



Metro Retail Stores Group, Inc.

**2Q & 1H 2020 Earnings Call
and Analysts' Briefing**

August 20, 2020

1H 2020 Financial and operational highlights



PhP15.2 billion
Net sales



PhP1.0 billion
EBITDA



PhP(84.7) million
Net loss



PhP21.5 billion
Total assets



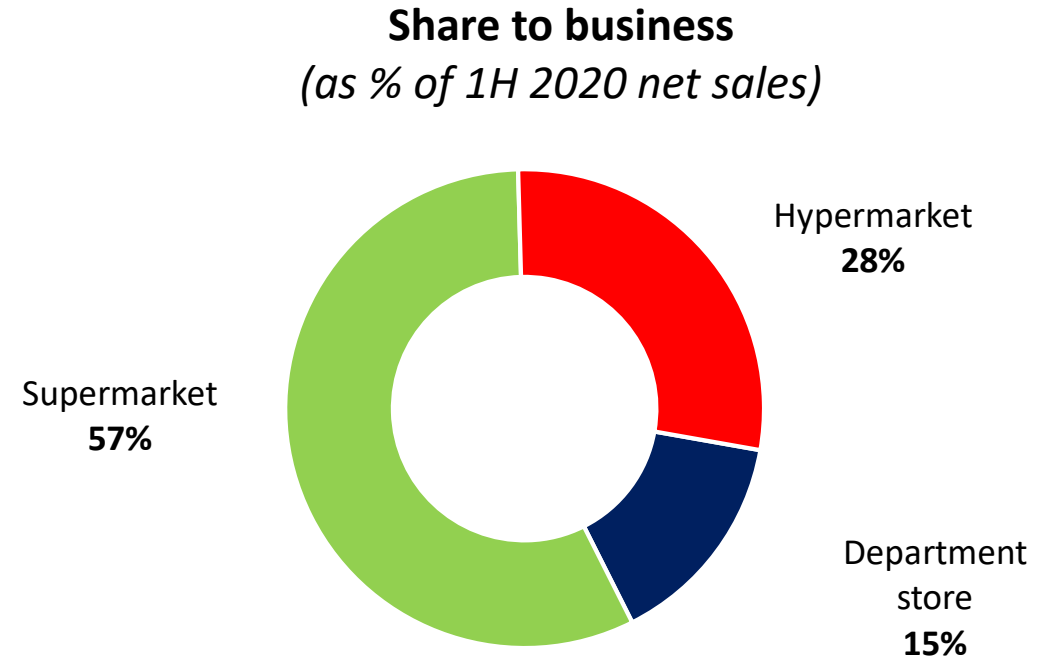
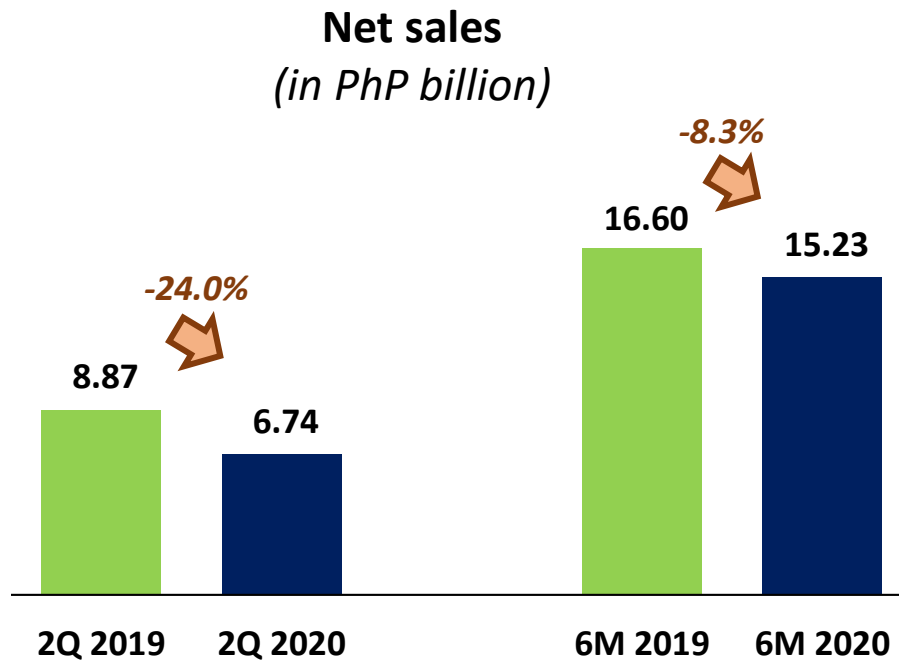
PhP8.9 billion
Total equity



