



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

August 19, 2021

General rules

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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1H 2021 Financial and Operational Highlights



PhP13.80 billion
Net sales



PhP550.51 million
EBITDA



PhP(181.95) million
Net loss



PhP19.07 billion
Total assets



PhP8.32 billion
Total equity

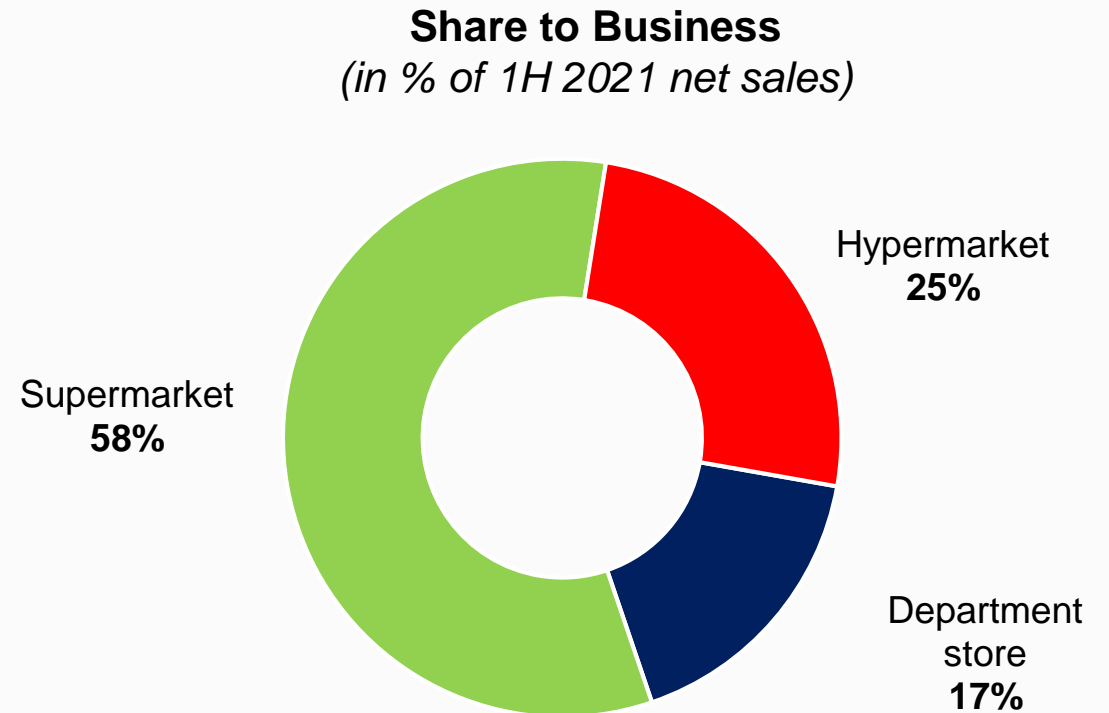
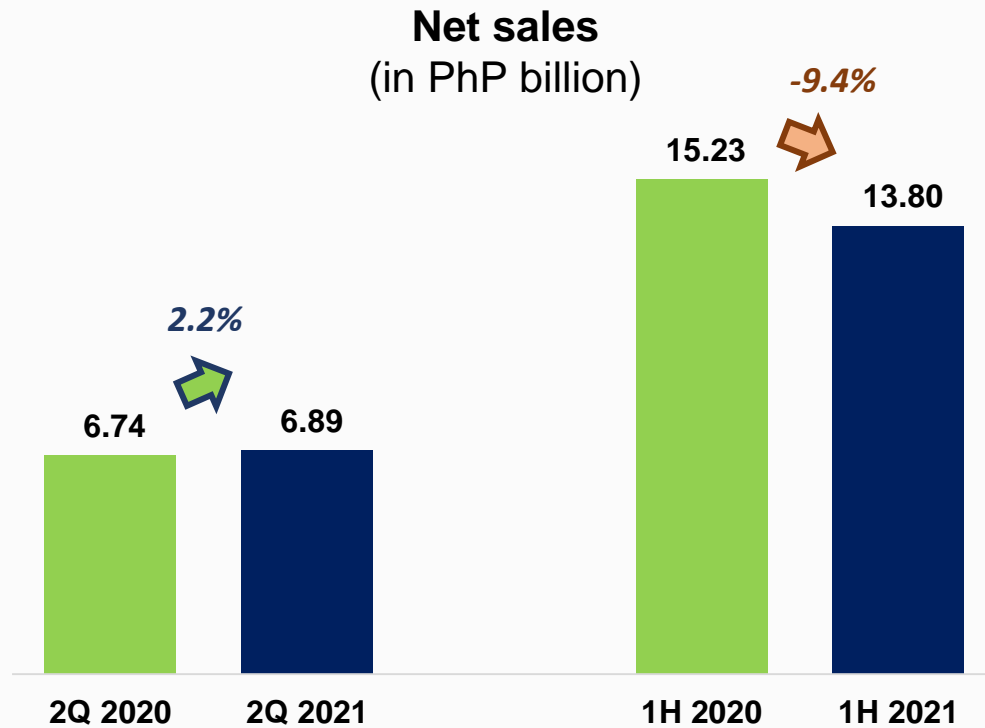


