



9M 2021
**Earnings Call and
Analysts' Briefing**

November 17, 2021

9M 2021 Financial and Operational Highlights



PhP21.32 billion
Net sales



PhP765.46 million
EBITDA



PhP(306.41) million
Net loss



PhP19.28 billion
Total assets



PhP8.16 billion
Total equity

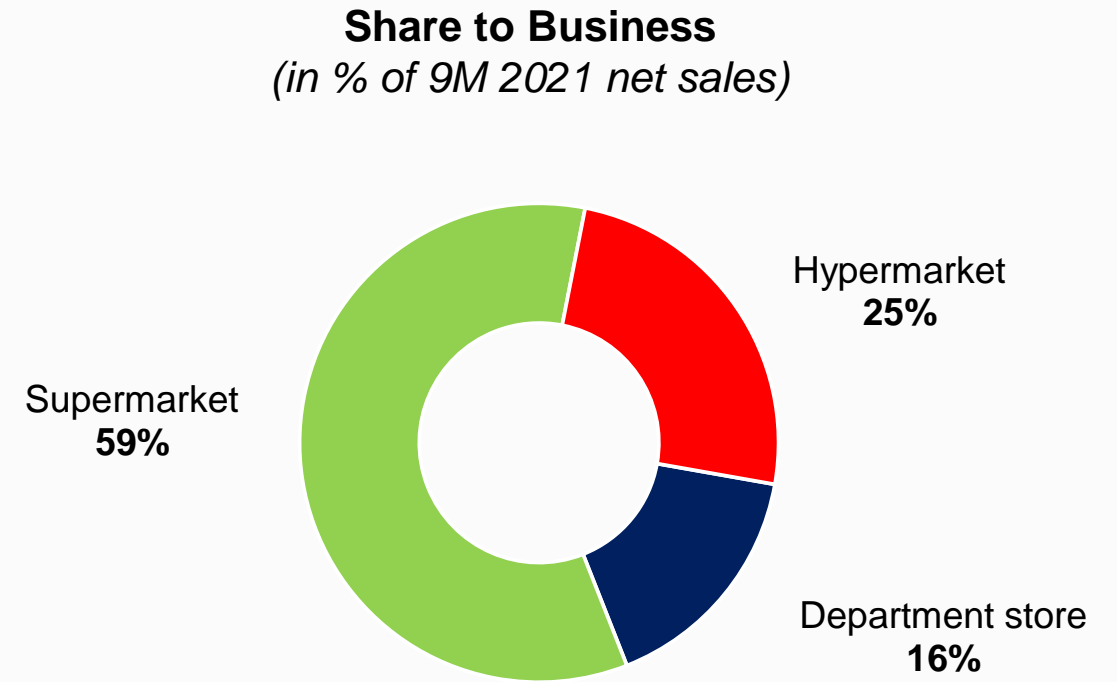
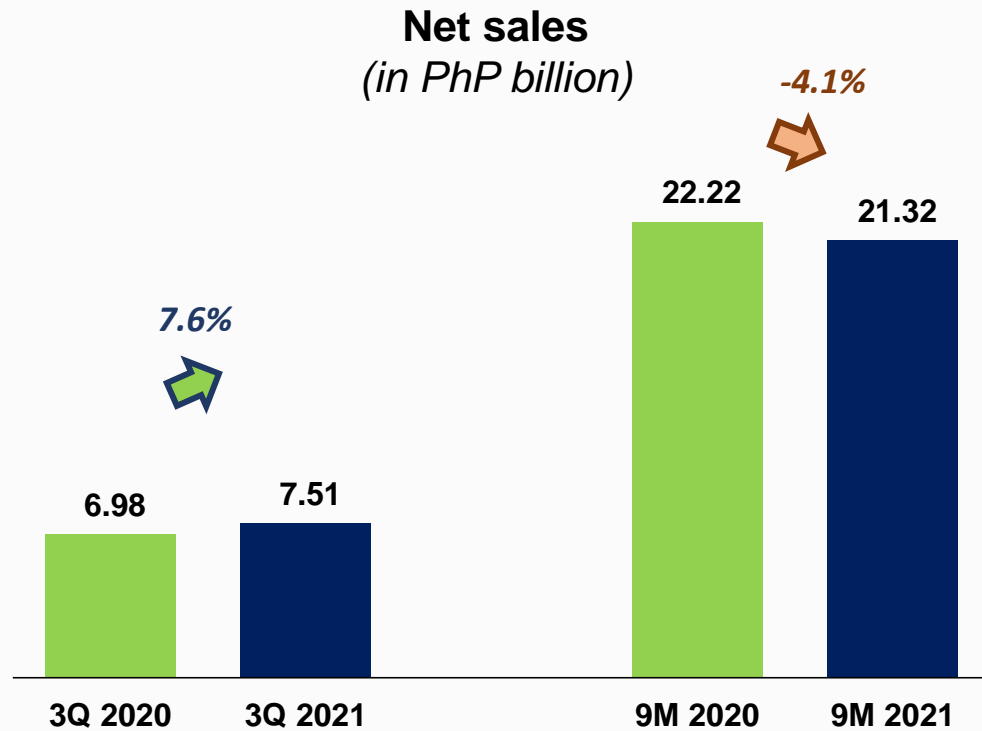


