

August 14, 2014

Robinsons Retail 2Q 2014 Net Income Attributable to Parent Company Jumps 45.5%

Financial Highlights:

<i>(In P million)</i>	For the Second Quarter ended June 30			For the First Half ended June 30		
	2014	2013	% change	2014	2013	% change
Net Sales	19,553	16,303	19.9	36,979	31,317	18.1
Gross Profit	4,225	3,473	21.7	7,890	6,546	20.5
Operating Income	1,101	955	15.3	1,859	1,613	15.3
Net Income	909	644	41.0	1,551	1,272	21.9
Net Income attributable to equity holders of the Parent company	806	554	45.5	1,368	1,086	26.0
Core Net Earnings	766	636	20.4	1,296	1,098	18.0
EBITDA	1,403	1,196	17.3	2,446	2,084	17.4
Earnings per share (P)*	0.59	1.33		1.00	2.62	

*Based on net income attributable to equity holders of the Parent company. Shares outstanding used in the calculation is 415m in 2013 versus 1,366m in 2014.

Robinsons Retail Holdings, Inc.'s net income attributable to equity holders of the parent company jumped 45.5% for the second quarter ending June 2014 to P806 million on the back of the 19.9% growth in net sales, higher interest income and equitized net earnings. This brings total net income attributable to equity holders of the parent company for the first half of 2014 to P1.37 billion, or an increase of 26.0%, boosted by the 15.3% growth in operating profit and the five-fold increase in interest income to P235 million arising from the high cash balances for the period.

Core net earnings (net income excluding interest income, equitized net earnings from the 40% stake in Robinsons Bank and unrealized forex gains/losses), on the other hand, expanded by 20.4% to P766 million in the second quarter of this year from P636 million last year. For the first half of 2014, core net earnings grew by 18.0% to P1.30 billion from P1.10 billion last year.

Consolidated net sales for the second quarter of this year increased 19.9% from P16.30 billion to P19.55 billion, arising from the sales contribution of new stores as well as the robust same store sales growth (SSSG) of 3.9%. The healthy SSSG for the period was attributed to the continued strong SSSG of Robinsons Supermarket at 3.8%, the resilient SSSG of Robinsons Department Store at 3.3%, DIY at 5.0%, drug stores at 4.5% and the Specialty Stores segment's 10.5% driven by the sterling SSSG performance of Daiso Japan at 26%, Toys "R" Us at 22% and Robinsons Appliances' 11%, which compensated for the negative SSSG of the international fashion apparel brands. The convenience store business continued to register weak SSSG in the



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second quarter but better than in first quarter at negative 1.9% versus the negative 7.6% SSSG in the first quarter.

For the first half of 2014, Robinsons Retail registered net sales of P36.98 billion, or a growth of 18.1% from the sales contribution of the 240 new stores, a healthy SSSG of 3.2%, and the contribution from newly acquired businesses such as the six-store EZ Supermarket chain, the three-store Jaynith's supermarket chain and the eight Shiseido and two Benefit cosmetics stores.

As of end-June 2014, Robinsons Retail operated a total of 1,180 stores, up from the previous year's 940 stores. The company is on track to meet its target of ending 2014 with approximately 1,400 stores.

Blended gross margin expanded by 30 basis points (bps) to 21.6% in the second quarter this year and by 40 bps to 21.3% in the first half of 2014 arising from the group's increased scale, additional supplier discounts and the offering of additional value-added services.

Operating income improved by 15.3% to P1.10 billion in the second quarter and also by 15.3% to P1.86 billion in the first half of this year. EBITDA (earnings before interest, taxes, depreciation and amortization) increased by 17.3% to P1.40 billion in the second quarter while EBITDA margin was at 7.2%. For the first six months of 2014, EBITDA was up by 17.4% to P2.45 billion, with margin at 6.6%.

Robinsons Retail's balance sheet remained solid with cash, cash equivalents and liquid marketable securities amounting to P27.66 billion as of end June 2014 versus borrowings of only P230 million. The company spent a total of P1.57 billion in capital expenditures for the first half of 2014, 22.8% of the full year budget of P7.0 billion. Cash conversion cycle remained healthy at negative 16 days.

"Despite increasing competition, I am very happy that we were able to sustain the strong same store sales growth for the period. We have started to operate the stores of A.M. Builders' Depot this July, our entry into the big box segment of the hardware business. On 15 August, we will open a new format in our food retail segment called Robinsons Easymart, a network of compact neighbourhood grocery stores, our way of addressing the convenience and accessibility needs of consumers with products at competitive prices." said **Robina Gokongwei-Pe**, the President and Chief Operating Officer of Robinsons Retail Holdings, Inc.

Signed:

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