



3Q & 9M 2022
**Earnings Call and
Analysts' Briefing**

24 November 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.

Main presenters

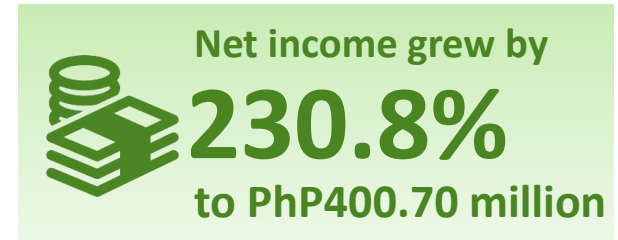
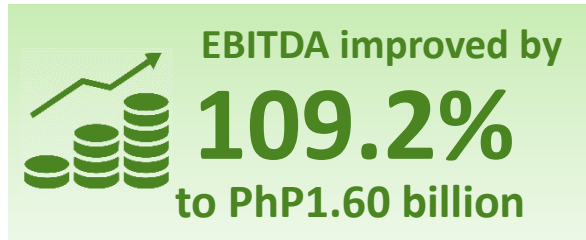


Mr. Arnold M. Leoncio
Vice President for Business Development
and Investor Relations

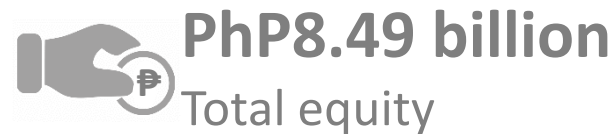
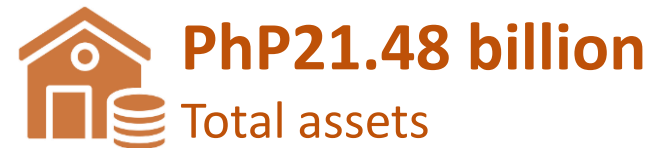
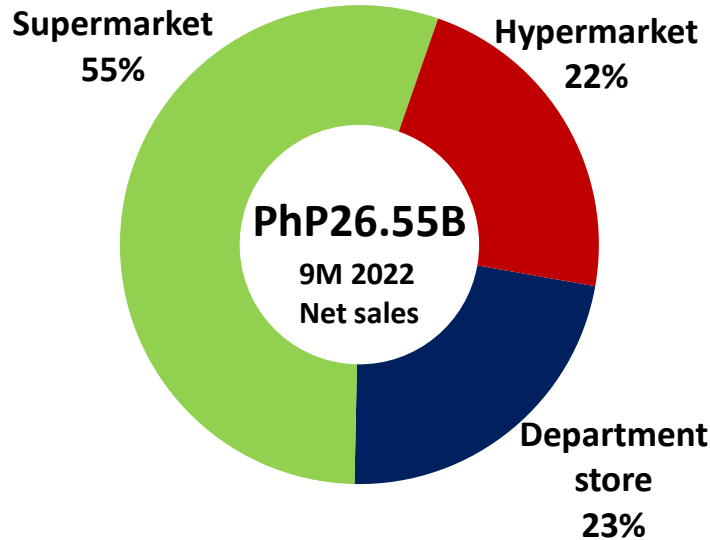


Mr. Joselito G. Orense
Treasurer and
Chief Finance Officer

9M 2022 Financial and Operational Highlights

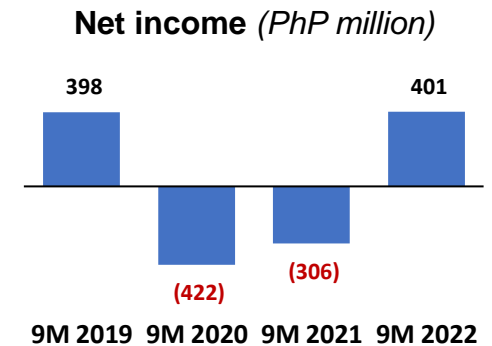
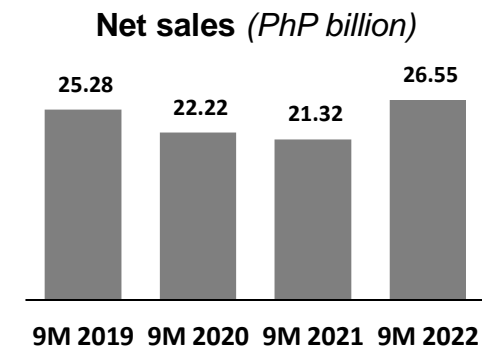


Share to Business
(in % of 9M2022 net sales)