61 stores
33 SM, 15 DS, 13 HM

As of end September 2021

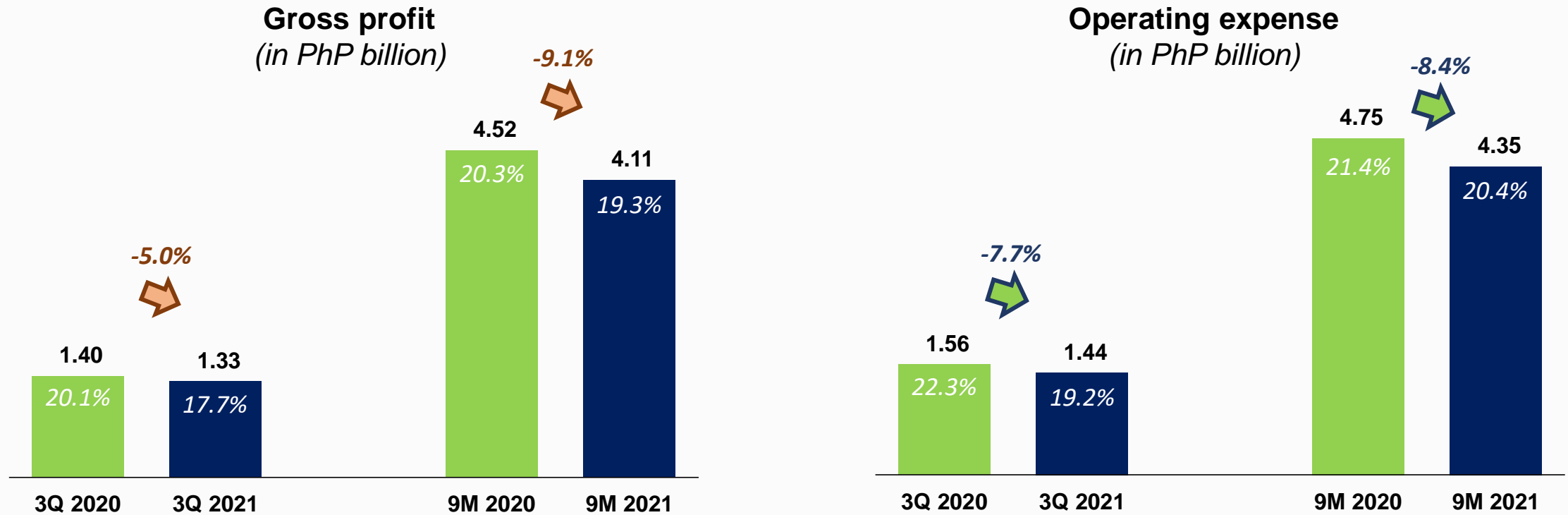
Note: SM refers to supermarkets, DS for department stores, and HM for hypermarkets.

