



**1Q 2021  
Earnings Call and  
Analysts' Briefing**

**May 20, 2021**

# General rules

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1. Please note that this call is being recorded. Recording of this Earnings Call will be shared upon request.
2. This Earnings Call will run for about an hour with the first 15 minutes allotted for a presentation
3. Participants other than the speakers will be muted throughout the duration of the Call, unless recognized by the moderator
4. For convenient viewing experience, participants are advised to pin the shared presentation screen.
5. During the Q&A segment, participants are advised to prompt us through the chat function with their name and organization [*Name, Organization*] should they want to raise a question.
6. Following the chat prompt, kindly allow the moderator to recognize you by name first before unmuting.



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# 1Q 2021 Financial and Operational Highlights



**PhP6.92 billion**  
Net sales



**PhP236.74 million**  
EBITDA



**PhP(126.47) million**  
Net loss



**PhP19.51 billion**  
Total assets



**PhP8.39 billion**  
Total equity

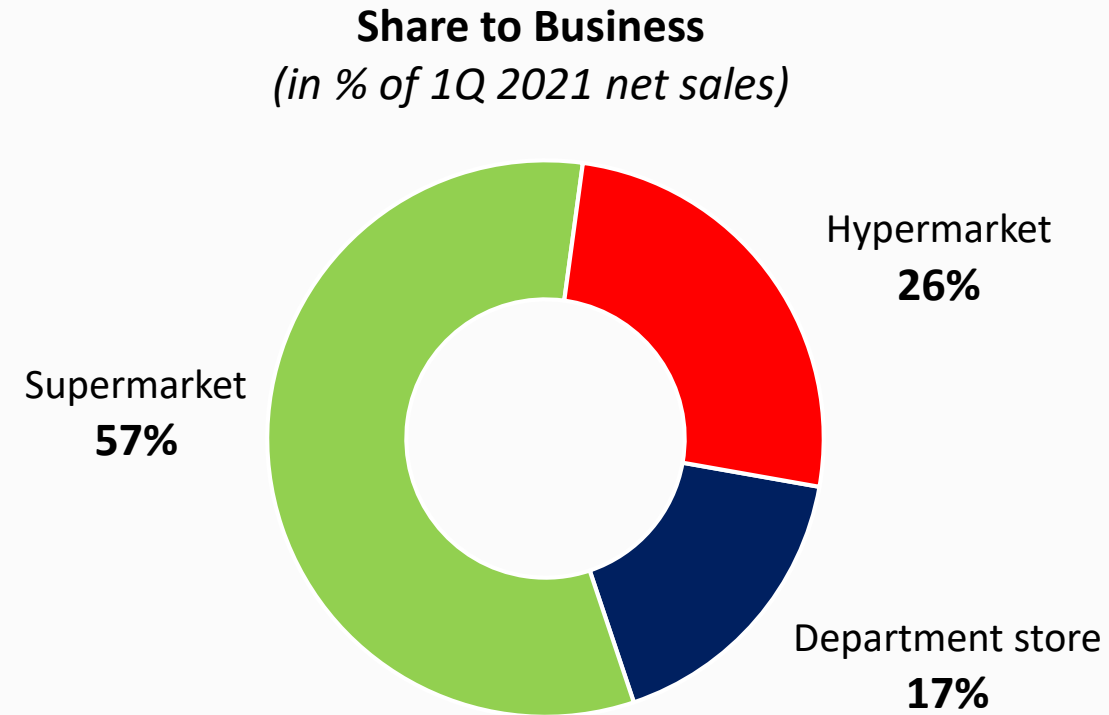
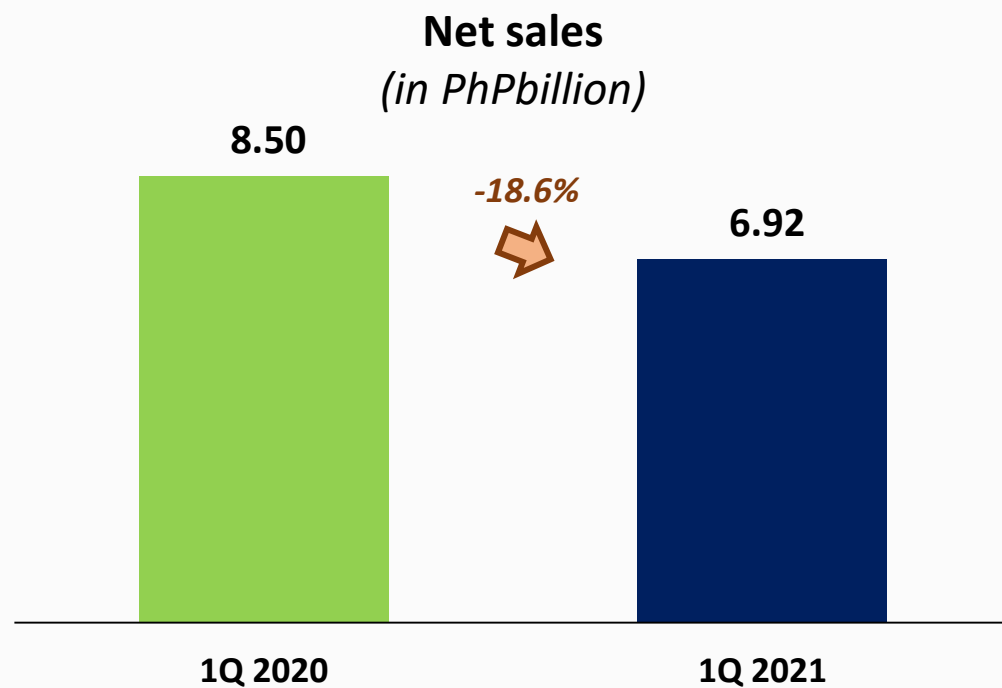