61 stores
33 SM, 15 DS, 13 HM

As of end June 2021

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

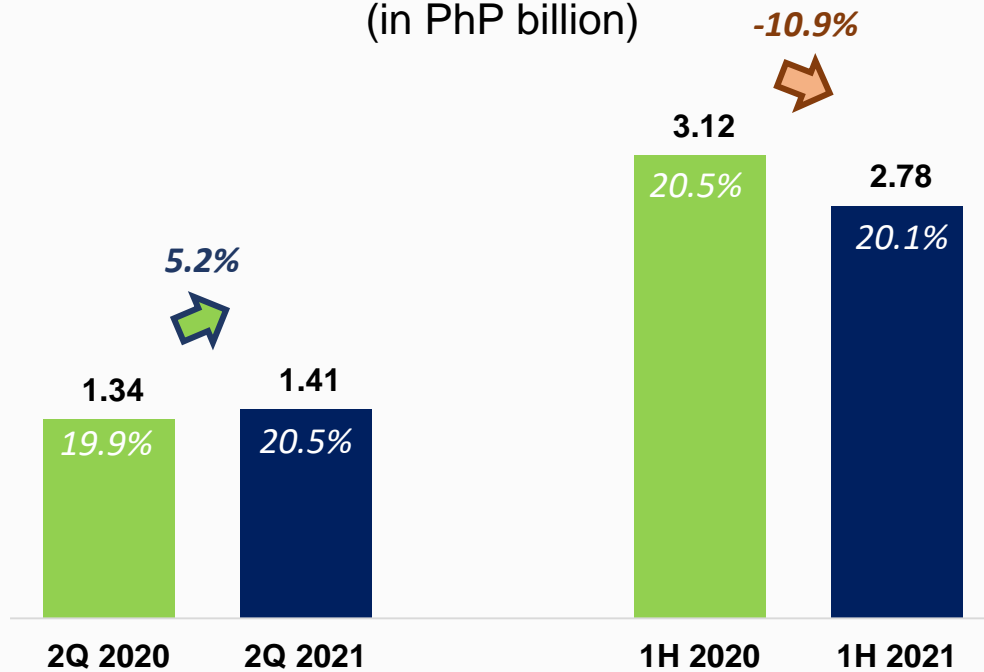
Results of operations



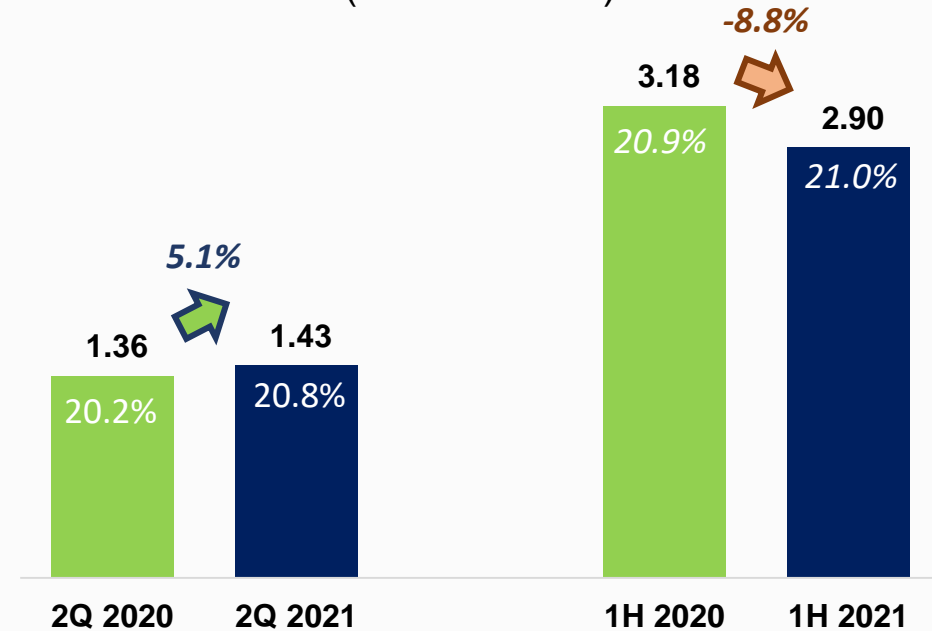
- ❑ As sign of recovery, net sales in 2Q 2021 increased by 2.2%. However, net sales in 1H 2021 decline as both food retail business and merchandise business decreased over the same period last year driven by low customer traffic and customer's lower propensity to spend.
- ❑ Same-store sales (without Metro UP Town and Metro Fairview) in 1H 2021 declined by 13.9%.

