



# ***1H2016 Unaudited Earnings Presentation***

*August 15, 2016*





# 1H2016 Unaudited Results Highlights

1  
**Robust  
Blended  
SSSG of  
8.9%**

2  
**1,528  
stores  
nationwide  
plus 1,878  
TGP branches**

3  
**10.7% yoy  
increase in  
gross floor  
area excludg  
TGP**

4  
**16.9% yoy  
lift in  
consolidated  
net sales**

5  
**17.6% yoy  
increase  
in EBITDA**

6  
**13.5% yoy  
increase in  
Core Net  
income**



# Nationwide Presence

## Metro Manila

Business segment	# of stores
Supermarkets	42
Department stores	12
DIY stores	49
Convenience stores	328
Drug stores*	82
Specialty stores	126
<b>Total</b>	<b>639</b>

\*excludes 474 TGP stores in MM

## Visayas

Business segment	# of stores
Supermarkets	18
Department stores	7
DIY stores	36
Convenience stores	28
Drug stores*	31
Specialty stores	38
<b>Total</b>	<b>158</b>

\*excludes 256 TGP stores in Visayas

## Luzon<sup>2</sup>

Business segment	# of stores
Supermarkets	57
Department stores	17
DIY stores	70
Convenience stores	155
Drug stores*	253
Specialty stores	104
<b>Total</b>	<b>656</b>

\*excludes 968 TGP stores in Luzon

## Mindanao

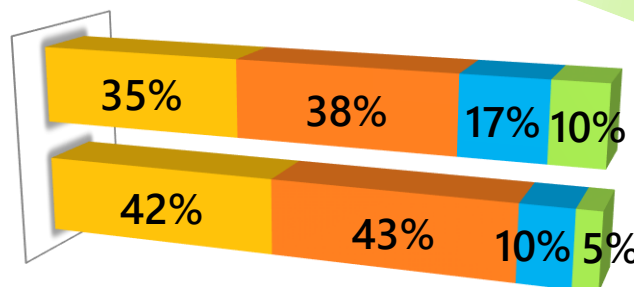
Business segment	# of stores
Supermarkets	11
Department stores	6
DIY stores	15
Convenience stores	1
Drug stores*	18
Specialty stores	24
<b>Total</b>	<b>75</b>

\*excludes 180 TGP stores in Mindanao

**1,528 stores Nationwide**  
with gross floor area of **998,000 sqm<sup>1</sup>**  
as of June 2016

Gross Floor Area<sup>1</sup>

Store Count<sup>1</sup>

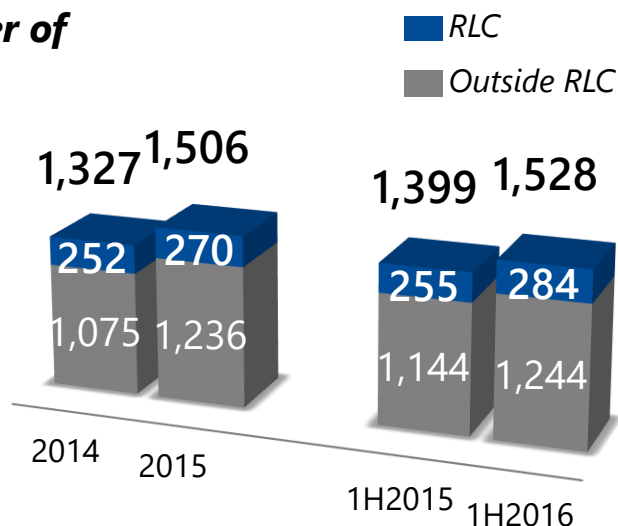


■ Metro Manila ■ Luzon ■ Visayas ■ Mindanao

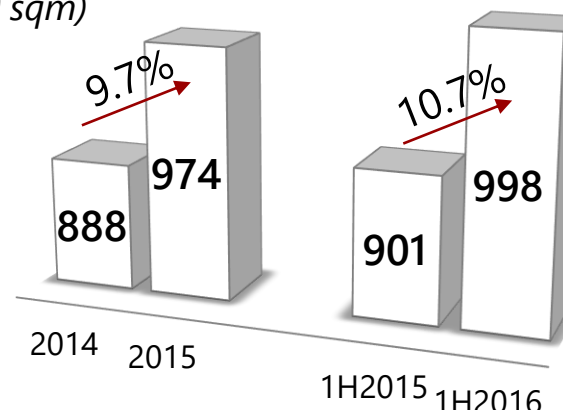
<sup>1</sup> excluding TGP; <sup>2</sup> Outside of Metro Manila

# 1H2016 Stores and Gross Floor Area Statistics<sup>1</sup>

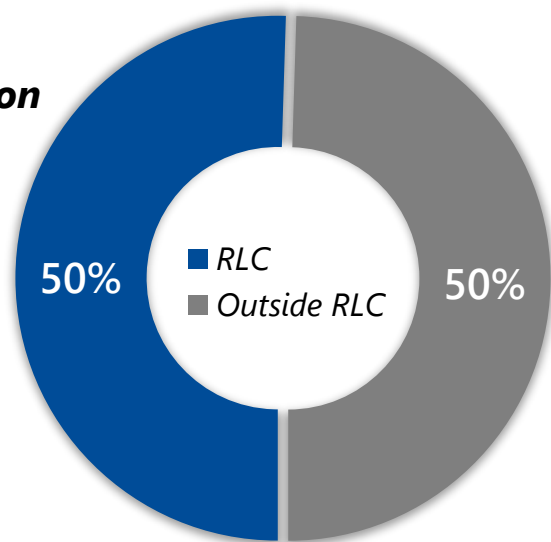
**Number of Stores**



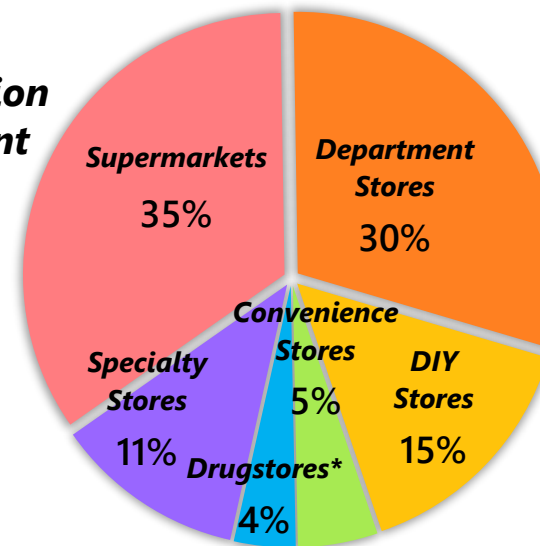
**Gross Floor Area (GFA) (in '000 sqm)**



**GFA Contribution by Lessor (%)**



**GFA Contribution by Segment (%)**

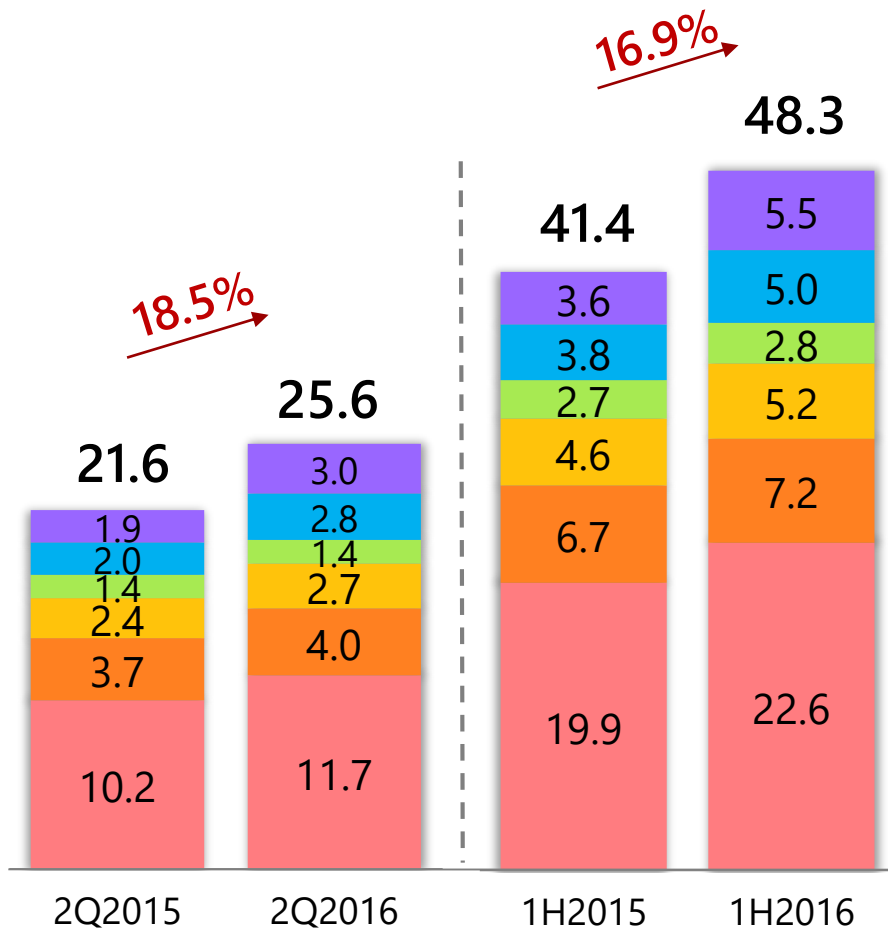


<sup>1</sup> excluding TGP stores (1,878 branches)

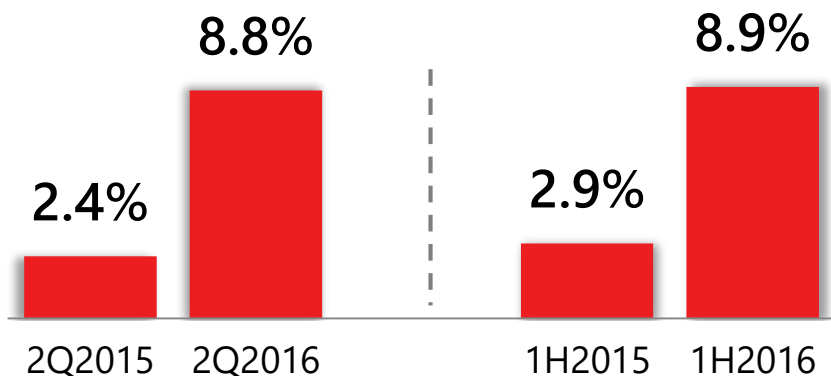


# Consolidated Results

## Net Sales<sup>1</sup> (₱ bn)



## SSSG (%)



❖ **16.9% yoy net sales growth in 1H2016:**

- 8.0% from new stores
- 8.9% from SSSG

■ Supermarkets  
 ■ Department stores  
 ■ DIY stores  
 ■ Convenience stores  
 ■ Drugstores  
 ■ Specialty stores