Results of operations



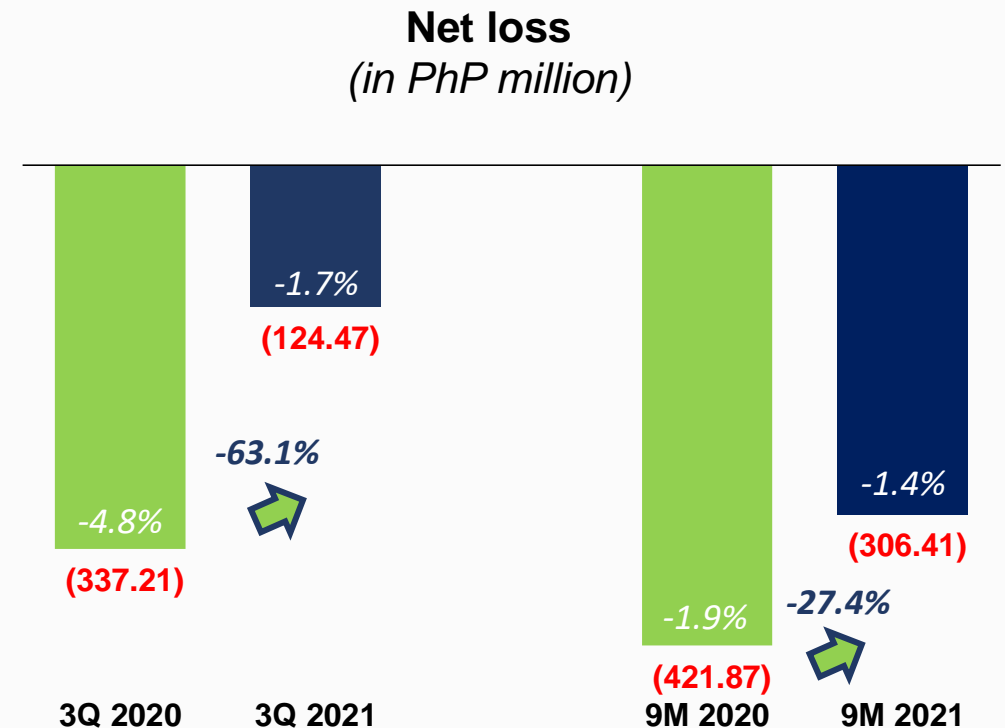
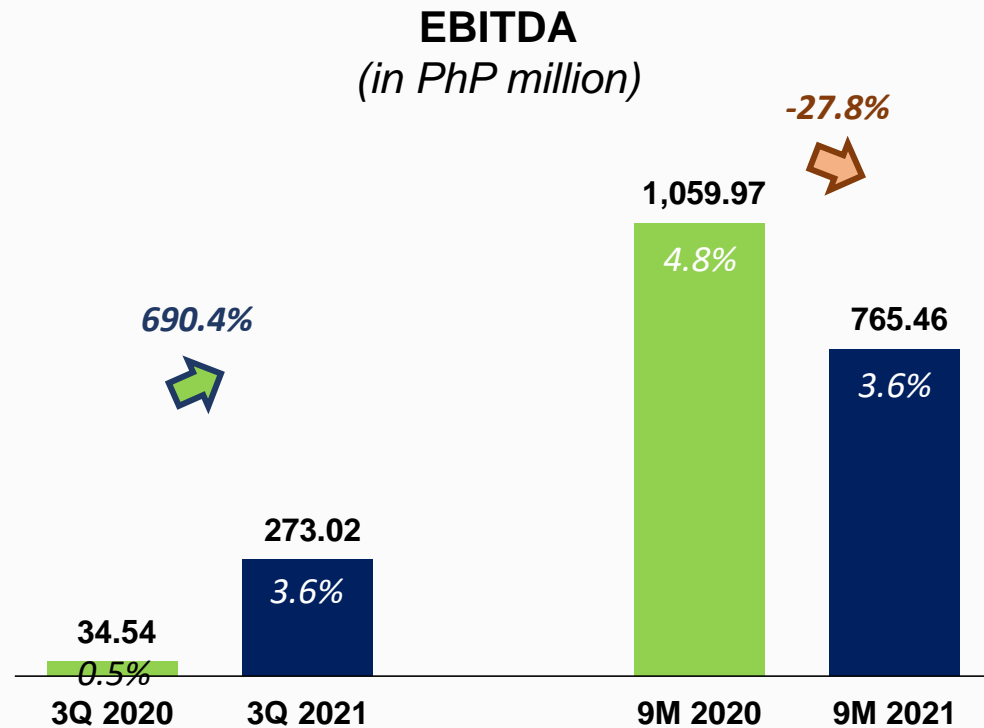
- ❑ Quarter-on-quarter, net sales improved by 7.6% compared to last year. However, net sales in the first nine months of 2021 decline as both food retail business and merchandise business decreased over the same period last year as low customer traffic and customer's lower propensity to spend continue to persist.
- ❑ Blended same-store sales (without Metro UP Town and Metro Fairview) in 9M 2021 declined by 9.0%.

Results of operations



- ❑ Despite of the net sales increase in 3Q, gross profit decreased. This was due to the greater share of our food retail business, which typically have a lower margin, compared to general merchandise.
- ❑ Decrease in operating expenses was mainly attributable to the Company's cost reduction efforts and optimization initiatives.

