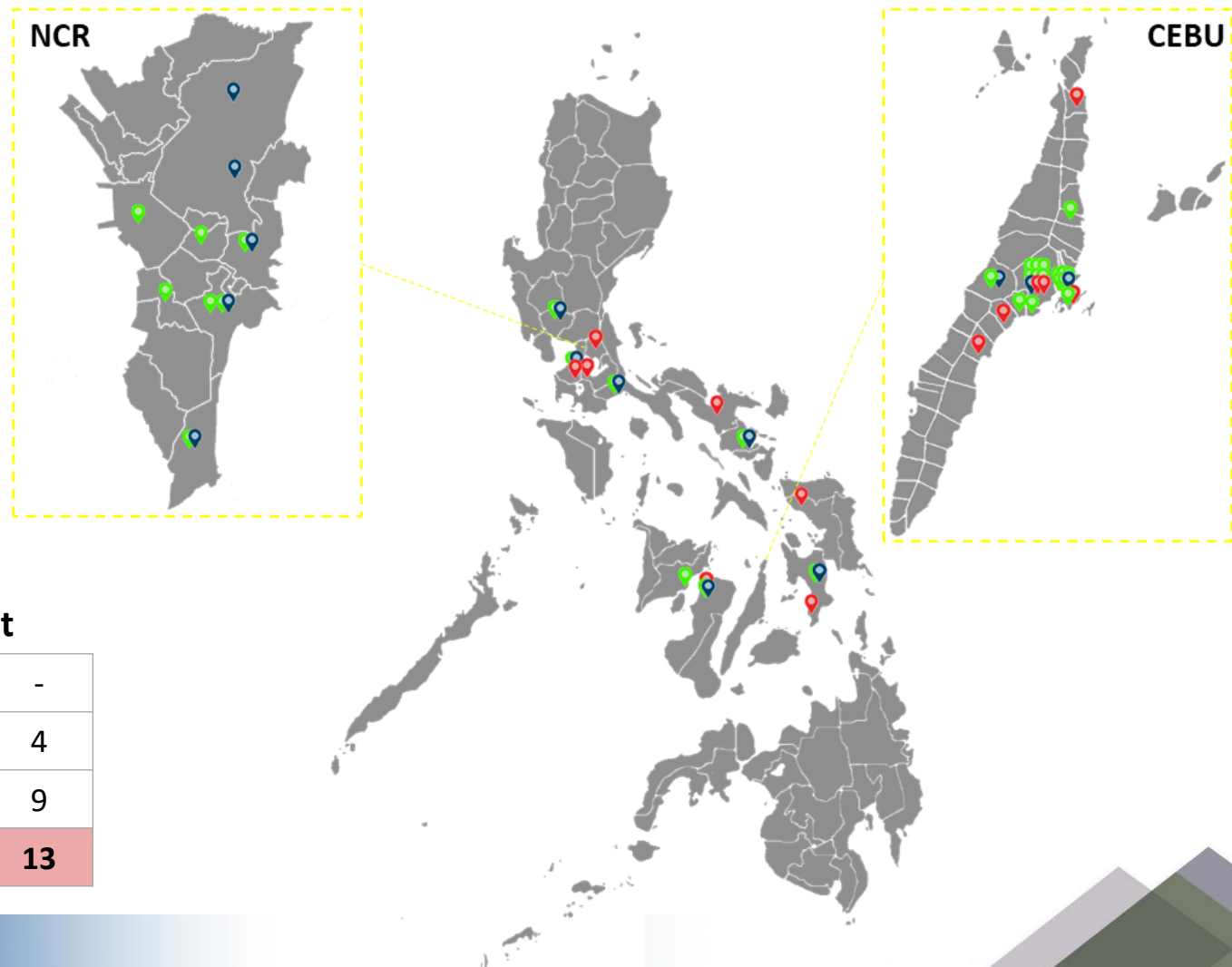
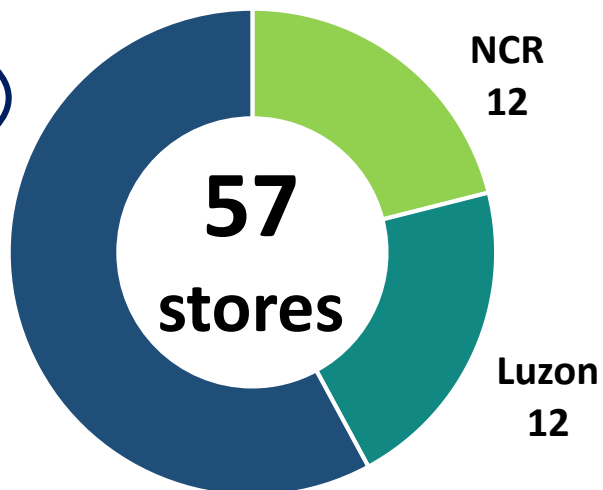