57 stores
30 SM, 14 DS, 13 HM

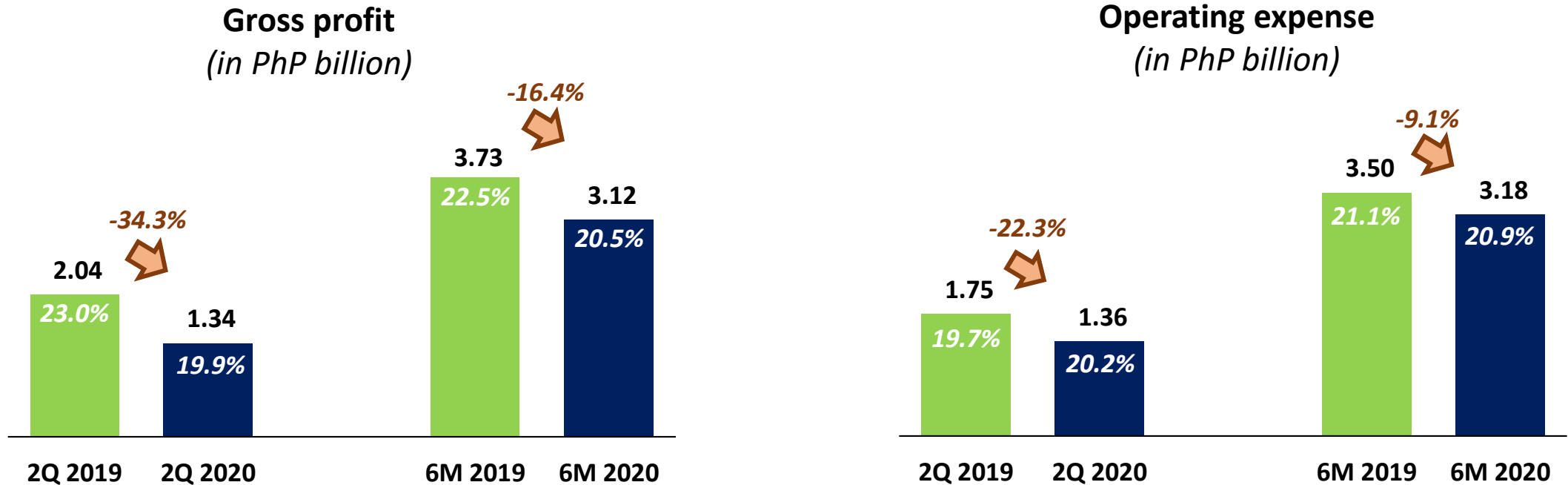
Note: SM refers to Metro Supermarkets, DS for Metro Department Stores, and HM for Super Metro Hypermarkets.