**59 stores**  
32 SM, 14 DS, 13 HM

*As of end March 2021*

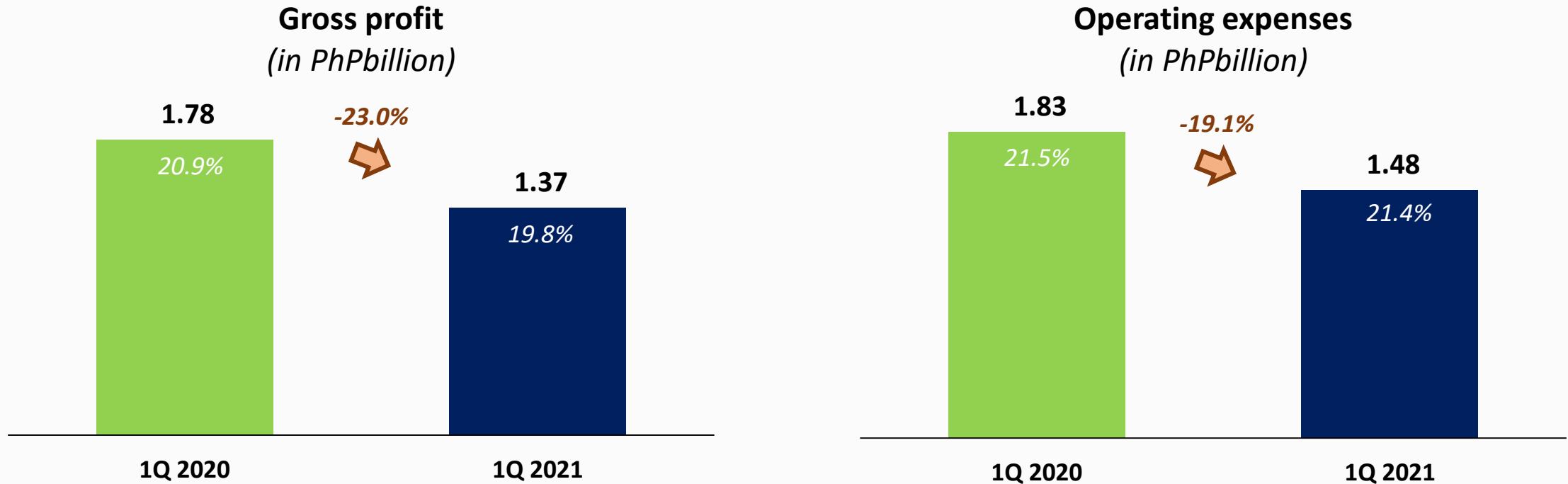
**Note:** SM refers to supermarkets, DS for department stores, and HM for hypermarkets.

