



METRO

RETAIL STORES GROUP, INC.

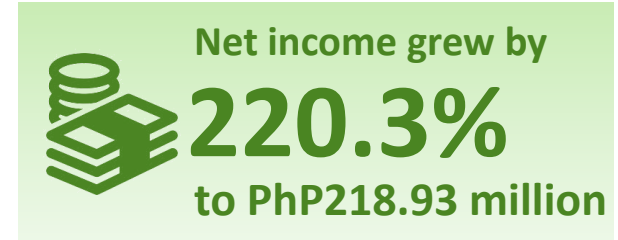
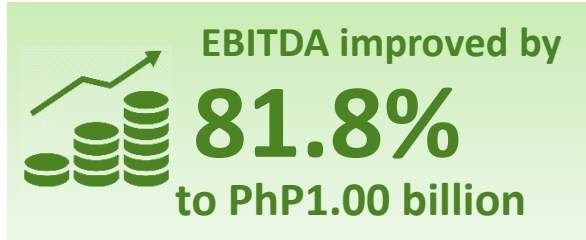
2Q & 1H 2022
**Earnings Call and
Analysts' Briefing**

18 August 2022

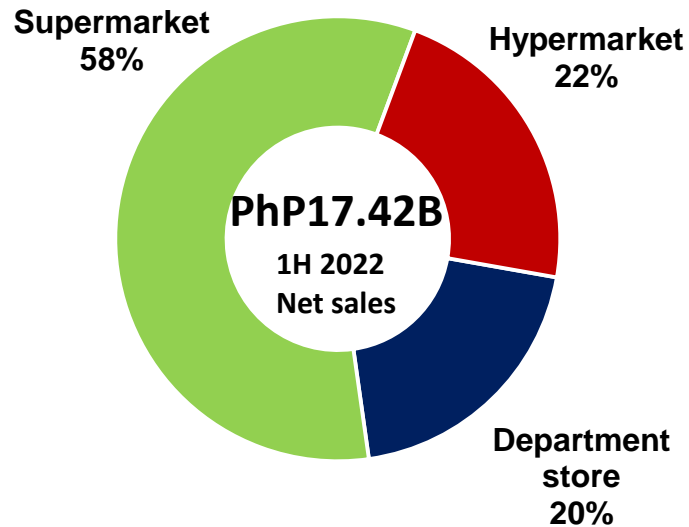
General rules

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 part allotted for a presentation and the second part for the Q&A.
3. Participants other than the speakers will be muted throughout the duration of the Call, unless recognized by the moderator.
4. For a convenient viewing experience, participants are advised to pin the shared presentation screen.
5. During the Q&A portion, 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.


1H 2022 Financial and Operational Highlights



Share to Business
(in % of 1H 2022 net sales)




PhP20.96 billion
Total assets



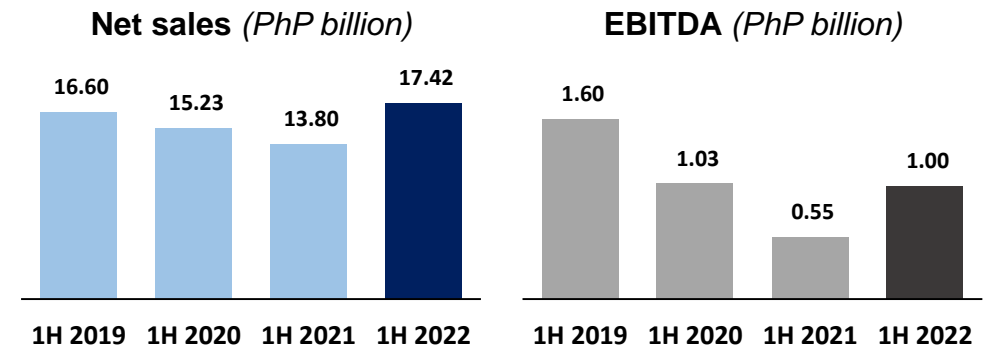
PhP8.32 billion
Total equity



62 stores
34 SM, 15 DS, 13 HM

Note: Store count as of end-June 2022
(SM refers to supermarkets, DS for department stores, and HM for hypermarkets)

