



1Q 2024
**Earnings Call and
Analysts' Briefing**

23 May 2024

Presenters



Mr. Arnold M. Leoncio
Vice President for Business Development
and Investor Relations



Mr. Joselito G. Orense
Treasurer and
Chief Finance Officer



General rules

1. Please note that this call will be recorded. Recording of this Earnings Call will be shared upon request.
2. This Earnings Call will run for about half an hour with the first part allotted for a presentation and the second part for the Q&A.
3. Participants other than the speakers will be muted throughout the Call, unless recognized by the moderator.
4. For a convenient viewing experience, participants are advised to pin the shared presentation screen.
5. During the Q&A portion, participants may raise their questions and/or clarifications by clicking the 'Raise Hand' icon. Following the prompt, kindly allow the moderator to recognize you by name first before unmuting.

1Q 2024 Financial and Operational Highlights



Net sales increased by

5.0%

to PhP8.73 billion



Gross profit declined by

-0.2%

to PhP1.82 billion



EBITDA decreased by

-5.1%

to PhP389.22 million



Net income decreased by

-16.2%

to PhP50.31 million

Total assets

PhP23.19B



Total equity

PhP9.47B



Store network

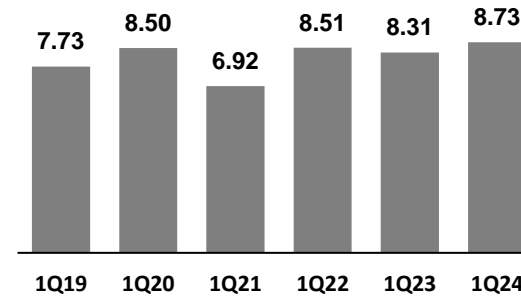
64 stores

- 37 Supermarket
- 15 Department store
- 12 Hypermarket

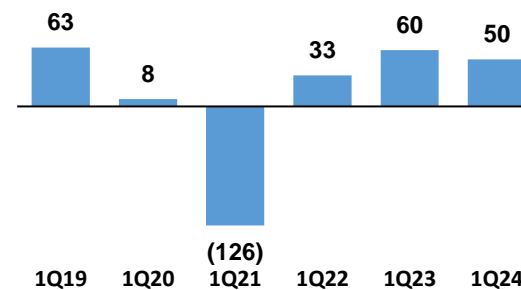


vs. historical financials

Net sales (PhP billions)



Net income (PhP millions)