<sup>1</sup> Net sales after intersegment eliminating adjustments



# 1H2016 Contribution Per Segment

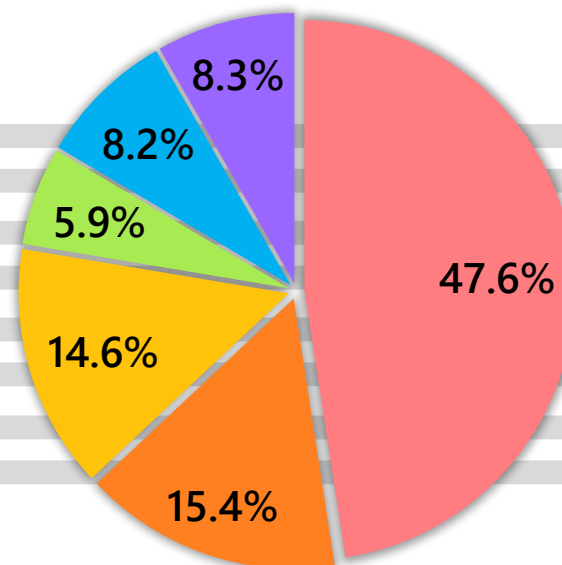
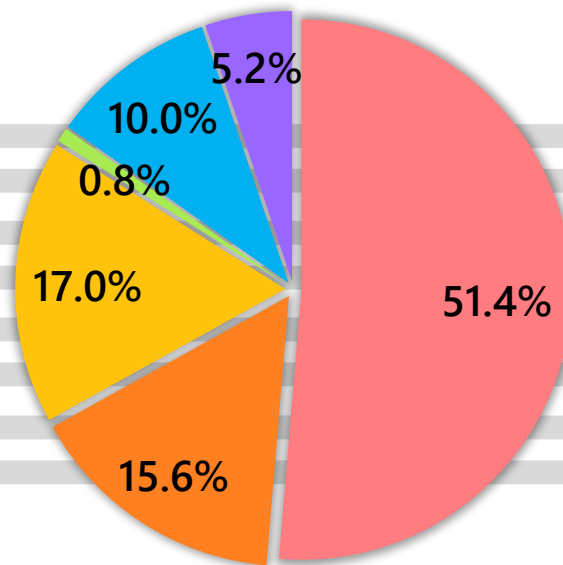
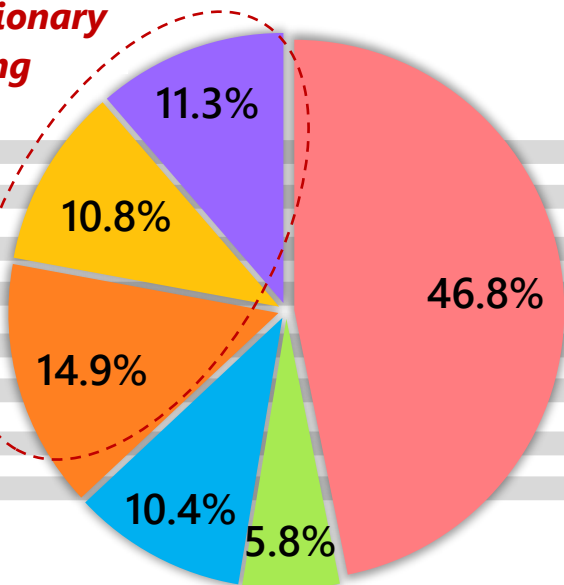


**Net Sales Breakdown**

**EBIT Breakdown**

**EBITDA Breakdown**

**Discretionary Retailing**  
37%



■ Supermarkets  
 ■ Department stores  
 ■ DIY stores  
 ■ Convenience stores  
 ■ Drugstores  
 ■ Specialty stores

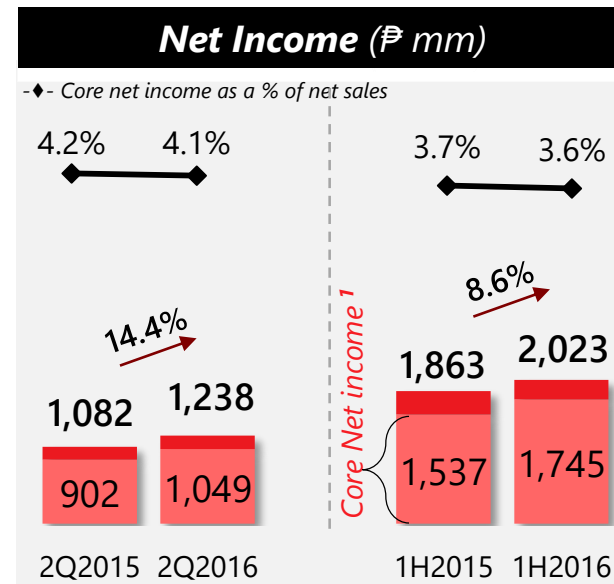
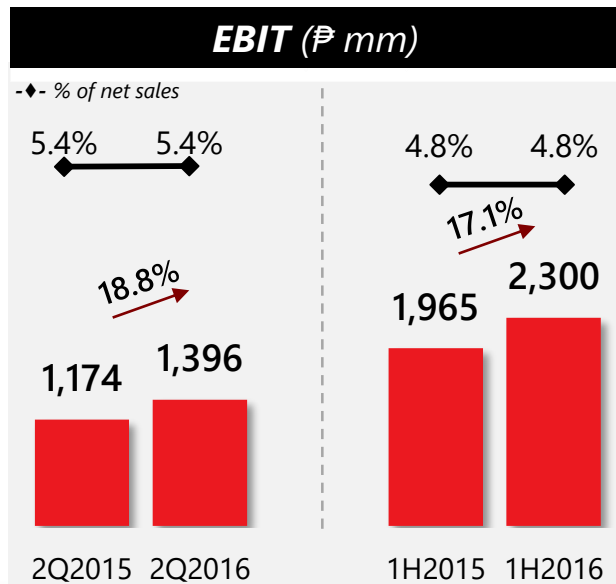
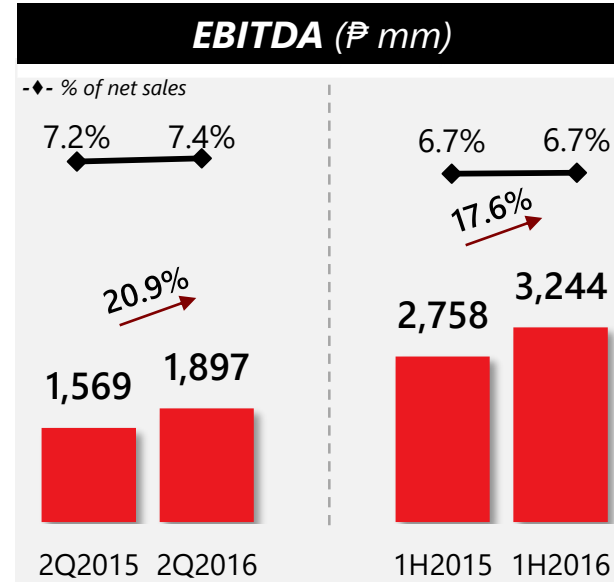
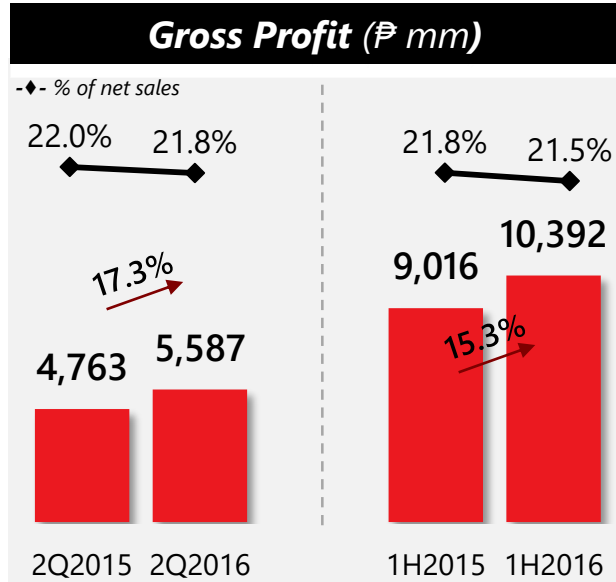


# Consolidated Results



Net income attributable to equity holders of the parent company grew by **8.6%** in 1H2016

<sup>1</sup> Core net income = Net income – Equity in net earnings of an associate – Interest income – Foreign currency exchange gain (loss)



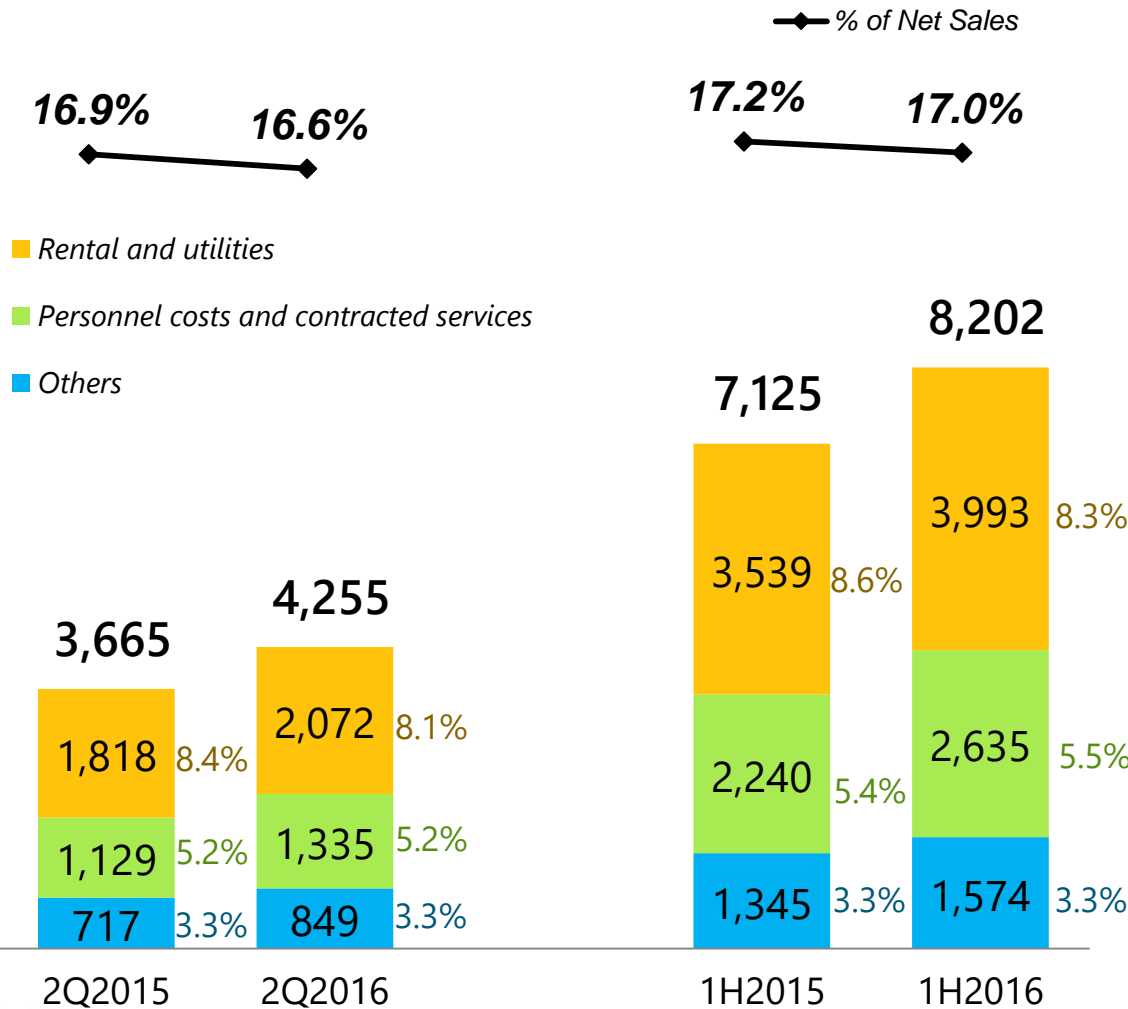
Net income attributable to parent company<sup>1</sup>