# Results of operations



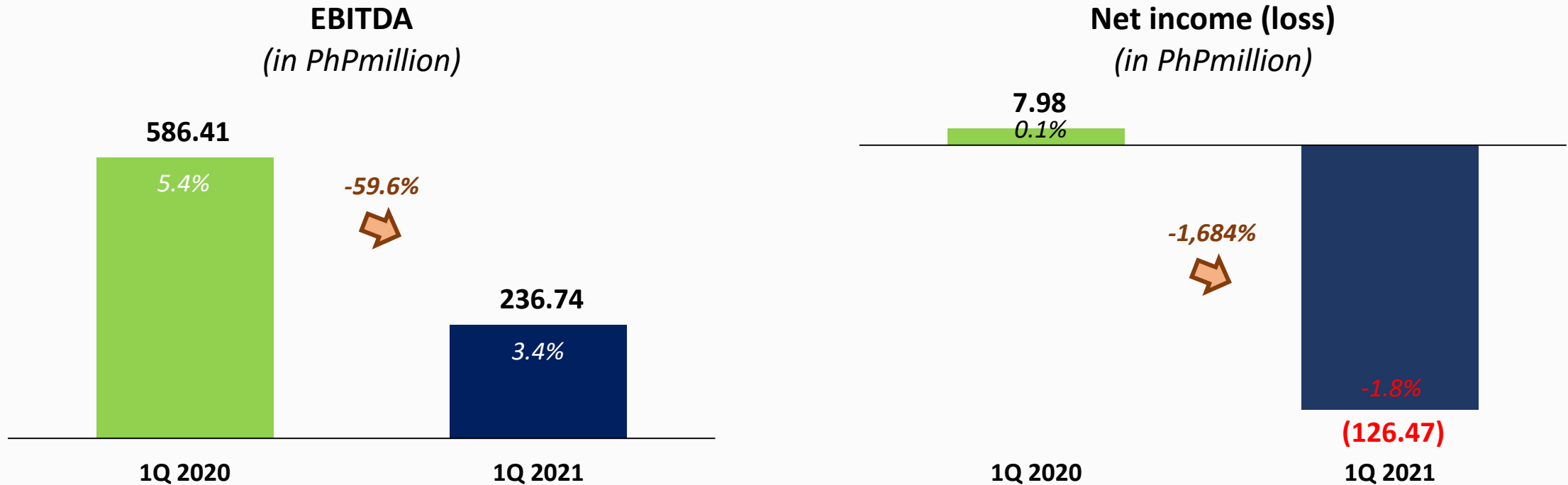
- ❑ Net sales in 1Q 2021 decreased by 18.6% which is attributable on the decline in both food retail business and merchandise business over the same period last year. This is mainly attributable to low customer traffic and customer's lower propensity to spend, along with the lean retail season which is usually on the early months of the year.
- ❑ Same-store sales (without Metro UP Town and Metro Fairview) in 1Q 2021 declined by 21.4%.

# Results of operations



- ❑ Gross profit declined mainly due to the lower sales compared last year. Gross profit margin slid by 110 basis points as the share of our food retail business, which typically have a lower margin compared to general merchandise, accounts for most of our sales
- ❑ Decrease in operating expenses was mainly attributable to the Company's efforts in increasing efficiency and continuous cost reduction and saving measures