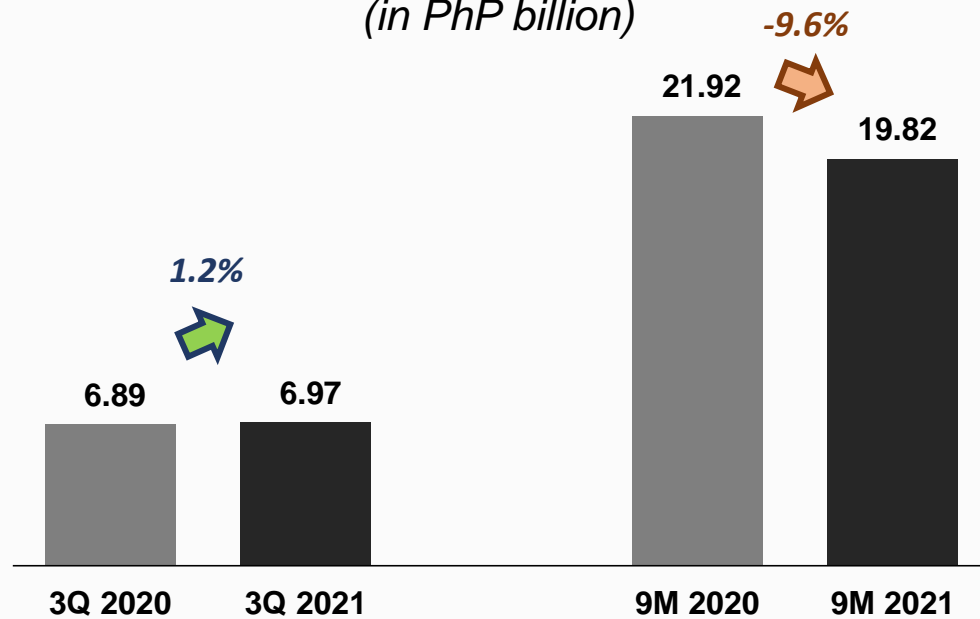
Results of operations



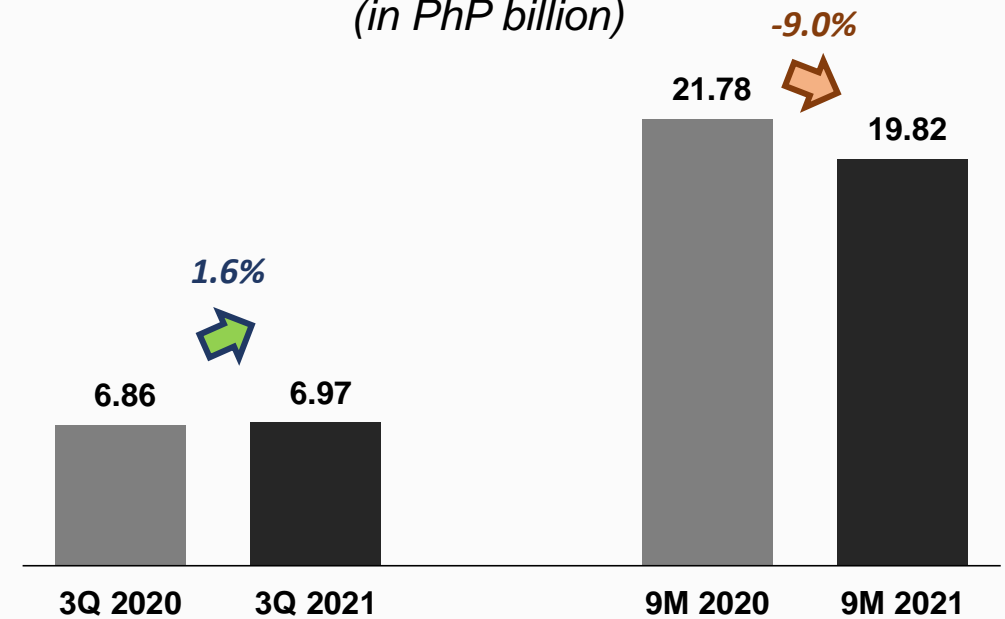
- ❑ The Company was able to cut its net loss in the first nine months of 2021 compared to same period last year.
- ❑ Despite the net loss, the Company' EBITDA significantly increased in 3Q 2021 and still stood at a positive position of PhP765.46 million for the first nine months of year. Consequently, our cash and liquidity position remains strong at PhP2.01 billion.

Comparable sales

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



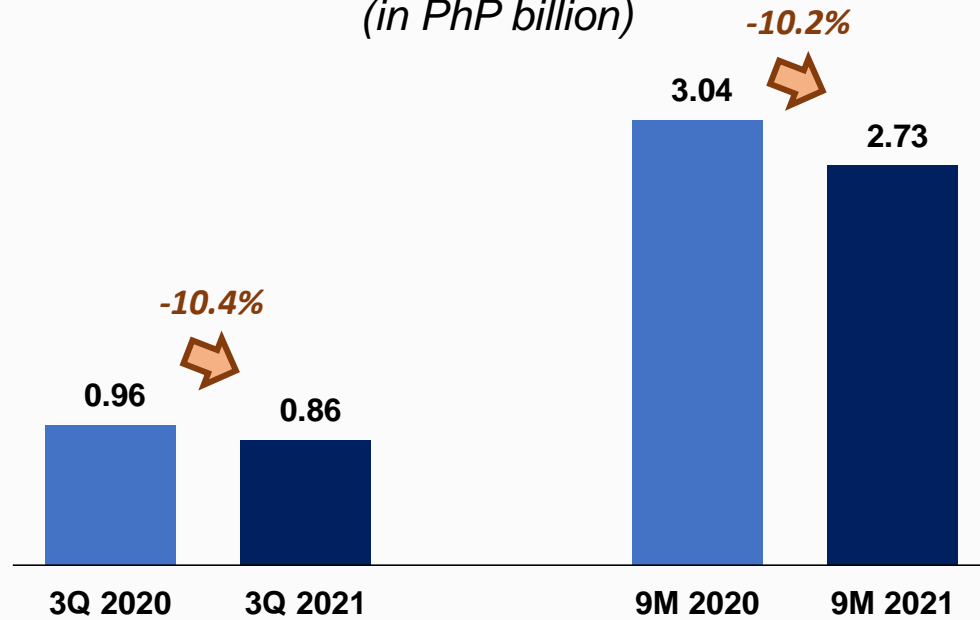
Blended comparable sales
without Metro UP Town and Metro Fairview
(in PhP billion)