# Operating Expenses

## Adjusted Operating Expenses<sup>1</sup> (₹ mm, % of Net Sales)

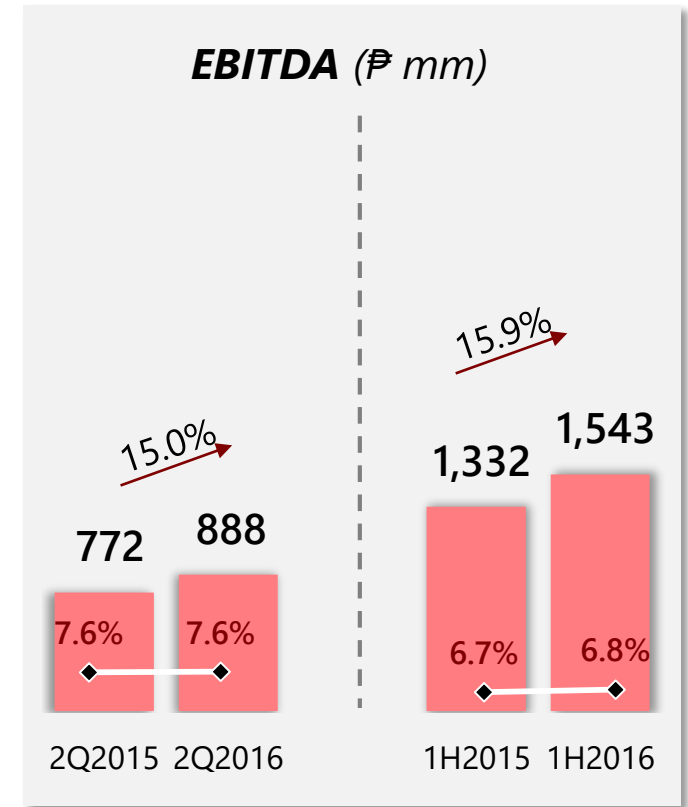
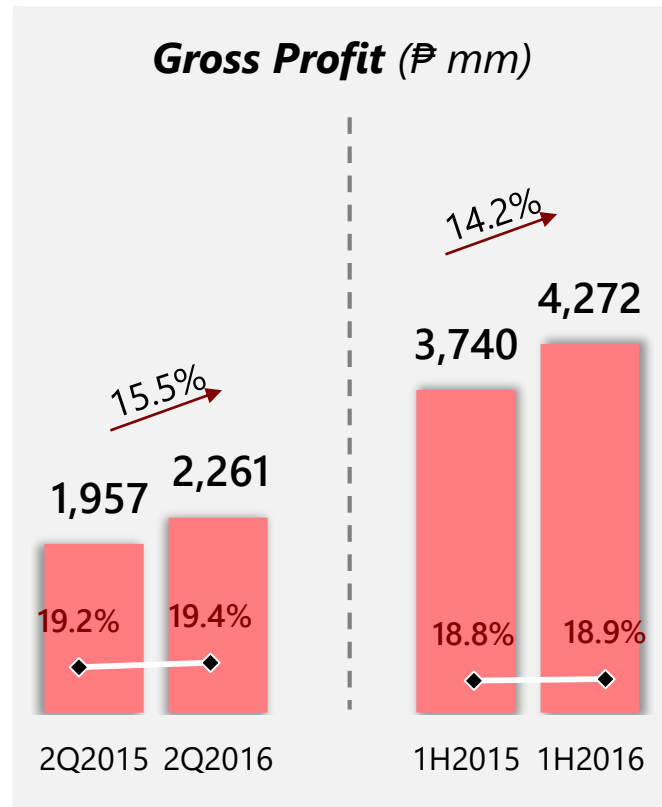
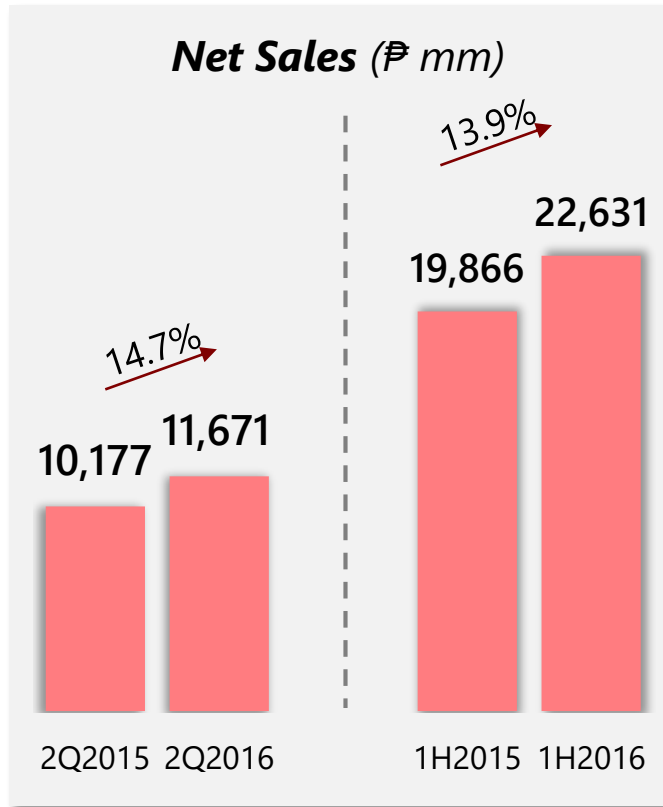


*Operating expenses as a % of net sales improved due to **strong SSSG***

<sup>1</sup> Operating expenses excluding provision for impairment losses and depreciation and amortization expenses



# Supermarket Business Segment



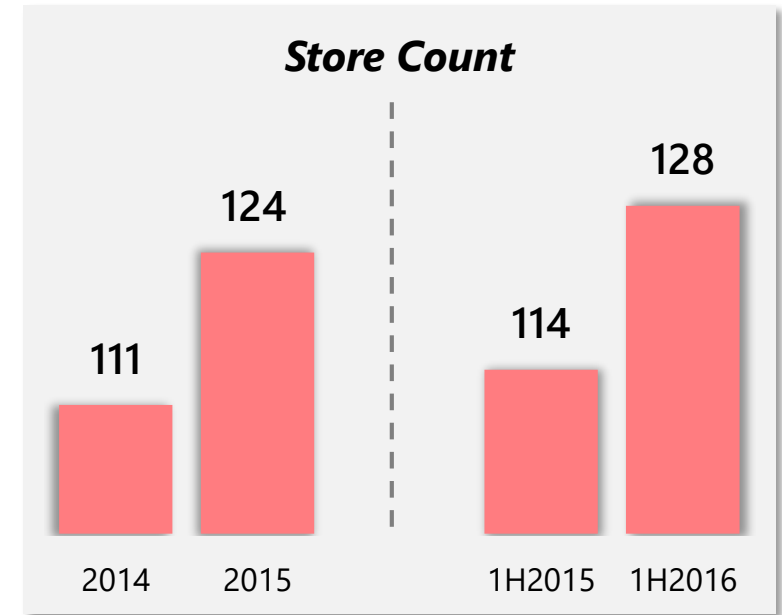
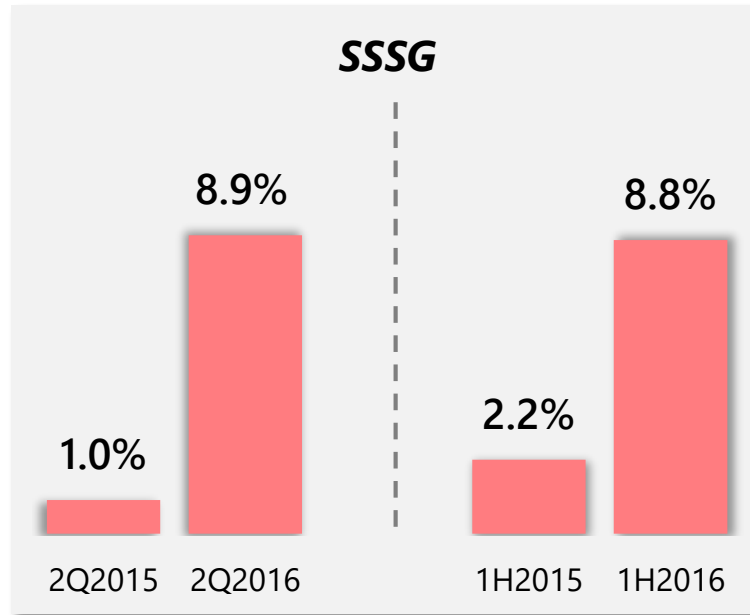
Increase in 1H2016 sales driven by **strong SSSG (8.8%)** and **new store additions (5.1%)**