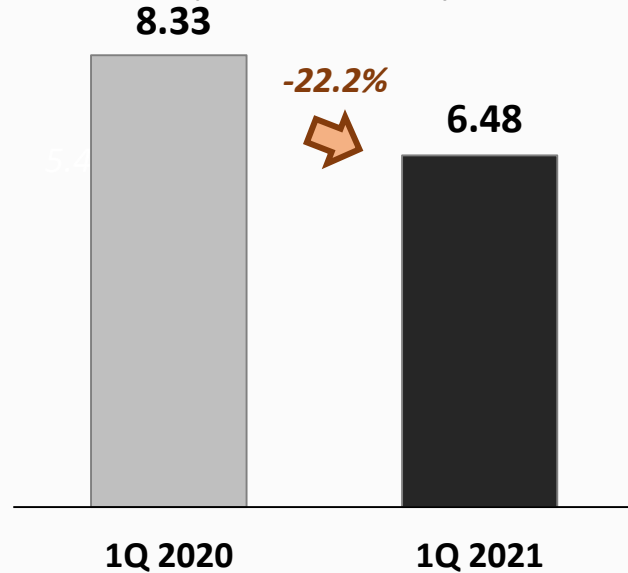
# Results of operations



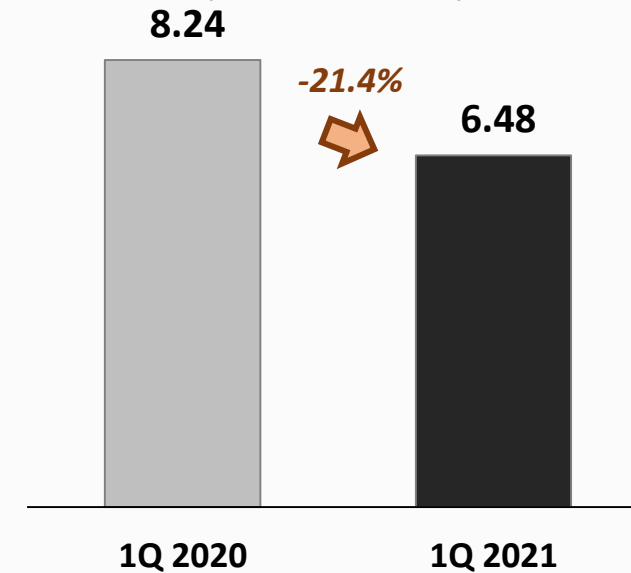
- ❑ For the three-month period ended March 31, the Company posted a net loss of PhP126.47 million. This is primarily attributed to the decline in revenue.
- ❑ Despite the net loss, the Company' EBITDA still stood at a positive position of PhP236.7 million. Consequently, our balance sheet remained solid with a cash reserves of PhP960.4 million.

# Comparable sales

**Blended comparable sales**  
with Metro UP Town and Metro Fairview  
(in PhPbillion)



**Blended comparable sales**  
without Metro UP Town and Metro Fairview  
(in PhPbillion)

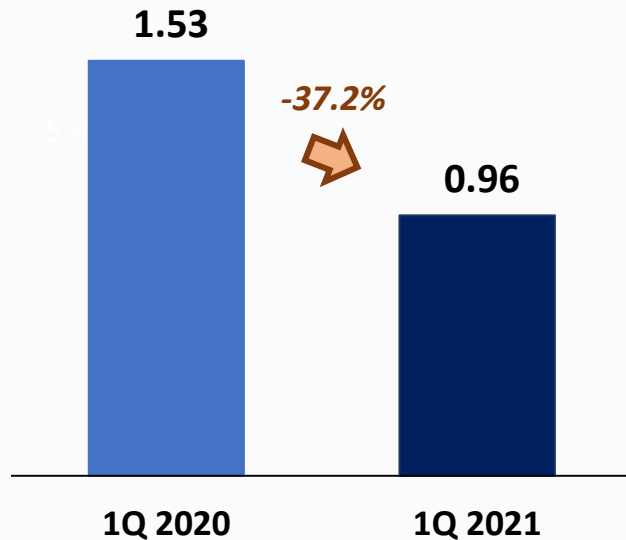


- ❑ Blended comparable sales declined by more than 20.0%, with or without Metro UP Town and Metro Fairview, due to the disruptions brought by the pandemic. Although, we continue to serve our customers through our different online platforms, this is still not enough to cover the decline in sales from physical stores.