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

vs. historical financials



As of 30 September 2022

Market capitalization

PhP3.89B

Share price

PhP1.18

Book value per share

PhP2.60

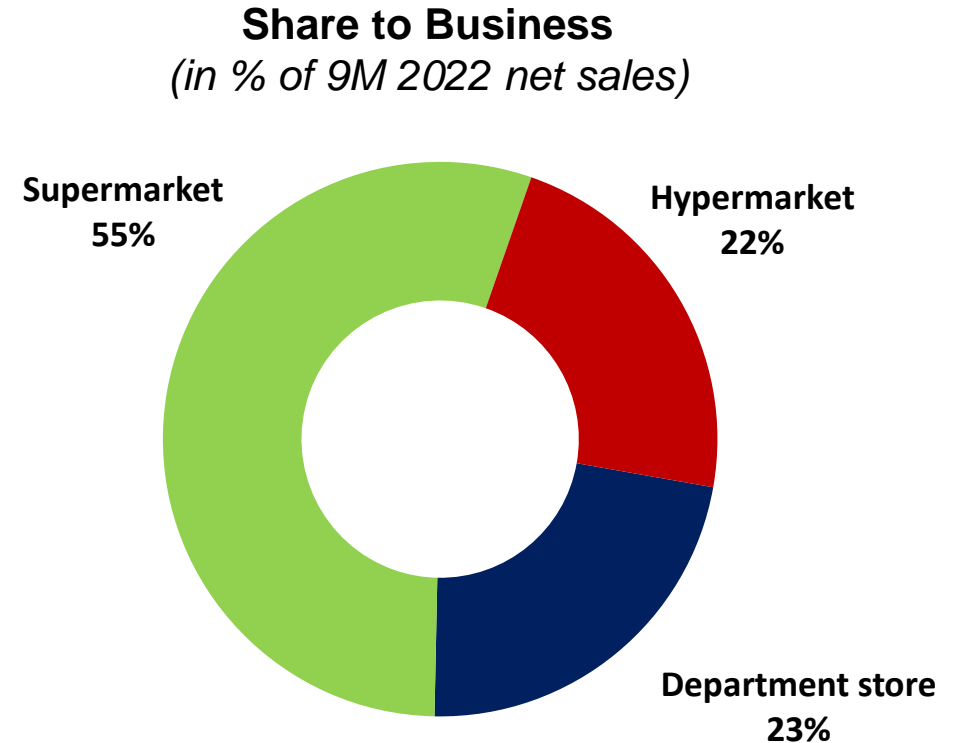
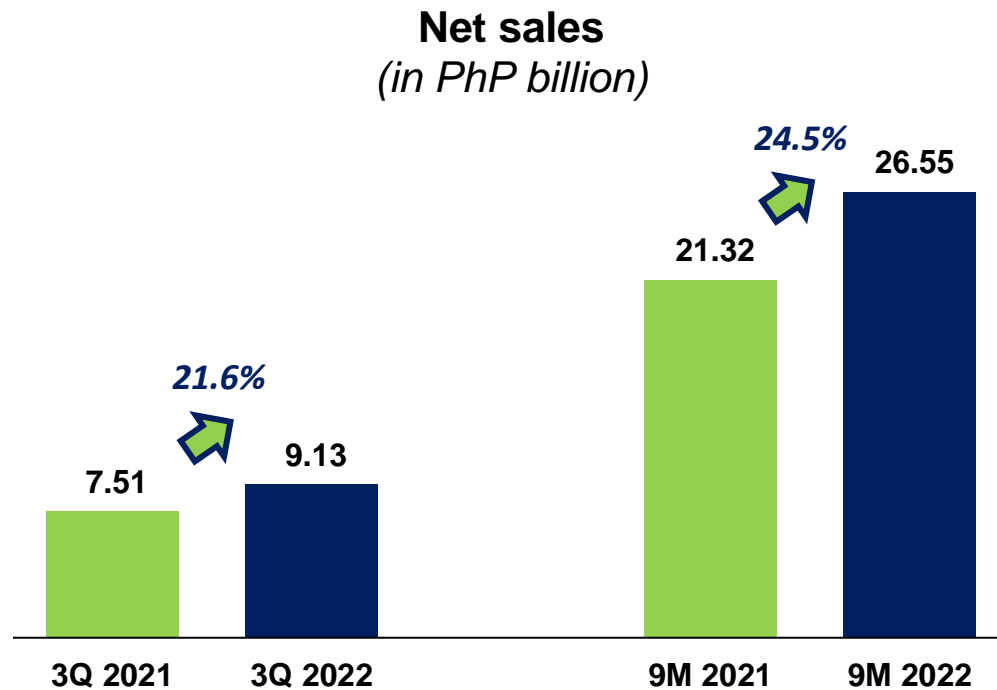
Earnings per share (9M 2022)

PhP0.12

As of 23 November 2022, MRSGL has a market capitalization of PhP4.53 billion. Share price closed at PhP1.38.