vs. pre-pandemic results



As of 30 June 2022

Market capitalization

PhP4.72B

Share price

PhP1.43

Book value per share

PhP2.50

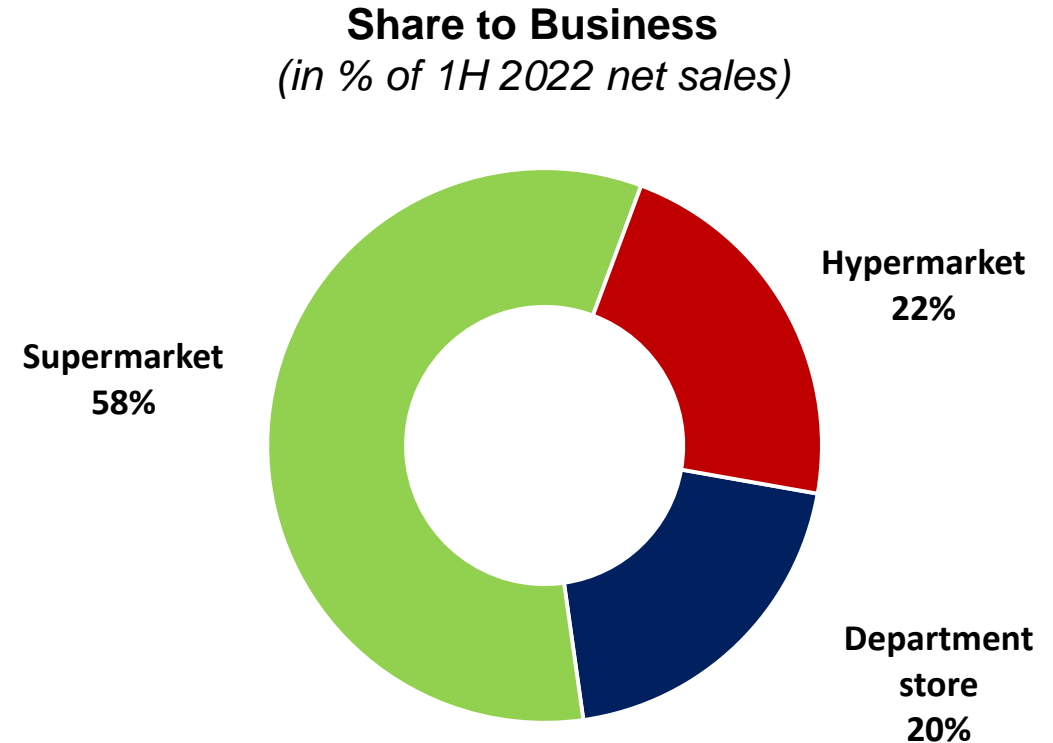
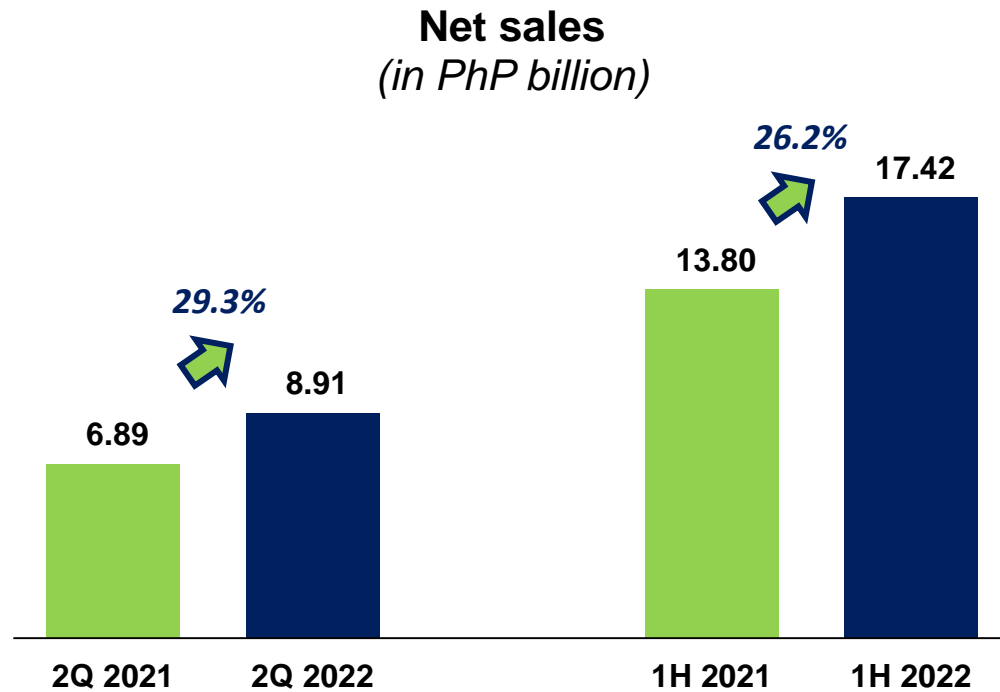
Earnings per share (1H 2022)

PhP0.07

As of 17 August 2022, MRSGL has a market capitalization of PhP4.55 billion. Share price closed at PhP1.38.