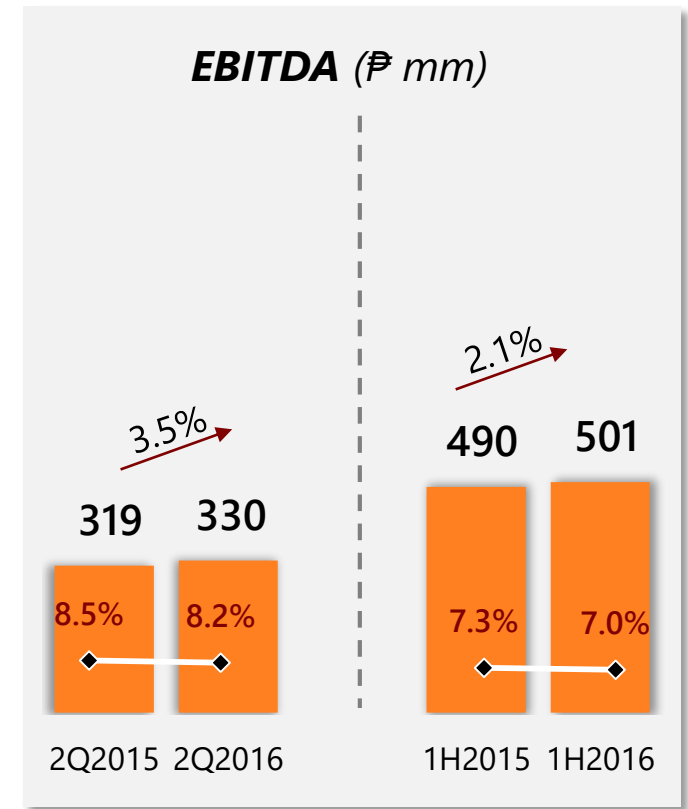
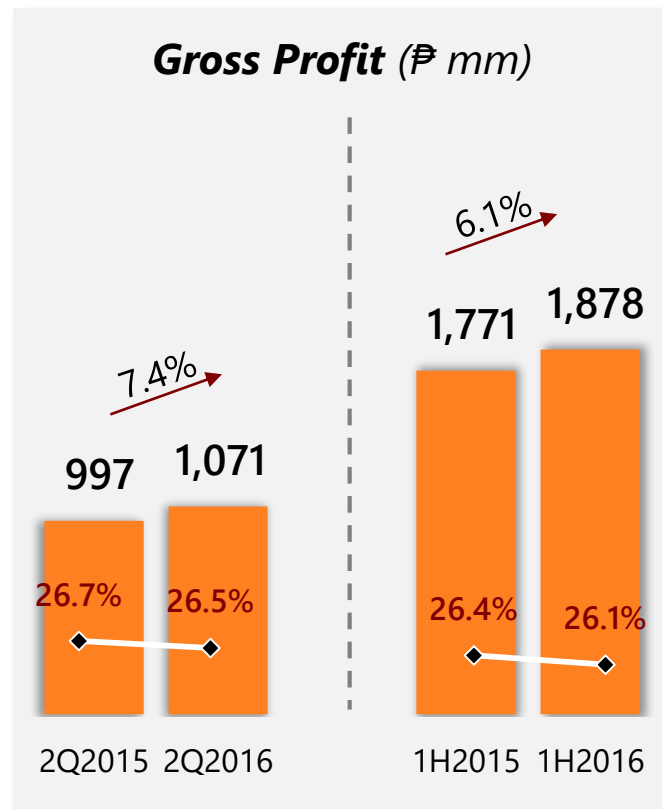
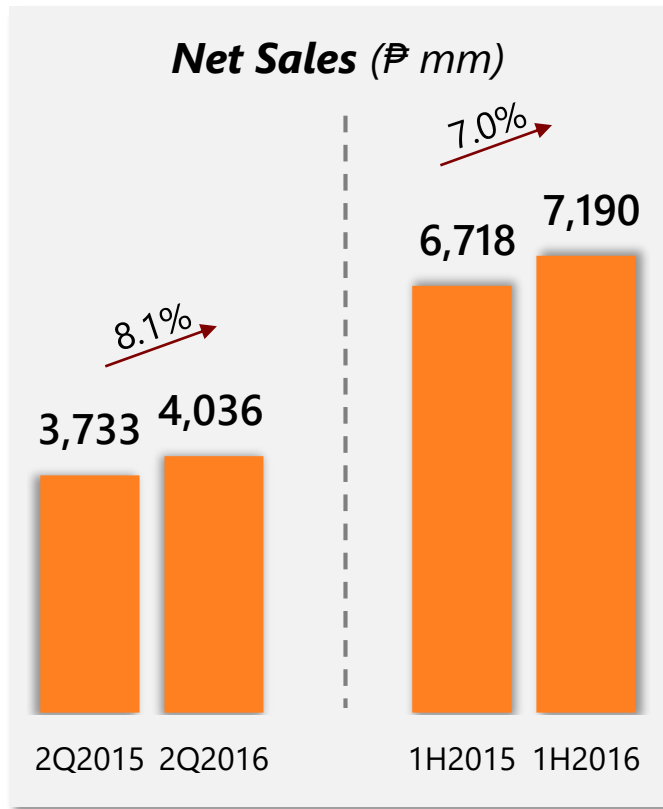
-♦- % of segment's net sales

# Supermarket Business Segment

**Robust SSSG**  
due to higher  
basket size  
and increase  
in transaction  
count



# Department Store Business Segment



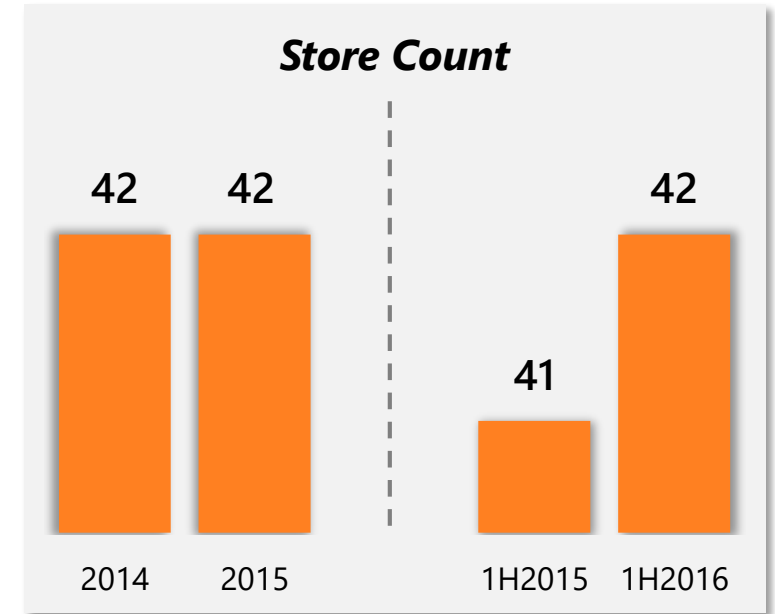
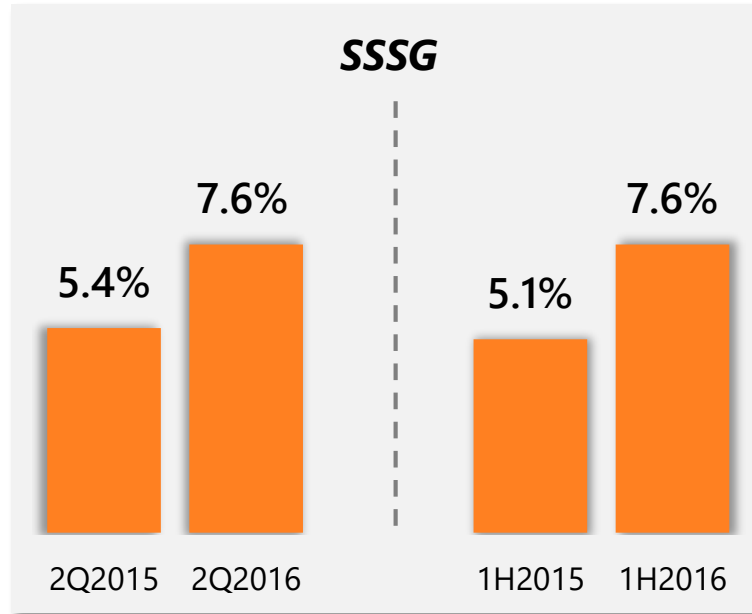
Increase in 1H2016 sales driven by **robust SSSG**



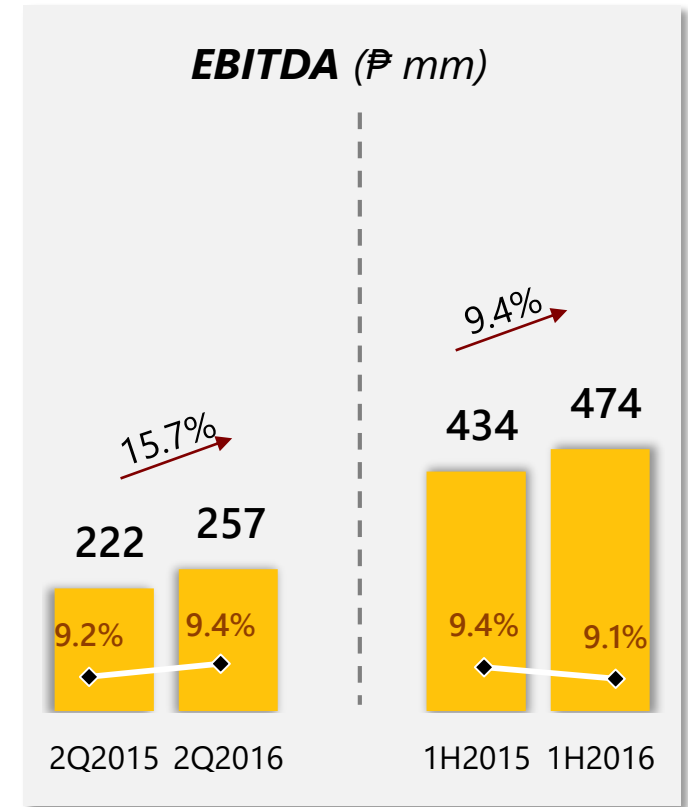
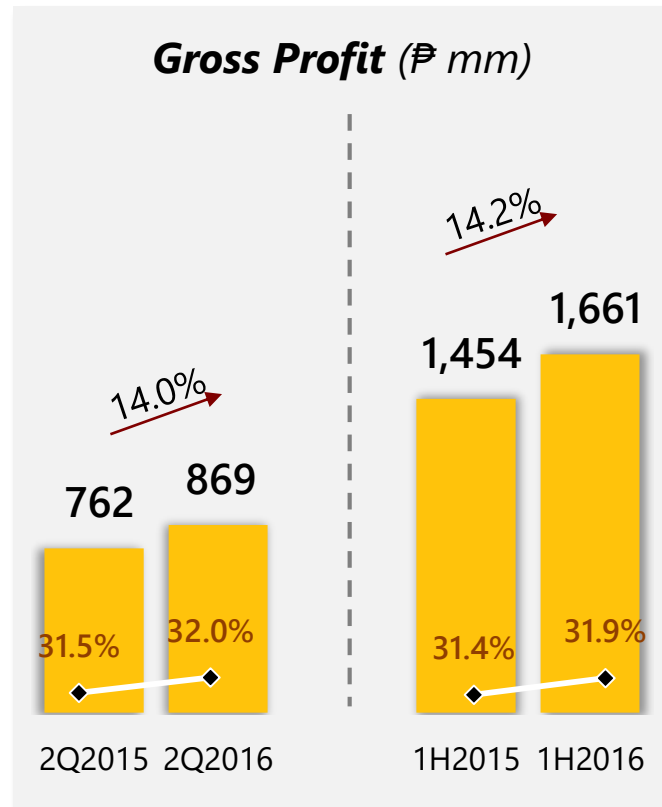
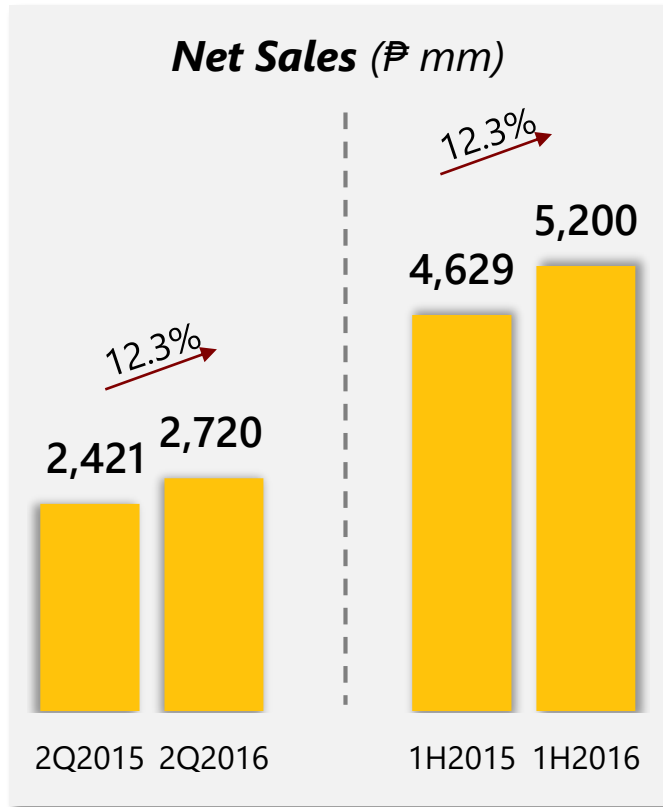
-♦- % of segment's net sales