As of 31 March 2024

Market capitalization

PhP4.22B

Share price

PhP1.30

Book value per share

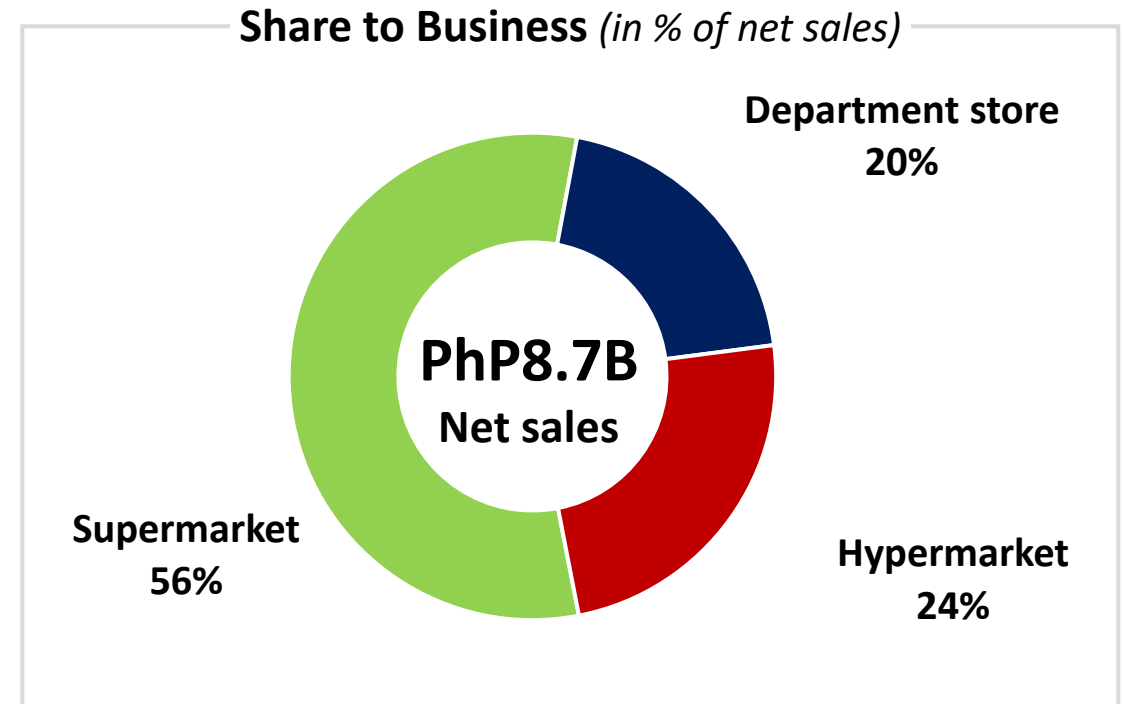
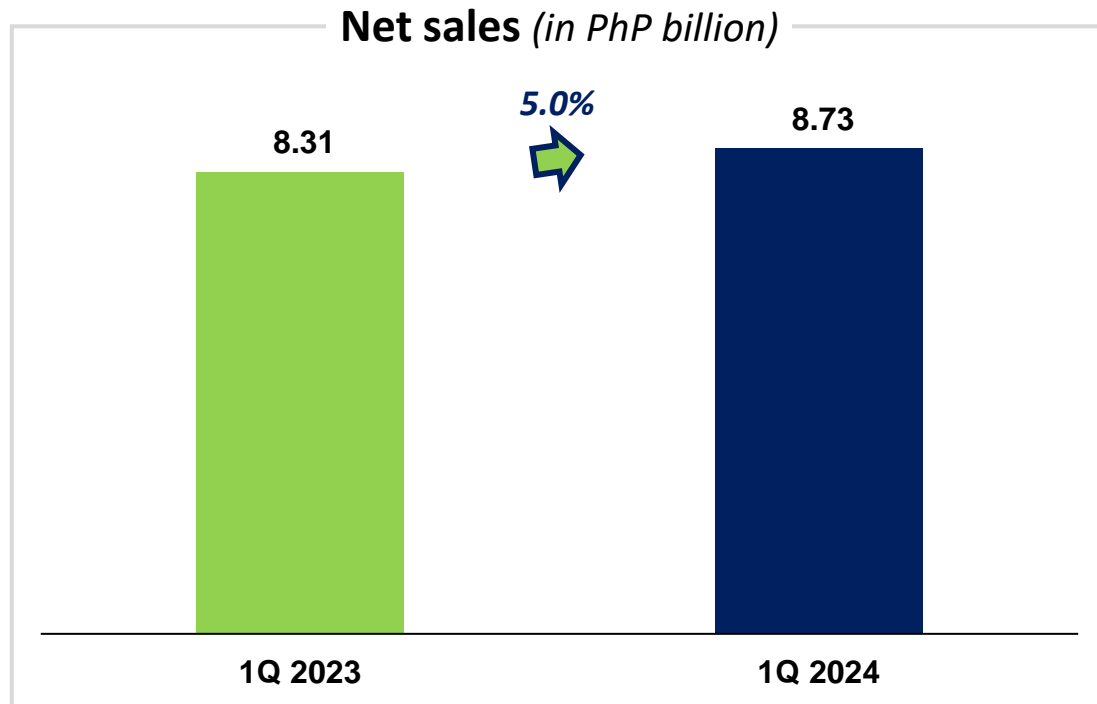
PhP2.92

Earnings per share (1Q 2024)

