

February 28, 2020

## Rustan Supercenters, Inc. is EBIT positive for FY 2019

*Financial Highlights:*

| <i>In ₱ millions (Unaudited)</i>                                | For the Fourth Quarter ended December 31 |        |          | For the Full Year ended December 31 |         |          |
|---|--|--------|----------|-------------------------------------|---------|----------|
|   | 2019                                     | 2018   | % change | 2019                                | 2018    | % change |
| Net Sales   | 46,758                                   | 40,863 | 14.4     | 162,916                             | 132,680 | 22.8     |
| Gross Profit  | 10,478                                   | 9,147  | 14.5     | 37,168                              | 29,835  | 24.6     |
| <b>BEFORE PFRS16</b>  |  |        |          |                                     |         |          |
| Operating Income  | 2,235                                    | 1,971  | 13.3     | 7,153                               | 6,626   | 7.9      |
| Net Income  | 1,486                                    | 1,490  | -0.3     | 5,605                               | 5,825   | -3.8     |
| Net Income attributable to equity holders of the Parent company | 1,279                                    | 1,275  | 0.4      | 4,871                               | 5,107   | -4.6     |
| Core Net Earnings   | 1,622                                    | 1,481  | 9.5      | 5,106                               | 5,000   | 2.1      |
| EBITDA  | 3,026                                    | 2,637  | 14.8     | 10,191                              | 9,021   | 13.0     |
| Earnings per share (*)  | 0.81                                     | 0.88   | -7.8     | 3.09                                | 3.65    | -15.2    |
| <b>AFTER PFRS16</b>   |  |        |          |                                     |         |          |
| Operating Income  | 2,456                                    | 1,971  | 24.6     | 7,788                               | 6,626   | 17.5     |
| Net Income  | 1,092                                    | 1,490  | -26.7    | 4,450                               | 5,825   | -23.6    |
| Net Income attributable to equity holders of the Parent company | 960                                      | 1,275  | -24.7    | 3,835                               | 5,107   | -24.9    |
| Core Net Earnings   | 1,228                                    | 1,481  | -17.0    | 3,951                               | 5,000   | -21.0    |
| EBITDA  | 4,225                                    | 2,637  | 60.2     | 14,631                              | 9,021   | 62.2     |
| Earnings per share (*)  | 0.61                                     | 0.88   | -30.8    | 2.43                                | 3.65    | -33.3    |

\*Based on net income attributable to equity holders of the Parent company. Ave. shares outstanding used in the calculation for 4Q18 is 1,449m, FY18 at 1,401m, 4Q19 and FY19 is 1,576m.

The unaudited consolidated net sales of Robinsons Retail Holdings, Inc. increased by 22.8% to ₱162.9 billion for the full year 2019, driven by the same store sales growth (SSSG) of 3.4%, additional sales from the new stores opened in the last 12 months and the full year consolidation of Rustan Supercenters. Net sales for the fourth quarter rose by 14.4% to ₱46.8 billion.

Blended SSSG for the quarter was at 3.5%, with full year at 3.4%. The strong performance for the quarter was primarily driven by drugstore at 7.4%, convenience store at 5.0%, department store at 4.7% and supermarket at 4.0%.

Gross profit margins increased by 30bps to 22.8% for the full year 2019 attributable to larger scale, improvement in category mix and the full-year consolidation of high margin business of Rustan.

The improvement in gross margins was offset by the higher expenses due to the consolidation of Rustan with EBITDA margin before PFRS16 adjustments down by 50bps to 6.3% for the full year. After three consecutive quarters decline, the group successfully managed to hold steady the EBITDA margin in the fourth quarter at 6.5% reflecting the continuous improvement in the operations of Rustan. Including the impact of PFRS16, EBITDA margin was at 9.0% for 2019.

Rustan posted strong performance in fourth quarter with EBIT before PFRS16 at ₱399.3 million, wiping out the EBIT losses for the first nine months of 2019. It registered positive net income before tax for the FY 2019 before the PFRS16 adjustments.

Due to the effect of PFRS16, the net income attributable to parent was down in 4Q19 and full year 2019 by nearly 25% to ₱960.3 million and ₱3.8 billion, respectively. Net impact of PFRS16 amounted to ₱319.0 million in 4Q and ₱1.0 billion in FY 2019.

Core net income pre-PFRS16 (or net income excluding interest income on bond investments, forex gains/losses, equity in earnings of an associate and non-recurring expenses) increased by 9.5% to ₱1.6 billion in 4Q and 2.1% to ₱5.1 billion for the FY 2019. Core net income post-PFRS16 was at ₱4.0 billion in 2019.

Excluding the franchised stores of The Generics Pharmacy, Robinsons Retail ended the year with a total of 1,938 stores comprising of 265 supermarkets, 49 department stores, 222 do-it-yourself stores, 507 convenience stores, 519 drugstores and 376 specialty stores.

Robinsons Retail's balance sheet remained solid with net cash amounting to ₱30.5 billion as of end December 2019. The company spent a total of ₱3.3 billion in capital expenditures for the year.

"We have bolstered our strategic focus on Data and Digitalization, with our investments in the Data Analytics Ventures, Inc. and e-commerce platforms BeautyMNL and Growsari, Inc. In 2019, we saw continued GMV growth in BeautyMNL at 1.2x and Growsari at 5.7x. We remain optimistic because we approach technology as a means for our brands, loyalty programs, and marketing campaigns to become even more customer-centric and engaging to this new digital market," said **Robina Y. Gokongwei-Pe**, the President and Chief Executive Officer of Robinsons Retail Holdings, Inc.