# Department Store Business Segment

**Robust SSSG**  
mainly due to  
increase in  
transaction  
count



# DIY Store Business Segment



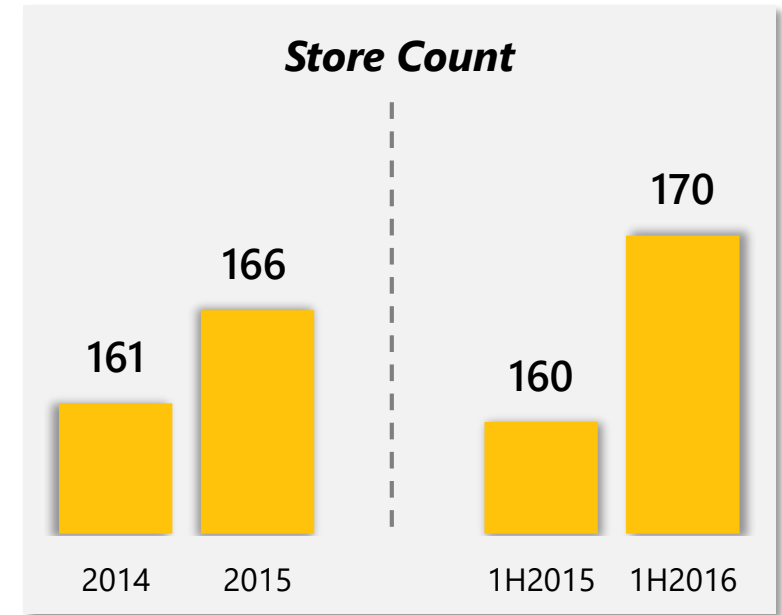
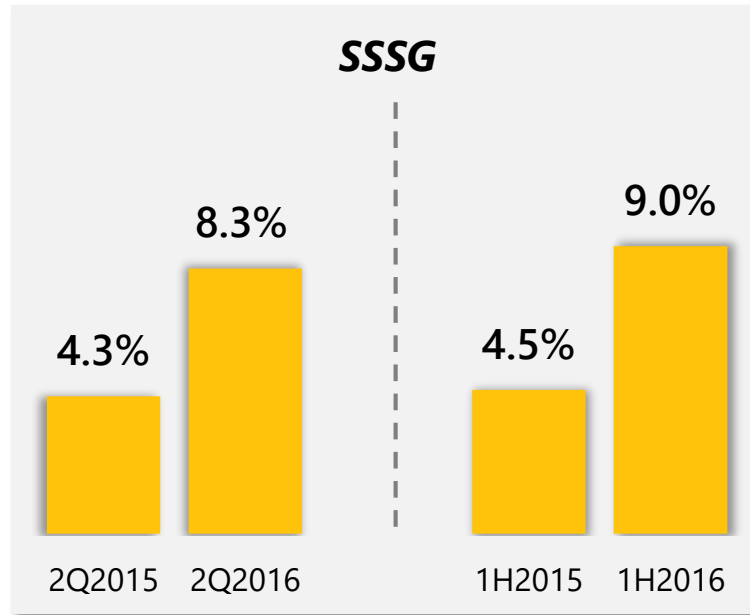
Growth in net sales driven by **strong SSSG** (9.0%) and **new store** sales contribution (3.3%)



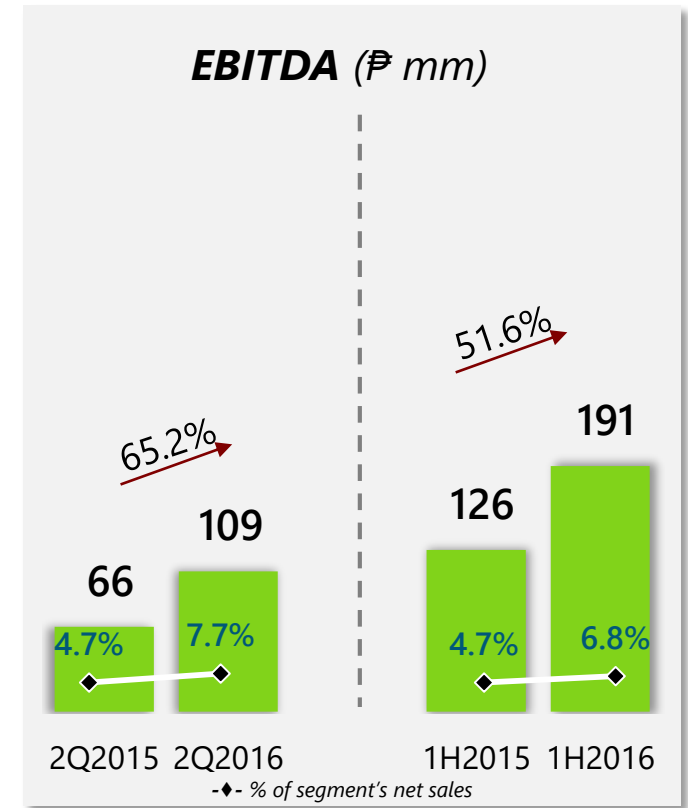
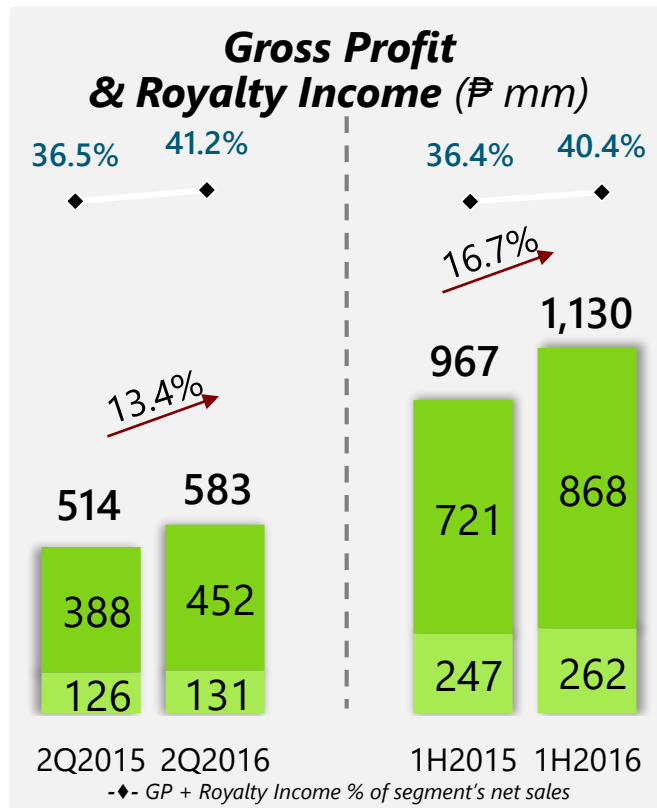
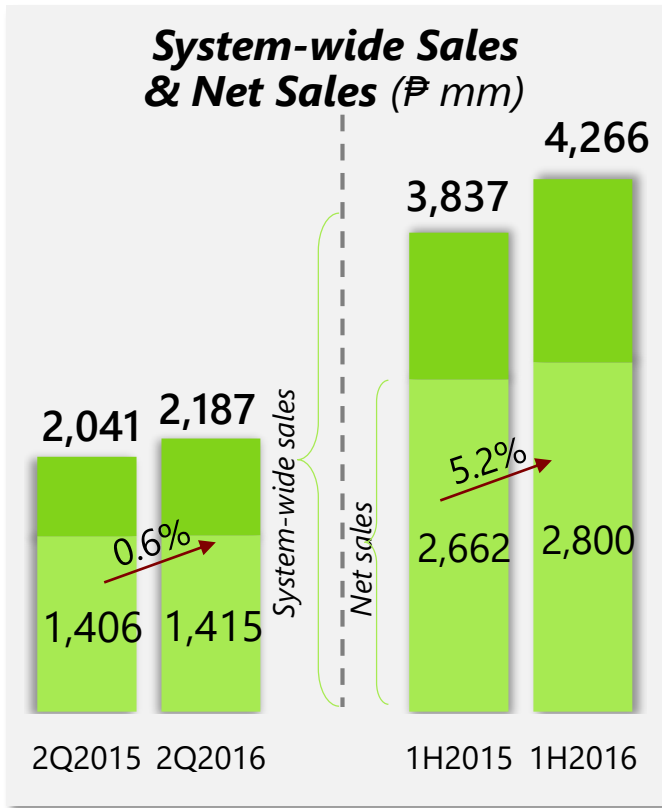
-♦- % of segment's net sales