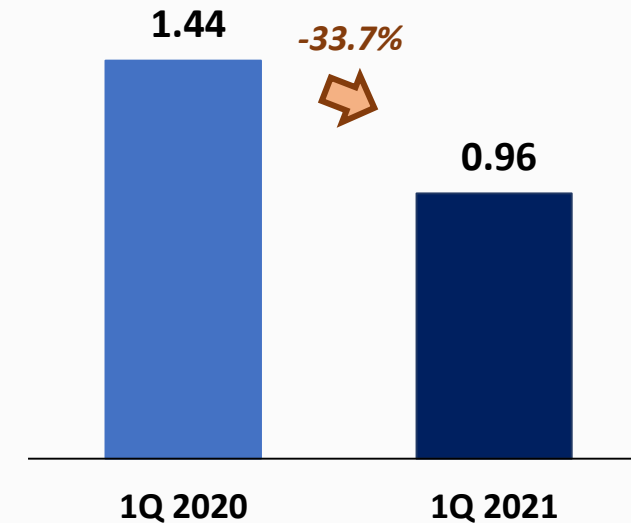


# Comparable sales

**Department store sale**  
with Metro UP Town and Metro Fairview  
(in PhPbillion)

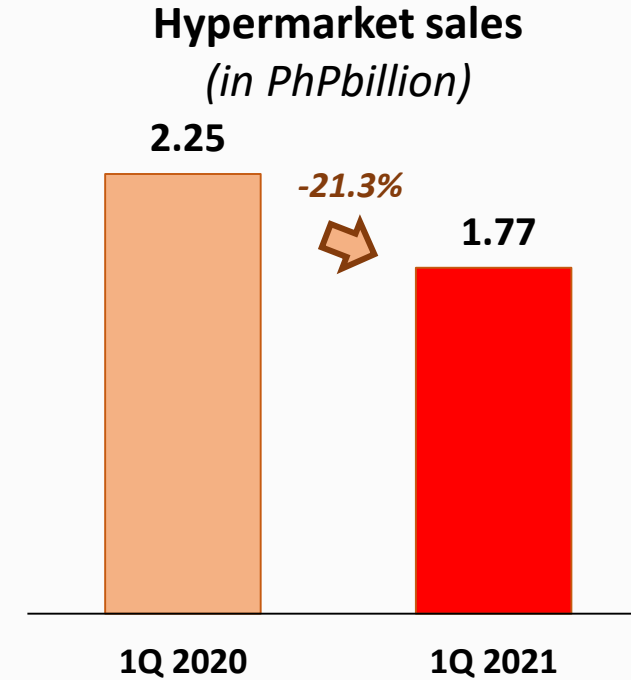
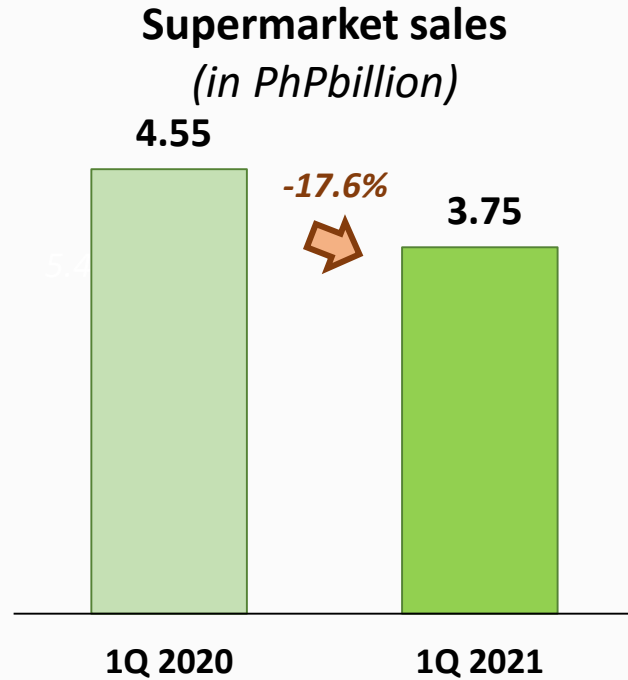


**Department store sales**  
without Metro UP Town and Metro Fairview  
(in PhPbillion)



- ❑ Comparable sales of Department Stores decreased by more than 30.0%, with or without Metro UP Town and Metro Fairview due to prolonged community quarantine restrictions.
- ❑ Closure of Metro UP Town and Metro Fairview is part of the Company's operations rationalization.