Results of operations



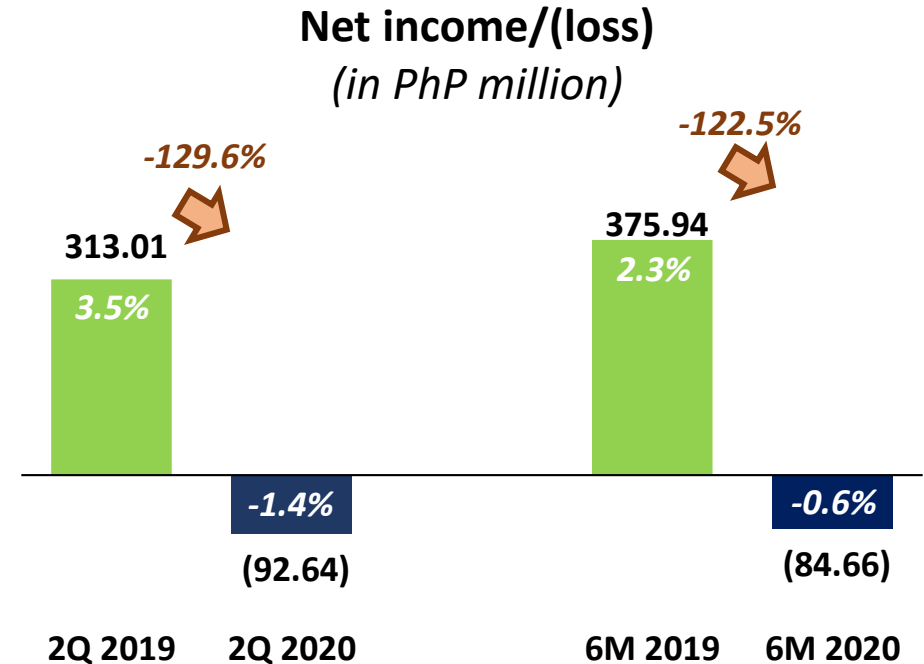
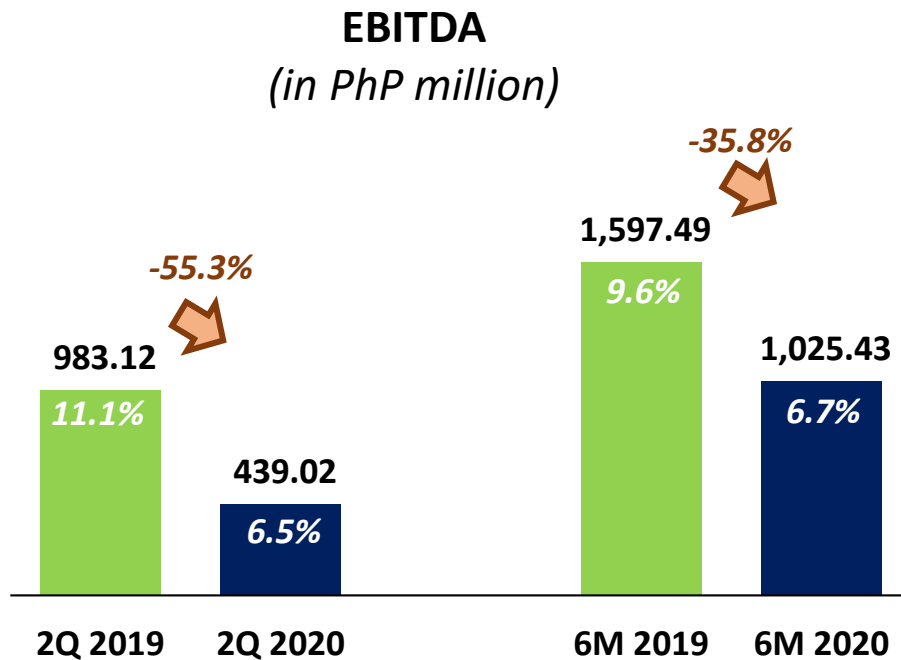
- ❑ Net sales in 1H 2020 declined mainly due to the temporary closures of Metro Department Stores (i.e. general merchandise business). These were gradually opened but were faced with customer traffic constraint since community quarantine is still in effect.
- ❑ On the other hand, food retail business continue to increase during quarantine period, as well as, the opening of two (2) new supermarket stores in the second half of 2019.

Results of operations



- ❑ Gross profit for the 1H 2020 declined by 16.4% or PhP606.9 million in absolute amount. Gross profit margin was slightly compressed due to faster rate of growth of our food retail business which typically have a lower margins compared to our general merchandise.
- ❑ Operating expenses for same stores, warehouses and shared services declined primarily driven by the temporary closure of all department stores due to COVID-19 pandemic.