Results of operations

Net Sales increased by 26.2%; surpassed pre-pandemic sales level

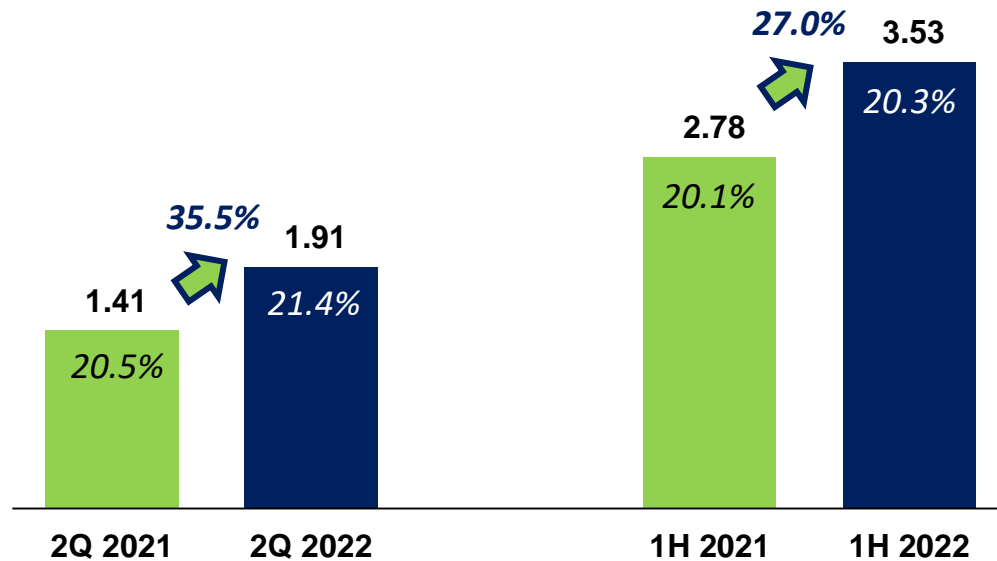


- ❑ Net sales in second quarter of 2022 increased by 29.3% compared to the same period last year, bringing the total net sales in first half of the year to PhP17.42 million, 26.2% higher than the same period last year and 4.9% higher than pre-pandemic level.
- ❑ Blended same-store sales increased by 24.7% in first half of 2022 driven by higher foot traffic and improved consumer demand. This excludes a store damaged by typhoon Odette in December 2021.

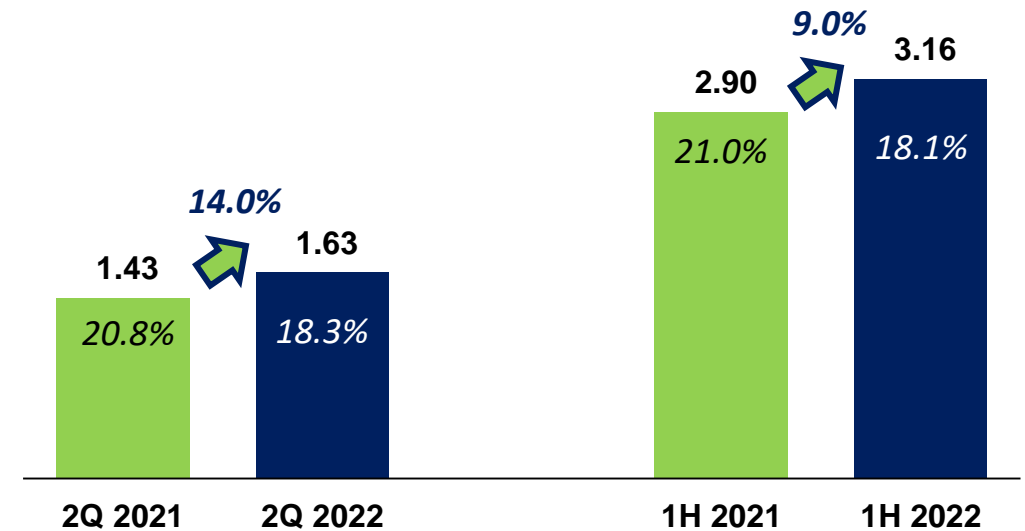
Results of operations

Gross profit margin higher, % Opex lower

Gross Profit
(in PhP billion)