# DIY Store Business Segment

**Robust SSSG**  
due to  
sustained  
strong  
residential  
construction  
activities



# Convenience Store Business Segment



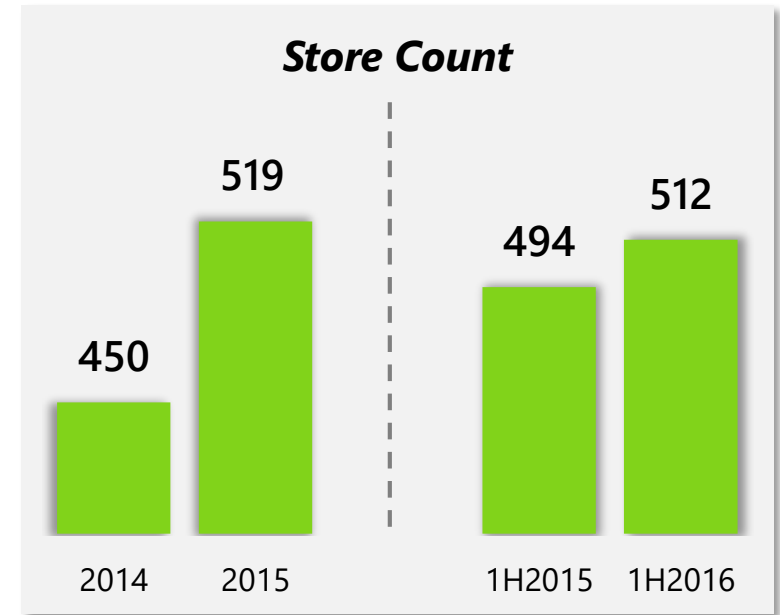
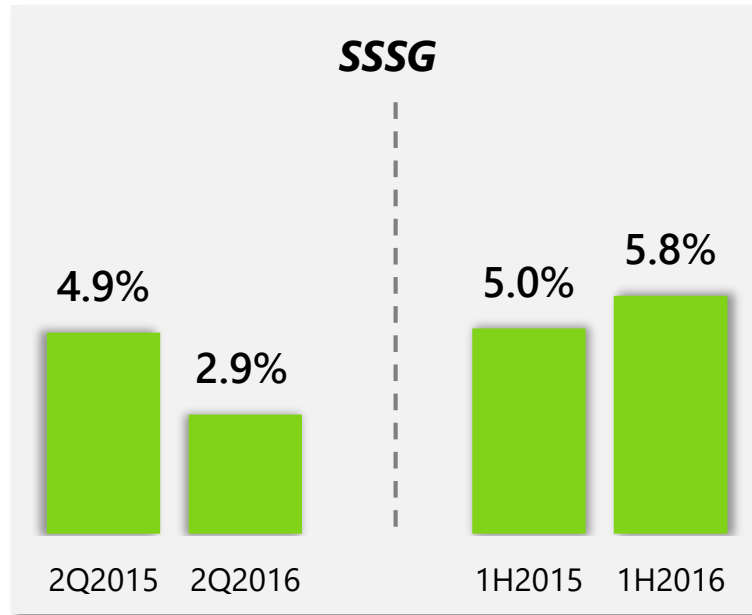
Increase in 1H2016 sales largely driven **strong SSSG**



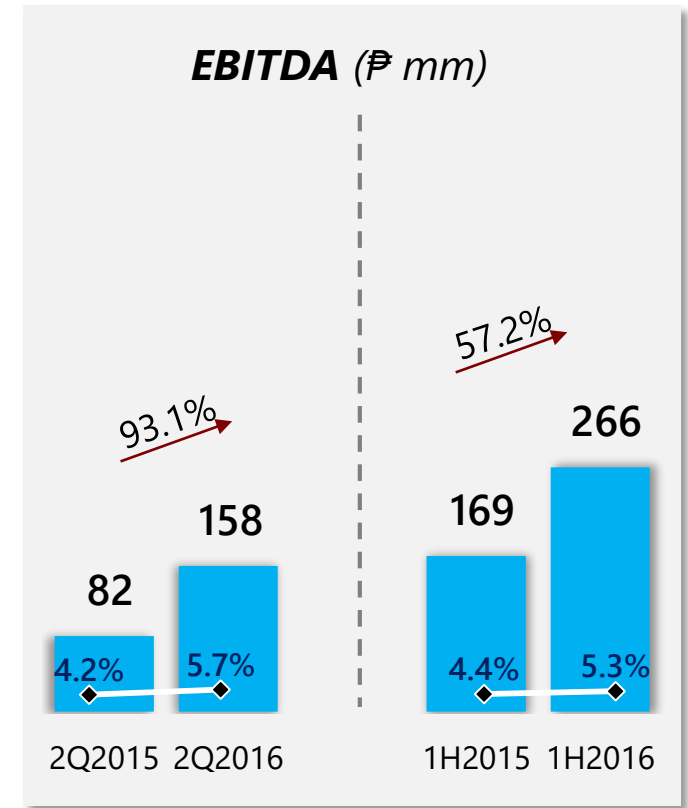
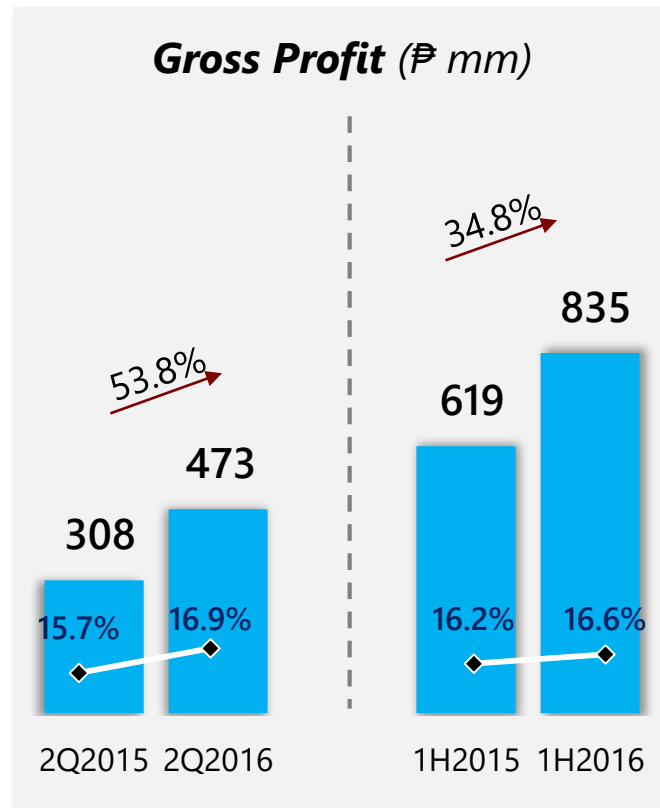
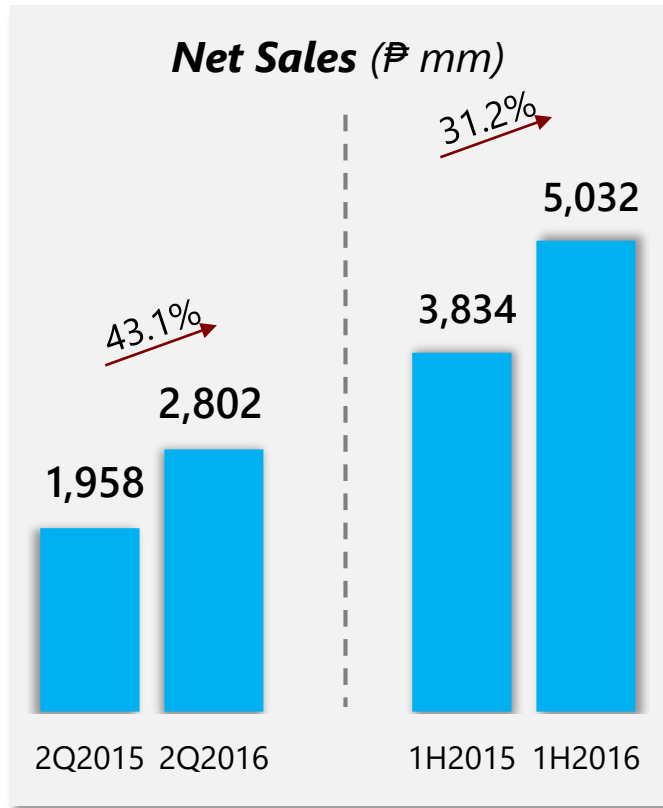


# Convenience Store Business Segment

**Strong SSSG**  
was driven by  
the strong sales  
performance of  
ready-to-eat  
category



# Drugstore Business Segment



Growth in 1H2016 sales propelled by the **strong SSSG** and the acquisition of **The Generics Pharmacy**

southstar drug<sup>+</sup>

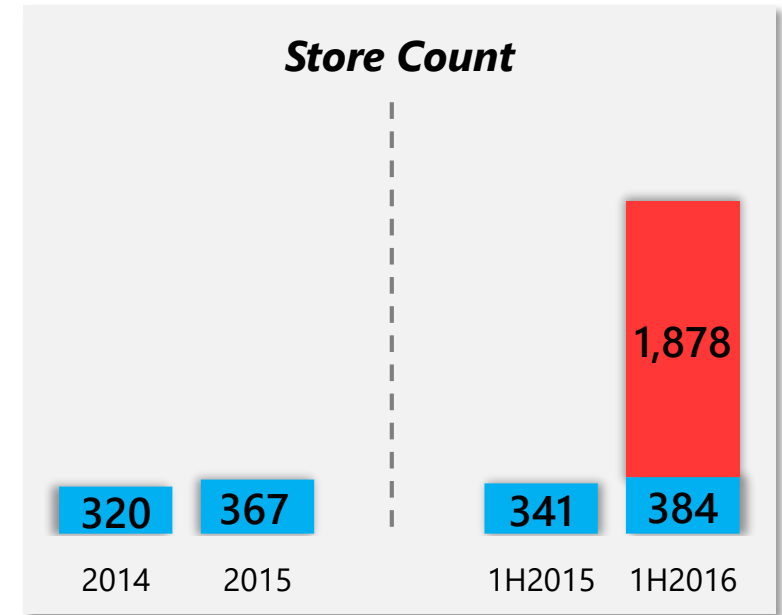
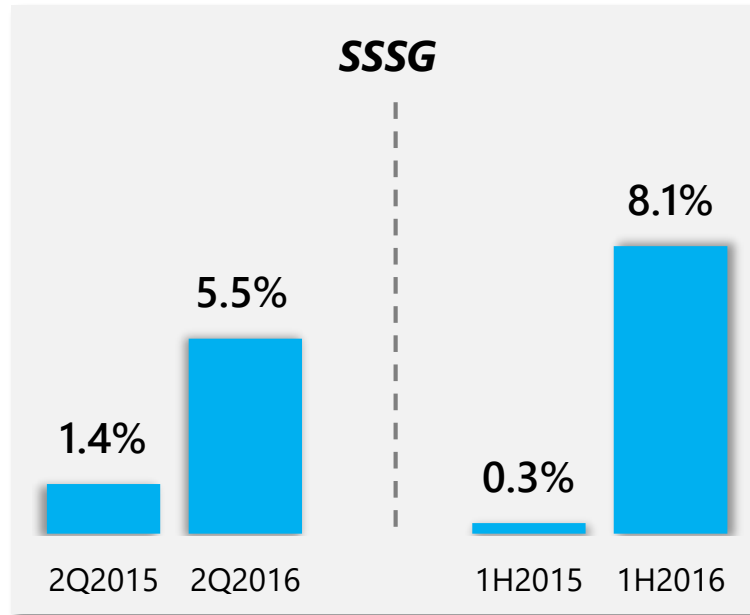
TGP THE<sup>®</sup> GENERICS PHARMACY