Results of operations

Gross profit
(in PhP billion)

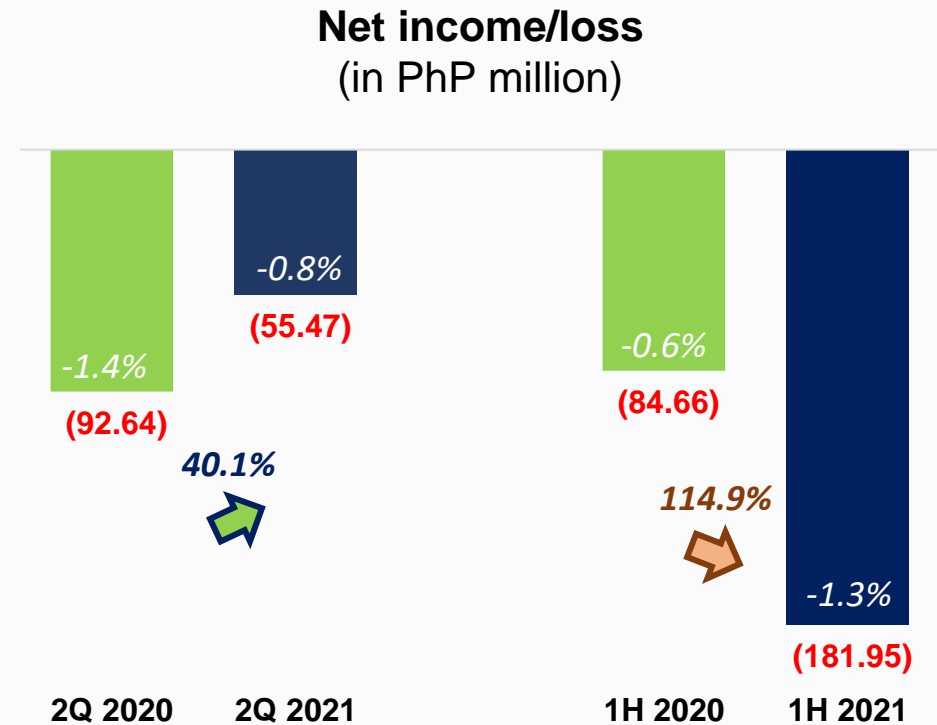
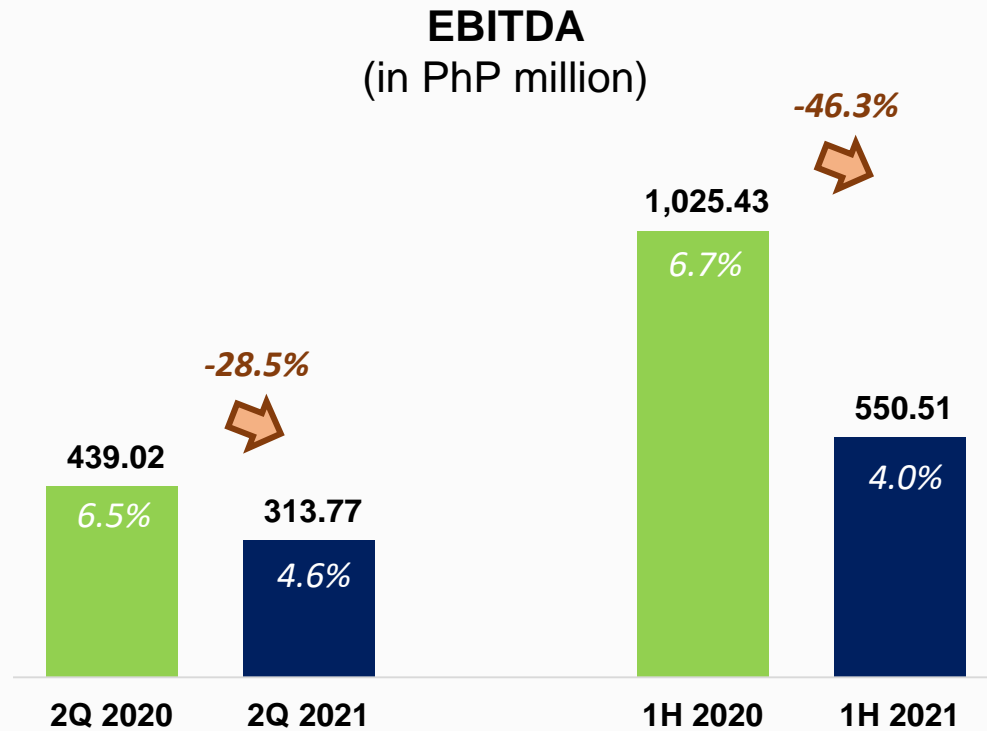


Operating expense
(in PhP billion)



- Gross profit declined mainly due to the lower sales compared last year. Gross profit margin slid by 40 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.