Results of operations

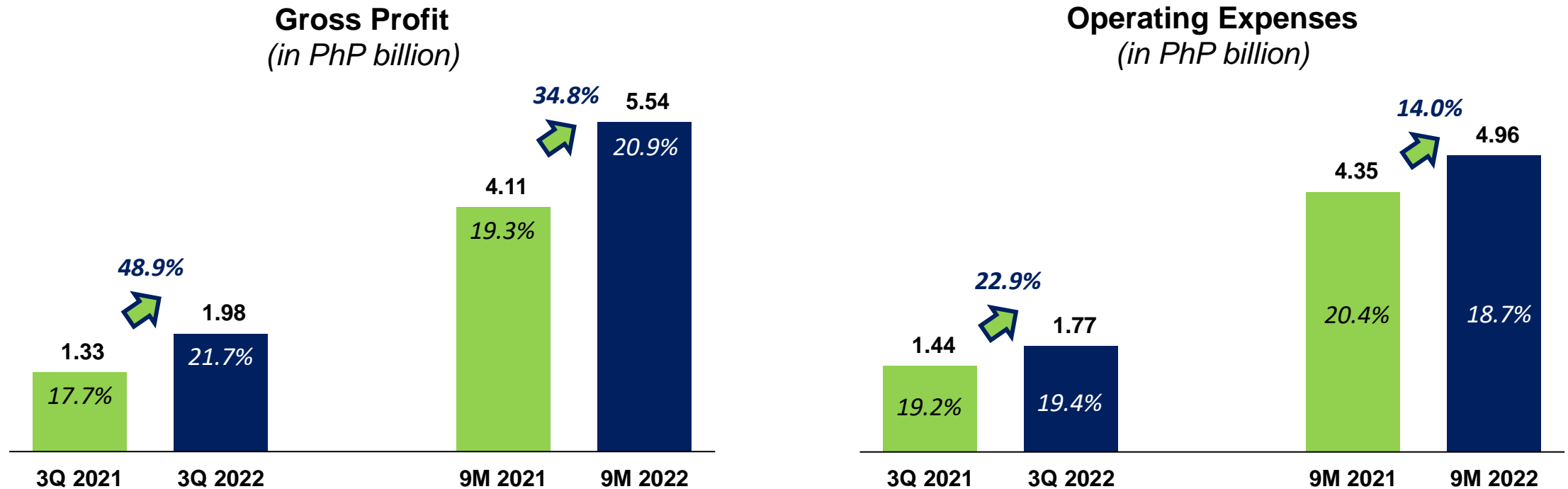
Net Sales increased by 24.5%; exceeds pre-pandemic sales level



- ❑ Net sales increased by 21.6% in third quarter of 2022 compared to the same quarter last year and 2.5% higher from previous quarter. This brings the total net sales in first nine months of 2022 to PhP26.55 billion, 5.0% higher than 9M 2019 pre-pandemic level.
- ❑ Blended same-store sales increased by 21.8% in first nine months of 2022 driven by the pent up consumer demand, including Metro Maasin which was damaged by Typhoon Odette.

Results of operations

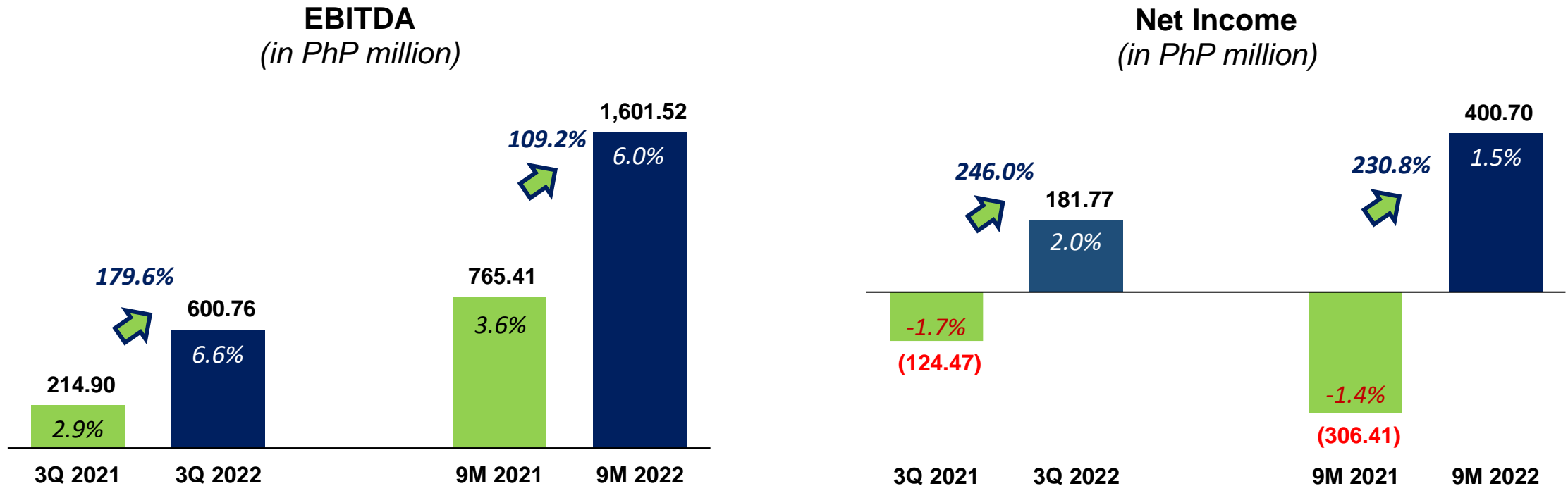
Gross profit margin improved, % Opex lower



- ❑ Gross profit margin expanded by 159 bps year-on-year driven by the increased in sales contribution of general merchandise that 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 172 bps year-on-year from 20.4% to 18.7%.