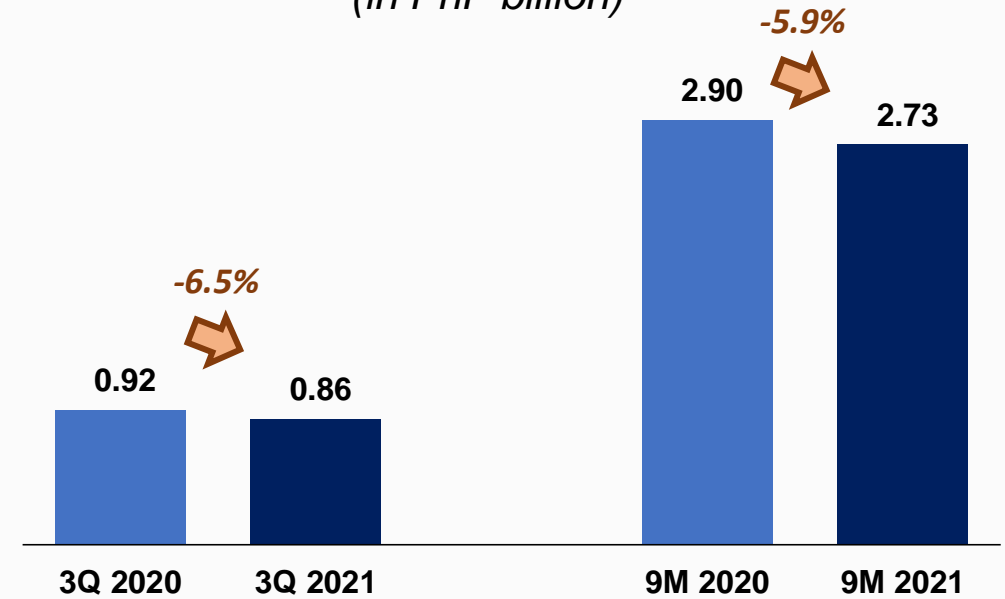
- ❑ Quarter-on-quarter, blended comparable sales (with and without closed department stores) improved against the same period last year. Meanwhile, first nine months net sales contracted due to the disruptions brought by the pandemic. Although, we continue to serve our customers through our different online platforms, this is still not enough to cover the decline in sales from physical stores

Comparable sales

Department store sales
with Metro UP Town and Metro Fairview
(in PhP billion)

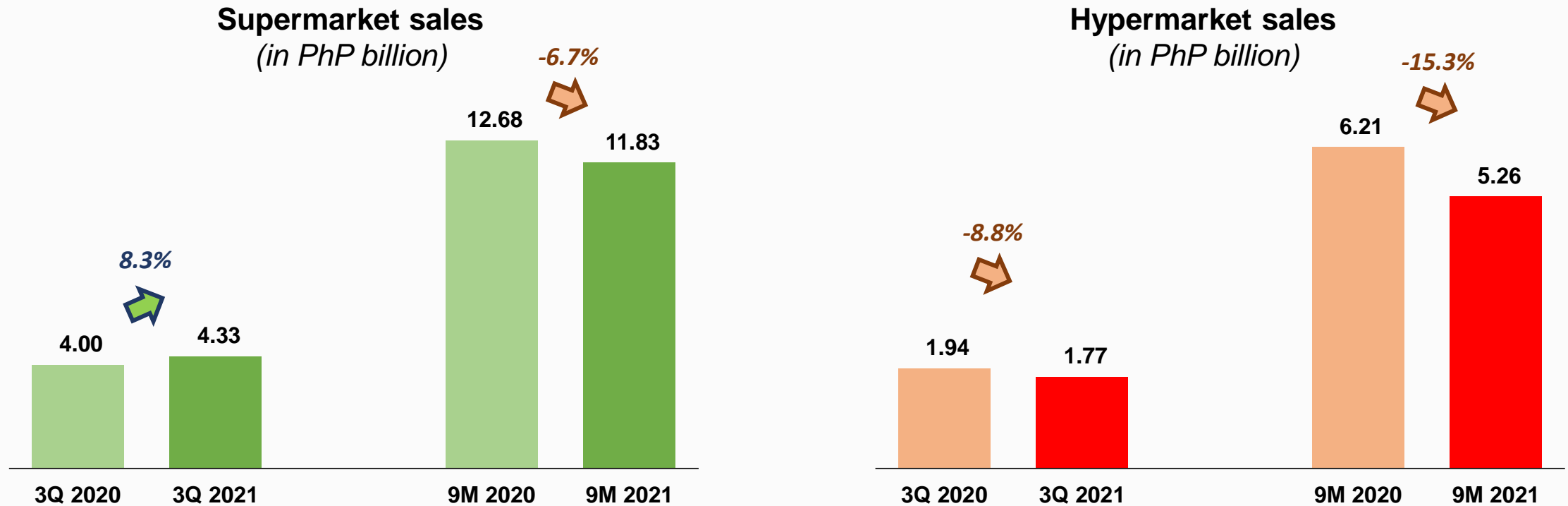


Department store sales
without Metro UP Town and Metro Fairview
(in PhP billion)



- ❑ Comparable sales of Department Stores (with or without Metro UP Town and Metro Fairview) declined despite the gradual opening of the stores as consumers prioritized the purchase of essential goods in general.
- ❑ Closure of Metro UP Town and Metro Fairview is part of the Company's operations rationalization.