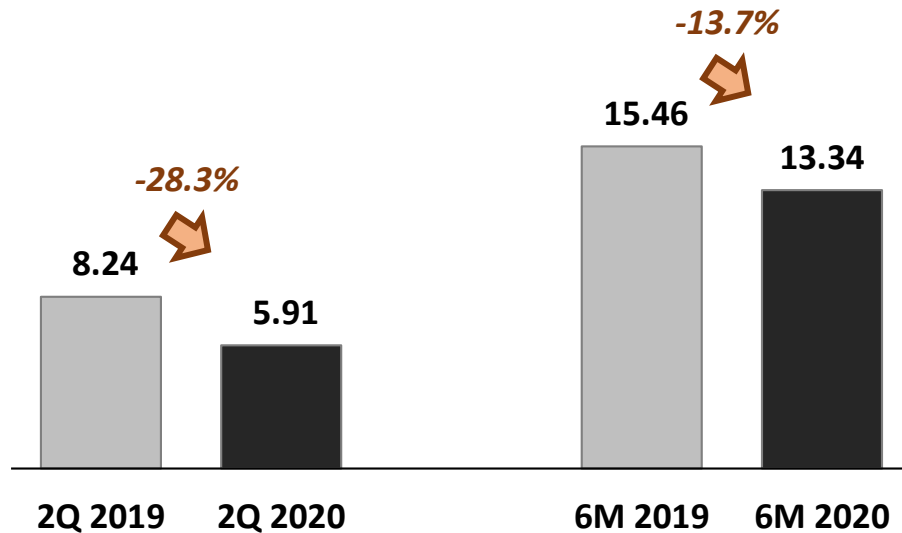
Results of operations



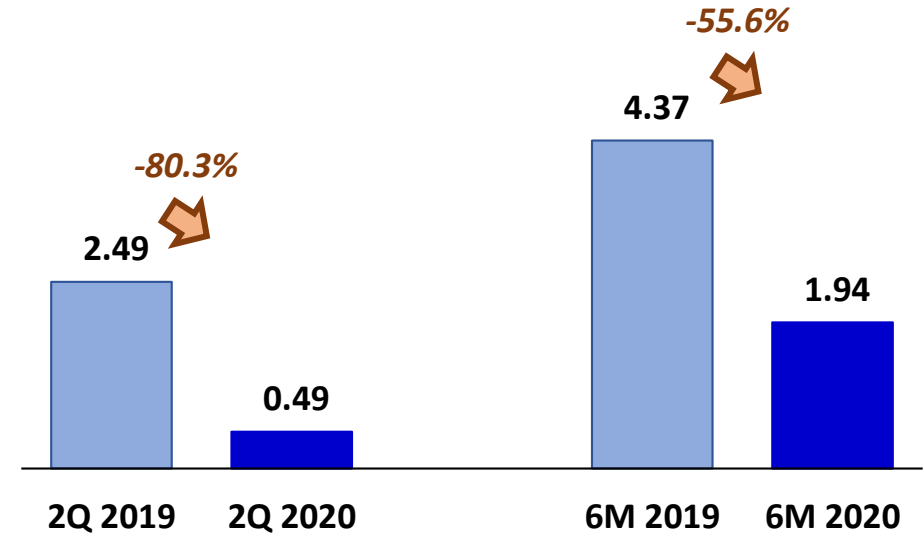
- ❑ The decline in Net income was mainly attributable to the PhP1.4 billion or 8.3% decrease in revenue, offset by the decline in Operating expenses due to operational disruptions caused by quarantine measures against COVID-19.
- ❑ Despite of Net loss in 1H 2020, the Company' EBITDA was still in a positive position of PhP1.0 billion in the same period.