PhP0.02

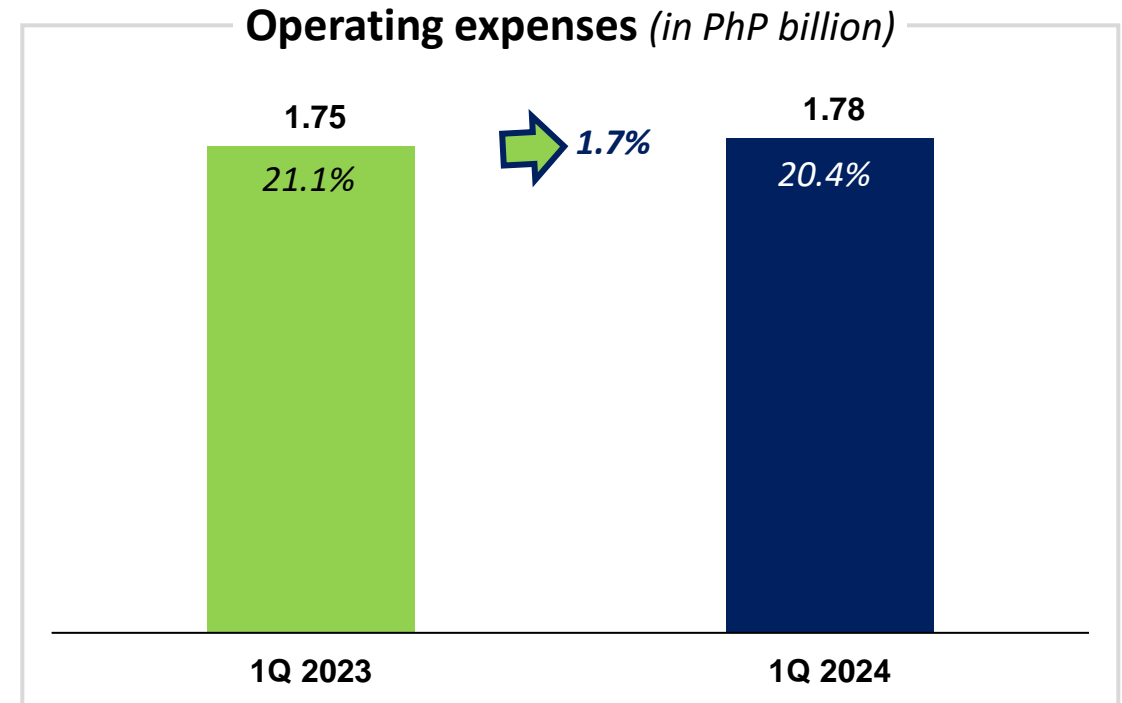
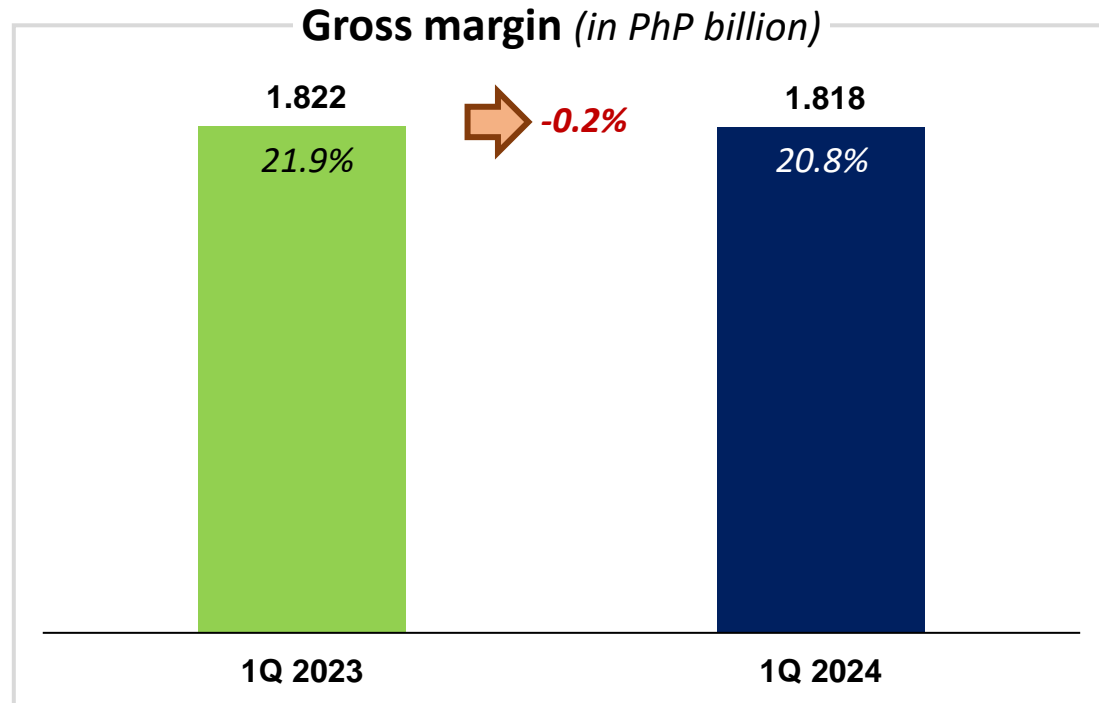
As of 22 May 2024, MRSGL has a market capitalization of PhP4.22 billion. Share price closed at PhP1.30.