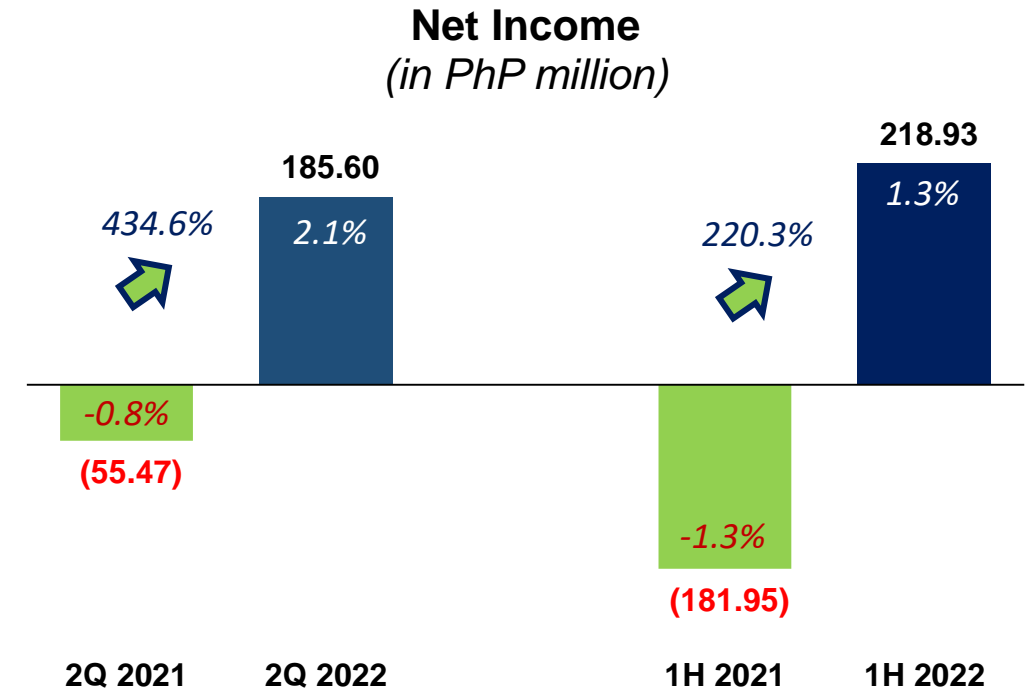
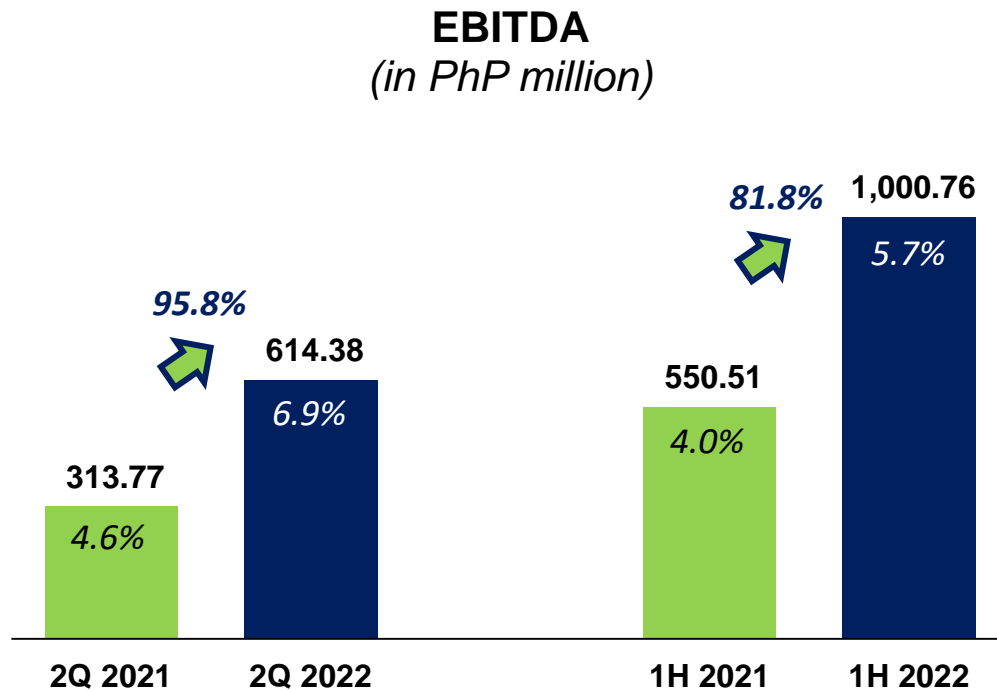
Operating Expenses
(in PhP billion)



- ❑ Gross profit margin slightly improved by 32 bps year-on-year driven by the rise in sales contribution of general merchandise which provides a higher margin as compared to food retail.
- ❑ As a result of the Company's initiatives to improve efficiency, operating expense as a percentage (%) of sales declined significantly by 287 bps year-on-year from 21.0% to 18.1%.

Results of operations

Significant growth in EBITDA and NIAT

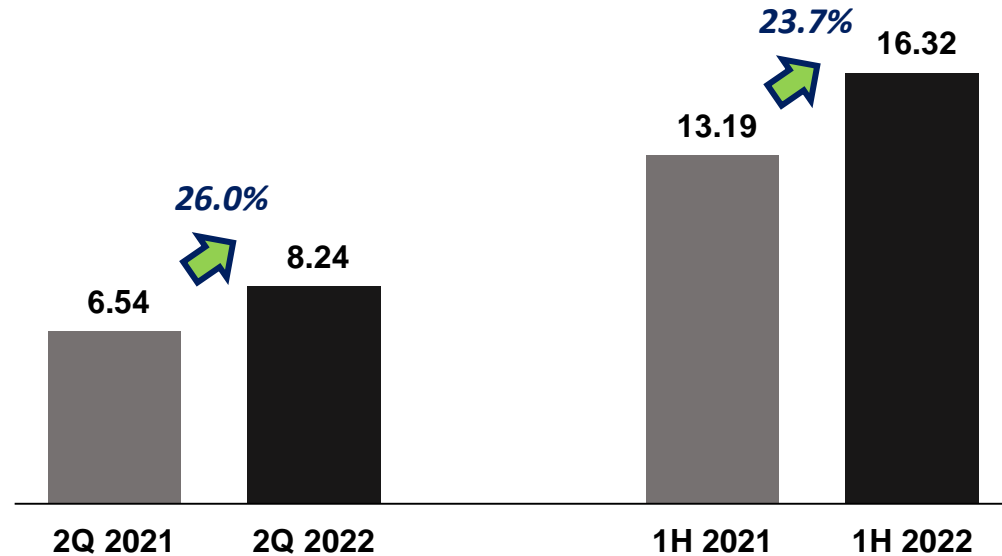


- EBITDA and Net Income further increased in 2Q 2022
 - Net income significantly increased in second quarter, bringing the total net income to PhP218.93 million in the first half of 2022 ; a reversal from the net loss in the same period last year.
 - EBITDA almost doubled for second quarter and increased 81.8% in the first half of 2022.