- ❑ Metro Supermarkets and Super Metro Hypermarkets remained open to serve its customers during the ECQ.
- ❑ Comparable first quarter sales for Supermarkets and Hypermarkets increased by 14.4% and 8.7% , respectively.

MRSGI existing store network

Geographical composition of store network (as of 31 March 2020)

1 Store under rehabilitation



Supermarket

NCR	7
Luzon	4
Visayas	19
Total	30

Department Store

NCR	5
Luzon	4
Visayas	5
Total	14

Hypermarket

NCR	-
Luzon	4
Visayas	9
Total	13

MRSGI network expansion

Store format	Location	GFA	Estimated opening
Department Store and Supermarket	Tacloban City, Leyte, Eastern Visayas	18,000 sqm	2H 2020
Department Store and Supermarket	Danao City, Cebu, Central Visayas	15,000 sqm	2H 2020
Hypermarket	Sum-ag, Bacolod, Western Visayas	3,000 sqm	2H 2020

MRSGI network expansion

Metro Ayala Cebu Department Store

Metro Ayala Cebu level	% to store sales (2017)	Re-build phase	Scheduled re-opening
Basement 1	6%	Phase 1	Opened December 2018
Basement 2	49%		
Ground Floor	12%	Phase 2	Opened December 2019
Second Floor	12%		
Third Floor	6%	Phase 3	2H 2020
Fourth Floor	8%		
Fifth Floor	7%		
Sixth Floor	1%		



