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Robinsons Retail 1Q 2014 Core Net Earnings Up 15.2%

Robinsons Retail Holdings, Inc. posted core net earnings of P530 million for the first quarter ending March 2014, 15.2% higher than last year excluding the equitized earnings from Robinsons Bank and interest income.

Consolidated net sales grew by 16.1% to P17.4 billion in 1Q 2014 from P15.0 billion in same period last year driven mainly by the sales contribution from new store openings at 12.6%, the respectable 2.4% same store sales growth in 1Q 2014 and the balance from the sales contribution of the newly acquired businesses which include the six-store EZ Supermarket chain, the three-store Jaynith's supermarket chain and the eight Shiseido and two Benefit cosmetics stores. From April 2013 to March 2014, Robinsons Retail added a total of 222 stores to 1,145 from 923 last year which translates to 18.8% yoy increase in gross floor area to approximately 800,000 square meters.

Of the group's 1Q 2014 net sales, Robinsons Supermarket remains as the biggest retail format with 50% share of the total. Robinsons Department store is the second largest contributing 16% of the total, followed by DIY which consist of Handyman Do it Best, True Value and Howards Storage World at 11%, South Star Drug at 10%, specialty stores at 8% and Ministop at 6%.

Like-for-like sales of the group increased by 2.4% in 1Q 2014, well within our target range of between 2-3%. This was driven by the robust performance of supermarket which generated 3.5% same store sales growth for the period due to the strong performance of the stores that opened in 2012, DIY at 7.6% on the back of the sustained residential boom and drug store business at 6.2% due to higher sales of cough and colds medicine with the onset of unusually cold weather early this year.

Gross profit soared 19.3% to P3.7 billion from P3.1 billion in same period last year due to the growing scale of the business plus the additional discounts from suppliers on the offering of value-added services. The increase in gross profit resulted in a 50 bps gain in gross profit margin from 20.5% last year to 21.0% this year.

EBITDA (earnings before interest, taxes, depreciation and amortization) registered a healthy increase of 17.8% to P1,043 million from P885 million in 1Q 2013, representing a 10bps improvement in EBITDA margin to 6.0% this year from 5.9% last year.

Operating profit recorded a 15.2% yoy growth to P758 million from P658 million, although there was a 10bps decline in margin from 4.4% to 4.3%. The drop in margin was on the back of one-off expenses as a result of the carry-over effects from Typhoon Yolanda

(Haiyan) in November 2013, which includes the shortage of container vans, prompting the company to use more expensive routes to deliver its merchandise through Roll-on/Roll-off vessels. Moreover, the truck ban imposed by the City of Manila in February resulted in an increase in freight cost.

Robinsons Retail's net income including the equitized earnings of Robinsons Bank amounted to P643 million, which is still a 2.4% increase over the same period last year. Robinsons Bank posted slight trading losses in 1Q 2014 versus the exceptional trading gains in same period last year but earnings should improve for the balance of the year. Likewise, interest income jumped due to high cash balances boosted from the proceeds of the initial public offering last year.

Robinsons Retail's balance sheet remained strong with cash and cash equivalents of P22 billion as of end March 2014 versus borrowings of only P493 million. The company spent a total of P975m in capital expenditures in 1Q 2014, 13% of the full year budget of P7 billion. Cash conversion cycle remained healthy at negative 11.8 days.

"I am pleased with the first quarter performance of Robinsons Retail especially on the exceptional performance of Robinsons Supermarket, South Star Drug and our DIY formats. The pressure on our operating expenses should stabilize for the remainder of the year. Early this week, we signed a Memorandum of Agreement for the acquisition of 67% in A.M. Builders' Depot, a Visayas-based builders (big box) hardware chain. We see a lot of synergies and potential to grow the business because of the rising affluence of the Filipinos.", said **Ms. Robina Gokongwei-Pe**, the President and COO of Robinsons Retail Holdings, Inc.

Robinsons Retail currently operates 10 retail formats under six business segments. The company'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, cosmetics stores – Shiseido and Benefit and a host of international fashion brands – Topshop, Topman, Dorothy Perkins, Warehouse, Ben Sherman, Miss Selfridge, River Island, G2000, Basic House and Shana.

Signed:



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