Comparable sales

Blended comparable sales
(in PhP billion)



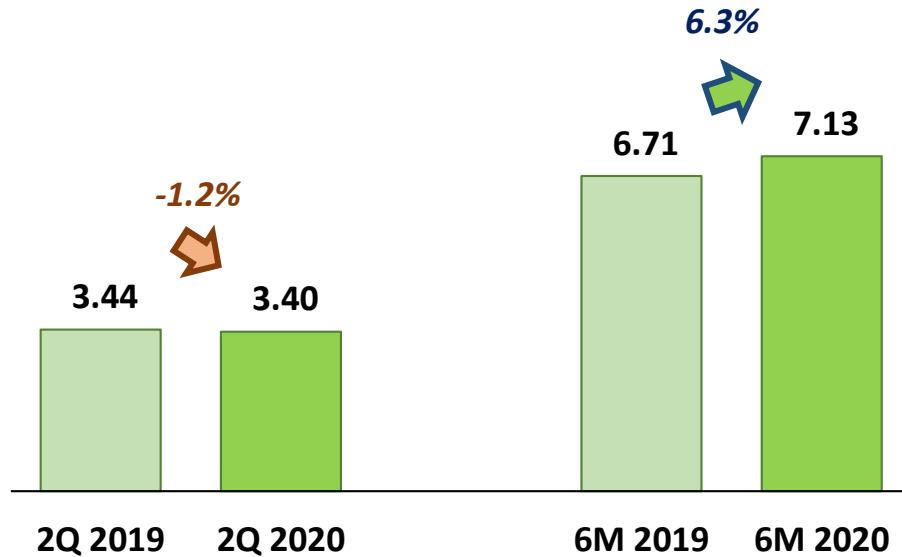
Department Store sales
(in PhP billion)



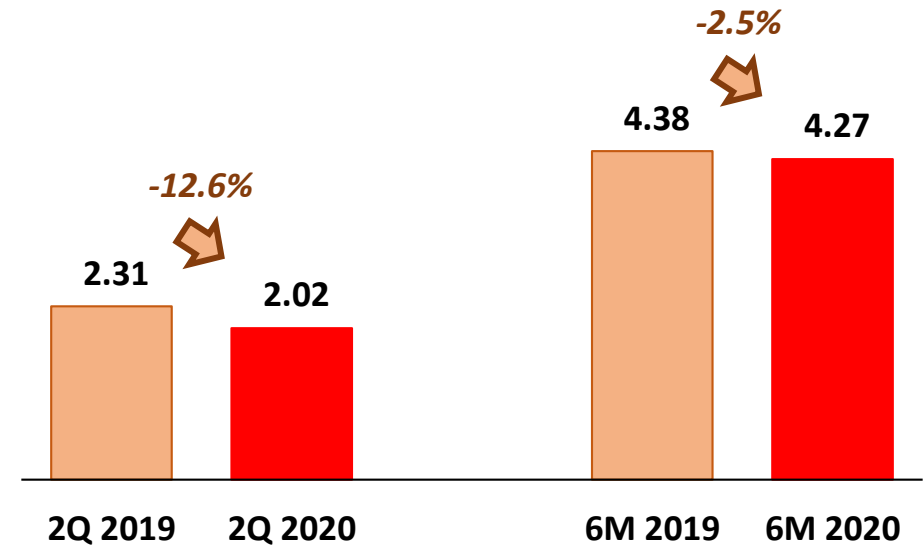
- ❑ Blended same store sales decreased by 13.7% over the same period last year brought about by the decline in sales of our general merchandise business.
- ❑ Comparable sales of Department Stores declined by 55.6% in first six months of the year primarily due to the temporary closure of all Metro Department Stores in compliance with quarantine guidelines.