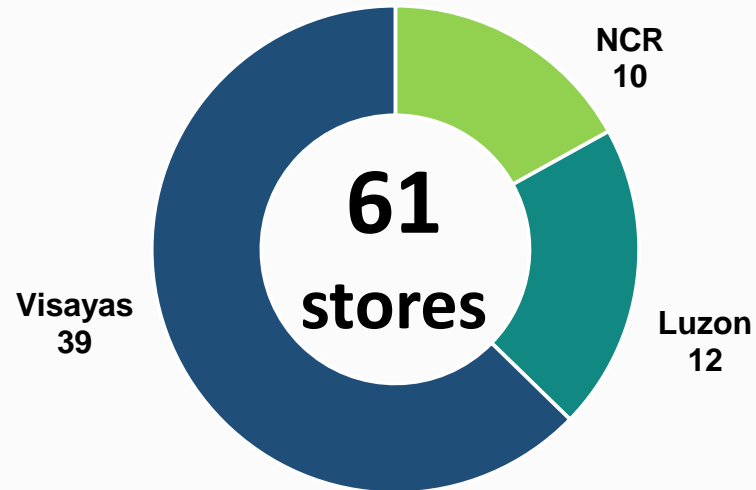
Comparable sales



- ❑ Supermarket comparable sales improved by 8.3% against the same quarter last year.
- ❑ Despite of being open to serve its customers during the community quarantine period, both Comparable sales for Supermarkets and Hypermarket decreased in the first nine-months of the year.

MRSGI existing store network

Geographical composition of store network
(as of November 2021)