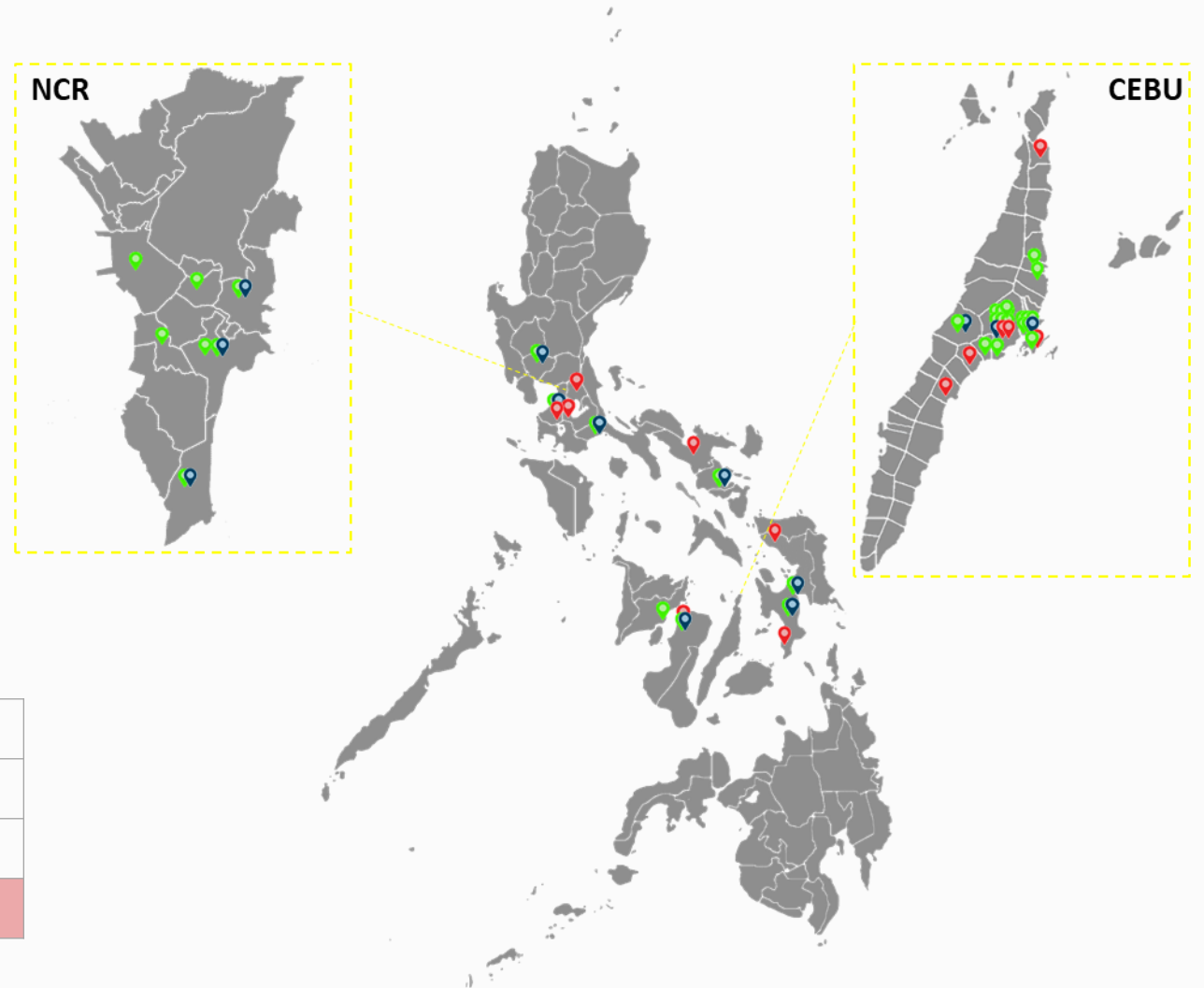
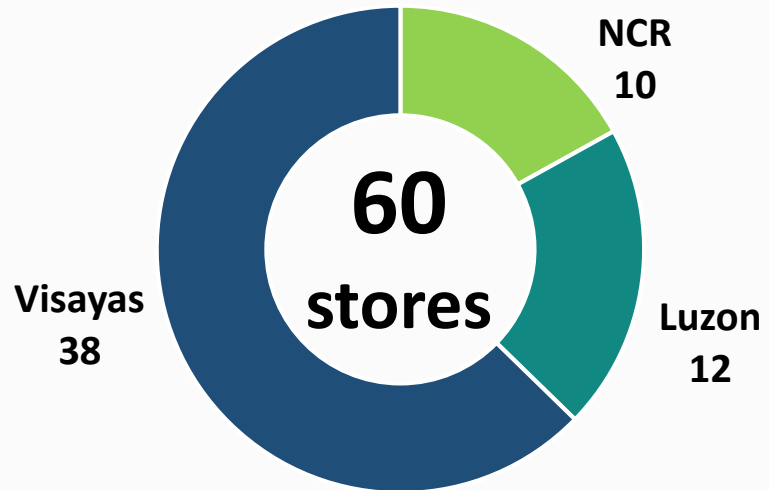
# Comparable sales



- ❑ Despite of being open to serve its customers during the community quarantine period, Metro Supermarket and Metro Hypermarket are not spared in the pandemic-driven challenges.
- ❑ In 1Q 2021, both Comparable sales for Supermarkets and Hypermarket decreased by 17.6% and 21.3%, respectively.

# MRSGI existing store network

Geographical composition of store network  
(as of 19 May 2021)



**Supermarket**

NCR	7
Luzon	4
Visayas	21
<b>Total</b>	<b>32</b>

**Department Store**

NCR	3
Luzon	4
Visayas	8
<b>Total</b>	<b>15</b>

**Hypermarket**

NCR	-
Luzon	4
Visayas	9
<b>Total</b>	<b>13</b>

# MRSGI network expansion

*Metro Ayala Cebu Department Store | Fully Reopened*





# MRSGI network expansion

*Metro Tacloban (Department store) | Opened*





# MRSGI network expansion

*Metro Danao (Supermarket and Department store) | Opened*





# MRSGI network expansion

*Metro Sum-ag (ongoing construction)*



# Our response to the COVID-19 global pandemic

## MRSGI's foray to E-commerce

The COVID-19 pandemic has accelerated the Company's digitization plans as we have launched our own online shopping portal - ([shop.themetrostores.ph](http://shop.themetrostores.ph)). Furthermore, we have also launched our mobile commerce initiatives through its call, text, and Viber programs, and partnered with online grocers and last-mile delivery providers to further expand its market reach.