Comparable sales

Supermarket sales
(in PhP billion)



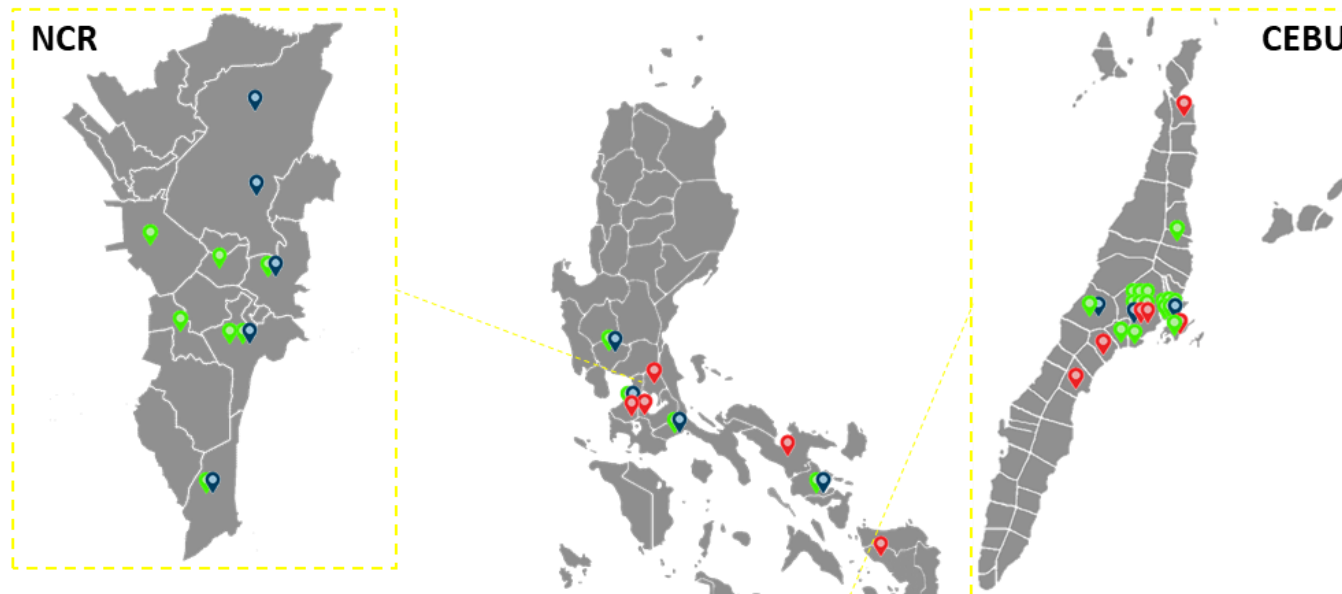
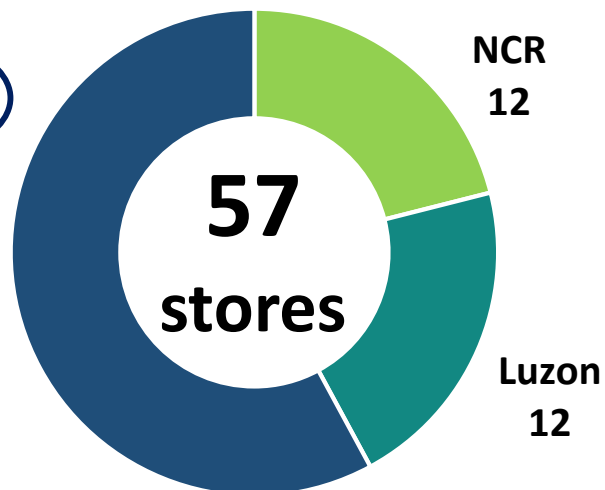
Hypermarket sales
(in PhP billion)



- ❑ Metro Supermarkets and Super Metro Hypermarkets remained open to serve its customers during the community quarantine period.
- ❑ In 1H 2020, Comparable sales for Supermarkets increased by 6.3% while for Hypermarkets decreased by 2.5%

MRSGL existing store network

Geographical composition of store network (as of 30 June 2020)



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

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

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 Tacloban



MRSGI network expansion

Metro Danao



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  [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

For easy and safe shopping at home!

shop.themetrostores.ph

Shop online now and have it delivered!

Available only in METRO PACIFIC MALL, MANDAUE CITY
METRO AYALA CENTER, CEBU CITY • METRO MARKET! MARKET!, TAGUIG CITY

LALAMOVE
Delivery Partner

The advertisement features a woman sitting on a sofa using a laptop. Three thought bubbles above her show various grocery items with "Add to cart" buttons. The background is bright yellow.