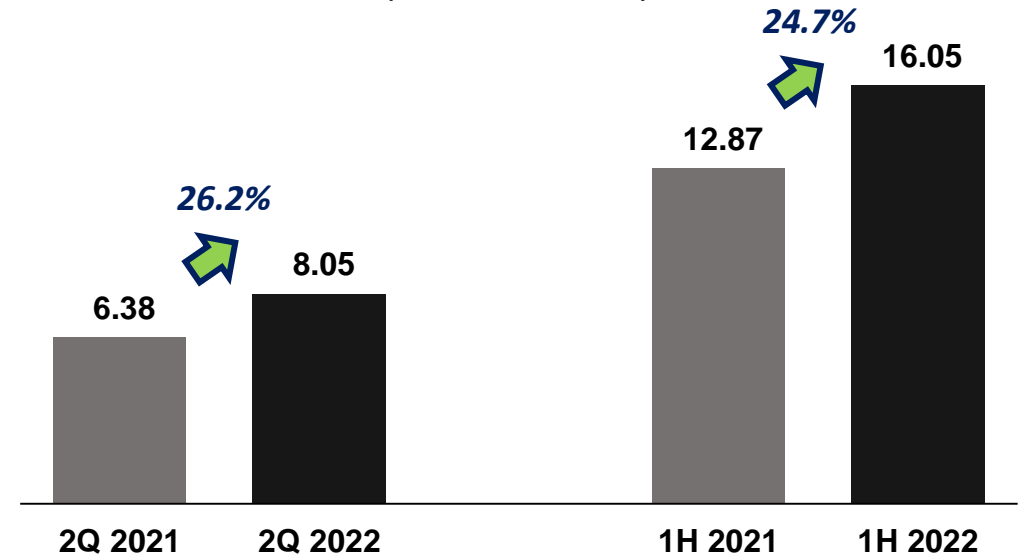
Results of operations

20+% increase in comparable store sales

Blended comparable sales
with Super Metro Maasin
(in PhP billion)



Blended comparable sales
without Super Metro Maasin
(in PhP billion)



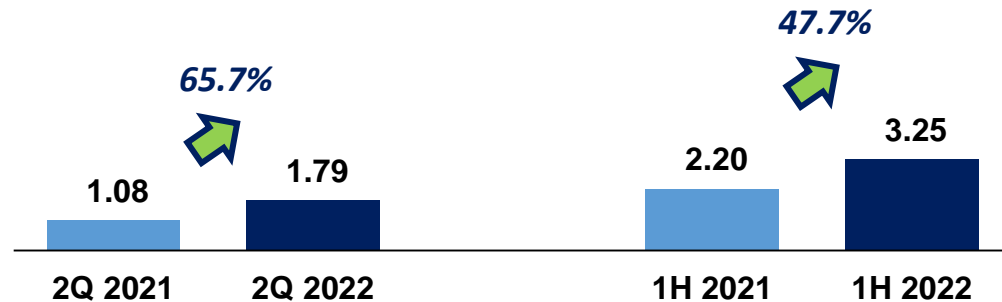
- ❑ The Company's blended comparable sales posted a solid growth of 23.7% in the first half of the year, reflective of the strong sales from comparative stores across all formats.

***Note: Super Metro Maasin was temporarily closed from 16 December 2021 until 31 January 2022 due to the damages from Typhoon Odette.*

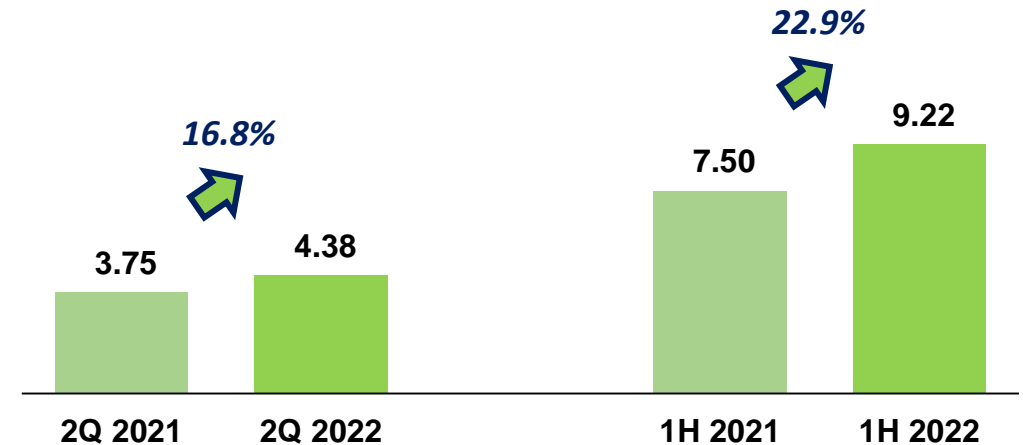
Results of operations | Comparable store sales

Sustained growth in DS and SM

Comparable department store sales
(in PhP billion)



Comparable supermarket sales
(in PhP billion)