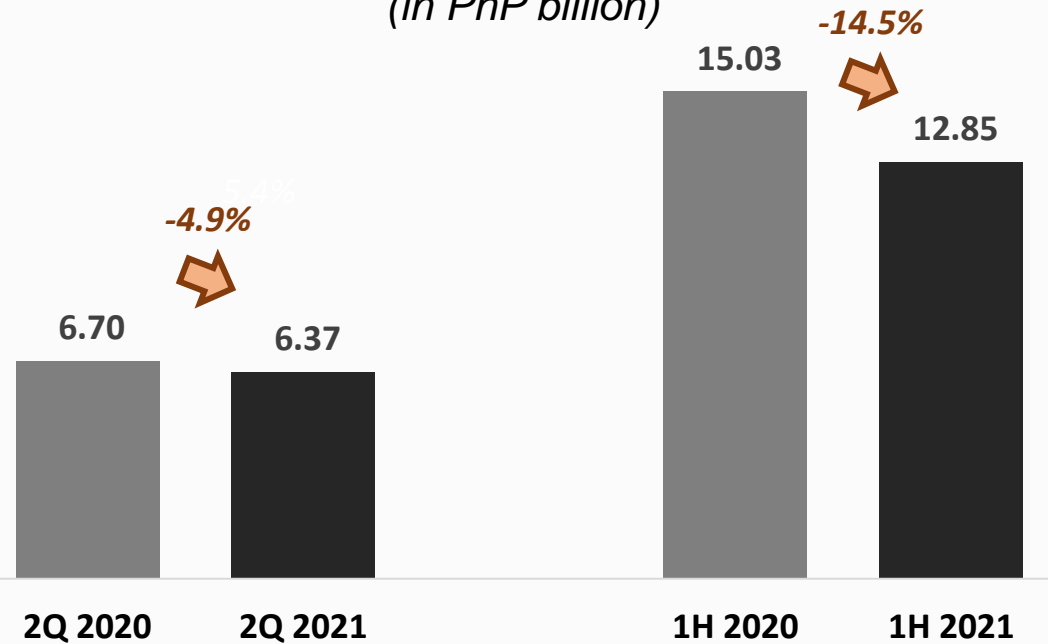
Results of operations



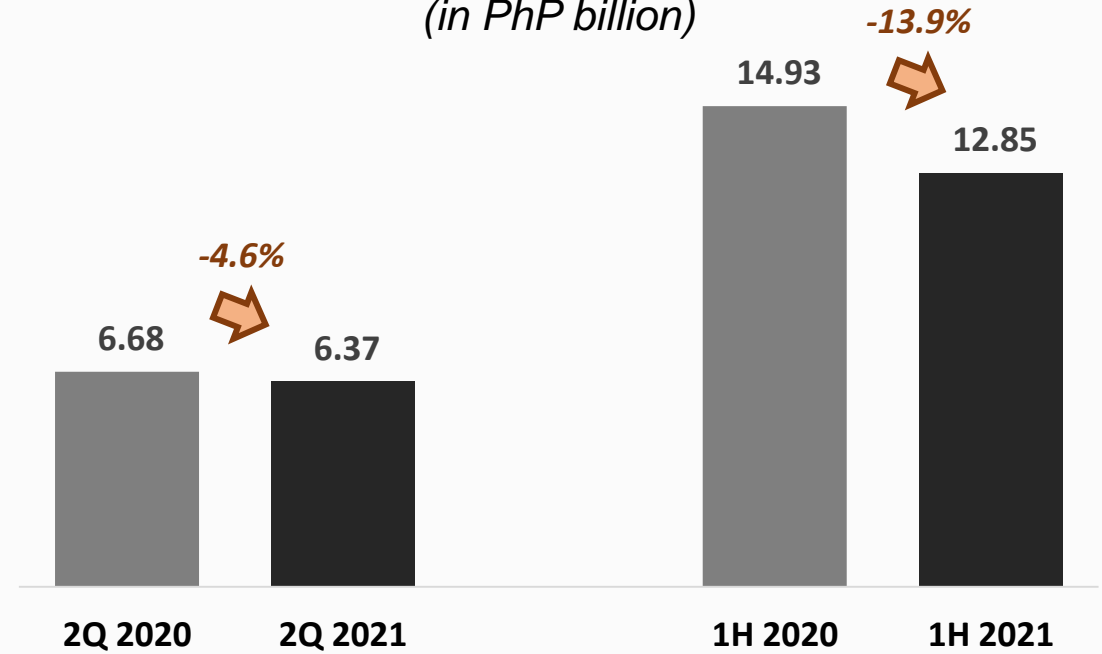
- ❑ The Company was able to cut its net loss in 2Q 2021 compared to same period last year. However, total net loss for the semester increased compared to last year mainly due to the decline in net sales driven by the pandemic.
- ❑ Despite the net loss, the Company' EBITDA still stood at a positive position of PhP550.5 million. Consequently, our balance sheet remained solid with a cash reserves of PhP622.1 million.