Results of operations

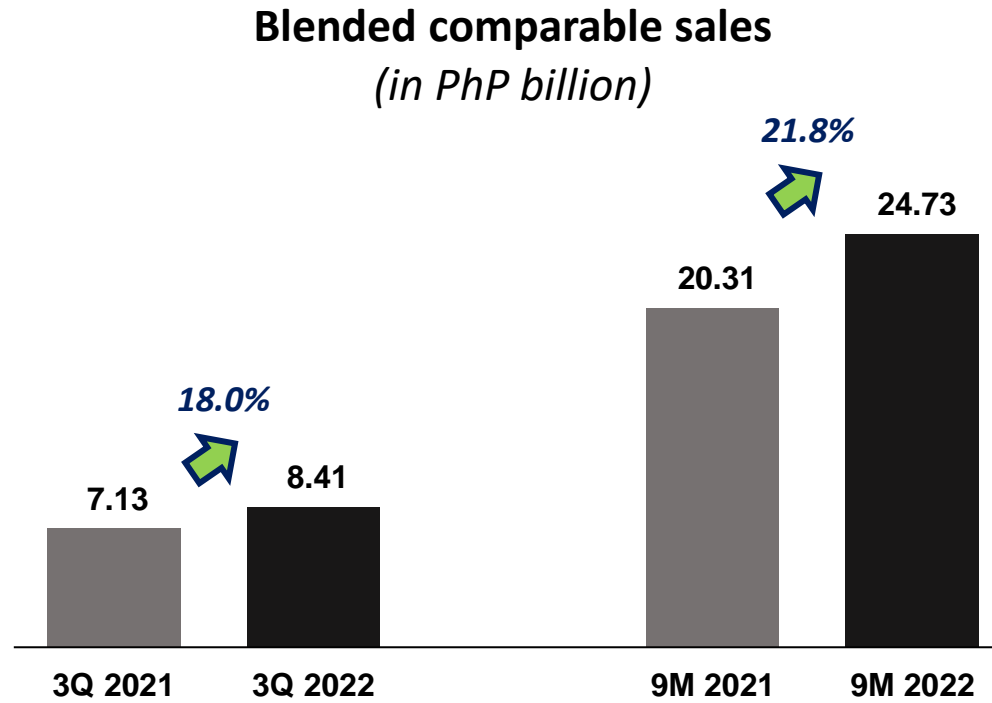
Significant growth in EBITDA and NIAT



- EBITDA and Net Income further increased in 3Q 2022
 - EBITDA grew more than double in the first nine months 2022 compared to the same period last year.
 - Net income in third quarter turns around from a net loss last year, bringing the total net income to PhP400.70 million in the first nine months of 2022. Net income for the nine-month period 2022 exceeds pre-pandemic level.