MRSGI network expansion

Metro Tacloban

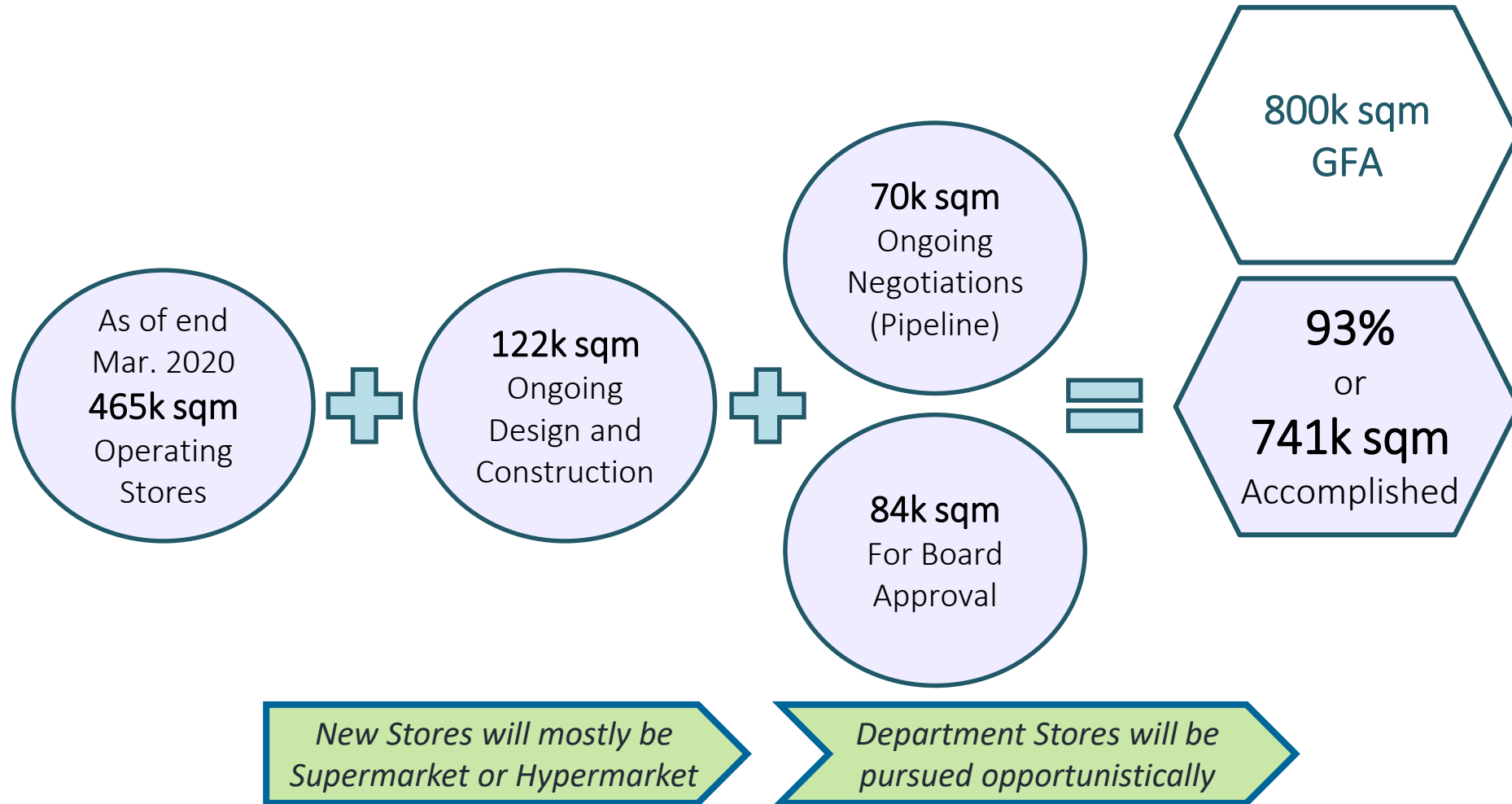


MRSGI network expansion

Metro Danao



MRSGI network expansion



Our response to the COVID-19 global pandemic

METRO SUPERMARKET

**Safety tips when going out to buy supplies during
EXTREME ENHANCED COMMUNITY
QUARANTINE PERIOD!**

-  1. Secure a quarantine pass from your barangay officials.
-  2. Keep atleast a 1 METER space between yourself and others.
-  3. Avoid touching high-touch surfaces in public places like elevator buttons, door handles, and handrails.
-  4. Always wear a face mask and keep an alcohol or hand sanitizer with you.
-  5. Disinfect yourself before entering your household afterward.