Comparable sales

Blended comparable sales
with Metro UP Town and Metro Fairview
(in PhP billion)

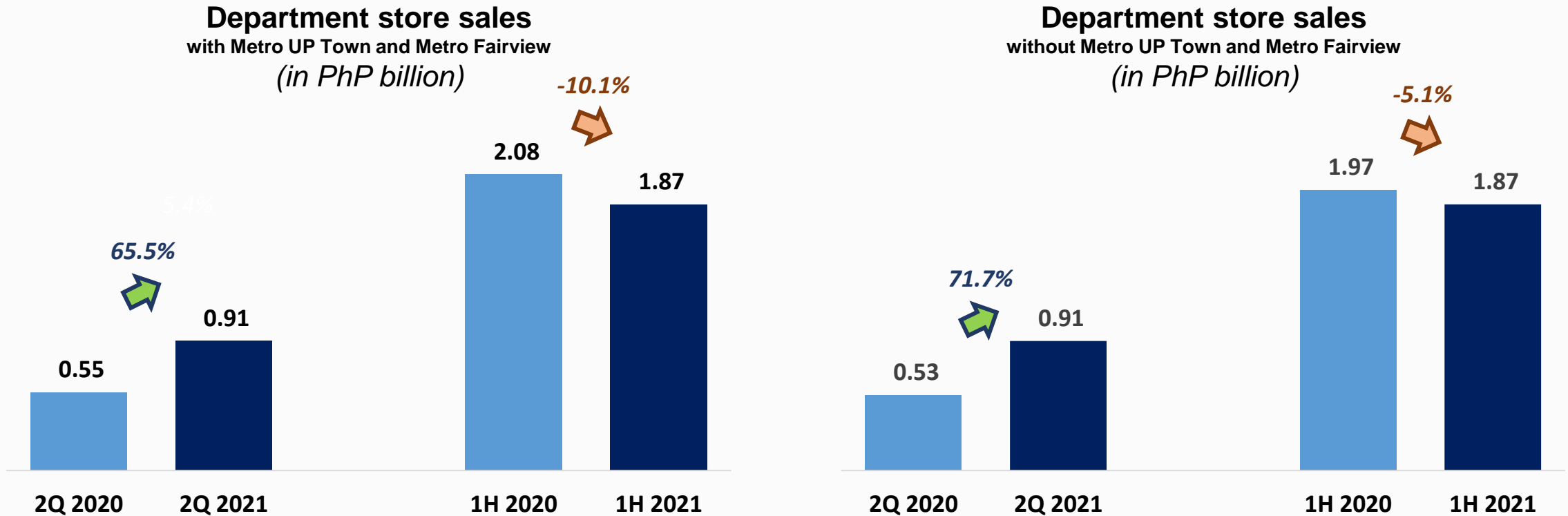


Blended comparable sales
without Metro UP Town and Metro Fairview
(in PhP billion)



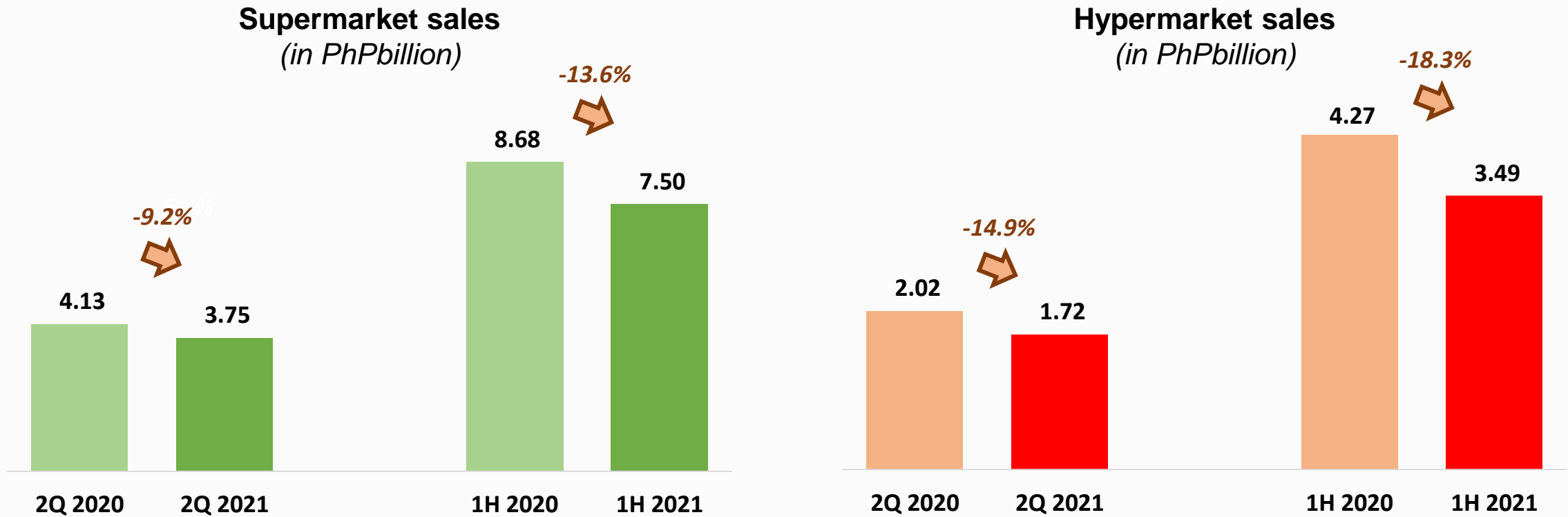
- ❑ Blended comparable sales contracted due to the disruptions brought by the pandemic. Although, we continue to serve our customers through our different online platforms, this is still not enough to cover the decline in sales from physical stores.