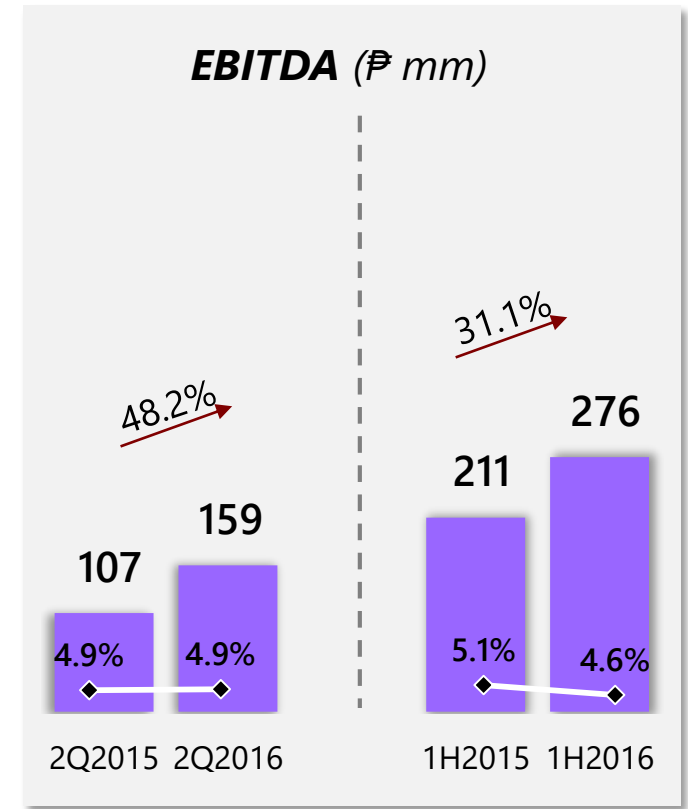
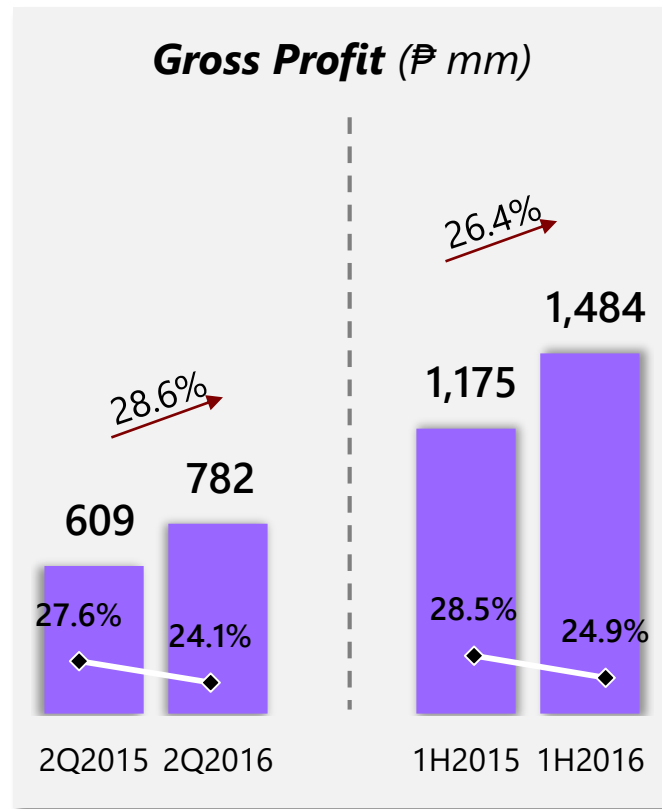
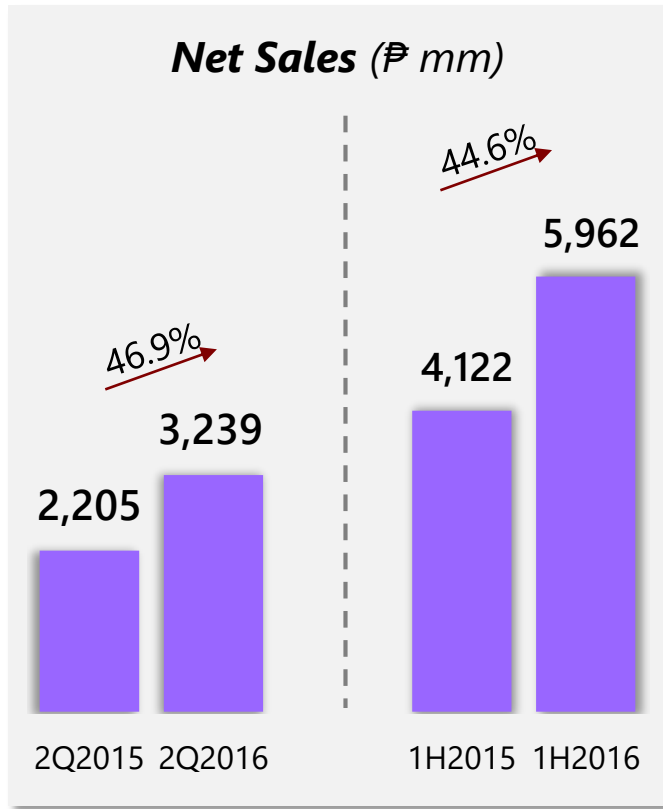
-♦- % of segment's net sales

# Drugstore Business Segment

**Strong SSSG**  
due to increase  
in purchasing  
power and  
election  
spending



# Specialty Store Business Segment



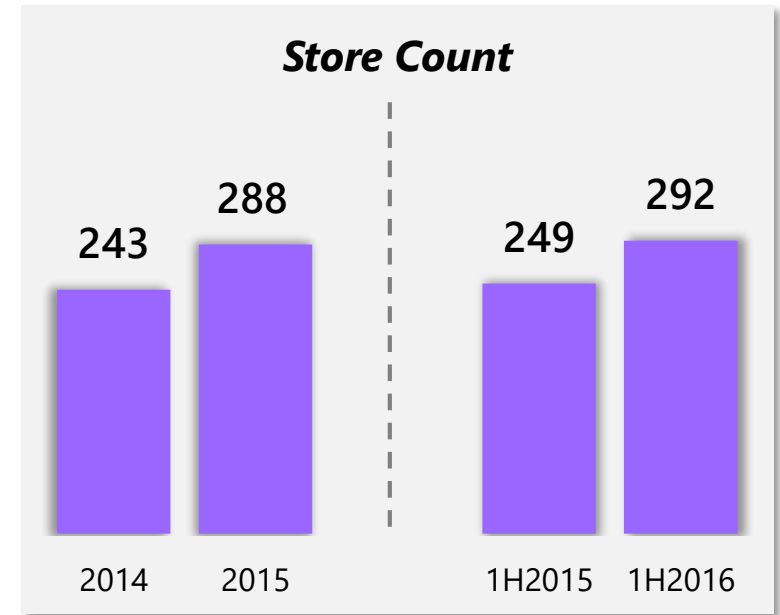
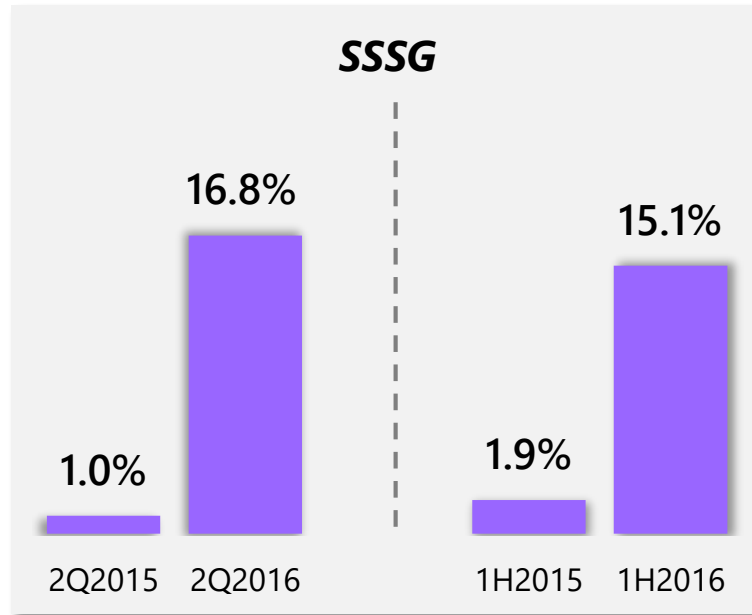
Growth in net sales driven by the double-digit sales growth of most formats



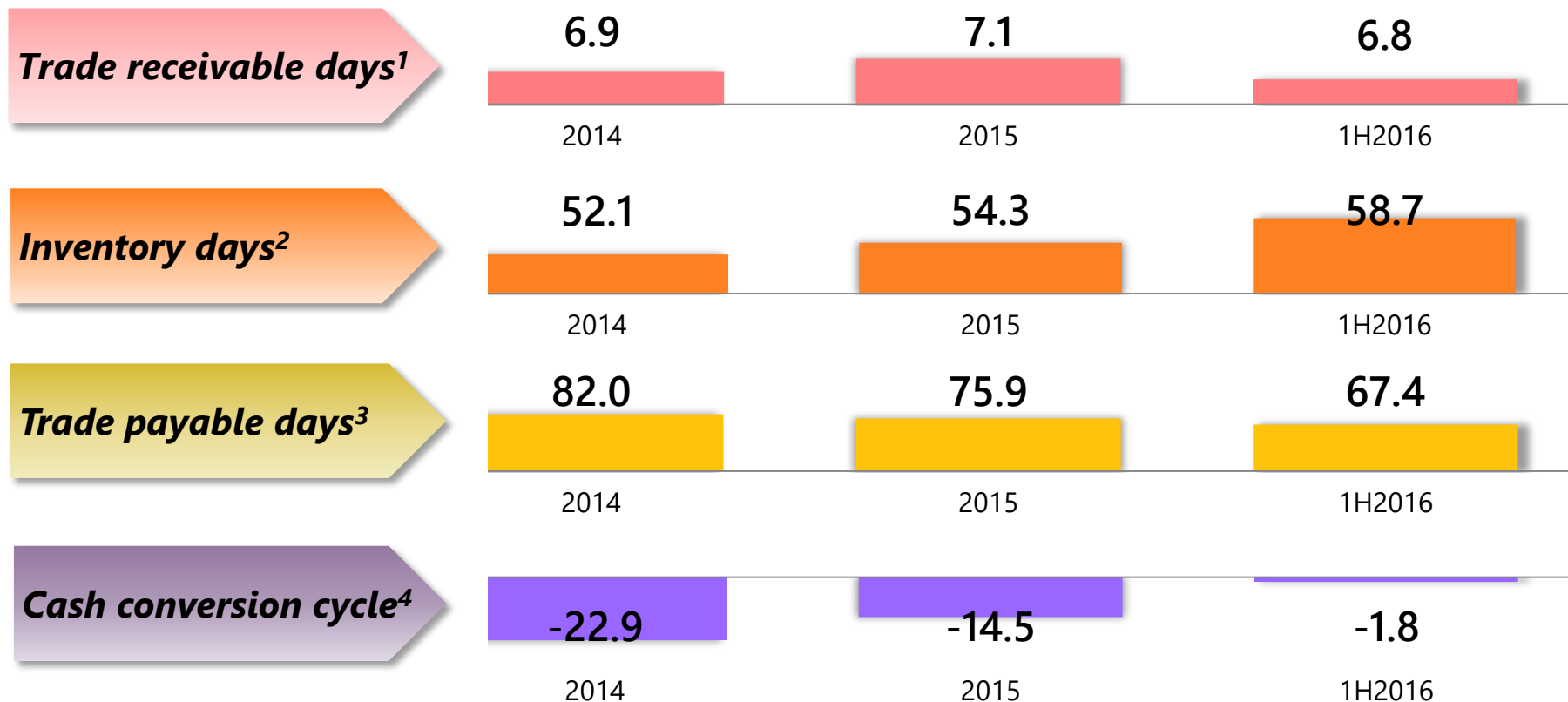
-♦- % of segment's net sales

# Specialty Store Business Segment

**Strong SSSG**  
due to robust  
SSSG of  
appliances,  
toys and one-  
price point  
formats



## Working capital days trend



**Negative cash conversion cycle maintained in 1H2016**

<sup>1</sup> Trade receivable days = No. of days x Trade and other receivables / Net sales; <sup>2</sup> Inventory days = No. of days x Merchandise inventories / Cost of merchandise sold; <sup>3</sup> Trade payable days = No. of days x Trade and other payables / Cost of merchandise sold, <sup>4</sup> Cash conversion cycle = Trade receivable days + Inventory days – Trade payable days