## E-commerce



**METRO SUPERMARKET**

**SHOP NOW!**

[shop.themetrostores.ph](http://shop.themetrostores.ph)

**More Metro Stores NOW ONLINE!**

Available daily for Delivery, Call or Text and Pick-up

A Metro employee in a green vest is holding a large shopping bag filled with groceries, including bread and a box of cereal.

## Strategic Partnership



**METRO SUPERMARKET**  
IS NOW IN  
**pushkart.ph**  
Online Grocery Delivery

The image shows a red Pushkart delivery scooter with a Metro Supermarket logo on the delivery box. A smartphone displays the Pushkart app interface.



**dibz SHOP** **METRO**

We offer **SAME-DAY DELIVERY**

i-Dibz Na Yan!

Download the DIBZ app on  
Google Play | App Store

The image shows a Metro employee in a red cap and grey shirt holding a blue basket of groceries. A smartphone displays the Dibz app interface.

## Mobile Commerce





# Our response to the COVID-19 global pandemic





# Plans and Prospects



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May 20, 2021

# Plans and Prospects

- ❑ **Strengthen Trust on the MRSGL Company**
  - Prioritize Employee Welfare and Safety
  - Build Customer confidence
- ❑ **Aggressively pursue our e-commerce program**
  - Headless commerce
  - Improved user experience
  - Intensified online marketing campaign
  - Partnership with strong e-commerce companies
- ❑ **Re-organize MRSGL for agility and focus**
- ❑ **Create new formats/channels**
  - Clearance centers
  - Neighborhood stores
  - Wholesale program
- ❑ **Implement operational efficiency initiatives**
  - “Store-ready” program
  - Digital transformation
  - “Deeper” rationalization initiatives

## MRSGL’s 4Cs of Growth

<b>CREATE</b> <b>Online / New Channels</b>	<b>CONQUER</b> <b>Supermarkets</b>
<b>CONTRACT</b> <b>Department Stores</b>	<b>CONVERT</b> <b>Hypermarkets</b>

# Thank you!

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**Q&A**



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**1Q 2021  
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Briefing**

May 20, 2021



**1Q 2021  
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Analysts' Briefing**

**May 20, 2021**



**Annex**



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**1Q 2021  
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May 20, 2021



# Statement of financial performance

## METRO RETAIL STORES GROUP, INC.

### UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three-Months Period ended March 31	
	2021 (Unaudited)	2020 (Unaudited)
<b>REVENUE</b>		
Net sales (Note 15)	₱6,915,708,235	₱8,495,850,643
Rentals (Note 22)	38,674,308	71,067,352
	6,954,382,543	8,566,917,995
<b>COSTS AND EXPENSES</b>		
Cost of sales (Note 17)	5,544,107,619	6,717,188,537
Operating expenses (Note 18)	1,478,562,129	1,826,282,815
	7,022,669,748	8,543,471,352
<b>OPERATING INCOME (LOSS)</b>	<b>(68,287,205)</b>	<b>23,446,643</b>
<b>OTHER INCOME (CHARGES) (Note 16)</b>		
Interest and other income	19,374,382	135,288,667
Finance costs	(118,035,582)	(145,900,198)
	(98,661,200)	(10,611,531)
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(166,948,405)</b>	<b>12,835,112</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)</b>		
Current	16,850,808	37,043,236
Deferred	(57,326,410)	(32,188,929)
	(40,475,602)	4,854,307
<b>NET INCOME (LOSS)</b>	<b>(126,472,803)</b>	<b>7,980,805</b>



# Statement of financial performance (cont.)

NET INCOME (LOSS)	(126,472,803)	7,980,805
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>		
<i>Not to be reclassified to profit or loss in subsequent periods</i>		
Remeasurement (losses) gains on defined benefit obligation	-	-
Income tax effect	-	-
	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(P126,472,803)</b>	<b>P7,980,805</b>

# Statement of financial position

## METRO RETAIL STORES GROUP, INC.

### UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2021

(With Comparative Audited Figures as at December 31, 2020)

	December 31	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 3 and 25)	P960,347,519	P2,257,268,691
Short-term investments (Notes 4 and 25)	1,278,604,949	1,270,644,434
Receivables (Notes 5 and 25)	532,174,920	672,127,679
Merchandise inventories (Note 6)	4,726,796,715	4,981,620,260
Other current assets (Notes 7 and 25)	505,398,363	540,865,116
<b>Total Current Assets</b>	<b>8,003,322,466</b>	<b>9,722,526,180</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 8)	5,184,360,985	4,954,668,833
Right-of-use ("ROU") assets (Note 22)	5,218,438,207	5,408,172,114
Deferred tax assets - net (Note 21)	591,878,872	568,063,929
Other noncurrent assets (Notes 9 and 25)	513,355,014	720,530,258
<b>Total Noncurrent Assets</b>	<b>11,508,033,078</b>	<b>11,651,435,134</b>
<b>TOTAL ASSETS</b>	<b>P19,511,355,544</b>	<b>P21,373,961,314</b>