Comparable sales



- ❑ In 2Q 2021, comparable sales of Department Stores recovered by more than 65.5%, with or without Metro UP Town and Metro Fairview, from same period last year due to gradual opening of the stores. However, comparable sales still decrease in 1H 2021 as the increased in 2Q 2021 was offset by the decline of sales in first quarter of the year.
- ❑ Closure of Metro UP Town and Metro Fairview is part of the Company's operations rationalization.

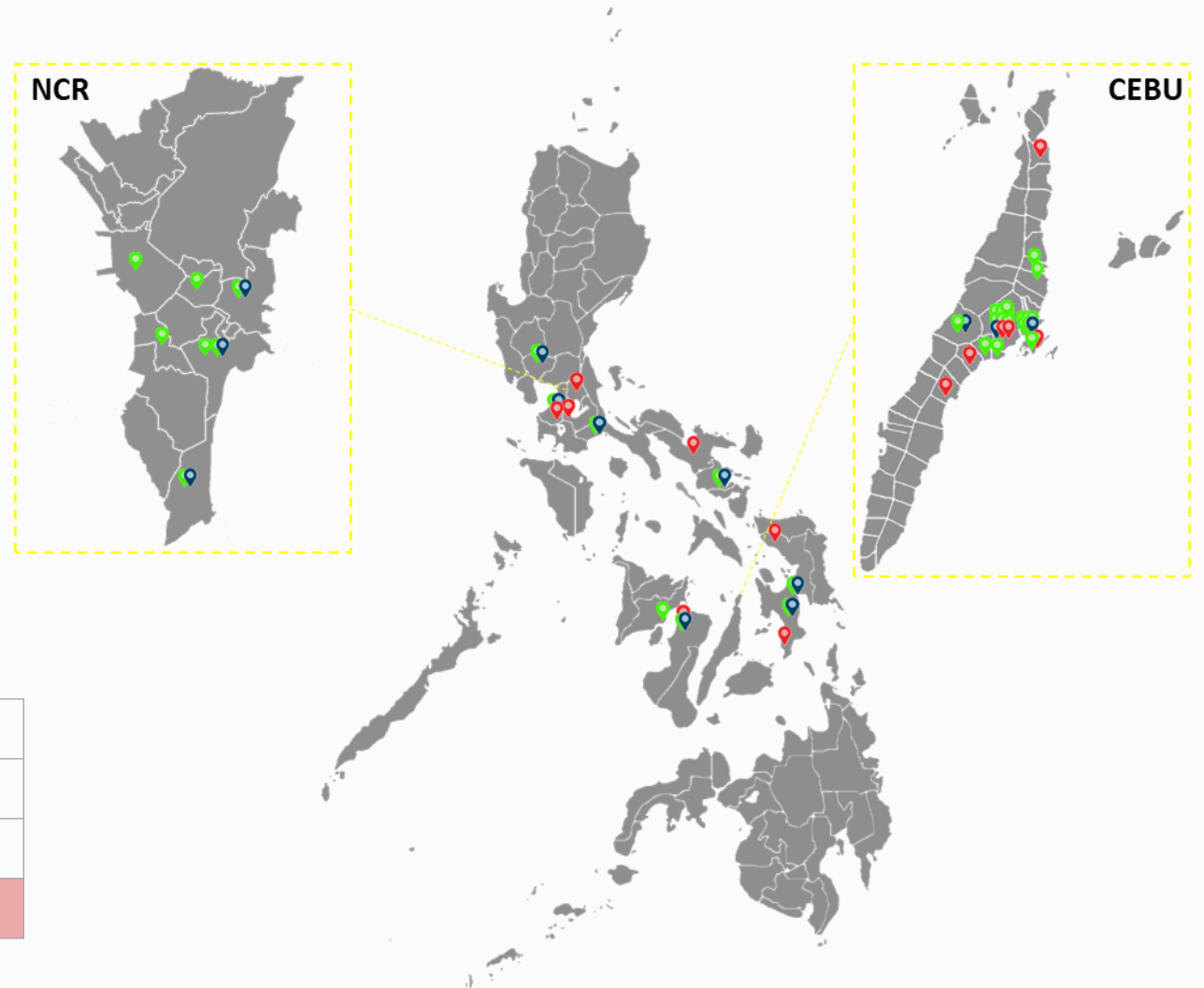
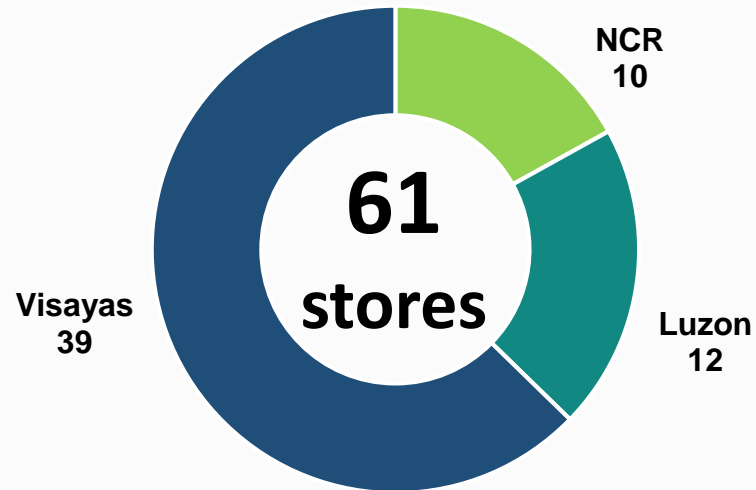
Comparable sales