Results of operations | Sales



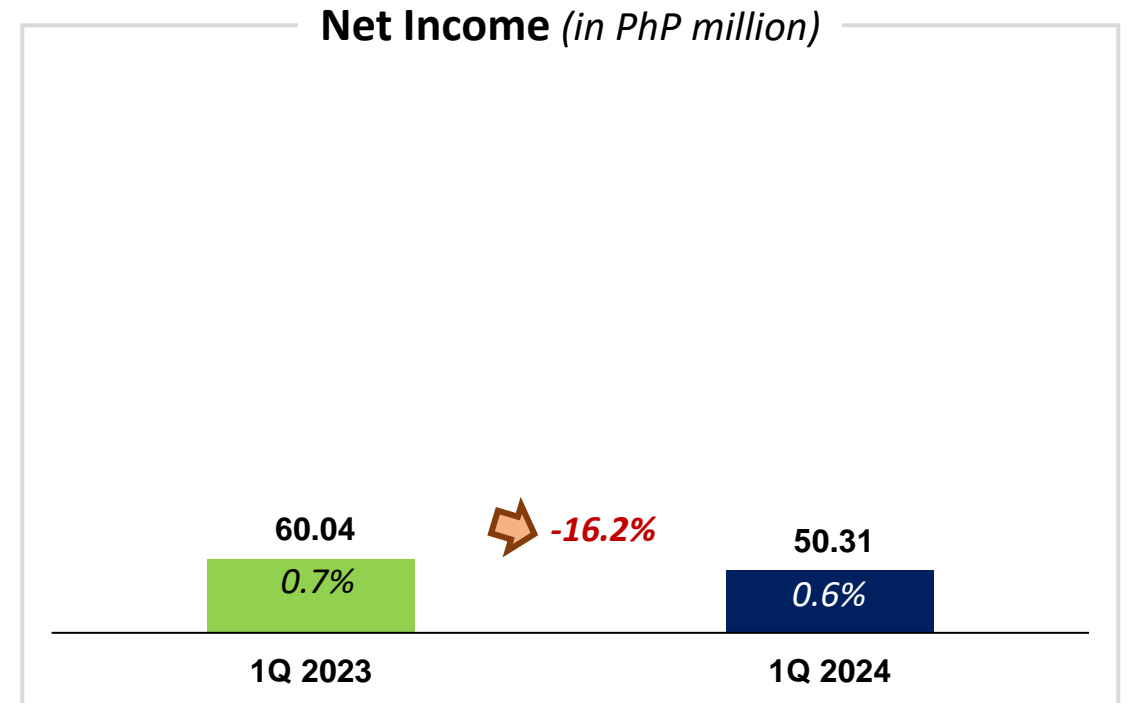
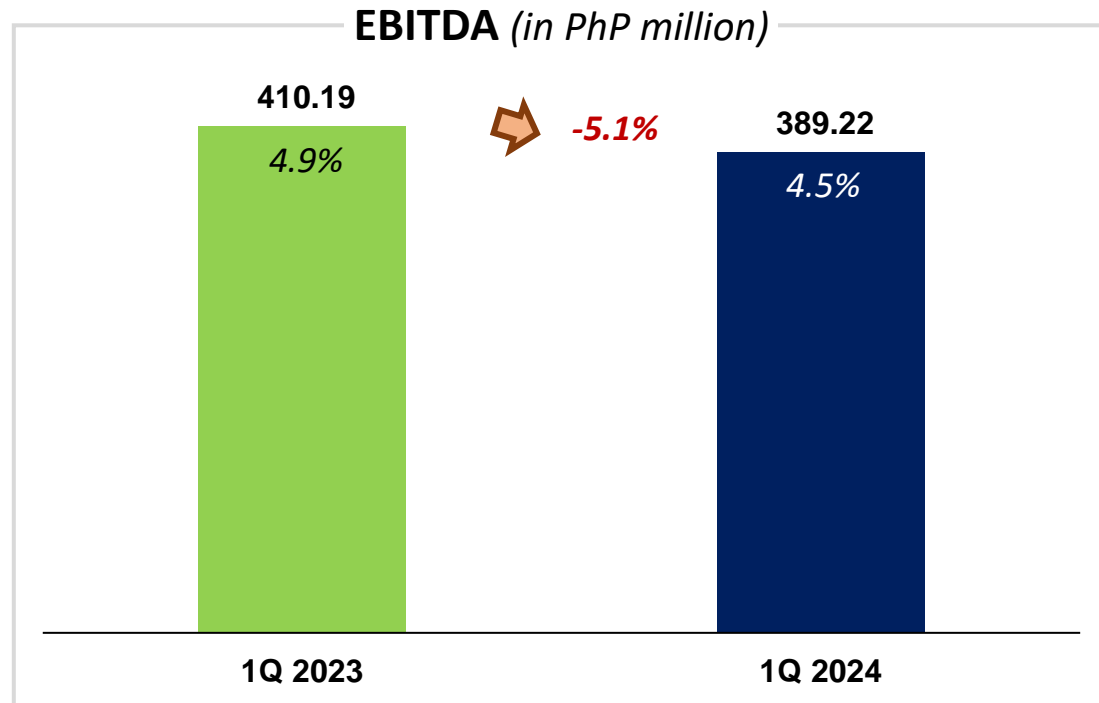
- ❑ Net sales sustained with a 5.0% growth from the same period last year despite relatively lean post-holiday spending. Growth was due to the increase in sales of existing stores and incremental sales from new stores.
- ❑ Blended same-store sales up by 2.8% year-on-year.
- ❑ Total food retail business grew by 7.9%, while general merchandise business edged down by 2.9% over the same period last year.

Results of operations | Margin and Opex



- ❑ Gross margin was flattish in absolute terms, with a slight decline in percentage terms, due to lower share to business of general merchandise which provides higher margin than food retail.
- ❑ Operating expense increased marginally by 1.7% on an absolute basis, and declined by 70 bps in percentage terms year-on-year; reflecting the Company's continuous efforts in cost management and optimization initiatives.