Supermarket

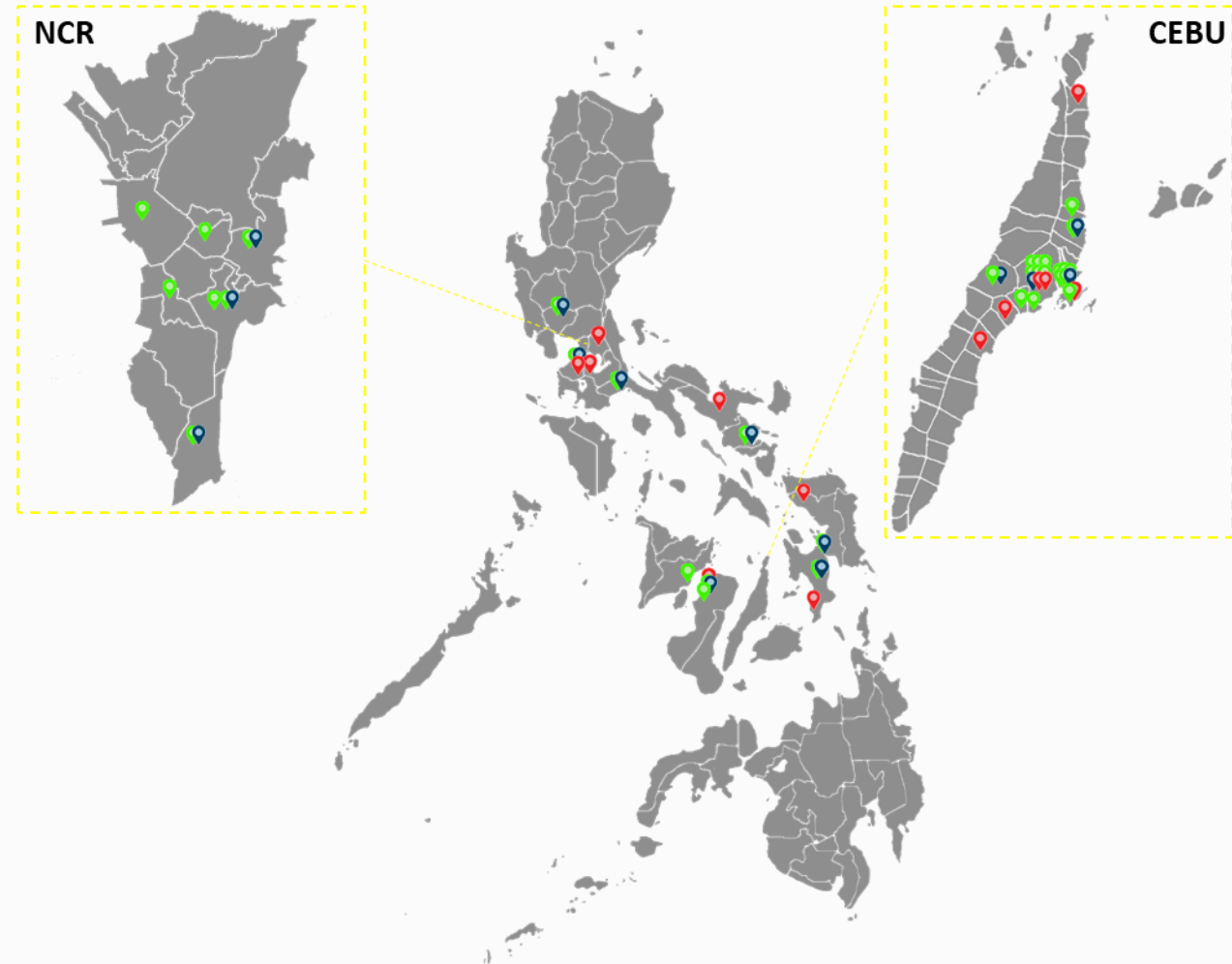
NCR	7
Luzon	4
Visayas	22
Total	33

Department Store

NCR	3
Luzon	4
Visayas	8
Total	15

Hypermarket

NCR	-
Luzon	4
Visayas	9
Total	13



MRSGI network expansion

Metro Supermarket – Banawa, Cebu | Opening in 1H 2022



Fresh prep area and cold room



Check out counter area and main hallway



Selling area

MRSGI network expansion

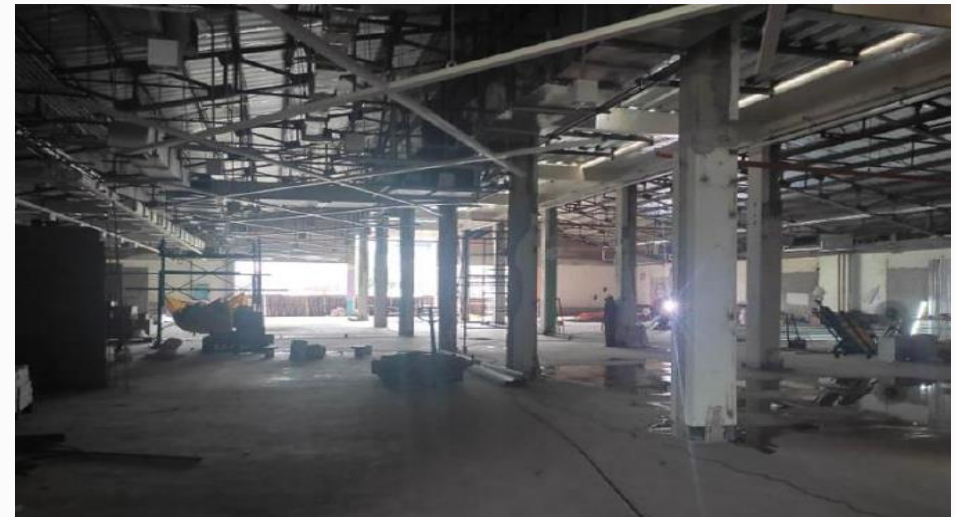
Metro Supermarket – Hilongos, Leyte | Opening in 1H 2022



Selling area to supermarket entrance



Selling area to fresh display area



Pharmacy to Main Store entrance/exit

MRSGI network expansion

Metro Supermarket – Alang-alang, Leyte | Opening in 2022



Site photo

MRSGI network expansion

Metro Supermarket – Catbalogan, Samar | Opening in 2022



Site photo



Site photo

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



MRSGI's growing online presence

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). 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.

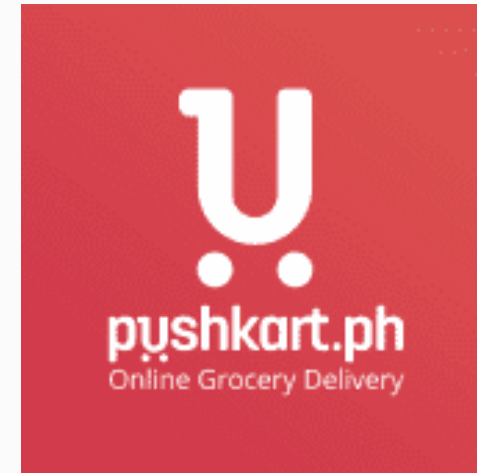
E-commerce



The Metro Stores is **ONLINE!**
SHOP NOW!
shop.themetrostores.ph

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

Strategic Partnership



Mobile Commerce



100% CERTIFIED

All Metro Stores now bear the DTI Safety Seal



SAFETY SEAL



We follow safety & health protocols against Covid-19

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.



Plans and Prospects



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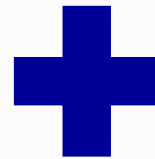
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Strategic objectives 2022

#We Make Life Easy Reboot to the New Normal

CUSTOMER

- **Store Shopping experience**
 - Clear value proposition per format
 - Bounce back marketing
- **Personal Shopper Experience**
 - Level up CTV Program
- **Online User Experience**
 - Online value proposition per channel



#Org Transformation Simplify! Automate! Streamline!

MSRGI

- **People Engagement**
 - Efficient and engaged organization
- **Efficient Logistics**
 - Supply chain efficiency
- **IT/Process Improvement**
 - IT Infra/HR/Accounting Efficiency Programs
- **Merchandising Discipline**
 - Oracle Module Optimization

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



Q&A



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Thank you!



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Annex



METRO

RETAIL STORES GROUP, INC.

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November 17, 2021

Statement of financial performance

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
REVENUE				
Net sales (Note 15)	₱7,514,139,259	₱6,984,147,860	₱21,317,989,939	₱22,218,328,746
Rental (Note 22)	45,044,934	32,077,520	125,478,465	112,971,222
	7,559,184,193	7,016,225,380	21,443,468,404	22,331,299,968
COSTS AND EXPENSES				
Cost of sales (Note 17)	6,183,877,961	5,583,058,512	17,203,088,667	17,694,849,445
Operating expenses (Note 18)	1,443,523,480	1,564,261,918	4,347,554,218	4,746,931,715
	7,627,401,441	7,147,320,430	21,550,642,885	22,441,781,160
OPERATING INCOME (LOSS)	(68,217,248)	(131,095,050)	(107,174,481)	(110,481,192)
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	17,736,907	(213,038,442)	53,384,379	(59,602,849)
Finance costs	(115,687,499)	(134,284,521)	(353,326,581)	(427,298,774)
	(97,950,592)	(347,322,963)	(299,942,202)	(486,901,623)
LOSS BEFORE INCOME TAX	(166,167,840)	(478,418,013)	(407,116,683)	(597,382,815)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)				
Current	15,114,240	(23,165,669)	48,082,815	7,004,406
Deferred	(56,816,551)	(118,039,967)	(148,788,887)	(182,514,360)
	(41,702,311)	(141,205,636)	(100,706,072)	(175,509,954)
NET LOSS	(124,465,529)	(337,212,377)	(306,410,611)	(421,872,861)

Statement of financial performance (cont.)