- ❑ 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 1H 2021, both Comparable sales for Supermarkets and Hypermarket decreased by 13.6% and 18.3%, respectively.

MRSGI existing store network

Geographical composition of store network
(as of August 19, 2021)



Supermarket

NCR	7
Luzon	4
Visayas	22
Total	33

Department Store

NCR	3
Luzon	4
Visayas	8
Total	15

Hypermarket

NCR	-
Luzon	4
Visayas	9
Total	13

MRSGI network expansion

Metro Tacloban | Opened in March



MRSGI network expansion

Metro Danao (Supermarket and Department store) | Opened in April



MRSGI network expansion

Metro Sum-ag | Opened in June



Our response to the COVID-19 global pandemic

MRSGL'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). 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

More Metro Stores NOW ONLINE!

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

The banner features a Metro employee in a green vest holding a shopping bag filled with groceries. The background is green with a pattern of white squares.

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 back. 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

*Metro Stores in Luzon and Visayas received the **Safety Seal Certificate** from the **Department of Trade and Industry (DTI)** which assures shoppers that the establishment implements and observes proper health and safety protocols.*

**AT THE METRO STORES
YOUR HEALTH AND SAFETY
IS OUR TOP PRIORITY!**



SAFETY SEAL



We follow safety & health protocols against Covid-19



SAFETY SEAL



We follow safety & health protocols against Covid-19

METRO BACOLOD



SAFETY SEAL



We follow safety & health protocols against Covid-19

SUPER METRO COLON



SAFETY SEAL



We follow safety & health protocols against Covid-19

METRO SUM-AG



SAFETY SEAL



We follow safety & health protocols against Covid-19

METRO DANAOG





Plans and Prospects



METRO

RETAIL STORES GROUP, INC.

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Plans and Prospects

- ✓ Strengthen Trust on the MRSGL Company
- ✓ Aggressively pursue our e-commerce program
- ✓ Re-organize MRSGL for agility and focus
- ✓ Create new formats/channels
- ✓ Implement operational efficiency initiatives

MRSGL's 4Cs of Growth

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

Thank you!



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Q&A



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Annex



METRO

RETAIL STORES GROUP, INC.

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Statement of financial performance

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
REVENUE				
Net sales (Note 15)	₱6,888,142,445	₱6,738,330,243	₱13,803,850,680	₱15,234,180,886
Rental (Note 22)	41,759,223	9,826,350	80,433,531	80,893,702
	6,929,901,668	6,748,156,593	13,884,284,211	15,315,074,588
COSTS AND EXPENSES				
Cost of sales (Note 17)	5,475,105,087	5,394,602,396	11,019,210,706	12,111,790,933
Operating expenses (Note 18)	1,425,466,609	1,356,386,982	2,904,030,738	3,182,669,797
	6,900,571,696	6,750,989,378	13,923,241,444	15,294,460,730
OPERATING INCOME (LOSS)	29,329,972	(2,832,785)	(38,957,233)	20,613,858
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	16,273,090	18,146,926	35,647,472	153,435,593
Finance costs	(119,603,500)	(147,114,055)	(237,639,082)	(293,014,253)
	(103,330,410)	(128,967,129)	(201,991,610)	(139,578,660)
LOSS BEFORE INCOME TAX	(74,000,438)	(131,799,914)	(240,948,843)	(118,964,802)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)				
Current	16,117,767	(6,873,161)	32,968,575	30,170,075
Deferred	(34,645,926)	(32,285,464)	(91,972,336)	(64,474,393)
	(18,528,159)	(39,158,625)	(59,003,761)	(34,304,318)
NET LOSS	(55,472,279)	(92,641,289)	(181,945,082)	(84,660,484)

Statement of financial performance (cont.)