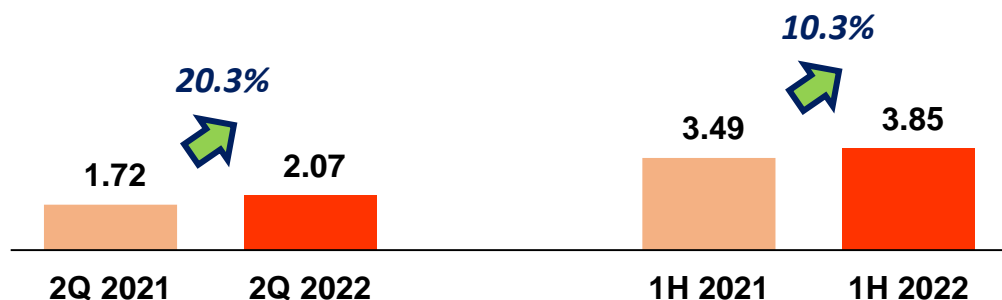
- ☐ Comparable sales of both Department Stores and Supermarket continued to increase due to higher foot traffic driven by the easing of mobility restrictions and gradual return of consumers to their pre-pandemic activities.

Results of operations | Comparable store sales

Double-digit growth for HM

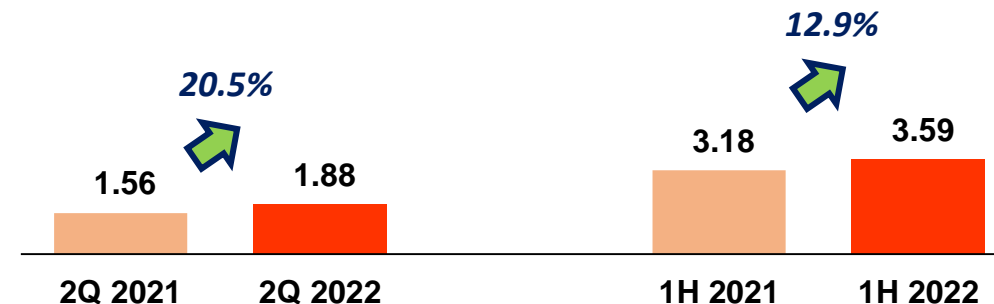
Comparable hypermarket sales

with Super Metro Maasin
(in PhP billion)



Comparable hypermarket sales

without Super Metro Maasin
(in PhP billion)

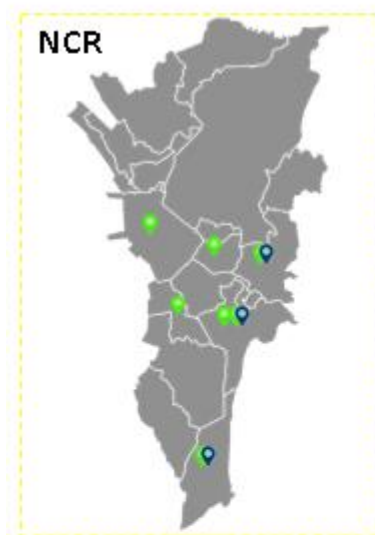
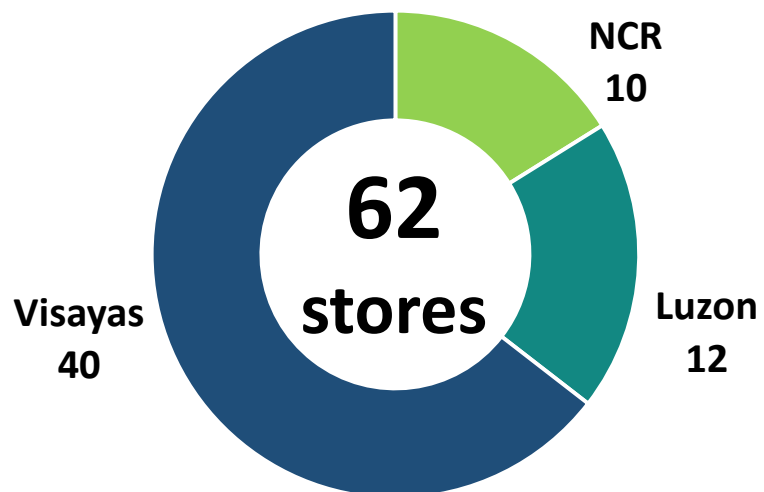


- ☐ Comparable sales of Hypermarket improved, with or without Super Metro Maasin which was temporarily closed from 16 December 2021 until 31 January 2022 due to the damages from Typhoon Odette.

MRSGI existing store network

2 new stores and 1 closed store in April 2022

Geographical composition of store network
(as of August 18, 2022)



Supermarket

NCR	7
Luzon	4
Visayas	23
Total	34

Department Store

NCR	3
Luzon	4
Visayas	8
Total	15

Hypermarket

NCR	-
Luzon	4
Visayas	9
Total	13

MRSGI network expansion | New store in Cebu

Metro Paseo (Supermarket in Cebu) | Opened in April 2022



MRSGI network expansion | New store in Leyte

Metro Hilongos (Supermarket in Leyte) | Opened in April 2022



MRSGI network expansion

Pipeline stores

Metro Catbalogan

Supermarket and Department Store in Samar
Target to open in 2023



Metro Alang-alang

Supermarket in Leyte
Target to open in 2023



E-commerce

MRSGL continues to adapt to more digitally enabled retail space

MRSGL continues to push forward its e-commerce and mobile commerce offerings

- E-commerce sales increased by about 20% in first half of 2022 compared to the same period last year.
- The Company added more participating stores on Grabmart and its online shopping platform – shopmetro.ph to reach more customers.

