

November 5, 2019

Robinsons Retail's 3Q 2019 Net Income Attributable to Parent Pre-PFRS16 Up by 10.5%

Financial Highlights:

<i>(In ₱ million)</i>	For the Third Quarter ended September 30			For the Nine Months ended September 30		
	2019	2018	% change	2019	2018	% change
Net Sales	38,948	31,358	24.2	116,159	91,817	26.5
Gross Profit	9,029	7,025	28.5	26,690	20,688	29.0
Operating Income	1,929	1,627	18.5	5,332	4,655	14.6
Net Income	1,252	1,387	-9.7	3,358	4,335	-22.5
Core Net Earnings	993	1,232	-19.4	2,723	3,519	-22.6
Net Income attributable to equity holders of the Parent company	1,101	1,211	-9.0	2,875	3,832	-25.0
EBITDA	3,570	2,245	59.0	10,407	6,384	63.0
Earnings per share (₱)*	0.70	0.87	-20.1	1.82	2.77	-34.1

*Based on net income attributable to equity holders of the Parent company. Shares outstanding used in the calculation is 1,576m for 2019 and 1,385m for 2018.

Robinsons Retail Holdings, Inc. registered net sales growth of 26.5% to ₱116.2 billion in the first nine months of the 2019. The increase was attributable to same store sales growth (SSSG) of 3.2%, additional sales coming from new stores opened in the last 12 months and the consolidation of Rustan Supercenters. The share of the supermarket segment expanded to 55% of the entire business, from 47% in the same period last year pre-Rustan. Consolidated net sales for the quarter increased by 24.2% to ₱38.9 billion.

Blended SSSG for the quarter was at 1.9%, coming from a high base of 6.4% last year. In 2018, Robinsons Retail felt the positive impact of higher consumption spending resulting from the implementation of the TRAIN law. In addition, there was a surge in bulk sales in third quarter of last year due to typhoon Mangkhut/Ompong. Despite this, SSSG for

9M 2019 stood at 3.2%, still within our SSSG target of 2.0%-4.0%, mainly driven by the remarkable performance of drugstore at 10.7%, followed by supermarket at 3.6%, convenience store at 2.7%, DIY at 2.6%, and specialty stores at 1.3%.

Blended gross profit for 9M 2019 expanded by 29.0% to ₱26.7 billion, with gross margin up by 50bps to 23.0%. The improvement in gross margins was attributable to our larger scale, improvement in category mix and the consolidation of higher margin business of Rustan.

On a comparable basis, EBITDA pre-PFRS16 increased by 12.2% to ₱7.2 billion in 9M19, with EBITDA margins at 6.2%. This was an improvement from the 6.0% EBITDA margin recorded in the first half of 2019. Including the impact of PFRS16 adjustments, EBITDA accelerated by 63.0% to ₱10.4 billion, with EBITDA margin at 9.0% in 9M19.

Before PFRS 16, net income attributable to parent was up by 10.5% to ₱1.3 billion for the quarter, lifted by the better performance of Rustan which registered positive net income. Net income attributable to parent for 9M19 reached ₱3.6 billion. After PFRS16, net income attributable to parent was at ₱1.1 billion and ₱2.9 billion for 3Q19 and 9M19, respectively.

Excluding the franchised stores of The Generics Pharmacy, Robinsons Retail ended September 2019 with a total of 1,918 stores comprising of 258 supermarkets, 50 department stores, 215 do-it-yourself stores, 509 convenience stores, 517 drugstores and 369 specialty stores. The group's gross floor area expanded by 20.3% year-on-year to 1.44 million square meters.

Robinsons Retail spent a total of ₱2.2 billion in capital expenditures.