METRO

You can buy your essentials at the Metro Supermarket thru **GrabExpress** **Pabili**

The illustration shows a delivery person in a green uniform and helmet riding a green scooter with a Metro-branded delivery box. The background shows a city skyline.

METRO
SUPERMARKET
IS NOW IN
pushman.ph
Online Grocery Delivery

MAKATI • PASAY • PASIG • PATEROS • TAGUIG

Available on Google Play and App Store

The advertisement shows a smartphone displaying the PUSHKART.ph app interface next to a red delivery scooter with a Metro-branded delivery box. The background is green.



Our response to the COVID-19 global pandemic

We continue to provide the best value for our customers as we continue to push our thematic campaigns



Our response to the COVID-19 global pandemic



Join us as
We Rise as One Metro Family
to help build stronger communities and uplift lives at

**The FIRST VIRTUAL
Metro Community
BAZAAR 2020**

A celebration of **Corporate Social Responsibility Month** showcasing the products and stories of our CSR partners.

JULY 6 - 31, 2020 • 9am - 7pm
VISIT US AT metroretail.com.ph/bazaar

Our CSR PARTNERS:



Arnold Janssen
Kalinga



Bambuhay



Bureau of Jail
Management
and Penology



Caritas Margins



DSWD-Haven
for the Elderly



Gifts that Give
Back - The
Artisan Women
of Tondo



Likha Lokal



Supera
Creatives



Wow Carmen
Handicraft

“Family is at the core of everything we do at Metro...”

- Frank S. Gaisano



2Q & 1H 2020 Earnings Call
Plans and Prospects



2Q & 1H 2020 Earnings Call
Q&A

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 Ended		For the Six Months Ended	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited) As Restated (Note 2)	(Unaudited)	(Unaudited) As Restated (Note 2)
REVENUE				
Net sales (Note 15)	₱6,738,330,243	₱8,870,440,507	₱15,234,180,886	₱16,598,879,313
Rental (Note 22)	9,826,350	63,279,659	80,893,702	121,687,297
	6,748,156,593	8,933,720,166	15,315,074,588	16,720,566,610
COSTS AND EXPENSES				
Cost of sales (Note 17)	5,394,602,396	6,828,508,086	12,111,790,933	12,869,612,886
Operating expenses (Note 18)	1,356,386,982	1,748,683,937	3,182,669,797	3,495,167,348
	6,750,989,378	8,577,192,023	15,294,460,730	16,364,780,234
OPERATING INCOME (LOSS)	(2,832,785)	356,528,143	20,613,858	355,786,376
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	18,146,926	238,639,764	153,435,593	478,051,042
Finance costs	(147,114,055)	(149,314,684)	(293,014,253)	(301,903,492)
	(128,967,129)	89,325,080	(139,578,660)	176,147,550
INCOME / (LOSS) BEFORE INCOME TAX	(131,799,914)	445,853,223	(118,964,802)	531,933,926

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Statement of comprehensive income

INCOME / (LOSS) BEFORE INCOME TAX	(131,799,914)	445,853,223	(118,964,802)	531,933,926
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)				
Current	(6,873,161)	166,342,418	30,170,075	229,556,178
Deferred	(32,285,464)	(33,497,173)	(64,474,393)	(73,561,376)
	(39,158,625)	132,845,245	(34,304,318)	155,994,802
NET INCOME / (LOSS)	(92,641,289)	313,007,978	(84,660,484)	375,939,124
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gains (losses) on defined benefit obligation	-	-	-	-
Income tax effect	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)	(P92,641,289)	P313,007,978	(P84,660,484)	P375,939,124
Basic/Diluted Earnings Per Share (Note 23)	(P0.03)	P0.09	(P0.02)	P0.11