Results of operations

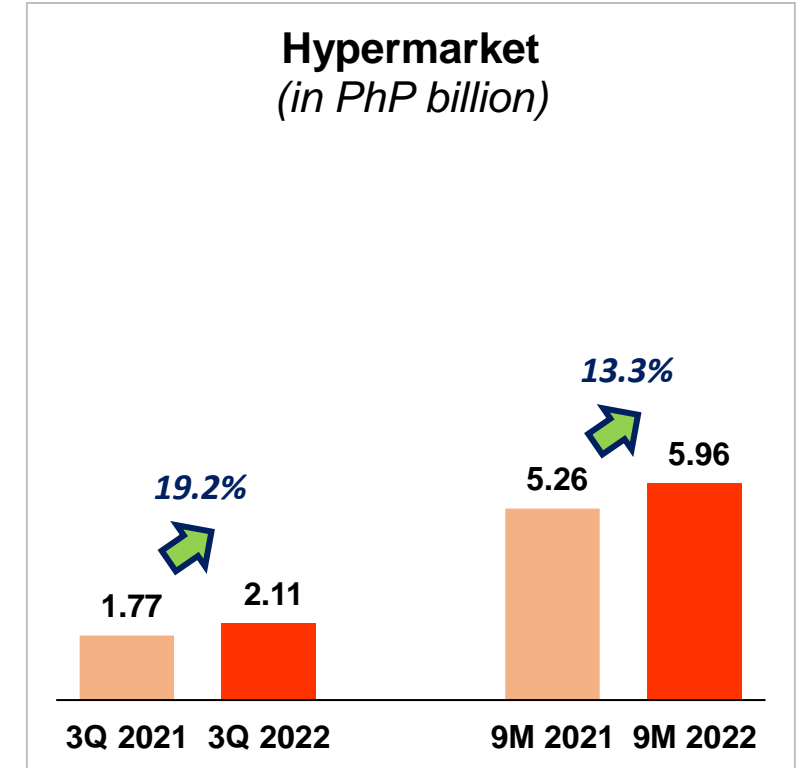
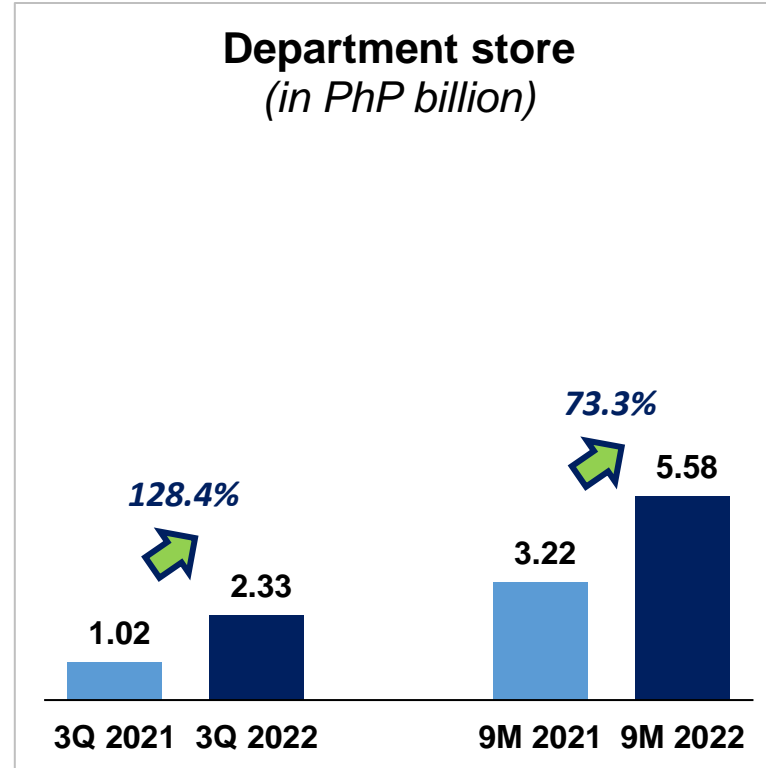
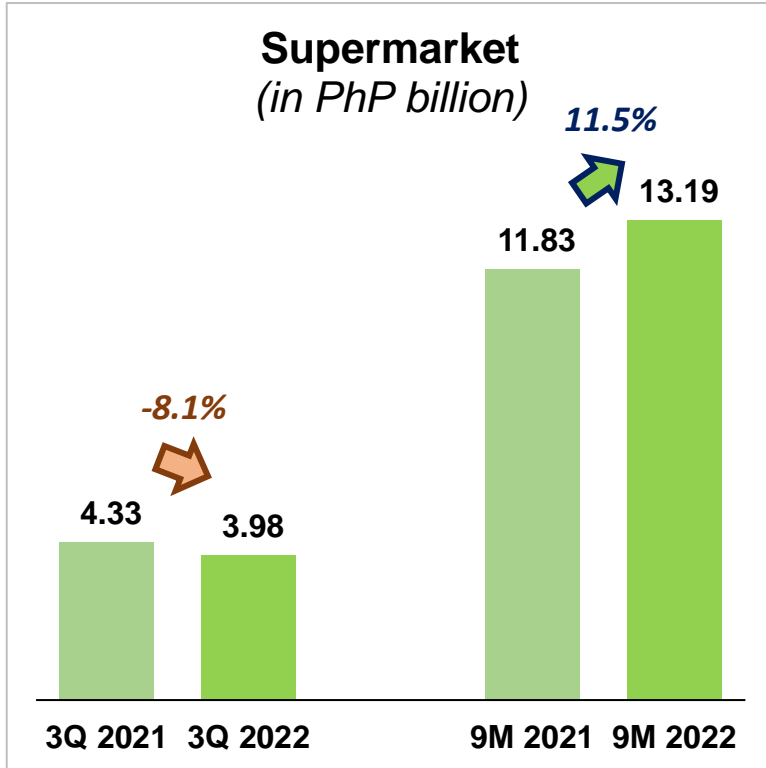
20+% increase in comparable store sales



- ❑ The Company's blended comparable sales increased by 21.8% in the first nine months of the year, due to the sustained growth across all formats.