NET LOSS	(55,472,279)	(92,641,289)	(181,945,082)	(84,660,484)
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 LOSS	(P55,472,279)	(P92,641,289)	(P181,945,082)	(P84,660,484)

Statement of financial position

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2021

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱622,067,951	₱2,257,268,691
Short-term investments (Notes 4 and 25)	1,283,370,726	1,270,644,434
Receivables (Notes 5 and 25)	448,611,797	672,127,679
Merchandise inventories (Note 6)	4,719,674,392	4,981,620,260
Other current assets (Notes 7 and 25)	541,372,704	540,865,116
Total Current Assets	7,615,097,570	9,722,526,180
Noncurrent Assets		
Property and equipment (Note 8)	5,277,638,397	4,954,668,833
Right-of-use ("ROU") assets (Note 22)	5,038,770,089	5,408,172,114
Deferred tax assets - net (Note 21)	626,524,798	568,063,929
Other noncurrent assets (Notes 9 and 25)	516,035,642	720,530,258
Total Noncurrent Assets	11,458,968,926	11,651,435,134
TOTAL ASSETS	₱19,074,066,496	₱21,373,961,314

Statement of financial position (cont.)

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 10 and 25)	₱2,801,186,136	₱4,642,332,394
Contract liabilities (Note 11)	60,008,973	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)	357,750,822	479,564,316
Total Current Liabilities	4,218,945,931	6,726,007,555
Noncurrent Liabilities		
Lease liabilities – net of current portion (Notes 22 and 25)	5,438,389,712	5,542,385,955
Retirement benefit obligation (Note 19)	584,072,125	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
Total Noncurrent Liabilities	6,528,086,700	6,111,618,821
Total Liabilities	10,747,032,631	12,837,626,376
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
Treasury stock (Note 14)	(27,355,991)	–
Retained earnings (Note 14)	2,508,058,088	2,690,003,170
Remeasurement losses on defined benefit obligation (Note 19)	(38,585,381)	(38,585,381)
Total Equity	8,327,033,865	8,536,334,938
TOTAL LIABILITIES AND EQUITY	₱19,074,066,496	₱21,373,961,314

Statement of cash flows

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Six-month Periods Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(P240,948,843)	(P118,964,803)
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	273,484,155	228,930,815
Depreciation - ROU assets (Note 22)	296,804,784	649,594,365
Finance costs (Note 16)	237,639,081	293,014,253
Retirement benefits costs (Note 19)	23,141,332	29,091,450
Net gain on insurance claims (Notes 16)	-	(104,364,149)
Foreign currency exchange losses (gains) (Note 16)	1,476,226	(645,474)
Interest income (Note 16)	(16,467,428)	(27,147,126)
Operating income before working capital changes	575,129,307	949,509,331
Decrease (increase) in:		
Receivables	222,984,507	482,634,645
Merchandise inventories	261,945,868	(623,564,765)
Other current assets	4,265,873	(96,223,160)
Increase (decrease) in:		
Trade and other payables	(1,848,254,047)	(1,395,268,135)
Contract liabilities	(22,124,768)	(26,989,126)
Other noncurrent liabilities	-	2,674,530
Cash flows used in operations	(806,053,260)	(707,226,680)
Proceeds from insurance claims on merchandise inventory and business interruption	-	192,313,377
Income tax paid	(26,207,674)	(268,387,269)
Interest received	16,998,805	32,602,199
Interest paid	(25,729,885)	(528,251)
Net cash used in operating activities	(840,992,014)	(751,226,624)

Statement of cash flows (cont.)

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(424,143,119)	(548,142,936)
Decrease (increase) in short-term investments	(12,726,292)	(141,069,460)
Decrease (increase) in other noncurrent assets	32,184,016	141,398,895
Net cash used in investing activities	(404,685,395)	(547,813,501)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stocks (Note 14)	(27,355,991)	-
Proceeds from loans (Note 12)	800,000,000	500,000,000
Repayment of loans (Note 12)	(800,000,000)	-
Payment of:		
Principal portion of lease liabilities (Note 22)	(153,212,496)	(452,680,447)
Interest portion of lease liabilities (Note 22)	(207,478,618)	(280,883,394)
Cash dividends	-	(205,749,244)
Net cash used in financing activities	(388,047,105)	(439,313,085)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,633,724,514)	(1,738,353,210)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	(1,476,226)	645,474
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,257,268,691	2,909,123,300
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 3)	₱622,067,951	₱1,171,415,564

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