ROBINSONS RETAIL HOLDINGS, INC.

August 1, 2019

Robinsons Retail's 1H 2019 Operating Income Up by 12.4%

Financial Highlights:

(In ₱ million)	For the Second Quarter ended June 30			For the First Half ended June 30		
	2019	**2018**	*% change*	**2019**	**2018**	*% change*
Net Sales	**39,861**	**31,498**	***26.5***	**77,211**	**60,459**	***27.7***
Gross Profit	9,191	7,152	*28.5*	17,661	13,663	*29.3*
Operating Income	**2,206**	**1,752**	***25.9***	**3,403**	**3,027**	***12.4***
Net Income	1,100	1,595	*-31.0*	2,106	2,948	*-28.6*
Core Net Earnings	**927**	**1,329**	***-30.3***	**1,730**	**2,287**	***-24.4***
Net Income attributable to equity holders of the Parent company	946	1,410	-32.9	1,773	2,622	-32.4
EBITDA	**4,810**	**2,291**	***109.9***	**6,836**	**4,139**	***65.2***
Earnings per share (₱)*	**0.60**	**1.02**	***-41.1***	**1.12**	**1.89**	***-40.6***

**Based on net income attributable to equity holders of the Parent company. Shares outstanding used in the calculation is 1,576 for 2019 and 1,385m for 2018.*

Robinsons Retail Holdings, Inc. recorded 27.7% increase in consolidated net sales of ₱77.2 billion in the first half of 2019, driven by the same store sales growth (SSSG) of 3.9%, additional sales coming from new stores opened in the last 12 months and the consolidation of Rustan Supercenters which we acquired in November 2018. The supermarket segment now accounts for 54% of our entire business, from 46% in the same period last year pre-Rustan. Consolidated net sales for the quarter reached ₱39.9 billion, up by 26.5%.

The SSSG in the first half of the year was driven by the drugstore segment which registered double-digit SSSG of 11.2%, followed by supermarket at 4.3%, DIY at 3.6%, specialty stores at 3.6%, and convenience store at 2.3%. The SSSG in the second quarter stood at 3.7%.

Blended gross profit margin for the quarter expanded by 28.5% to ₱9.2 billion, with gross margin up by 40bps to 23.1%. This was higher than the 20bps gain in the first quarter, resulting to 30bps increase in the first half of 2019 to 22.9%. The improvement in gross margins was attributable to our larger scale and improvement in category mix.

In 2Q19, the company reflected the year-to-date impact of adopting the new accounting standard on leases (PFRS 16) effective January 1, 2019. A right-of-use asset is recognized and amortized over the lease term while interest expense is incurred on the lease liability. PFRS 16 adjustments are non-cash and have no effect on cashflow. With this, operating income and EBITDA increased by 12.4% to ₱3.4 billion and 65.2% to ₱6.8 billion in the first half of 2019. Excluding the impact of PFRS 16, operating income and EBITDA rose by 3.1% to ₱3.1 billion and 11.3% to ₱4.6 billion, respectively. Quarter on quarter, we are seeing improvement in margins pre-PFRS 16. Rustan Supercenters Inc. registered positive operating income pre-PFRS 16 in 2Q19, a turnaround from the negative operating income seen in 1Q19, due to the gains in gross profit brought about by the alignment of trading terms, reduction in operating and corporate expenses and alignment in the depreciation policy.

Interest expense surged to ₱1.2 billion in the first half of 2019 from ₱55 million the previous year. The ₱1.0 billion increase in interest expense was attributable to the non-cash interest expense on the lease liability. The shift to PFRS 16 reduced our net income attributable to parent company to ₱1.8 billion in the first half of 2019, lower by ₱481 million or 21.3% versus pre-PFRS 16.

Core net earnings (net income excluding interest from bonds, equitized net earnings from the 40% stake in Robinsons Bank, unrealized forex gains/losses and non-recurring expenses) was at ₱1.7 billion in the first half of 2019. Excluding the impact of PRFS 16, core net earnings declined by 2.2% to ₱2.2 billion, an improvement from the 16.2% decline in the first quarter.

Excluding the franchised stores of The Generics Pharmacy, Robinsons Retail ended the year with a total of 1,920 stores comprising of 255 supermarkets, 49 department stores, 211 do-it-yourself stores, 518 convenience stores, 510 drugstores and 377 specialty stores. The group's gross floor area expanded by 18.5% year-on-year to 1.39 million square meters.

Robinsons Retail spent a total of ₱1.5 billion in capital expenditures for the year.

ROBINSONS RETAIL HOLDINGS, INC.
110 E. Rodriguez, Jr. Avenue, Libis, Quezon City 1110, Philippines
D +63 (2) 631 1252 T +63 (2) 635 0751 local 206 F +63 (2) 570 5553
E info@robinsonsretail.com.ph