

Robinsons Retail's 2013 Unaudited Net Income Jumps 127.1%

Robinsons Retail Holdings, Inc. (RRHI) ended 2013 with record high unaudited consolidated net income of P3,054 million, up 127.1% from P1,345 million in 2012. Likewise, the unaudited consolidated net income attributable to equity holders of the parent company increased by 123.5% from P1,200 million in 2012 to P2,681 million in 2013. Taking out the effect of the change in depreciation policy in 2013, the unaudited net income attributable to equity holders of the parent still showed remarkable growth at 78.0% from P1,200 million to P2,135 million. The surge in net earnings was largely due to the increase in sales from new stores, the full year consolidation of South Star Drug which was acquired in July 2012, the resilient same store sales growth of 2.5% as well as the expansion in gross margins and steady operating expenses. RRHI's store network reached 1,064 as of end 2013 or an addition of 152 new stores from 912 stores in 2012.

Consolidated net sales rose by 17.2% to P67,254 million in 2013 from P57,393 million in 2012. The supermarket segment continued to account for the largest share of the group's consolidated net sales, contributing 48.3% of the total. The department stores was the second largest contributor at 17.7%, followed by DIY stores, drug stores, specialty stores and convenience stores at 10.5%, 9.3%, 7.9% and 6.3%, respectively.

Gross profit grew at a faster clip at 30.4% to P14,312 million in 2013 from P10,979 million in 2012. RRHI has been able to get better supports and discounts from suppliers because of its increasing scale as well as from the offering of more value-added services to its vendors. As a result, the consolidated gross profit margin expanded by 220bps yoy to 21.3% in 2013 from 19.1% in 2012.

After keeping operating expenses stable as a percentage of sales, the improvement in gross margin has trickled down to the increase in EBITDA (earnings before interest taxes depreciation and amortization) margin. EBITDA surged 63.2% to P5,191 million in 2013 from P3,180 million in 2012, resulting in an expansion in EBITDA margin by 220bps to 7.7% from 5.5% in 2012.

Robinsons Retail raised total net proceeds of P26,269 million during its initial public offering (IPO) in November 2013, touted to be the country's largest IPO to date. From the IPO proceeds, RRHI paid down P1,280 million in borrowings and spent P450 million in capital expenditures (capex). Total capex spent in 2013 reached P2,797 million, an increase of 46.3% from the previous year's capex of P1,912 million. Proceeds from the IPO will be used to fund the planned aggressive organic store expansion of the group over the next three years.

In 2013, Robinsons Retail made two acquisitions which include Beauty Skininnovations Retail, Inc, which operates eight Shiseido stores and two Benefit stores, and Eurogrocer Corp., an operator of a chain of six supermarkets in Northern Luzon.

RRHI currently operates nine (9) retail formats under six (6) business segments. RRHI's retail formats include Robinsons Supermarket, Robinsons Department Store, Ministop, South Star Drug, Handyman Do it Best, True Value, Howards Storage World, Robinsons Appliances, Toys "R" Us, Daiso Japan, and a host of international fashion apparel brands – Topshop, Topman, Dorothy Perkins, Warehouse, Ben Sherman, Miss Selfridge, River Island, Shana, G2000 and Basic House.