Stay Safe,
Stay Protected
METRO Cares

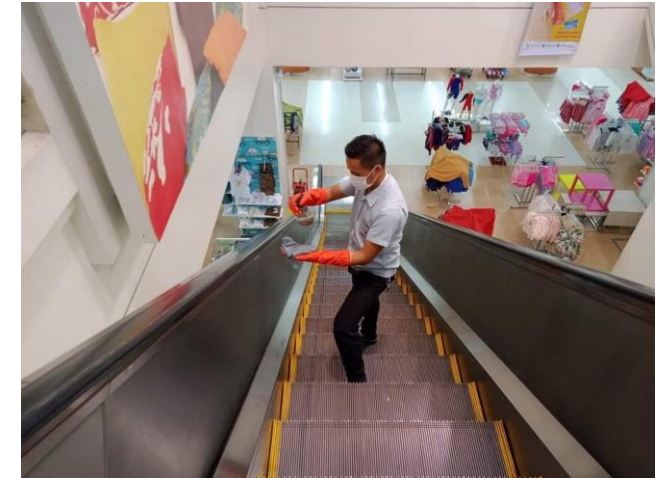
METRO SUPERMARKET

PRIORITY LANE



**FOR HEALTHCARE
PROFESSIONALS,
ARMED FORCES
AND POLICEMEN**

Stay Safe,
Stay Protected
METRO Cares



Our response to the COVID-19 global pandemic


SOCIAL DISTANCING REMINDER

WE CARE FOR YOUR HEALTH AND SAFETY.
AS PER DTI MEMORANDUM CIRCULAR 20-04,
WE WOULD LIKE TO REMIND CUSTOMERS TO
OBSERVE SOCIAL DISTANCING AT ALL TIMES.
PLEASE KEEP A DISTANCE OF AT LEAST ONE (1)
SQUARE METER RADIUS WHILE:



LINING UP TO ENTER SUPERMARKET INSIDE ALL STORE AREAS AT CASHIER CHECKOUT

THANK YOU.

Stay Safe. Stay Protected. Metro Cares.

 [themetrostores.ph](https://www.themetrostores.ph)  [TheMetroStores](https://www.facebook.com/TheMetroStores)  [themetrostores.ph](https://www.instagram.com/themetrostores.ph)



Our response to the COVID-19 global pandemic

Our Metro Supermarkets and Super Metro Hypermarkets are now available in multiple channels.



METRO
SUPERMARKET
IS NOW IN
pyshkart.ph
Online Grocery Delivery

MAKATI • PASAY • PASIG • PATEROS • TAGUIG

GET IT ON
Google Play

Available on the
App Store

An advertisement for Metro Supermarket's online grocery delivery service. It features the Metro logo at the top, followed by 'SUPERMARKET IS NOW IN pyshkart.ph Online Grocery Delivery'. Below this is a smartphone displaying the pyshkart.ph app interface, a red delivery scooter with a white box labeled 'pyshkart.ph', and several Metro Supermarket grocery bags. At the bottom, it lists the service areas: 'MAKATI • PASAY • PASIG • PATEROS • TAGUIG' and includes 'GET IT ON Google Play' and 'Available on the App Store' logos.

Thank you!



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| **Annex**

Statement of comprehensive income

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three-Months Period ended March 31	
	2020 (Unaudited)	2019 As Restated (Note 2)
REVENUE		
Net sales (Note 14)	₱8,495,850,643	₱7,728,438,806
Rentals (Note 21)	71,067,352	58,407,638
	8,566,917,995	7,786,846,444
COSTS AND EXPENSES		
Cost of sales (Note 16)	6,717,188,537	6,041,104,800
Operating expenses (Note 17)	1,826,282,815	1,746,483,411
	8,543,471,352	7,787,588,211
OPERATING INCOME (LOSS)	23,446,643	(741,767)
OTHER INCOME (CHARGES) (Note 15)		
Interest and other income	135,288,667	239,411,278
Finance costs	(145,900,198)	(152,588,808)
	(10,611,531)	86,822,470
INCOME BEFORE INCOME TAX	12,835,112	86,080,703

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Statement of comprehensive income

INCOME BEFORE INCOME TAX	12,835,112	86,080,703
PROVISION FOR INCOME TAX (Note 20)		
Current	37,043,236	63,213,760
Deferred	(32,188,929)	(40,064,203)
	4,854,307	23,149,557
NET INCOME	7,980,805	62,931,146
OTHER COMPREHENSIVE (LOSS) INCOME		
<i>Not to be reclassified to profit or loss in subsequent periods</i>		
Remeasurement (losses) gains on defined benefit obligation	-	-
Income tax effect	-	-
	-	-
TOTAL COMPREHENSIVE INCOME	₱7,980,805	₱62,931,146
Basic/Diluted Earnings Per Share (Note 22)	₱0.0023	₱0.0184

Statement of financial position

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2020

(With Comparative Audited Figures as at December 31, 2019)