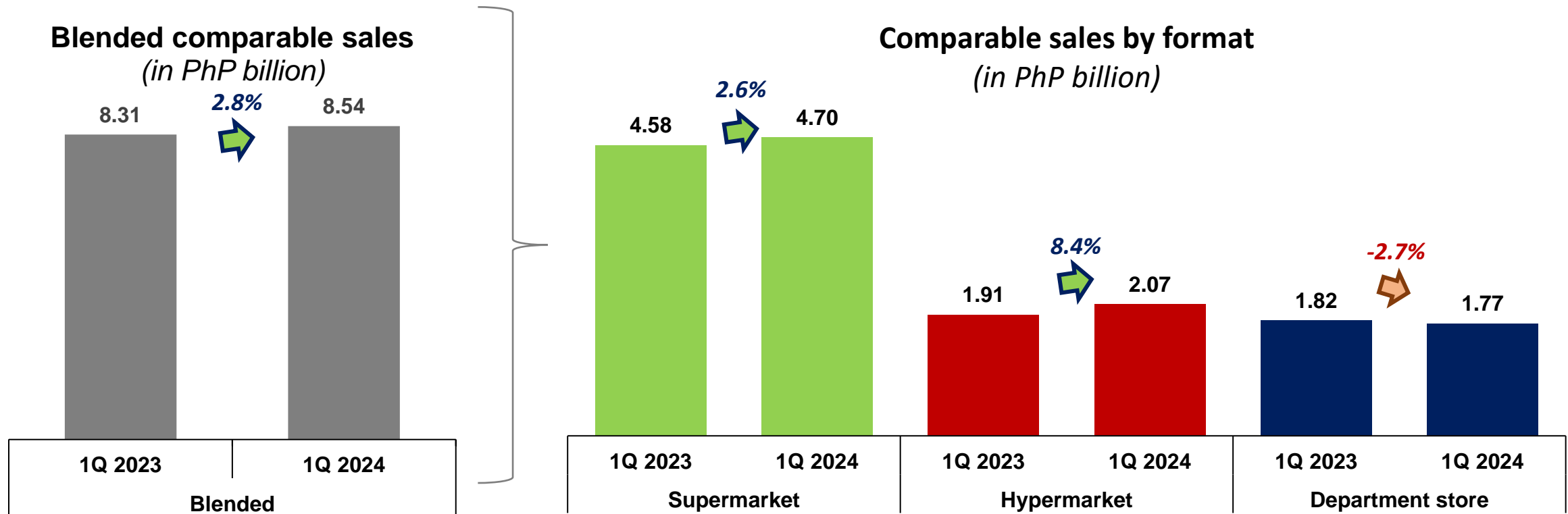
Results of operations | EBITDA and Net Income



- EBITDA and Net Income both dipped, mainly due to the narrower margin brought by lower share to business of general merchandise, combined with the slight increase in operating expenses