NET LOSS	(124,465,529)	(337,212,377)	(306,410,611)	(421,872,861)
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	(P124,465,529)	(P337,212,377)	(P306,410,611)	(P421,872,861)

Statement of financial position

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱719,773,141	₱2,257,268,691
Short-term investments (Notes 4 and 25)	1,288,956,868	1,270,644,434
Receivables (Notes 5 and 25)	545,049,083	672,127,679
Merchandise inventories (Note 6)	4,730,424,267	4,981,620,260
Other current assets (Notes 7 and 25)	620,646,118	540,865,116
Total Current Assets	7,904,849,477	9,722,526,180
Noncurrent Assets		
Property and equipment (Note 8)	5,323,955,177	4,954,668,833
Right-of-use ("ROU") assets (Note 22)	4,870,192,390	5,408,172,114
Deferred tax assets - net (Note 21)	683,341,349	568,063,929
Other noncurrent assets (Notes 9 and 25)	502,590,918	720,530,258
Total Noncurrent Assets	11,380,079,834	11,651,435,134
TOTAL ASSETS	₱19,284,929,311	₱21,373,961,314

Statement of financial position (cont.)

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 10 and 25)	₱3,277,649,582	₱4,642,332,394
Contract liabilities (Note 11)	54,077,854	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)	273,523,598	479,564,316
Total Current Liabilities	4,605,251,034	6,726,007,555
Noncurrent Liabilities		
Lease liabilities – net of current portion (Notes 22 and 25)	5,415,156,486	5,542,385,955
Retirement benefit obligation (Note 19)	594,361,154	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	6,515,142,503	6,111,618,821
Total Liabilities	11,120,393,537	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)	(65,388,553)	–
Retained earnings (Note 14)	2,383,592,559	2,690,003,170
Remeasurement losses on defined benefit obligation (Note 19)	(38,585,381)	(38,585,381)
Total Equity	8,164,535,774	8,536,334,938
TOTAL LIABILITIES AND EQUITY	₱19,284,929,311	₱21,373,961,314

Statement of cash flows

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Nine-month Periods Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(P407,116,683)	(P597,382,815)
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	432,225,360	372,294,645
Depreciation - ROU assets (Note 22)	410,912,560	709,189,025
Finance costs (Note 16)	353,326,581	427,298,774
Retirement benefits costs (Note 19)	33,887,707	43,329,726
Provision for and impairment of receivables (Note 18)	6,827,101	7,000,000
Foreign currency exchange losses (gains) (Note 16)	(603,058)	2,847,807
Gain on lease modification (Note 16 and 22)	(4,830,438)	(67,643,128)
Interest income (Note 16)	(23,888,116)	(36,297,138)
Provisions (Note 16)	-	396,357,010
Loss on retirement of property and equipment	-	306,860
Gain on lease termination (Note 16 and 22)	-	(102,803,607)
Net gain on insurance claims (Notes 16)	-	(104,364,149)
Operating income before working capital changes	800,741,014	1,050,133,010
Decrease (increase) in:		
Receivables	117,938,889	460,110,899
Merchandise inventories	251,195,993	(1,226,234,064)
Other current assets	(88,666,358)	(198,249,695)
Increase (decrease) in:		
Trade and other payables	(1,374,786,610)	(1,147,015,620)
Contract liabilities	(28,055,886)	(28,623,404)
Other noncurrent liabilities	-	2,565,638
Cash flows used in operations	(321,632,958)	(1,087,313,236)
Proceeds from insurance claims on merchandise inventory and business interruption	-	208,324,195
Income tax paid	(27,663,097)	(284,173,767)
Interest received	26,200,722	30,487,546
Interest paid	(36,896,188)	(6,373,294)
Net cash used in operating activities	(359,991,521)	(1,139,048,556)

Statement of cash flows (cont.)

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(629,201,104)	(858,165,674)
Increase in short-term investments	(18,312,434)	(41,069,460)
Decrease in other noncurrent assets	45,628,740	247,525,795
Net cash used in investing activities	(601,884,798)	(651,709,339)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stocks (Note 14)	(65,388,553)	-
Proceeds from loans (Note 12)	800,000,000	1,000,000,000
Repayment of loans (Note 12)	(800,000,000)	-
Payment of:		
Principal portion of lease liabilities (Note 22)	(201,372,587)	(421,758,523)
Interest portion of lease liabilities (Note 22)	(309,461,149)	(406,140,471)
Cash dividends	-	(205,762,267)
Net cash used in financing activities	(576,222,289)	(33,661,261)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,538,098,608)	(1,824,419,156)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	603,058	(2,847,807)
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)	₱719,773,141	₱1,081,856,337

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