Results of operations | Comparable store sales

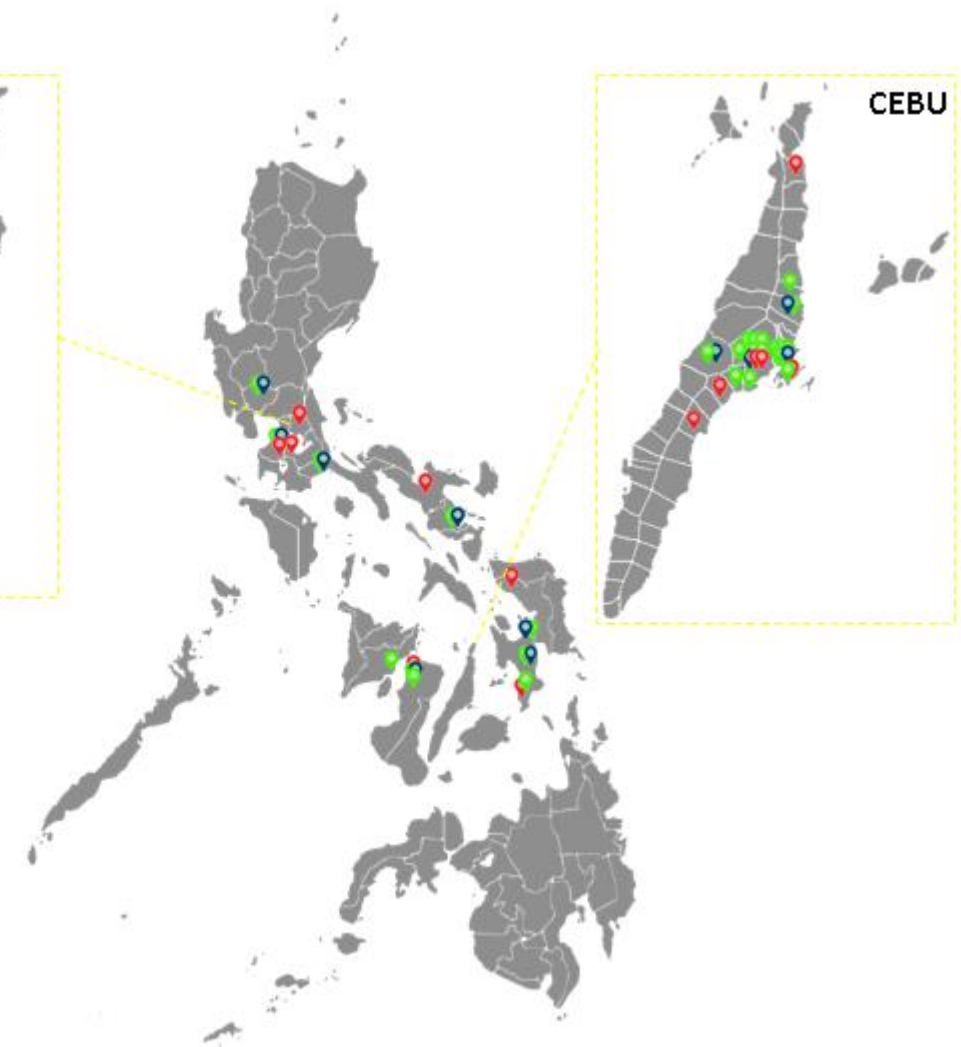
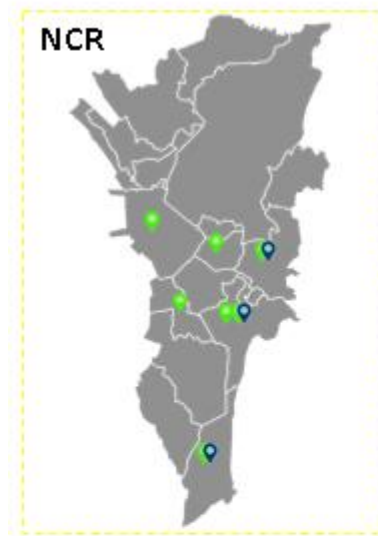
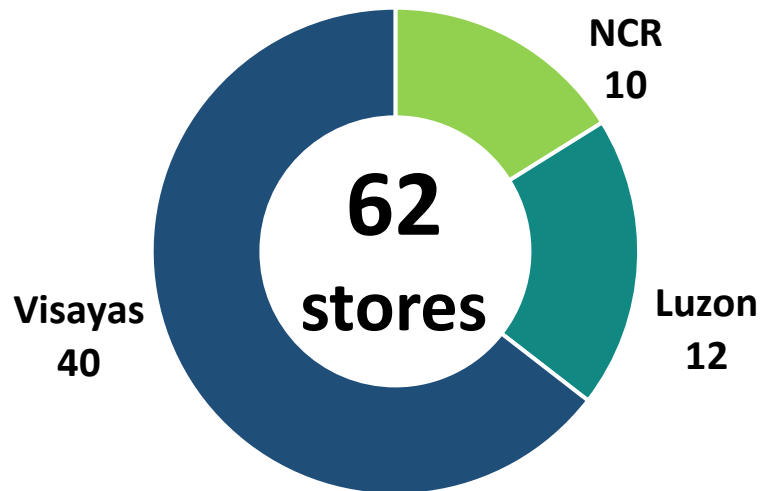
Double-digit growth across formats in YTD sales



- ❑ The Company's comparable sales across all format increased in nine-month period of 2022, supported by the continuous easing of mobility restrictions and increasing business and consumer confidence.

MRSGI existing store network

Geographical composition of store network
(as of November 24, 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

Key financial indicators

<i>Currency: PhP million</i>	2016	2017	2018	2019	2020	2021	9M 2022
Financial highlights							
Net sales	34,411	35,016	33,050	36,790	31,286	31,211	26,546
EBITDA	1,547	1,877	1,781	2,785	1,273	1,220	1,602
Net income	789	977	965	776	(450)	(318)	401
Financial soundness indicator							
Current Ratio	2.14	2.41	2.01	1.48	1.45	1.71	2.58
Debt to Equity Ratio	-	-	-	-	0.18	0.18	0.35
Net Debt to Equity Ratio	(0.46)	(0.47)	(0.41)	(0.31)	(0.09)	(0.02)	0.26
Earnings per share (PhP)	0.23	0.28	0.28	0.23	(0.13)	(0.09)	0.12
Earnings per share - TTM (PhP)							0.06
Stock data							
Share price (PhP) – EOP	4.05	3.90	2.49	2.11	1.5	1.44	1.18
Market capitalization – EOP	13,889	13,375	8,539	7,236	5,144	4,833	3,889
Valuation metrics (EOP)							
P/B ratio	1.94	1.68	0.98	0.78	0.60	0.59	0.46
P/E ratio	17.61	13.93	8.89	9.17	(11.54)	(16.00)	(13.11) ^a
P/E ratio – TTM							19.7
EV/Sales – TTM	0.31	0.28	0.15	0.12	0.14	0.15	0.17
EV/EBITDA – TTM	6.84	5.15	2.77	1.55	3.45	3.82	2.97

Note:

a. Using 2021 EPS



Plans and Prospects



METRO

RETAIL STORES GROUP, INC.