E-commerce



A promotional banner for Metro's online shopping platform. It features the Metro logo at the top center. To the right, a shopping cart icon is inside a blue circle, with a text box below it stating "Available daily for Delivery, Call or Text, and Pick-Up". The main text reads "The Metro Stores is ONLINE! SHOP NOW!" in large, bold letters. Below this, a green search bar contains the text "shopmetro.ph" and a magnifying glass icon. The background is dark blue with abstract green and orange shapes.

Strategic Partnership



Mobile Commerce



A flowchart illustrating the Metro Pabili mobile commerce process. It starts with a blue speech bubble containing the Metro logo and the text "METRO Pabili!". Below this is a purple rounded rectangle with the phone number "0917-88-METRO". To the right, a woman in a green shirt and blue pants is shown holding a smartphone. The process is outlined in three steps: 1. "Call, Text, or Viber 0917-88-METRO (0917-88-63876)", 2. "Pabili & Pay via credit/debit card, GCash, or Paymaya", and 3. "Deliver to your door!". A shopping cart filled with groceries is shown at the bottom right of the steps.

Awards and recognitions

Metro Supermarket Ayala Center Cebu
Best Grocery Selection
Awarded by SunStar's Best of Cebu



Metro Market! Market! Supermarket
Recertified for Good Manufacturing Practices (GMP) and
Hazard Analysis and Critical Control Points (HACCP)



Key financial indicators

<i>Currency: PhP million</i>	2018	2019	2020	2021	1H 2022
Financial highlights					
Net sales	33,050	36,790	31,286	31,211	17,416
EBITDA	1,781	2,785	1,273	1,220	1,001
Net income	965	776	(450)	(318)	219
Financial soundness indicator					
Current Ratio	2.01	1.48	1.45	1.71	2.62
Debt to Equity Ratio	-	-	0.18	0.18	0.36
Net Debt to Equity Ratio	(0.41)	(0.31)	(0.09)	(0.02)	0.24
Earnings per share (PhP)	0.28	0.23	(0.13)	(0.09)	0.07
Earnings per share - TTM (PhP)					0.03
Stock data					
Share price (PhP)	2.49	2.11	1.5	1.44	1.43
Market capitalization	8,539	7,236	5,144	4,833	4,723
Valuation metrics					
P/B ratio	0.98	0.78	0.60	0.59	0.57
P/E ratio	8.89	9.17	(11.54)	(16.00)	(15.89) ^a
P/E ratio - TTM					47.7
EV/Sales - TTM	0.15	0.12	0.14	0.15	0.19
EV/EBITDA - TTM	2.77	1.55	3.45	3.82	4.02

Note:

a. Using 2021 EPS



Plans and Prospects



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2Q & 1H 2022 Earnings Call and Analysts' Briefing

18 August 2022

Plans and Prospects



Continue to pursue new formats, channels and expansion opportunities

Continue to strengthen and expand our e-commerce program

Keep striving to deliver the best customer experience

Implement operational efficiency and sales productivity initiatives

Re-organize MRS GI for agility and focus

Strengthen Trust in the MRS GI Company



Q&A



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RETAIL STORES GROUP, INC.

2Q & 1H 2022 Earnings Call and Analysts' Briefing

18 August 2022

Thank you!

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Annex: Financial Statements



METRO

RETAIL STORES GROUP, INC.

2Q & 1H 2022 Earnings Call and Analysts' Briefing

18 August 2022

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	
	June 30		June 30	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE				
Net sales (Note 15)	₱8,906,360,577	₱6,888,142,445	₱17,416,229,664	₱13,803,850,680
Rental (Note 22)	56,018,499	41,759,223	105,286,978	80,433,531
	8,962,379,076	6,929,901,668	17,521,516,642	13,884,284,211
COSTS AND EXPENSES				
Cost of sales (Note 17)	6,994,913,583	5,475,105,087	13,890,171,980	11,019,210,706
Operating expenses (Note 18)	1,631,165,962	1,425,466,609	3,164,788,353	2,904,030,738
	8,626,079,545	6,900,571,696	17,054,960,333	13,923,241,444
OPERATING INCOME (LOSS)	336,299,531	29,329,972	466,556,309	(38,957,233)
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	47,299,439	16,273,090	75,428,550	35,647,472
Finance costs	(136,793,892)	(119,603,500)	(251,051,159)	(237,639,082)
	(89,494,453)	(103,330,410)	(175,622,609)	(201,991,610)
INCOME (LOSS) BEFORE INCOME TAX	246,805,078	(74,000,438)	290,933,700	(240,948,843)