Statement of financial position

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2020

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

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	₱1,171,415,564	₱2,909,123,300
Short-term investments (Note 4)	770,644,434	629,574,974
Receivables (Note 5)	573,088,650	1,149,127,596
Merchandise inventories (Note 6)	5,260,141,035	4,636,576,270
Other current assets (Note 7)	566,308,161	491,626,178
Total Current Assets	8,341,597,844	9,816,028,318
Noncurrent Assets		
Property and equipment (Note 8)	5,019,695,258	4,700,483,138
Right-of-use assets (Note 22)	6,863,202,501	7,512,796,866
Deferred tax assets - net (Note 21)	417,515,568	309,275,514
Other noncurrent assets (Note 9)	884,635,101	1,026,033,995
Total Noncurrent Assets	13,185,048,428	13,548,589,513
TOTAL ASSETS	₱21,526,646,272	₱23,364,617,831

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Statement of financial position

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 10)	₱4,026,735,954	₱5,409,499,852
Contract liabilities (Note 11)	76,536,711	103,525,837
Income tax payable	14,186,153	230,178,863
Lease liabilities - current portion (Note 22)	1,006,748,959	949,045,108
Loans Payable (Note 12)	500,000,000	-
Total Current Liabilities	5,624,207,777	6,692,249,660
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 22)	6,359,658,424	6,870,042,722
Retirement benefit obligation (Note 19)	528,827,098	500,623,022
Other noncurrent liabilities (Note 13)	68,412,488	65,737,958
Total Noncurrent Liabilities	6,956,898,010	7,436,403,702
Total Liabilities	12,581,105,787	14,128,653,362
Equity		
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
Retained earnings (Note 14)	3,054,934,277	3,345,357,261
Remeasurement gains on defined benefit obligation (Note 19)	5,690,059	5,690,059
Total Equity	8,945,541,485	9,235,964,469
TOTAL LIABILITIES AND EQUITY	₱21,526,647,272	₱23,364,617,831

Statement of cash flows

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Six-month Periods Ended June 30	
	2020	2019 As Restated (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	(P118,964,803)	P531,933,926
Adjustments for:		
Depreciation - ROU assets (Note 22)	649,594,365	581,434,172
Depreciation and amortization - PPE (Note 8)	228,930,815	241,097,441
Finance costs (Note 16)	293,014,253	301,903,492
Net gain on insurance claims (Notes 16)	(104,364,149)	(372,771,327)
Interest income (Note 16)	(27,147,126)	(58,875,071)
Retirement benefits costs (Note 19)	29,091,450	25,164,297
Foreign currency exchange losses (gains) (Note 16)	(645,474)	(4,653,159)
Operating income before working capital changes	949,509,331	1,245,233,771
Decrease (increase) in:		
Receivables	482,634,645	63,547,324
Merchandise inventories	(623,564,765)	(302,905,295)
Other current assets	(96,223,160)	42,676,583
Increase (decrease) in:		
Trade and other payables	(1,395,268,135)	(679,179,766)
Contract liabilities	(26,989,126)	(39,018,684)
Other noncurrent liabilities	2,674,530	3,083,378
Cash flows provided by (used in) operations	(707,226,680)	333,437,311
Proceeds from insurance claims on merchandise inventory and business interruption	192,313,377	621,307,293
Income tax paid	(268,387,269)	(217,403,893)
Interest received	32,602,199	55,636,184
Interest paid	(528,251)	(762,840)
Net cash provided by (used in) operating activities	(751,226,624)	792,214,055

Continue to next page...

Statement of cash flows

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(548,142,936)	(941,706,386)
Decrease (increase) in short-term investments	(141,069,460)	197,514,630
Decrease (increase) in other noncurrent assets	141,398,895	(21,497,796)
Net cash used in investing activities	(547,813,501)	(765,689,552)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Principal portion of lease liabilities (Note 22)	(452,680,447)	(348,279,310)
Interest portion of lease liabilities (Note 22)	(280,883,394)	(294,521,605)
Cash dividends	(205,749,244)	(205,762,279)
Proceeds from loans payable	500,000,000	-
Net cash used in financing activities	(439,313,085)	(848,563,194)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,738,353,210)	(822,038,691)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	645,474	4,653,159
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)	₱1,171,415,564	₱2,788,793,872

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