# Statement of financial position (cont.)

<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 10 and 25)	₱3,066,700,582	₱4,642,332,394
Contract liabilities (Note 11)	69,959,520	82,133,740
Loans payable – current portion (Note 12)	1,000,000,000	1,500,000,000
Income tax payable	–	21,977,105
Lease liabilities - current portion (Notes 22 and 25)	415,358,346	479,564,316
<b>Total Current Liabilities</b>	<b>4,552,018,448</b>	<b>6,726,007,555</b>
<b>Noncurrent Liabilities</b>		
Lease liabilities – net of current portion (Notes 22 and 25)	5,489,641,848	5,542,385,955
Retirement benefit obligation (Note 19)	572,436,036	563,608,003
Loans payable – net of current portion (Note 12)	500,000,000	–
Other noncurrent liabilities (Notes 13 and 25)	5,624,863	5,624,863
<b>Total Noncurrent Liabilities</b>	<b>6,567,702,747</b>	<b>6,111,618,821</b>
<b>Total Liabilities</b>	<b>11,119,721,195</b>	<b>12,837,626,376</b>
<b>Equity</b>		
Capital stock (Note 14)	3,429,375,000	3,429,375,000
Additional paid-in capital (Note 14)	2,455,542,149	2,455,542,149
Treasury stock (Note 14)	(18,227,786)	–
Retained earnings (Note 14)	2,563,530,367	2,690,003,170
Remeasurement losses on defined benefit obligation (Note 19)	(38,585,381)	(38,585,381)
<b>Total Equity</b>	<b>8,391,634,349</b>	<b>8,536,334,938</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱19,511,355,544</b>	<b>₱21,373,961,314</b>

# Statement of cash flows

## METRO RETAIL STORES GROUP, INC.

### UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Three-month Periods Ended March 31	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	(P166,948,405)	P12,835,112
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	135,597,554	116,941,264
Depreciation - ROU assets (Note 22)	159,943,460	325,777,286
Finance costs (Note 16)	118,035,581	145,900,198
Retirement benefits costs (Note 19)	11,736,370	14,689,516
Net gain on insurance claims (Notes 16)	-	(104,364,573)
Foreign currency exchange losses (gains) (Note 16)	(346,735)	(3,350,585)
Interest income (Note 16)	(9,889,004)	(15,041,605)
Operating income before working capital changes	248,128,821	493,386,613
Decrease (increase) in:		
Receivables	138,069,138	321,479,034
Merchandise inventories	254,823,545	(169,564,130)
Other current assets	32,647,841	(79,770,146)
Increase (decrease) in:		
Trade and other payables	(1,580,582,919)	(1,063,019,904)
Contract liabilities	(12,174,220)	(18,188,818)
Other noncurrent liabilities	-	2,679,301
Cash flows used in operations	(919,087,794)	(512,998,050)
Proceeds from insurance claims on merchandise inventory and business interruption	-	38,763,827
Income tax paid	(2,497,536)	(4,100,930)
Interest received	11,772,626	20,751,520
Interest paid	(11,749,234)	(418,127)
Net cash used in operating activities	(921,561,938)	(458,001,760)



# Statement of cash flows (cont.)

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment (Note 8)	(192,979,106)	(401,005,046)
Decrease (increase) in short-term investments	(7,960,515)	138,240,035
Decrease (increase) in other noncurrent assets	34,864,644	(88,971,122)
Net cash used in investing activities	(166,074,977)	(351,736,133)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of treasury stocks (Note 14)	(18,227,786)	-
Proceeds from loans (Note 12)	800,000,000	-
Repayment of loans (Note 12)	(800,000,000)	-
Payment of:		
Principal portion of lease liabilities (Note 22)	(87,159,630)	(227,030,440)
Interest portion of lease liabilities (Note 22)	(104,243,576)	(142,385,000)
Net cash used in financing activities	(209,630,992)	(369,415,440)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,297,267,907)</b>	<b>(1,179,153,333)</b>
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)</b>	<b>346,735</b>	<b>3,350,585</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,257,268,691</b>	<b>2,909,123,300</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)</b>	<b>₱960,347,519</b>	<b>₱1,733,320,552</b>

# Disclaimer

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