Statement of Comprehensive Income

INCOME (LOSS) BEFORE INCOME TAX	246,805,078	(74,000,438)	290,933,700	(240,948,843)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)				
Current	48,774,303	16,117,767	67,016,641	32,968,575
Deferred	12,433,568	(34,645,926)	4,984,597	(91,972,336)
	61,207,871	(18,528,159)	72,001,238	(59,003,761)
NET INCOME (LOSS)	185,597,207	(55,472,279)	218,932,462	(181,945,082)
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)	₱185,597,207	(₱55,472,279)	₱218,932,462	(₱181,945,082)
Basic/Diluted Earnings Per Share (Note 23)	₱0.06	(₱0.02)	₱0.07	(₱0.05)

Statement of Financial Position

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2022

(With Comparative Audited Figures as at December 31, 2021)

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱981,779,677	₱1,671,751,798
Short-term investments (Notes 4 and 25)	2,904,032,219	1,091,644,133
Receivables (Notes 5 and 25)	606,277,366	669,943,462
Merchandise inventories (Note 6)	4,757,903,451	4,163,043,783
Other current assets (Notes 7 and 25)	779,151,492	702,255,561
Total Current Assets	10,029,144,205	8,298,638,737
Noncurrent Assets		
Property and equipment (Note 8)	5,407,926,368	5,325,379,067
Right-of-use ("ROU") assets (Note 22)	4,482,400,035	4,700,055,422
Deferred tax assets - net (Note 21)	601,646,334	606,630,930
Other noncurrent assets (Notes 9 and 25)	442,265,198	505,051,360
Total Noncurrent Assets	10,934,237,935	11,137,116,779
TOTAL ASSETS	₱20,963,382,140	₱19,435,755,516

Statement of Financial Position

LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables (Notes 10 and 25)	₱3,522,501,812	₱3,536,960,607
Contract liabilities (Note 11)	68,491,235	99,893,390
Income tax payable	9,511,167	–
Loans payable – current portion (Notes 12 and 25)	43,402,778	1,000,000,000
Lease liabilities - current portion (Notes 22 and 25)	184,323,227	212,043,486
Total Current Liabilities	3,828,230,219	4,848,897,483

Noncurrent Liabilities

Lease liabilities – net of current portion (Notes 22 and 25)	5,300,753,656	5,362,911,707
Retirement benefit obligation (Note 19)	565,248,112	536,848,593
Loans payable – net of current portion (Notes 12 and 25)	2,935,639,909	496,669,910
Other noncurrent liabilities (Notes 13 and 25)	17,130,032	17,130,032
Total Noncurrent Liabilities	8,818,771,709	6,413,560,242
Total Liabilities	12,647,001,928	11,262,457,725

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)	(178,422,971)	(102,572,930)
Retained earnings (Note 14)	2,590,834,403	2,371,901,941
Remeasurement losses on defined benefit obligation (Note 19)	19,051,631	19,051,631
Total Equity	8,316,380,212	8,173,297,791

TOTAL LIABILITIES AND EQUITY	₱20,963,382,140	₱19,435,755,516
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Statement of Cash Flows

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Six-month Periods Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱290,933,700	(₱240,948,843)
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	295,099,920	273,484,155
Finance costs (Note 16)	251,051,159	237,639,081
Depreciation - ROU assets (Note 22)	185,815,836	296,804,784
Retirement benefits costs (Note 19)	31,212,161	23,141,332
Foreign currency exchange gains (Note 16)	(26,460,279)	1,476,226
Interest income (Note 16)	(22,139,963)	(16,467,428)
Operating income before working capital changes	1,005,512,534	575,129,307
Decrease (increase) in:		
Receivables	69,125,013	222,984,507
Merchandise inventories	(594,859,668)	261,945,868
Other current assets	(131,556,399)	4,265,873
Increase (decrease) in:		
Trade and other payables	(16,912,232)	(1,845,157,171)
Contract liabilities	(31,402,155)	(22,124,768)
Cash flows provided by (used in) operations	299,907,093	(802,956,384)
Income tax paid	(2,845,006)	(26,207,674)
Interest received	16,681,045	16,998,805
Interest paid	(46,945,474)	(25,729,885)
Retirement benefits paid	(3,277,201)	(3,096,876)
Net cash provided by (used in) operating activities	263,520,457	(840,992,014)

Statement of Cash Flows

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(377,647,221)	(424,143,119)
Increase in short-term investments	(1,812,388,085)	(12,726,292)
Decrease in other noncurrent assets	62,786,161	32,184,016
Net cash used in investing activities	(2,127,249,145)	(404,685,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans (Note 12)	2,500,000,000	800,000,000
Repayment of loans (Note 12)	(1,000,000,000)	(800,000,000)
Purchase of treasury stocks (Note 14)	(75,850,041)	(27,355,991)
Payment of:		
Lease liabilities (Note 22)	(258,103,671)	(360,691,114)
Debt issue cost (Note 12)	(18,750,000)	-
Net cash provided by (used in) financing activities	1,147,296,288	(388,047,105)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(716,432,400)	(1,633,724,514)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	26,460,279	(1,476,226)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,671,751,798	2,257,268,691
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	₱981,779,677	₱622,067,951

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