3Q & 9M 2022
**Earnings Call and
Analysts' Briefing**

24 November 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



METRO

RETAIL STORES GROUP, INC.

3Q & 9M 2022 Earnings Call and Analysts' Briefing

24 November 2022

Thank you!

Visit us at:



www.metroretail.com.ph
shopmetro.ph

Like/Follow us on:



facebook.com/TheMetroStores



[@TheMetroStores](https://twitter.com/TheMetroStores)



[@themetrostores.ph](https://instagram.com/themetrostores.ph)

Connect with us on:



linkedin.com/company/metro-retail-stores-group/



Annex: Financial Statements



METRO

RETAIL STORES GROUP, INC.

3Q & 9M 2022 Earnings Call and Analysts' Briefing

24 November 2022

Statement of Comprehensive Income

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	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
REVENUE				
Net sales (Note 15)	₱9,130,104,495	₱7,514,139,259	₱26,546,334,159	₱21,317,989,939
Rental (Note 22)	66,414,235	45,044,934	171,701,213	125,478,465
	9,196,518,730	7,559,184,193	26,718,035,372	21,443,468,404
COSTS AND EXPENSES				
Cost of sales (Note 17)	7,146,984,161	6,183,877,961	21,011,218,441	17,203,088,667
Operating expenses (Note 18)	1,770,699,951	1,443,523,480	4,961,426,004	4,347,554,218
	8,917,684,112	7,627,401,441	25,972,644,445	21,550,642,885
OPERATING INCOME (LOSS)	278,834,618	(68,217,248)	745,390,927	(107,174,481)
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	103,392,277	17,736,907	178,820,828	53,384,379
Finance costs	(137,322,364)	(115,687,499)	(388,373,523)	(353,326,581)
	(33,930,087)	(97,950,592)	(209,552,695)	(299,942,202)
INCOME (LOSS) BEFORE INCOME TAX	244,904,531	(166,167,840)	535,838,232	(407,116,683)

Statement of Comprehensive Income

INCOME (LOSS) BEFORE INCOME TAX	244,904,531	(166,167,840)	535,838,232	(407,116,683)
PROVISION FOR (BENEFIT FROM)				
INCOME TAX (Note 21)				
Current	74,604,523	15,114,240	141,621,164	48,082,815
Deferred	(11,468,101)	(56,816,551)	(6,483,504)	(148,788,887)
	63,136,422	(41,702,311)	135,137,660	(100,706,072)
NET INCOME (LOSS)	181,768,109	(124,465,529)	400,700,572	(306,410,611)
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gains (losses) on defined benefit obligation	-	-	-	-
Incometax effect	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	P181,768,109	(P124,465,529)	P400,700,572	(P306,410,611)
Basic/Diluted Earnings Per Share (Note 23)	P0.05	(P0.04)	P0.12	(P0.09)

Statement of Financial Position

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱759,491,798	₱1,671,751,798
Short-term investments (Notes 4 and 25)	3,315,388,665	1,091,644,133
Receivables (Notes 5 and 25)	674,014,975	669,943,462
Merchandise inventories (Note 6)	5,120,683,013	4,163,043,783
Other current assets (Notes 7 and 25)	806,445,222	702,255,561
Total Current Assets	10,676,023,673	8,298,638,737
Noncurrent Assets		
Property and equipment (Note 8)	5,399,326,025	5,325,379,067
Right-of-use ("ROU") assets (Note 22)	4,374,116,618	4,700,055,422
Deferred tax assets - net (Note 21)	613,114,434	606,630,930
Other noncurrent assets (Notes 9 and 25)	417,741,484	505,051,360
Total Noncurrent Assets	10,804,298,561	11,137,116,779
TOTAL ASSETS	₱21,480,322,234	₱19,435,755,516

Statement of Financial Position

LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables (Notes 10 and 25)	₱3,823,798,031	₱3,536,960,607
Contract liabilities (Note 11)	77,409,551	99,893,390
Income tax payable	73,637,906	–
Loans payable – current portion (Notes 12 and 25)	–	1,000,000,000
Lease liabilities - current portion (Notes 22 and 25)	165,143,029	212,043,486
Total Current Liabilities	4,139,988,517	4,848,897,483

Noncurrent Liabilities

Lease liabilities – net of current portion (Notes 22 and 25)	5,273,535,784	5,362,911,707
Retirement benefit obligation (Note 19)	581,157,073	536,848,593
Loans payable – net of current portion (Notes 12 and 25)	2,980,067,437	496,669,910
Other noncurrent liabilities (Notes 13 and 25)	17,130,032	17,130,032
Total Noncurrent Liabilities	8,851,890,326	6,413,560,242
Total Liabilities	12,991,878,843	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)	(188,127,902)	(102,572,930)
Retained earnings (Note 14)	2,772,602,513	2,371,901,941
Remeasurement losses on defined benefit obligation (Note 19)	19,051,631	19,051,631
Total Equity	8,488,443,391	8,173,297,791