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	₱1,733,320,552	₱2,909,123,300
Short-term investments (Note 4)	718,546,095	629,574,974
Receivables (Note 5)	887,539,393	1,149,127,596
Merchandise inventories (Note 6)	4,806,140,400	4,636,576,270
Other current assets (Note 7)	558,904,004	491,626,178
Total Current Assets	8,704,450,444	9,816,028,318
Noncurrent Assets		
Property and equipment (Note 8)	4,984,546,920	4,700,483,138
Right-of-use assets (Note 21)	7,187,019,580	7,512,796,866
Deferred tax assets - net (Note 20)	348,400,259	309,275,514
Other noncurrent assets (Note 9)	887,793,960	1,026,033,995
Total Noncurrent Assets	13,407,760,719	13,548,589,513
TOTAL ASSETS	₱22,112,211,163	₱23,364,617,831

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Statement of financial position

LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables (Note 10)	₱4,350,616,950	₱5,409,499,852
Contract liabilities (Note 11)	85,337,019	103,525,837
Income tax payable	257,564,664	230,178,863
Lease liabilities - current portion (Note 21)	979,376,648	949,045,108
Total Current Liabilities	5,672,895,281	6,692,249,660

Noncurrent Liabilities

Lease liabilities - net of current portion (Notes 21)	6,612,680,742	6,870,042,722
Retirement benefit obligation (Note 18)	514,272,607	500,623,022
Other noncurrent liabilities (Note 12)	68,417,259	65,737,958
Total Noncurrent Liabilities	7,195,370,608	7,436,403,702
Total Liabilities	12,868,265,889	14,128,653,362

Equity

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)	3,353,338,066	3,345,357,261
Remeasurement gains on defined benefit obligation (Note 18)	5,690,059	5,690,059
Total Equity	9,243,945,274	9,235,964,469

TOTAL LIABILITIES AND EQUITY	₱22,112,211,163	₱23,364,617,831
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Statement of cash flows

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Three-month Periods Ended March 31	
	2020	2019 As Restated (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱12,835,113	₱86,080,703
Adjustments for:		
Depreciation - ROU assets (Note 21)	325,777,286	290,717,086
Depreciation and amortization - PPE (Note 8)	116,941,264	118,140,187
Finance costs (Note 15)	145,900,198	152,588,808
Net gain on insurance claims (Notes 15)	(104,364,573)	(190,521,187)
Interest income (Note 15)	(15,041,605)	(33,154,825)
Retirement benefits costs (Note 18)	14,689,516	10,940,131
Foreign currency exchange losses (gains) (Note 15)	(3,350,585)	(3,942,550)
Operating income before working capital changes	493,386,614	430,848,353
Decrease (increase) in:		
Receivables	321,479,034	210,372,836
Merchandise inventories	(169,564,130)	(267,671,239)
Other current assets	(79,770,146)	(41,267,453)
Increase (decrease) in:		
Trade and other payables	(1,063,019,905)	(836,734,910)
Contract liabilities	(18,188,818)	(15,832,623)
Other noncurrent liabilities	2,679,301	1,918,590
Cash flows used in operations	(512,998,050)	(518,366,446)
Proceeds from insurance claims on merchandise inventory and business interruption	38,763,827	-
Income tax paid	(4,100,930)	(5,362,910)
Interest received	20,751,520	29,920,597
Interest paid	(418,127)	(484,010)
Net cash used in operating activities	(458,001,760)	(494,292,769)

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Statement of cash flows

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(401,005,046)	(424,353,457)
Decrease (increase) in short-term investments	138,240,035	100,000,000
Decrease (increase) in other noncurrent assets	(88,971,122)	(110,908,822)
Net cash used in investing activities	(351,736,133)	(435,262,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Principal portion of lease liabilities (Note 21)	(227,030,440)	(170,697,441)
Interest portion of lease liabilities (Note 21)	(142,385,000)	(148,844,221)
Net cash used in financing activities	(369,415,440)	(319,541,662)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,179,153,333)	(1,249,096,710)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 15)	3,350,585	3,942,550
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,909,123,300	3,606,179,404
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	₱1,733,320,552	₱2,361,025,244

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