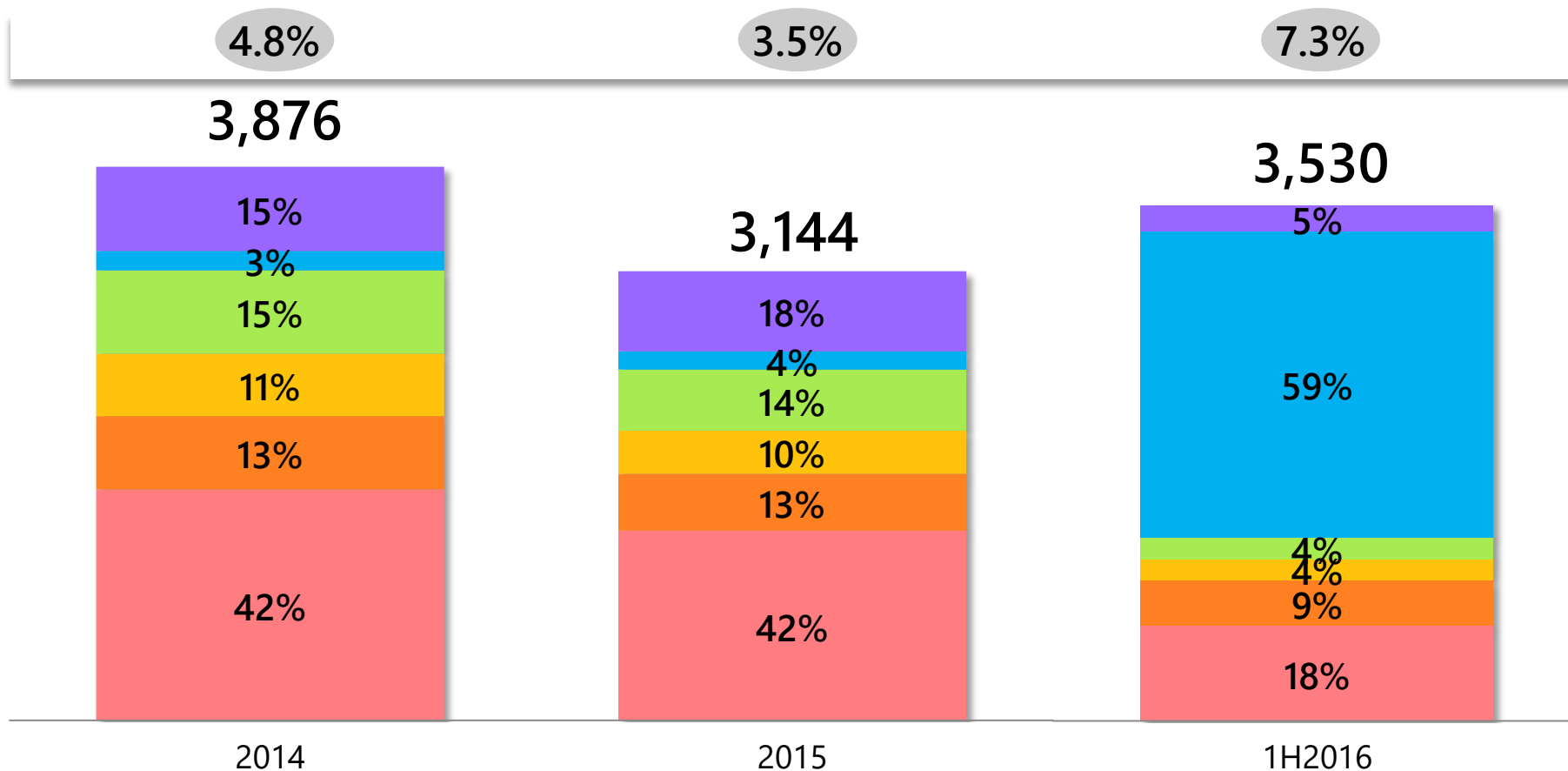


# Capital Expenditure

## Capital expenditure breakdown (P mm)<sup>1</sup>

■ Supermarkets ■ Department stores ■ DIY stores ■ Convenience stores ■ Drugstores ■ Specialty stores

% of group's net sales



<sup>1</sup> Capital expenditure includes expenses on leasehold improvements, store and furniture fixtures, office furniture and fixtures, transportation equipment, building and other equipment and computer equipment



# Recent Developments



We acquired 51% of **The Generics Pharmacy** from the Liuson Family.  
TGP is the **largest and fastest growing generics drugstore chain**  
in the Philippines with nearly **1,900 stores**





# Recent Developments



*We acquired 75% of **De Oro Pacific Home Plus Depot**, a big box builders hardware chain **Northern Mindanao** with three stores (9,400 sqm)*



# Consolidated Statements of Financial Position (Unaudited)

PHP mm	June 30 2016	December 31 2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	7,577	9,757
Short-term investments	-	7
Merchandise inventories	12,247	10,576
Other current assets	3,886	3,462
<b>Total Current Assets</b>	<b>23,710</b>	<b>23,802</b>
<b>Noncurrent assets</b>		
Available-for-sale (AFS) financial assets	20,071	19,511
Property and equipment - net	11,822	11,149
Investment in shares of stocks	5,329	5,079
Intangible assets	6,676	4,109
Other noncurrent assets	1,600	1,508
<b>Total Noncurrent Assets</b>	<b>45,497</b>	<b>41,357</b>
<b>Total Assets</b>	<b>69,207</b>	<b>65,160</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	14,043	14,796
Current portion of loans payable	4,426	2,845
Other current liabilities	737	885
<b>Total Current Liabilities</b>	<b>19,206</b>	<b>18,526</b>
<b>Noncurrent Liabilities</b>		
Others	1,619	1,129
<b>Total Noncurrent Liabilities</b>	<b>1,619</b>	<b>1,129</b>
<b>Total Liabilities</b>	<b>20,826</b>	<b>19,654</b>
<b>Equity</b>		
Capital stock	1,385	1,385
Additional paid-in capital	27,227	27,227
Equity reserve	(1,027)	(1,027)
Retained earnings	16,837	15,687
Others	801	252
<b>Total equity attributable to equity holders of Parent Company</b>	<b>45,224</b>	<b>43,524</b>
Non-controlling interest in consolidated subsidiaries	3,158	1,982
<b>Total Equity</b>	<b>48,382</b>	<b>45,505</b>
<b>Total Liabilities and Equity</b>	<b>69,207</b>	<b>65,160</b>



# Consolidated Statements of Comprehensive Income (Unaudited)

PHP mm	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
Sales - net of sales discounts and returns	25,638	21,639	48,334	41,354
Cost of merchandise sold	20,051	16,876	37,941	32,338
<b>Gross Profit</b>	<b>5,587</b>	<b>4,763</b>	<b>10,392</b>	<b>9,016</b>
Royalty, rent and other revenues	565	470	1,053	867
Gross profit including other revenue	6,152	5,233	<b>11,446</b>	<b>9,883</b>
Operating expenses	(4,756)	(4,059)	(9,146)	(7,918)
<b>Earnings before interest and taxes</b>	<b>1,396</b>	<b>1,174</b>	2,300	1,965
<b>OTHER INCOME (CHARGES)</b>				
Interest income	185	206	389	401
Foreign currency exchange gain (losses) - net	70	31	(3)	31
Dividend income	28	28	56	56
Equity in net earnings of an associate	27	15	54	26
Interest expense	(9)	(2)	(26)	(3)
	<b>301</b>	<b>278</b>	<b>470</b>	<b>511</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>1,697</b>	<b>1,452</b>	<b>2,769</b>	<b>2,475</b>
Provision for income tax	365	322	604	523
<b>NET INCOME</b>	<b>1,332</b>	<b>1,130</b>	<b>2,165</b>	<b>1,953</b>
<b>Net income attributable to:</b>				
Equity holders of the Parent Company	1,238	1,082	2,023	1,863
Non-controlling interest in consolidated subsidiaries	94	48	143	89
	<b>1,332</b>	<b>1,130</b>	<b>2,165</b>	<b>1,953</b>
<b>Earnings Per Share</b>				
Basic	0.89	0.78	1.46	1.35
Weighted	0.89	0.78	1.46	1.35
<b>Shares Outstanding</b>				
End of Period	1,385	1,385	1,385	1,385
Weighted	1,385	1,385	1,385	1,385



# Consolidated Statements of Cash Flows (Unaudited)

PHP mm	Six Months Ended June 30		Years Ended December 31	
	2016	2015	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	2,769	2,475	5,848	5,219
<b>Adjustments for:</b>				
Depreciation and amortization	944	793	1,647	1,280
Interest expense	26	3	15	12
Equity in net earnings of an associate	(54)	(26)	(40)	(57)
Dividend income	(56)	(56)	(112)	(28)
Interest income	(396)	(401)	(799)	(634)
Others	3	(31)	(183)	(25)
<b>Operating income before working capital changes</b>	<b>3,236</b>	<b>2,758</b>	<b>6,376</b>	<b>5,767</b>
Working capital changes	(2,698)	(5,212)	(1,366)	(502)
Interest received	291	343	707	503
Income tax paid	(875)	(773)	(1,268)	(1,385)
<b>Net cash flows generated from (used in) operations</b>	<b>(46)</b>	<b>(2,884)</b>	<b>4,449</b>	<b>4,384</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
AFS investments - net	(150)	(1,258)	(1,359)	(17,704)
Property and equipment - net	(1,505)	(1,435)	(3,099)	(3,696)
Acquisition through business combination	(2,024)	–	(988)	(462)
Others	(24)	57	(1,388)	(3,104)
<b>Net cash flows used in investing activities</b>	<b>(3,703)</b>	<b>(2,636)</b>	<b>(6,834)</b>	<b>(24,966)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of loans	(614)	(28)	(206)	(396)
Availment of loans	2,195	102	2,939	–
Interest paid	(13)	(3)	(16)	(12)
Others	–	–	(546)	1,391
<b>Net cash flows used in financing activities</b>	<b>1,568</b>	<b>71</b>	<b>2,172</b>	<b>422</b>
Net increase (decrease) in cash and cash equivalents	(2,181)	(5,449)	(213)	(20,160)
Cash and cash equivalents at beginning of year	9,757	9,970	9,970	30,129
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>7,577</b>	<b>4,521</b>	<b>9,757</b>	<b>9,970</b>