TOTAL LIABILITIES AND EQUITY	₱21,480,322,234	₱19,435,755,516
-------------------------------------	------------------------	------------------------

Statement of Cash Flows

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Nine-month Periods Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P535,838,232	(P407,116,683)
Adjustments for:		
Finance costs (Note 16)	388,373,523	353,326,581
Depreciation and amortization - PPE (Note 8)	447,574,094	432,225,360
Depreciation - ROU assets (Note 22)	269,774,362	410,912,560
Retirement benefits costs (Note 19)	46,927,352	33,887,707
Interest income (Note 16)	(40,024,470)	(23,888,116)
Foreign currency exchange gains (Note 16)	(49,034,605)	(603,058)
Provision for impairment loss on receivables (Note 18)	90,790	6,827,101
Gain on lease modification (Note 16 and 22)	-	(4,830,438)
Operating income before working capital changes	1,599,519,278	800,741,014
Decrease (increase) in:		
Receivables	3,927,886	117,938,889
Merchandise inventories	(957,639,229)	251,195,993
Other current assets	(166,506,371)	(88,666,358)
Increase (decrease) in:		
Trade and other payables	285,680,935	(1,374,786,610)
Contract liabilities	(22,483,839)	(28,055,886)
Cash flows used in operations	742,498,660	(321,632,958)
Income tax paid	(5,666,547)	(27,663,097)
Interest received	31,934,281	26,200,722
Interest paid	(82,777,638)	(36,896,188)
Retirement benefits paid	(5,583,573)	-
Net cash provided by (used in) operating activities	680,405,183	(359,991,521)

Statement of Cash Flows

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(521,521,052)	(629,201,104)
Increase in short-term investments	(2,223,744,533)	(18,312,434)
Decrease in other noncurrent assets	87,309,876	45,628,740
Net cash used in investing activities	(2,657,955,709)	(601,884,798)
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)	(85,554,972)	(65,388,553)
Payment of:		
Lease liabilities (Note 22)	(379,439,107)	(510,833,736)
Debt issue cost (Note 12)	(18,750,000)	-
Net cash provided by (used in) financing activities	1,016,255,921	(576,222,289)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(961,294,605)	(1,538,098,608)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	49,034,605	603,058
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)	₱759,491,798	₱719,773,141

Press Release



MEDIA RELEASE

November 18, 2022

Metro Retail records PhP400.7 million net income in the first nine months of 2022

18 November 2022, Manila, Philippines – Amid the global headwinds such as soaring inflation, rising interest rates, and weakening peso, Metro Retail Stores Group, Inc. (MRSGL) maintained its growth momentum with a net income of PhP400.7 million for the first nine months of 2022, a turnaround from a PhP306.4 million pandemic-driven net loss in 2021. Quarter-on-quarter, MRSGL recorded a PhP181.8 million net income, versus the PhP124.5 million net loss in 2021, on the back of pent-up domestic demand and full economic reopening.

The Company's net sales for the third quarter of 2022 showed a year-on-year increment of 21.5% to PhP9.1 billion as store traffic continued to pick up. This brings MRSGL's net sales to PhP26.5 billion for the first nine months of the year, up by 24.5% from PhP21.3 billion in 2021.

With the recovery in discretionary spending of consumers, the Company's general merchandise business significantly grew over the first nine months of 2022 by 68.6% versus the same period last year, while food retail increased by 15.9%. This brings the blended same store sales growth to 22.3% for the three-quarter period. Driven by the higher share to business of general merchandise which provides better margins, MRSGL posted an improvement of 150bps in its blended gross margin to 20.8%, up from 19.3% in 2021.

Meanwhile, operating expense to sales ratio improved to 18.6% for the period in review versus 20.3% in the previous year, on higher sales and implementation of cost reduction and saving measures.

MRSGL registered an upswing in earnings before interest, taxes, depreciation, and amortization (EBITDA) by 110.7% to reach PhP1.6 billion for the first nine months of the year compared to PhP771.5 million in 2021. The Company remained in a strong cash and liquidity position at PhP4.0 billion, while bank debt level was manageable at PhP3.0 billion.

"The sustained strong performance of Metro Retail supports our aim to achieve full recovery in 2022 and lay the foundation for sustainable growth in the coming years. Alongside our goal to provide best-in-class customer experience through operational excellence, we are eager to return the unwavering trust and support of our stakeholders. Metro Retail will continue to gear up and find strategic opportunities to realize strong results this 2022 and an even better outlook in 2023," MRSGL President and COO Manuel Alberto said.

A handwritten signature in black ink, appearing to be "Manuel Alberto", is positioned below the text "***".

Disclaimer

The materials and figures in this presentation and other documents are for informational purposes only and are not, in any way, a form of solicitation for the purchase or sale of any securities or financial instruments or to provide any investment service or investment advice. Information in the presentations may contain certain forward looking statements with respect to the financial condition, results of operations, and other businesses of Metro Retail Stores Group Inc. (MRSGL). Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of MRSGL to be materially different from any future results or performance expressed or implied by said forward looking statements. Statements, materials, figures, and other information; forward looking or otherwise; were based on numerous assumptions regarding MRSGL's present and future business strategies as well as the political and economic environment in which MRSGL will operate in the future.