Results of operations | Comparable store sales

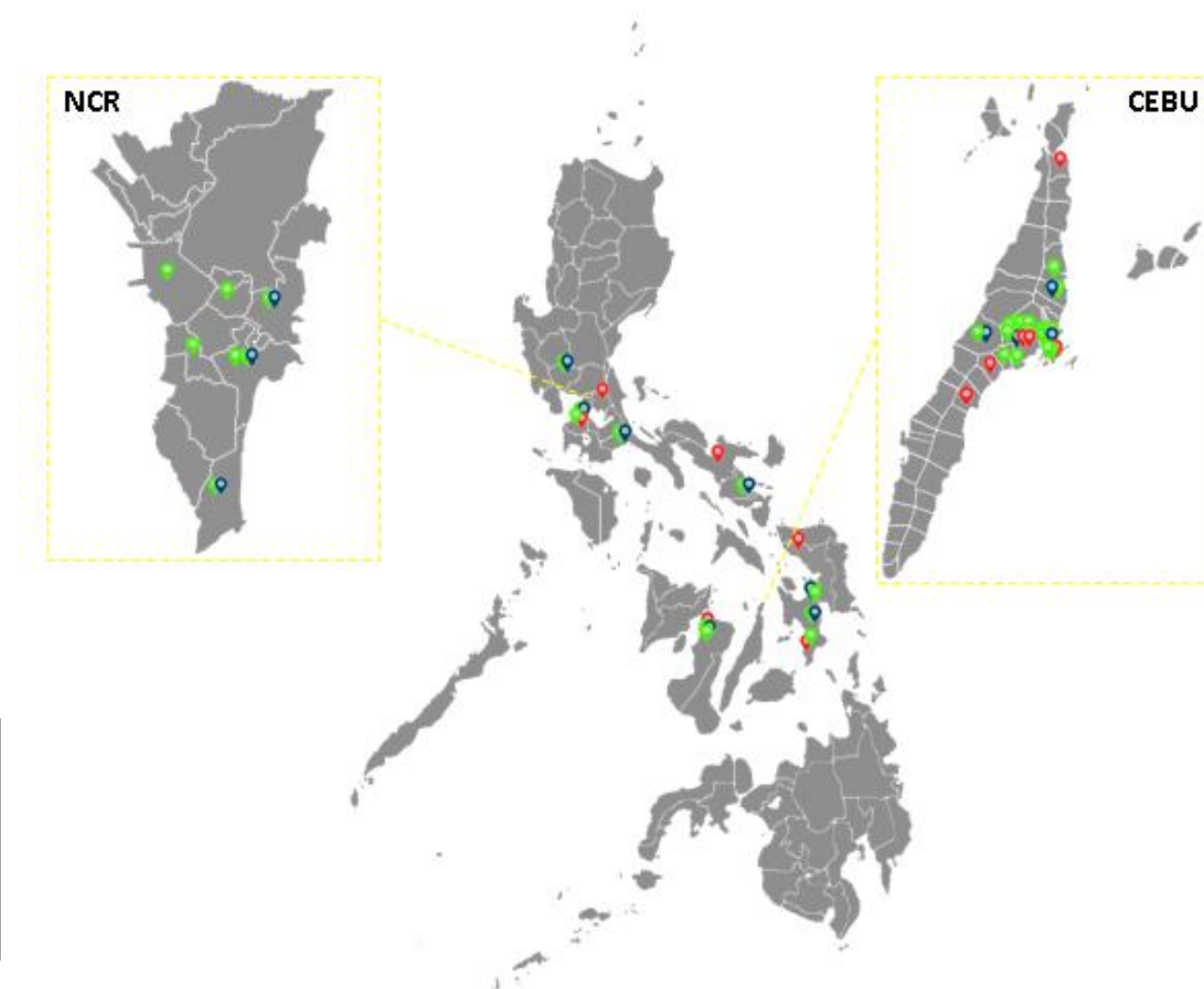
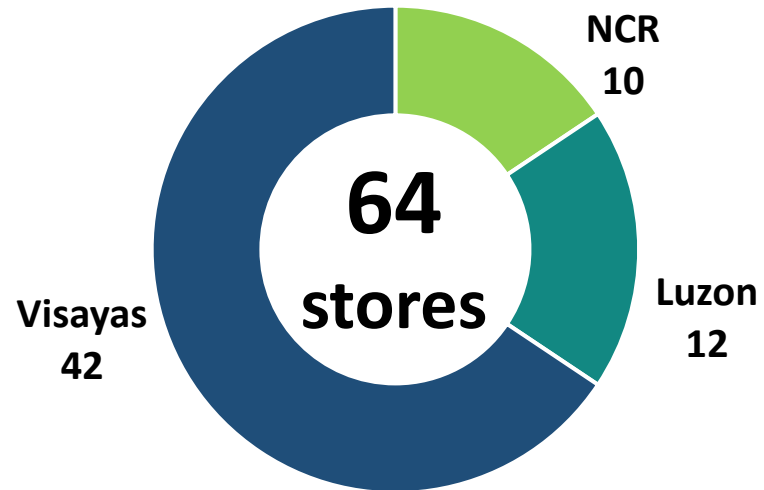
Supermarket and Hypermarket increased while Department store decreased



- ❑ The Company's blended comparable sales increased by 2.8%, driven by the increase in the Supermarket and Hypermarket formats by 2.6% and 8.4%, respectively.
- ❑ Comparable sales of Department store declined amid the spending constraint on discretionary items due to persistent high inflation.

MRSGI existing store network

Geographical composition of store network
(as of end-March 2024)



Supermarket

NCR	7
Luzon	5
Visayas	25
Total	37

Department Store

NCR	3
Luzon	4
Visayas	8
Total	15

Hypermarket

NCR	-
Luzon	3
Visayas	9
Total	12

Note: MRSGI has ongoing major construction at sites in Negros and Samar.

MRSGI network expansion:

Metro Value Mart - Gun-ob, Lapu-Lapu, Cebu (Opened January 2024)



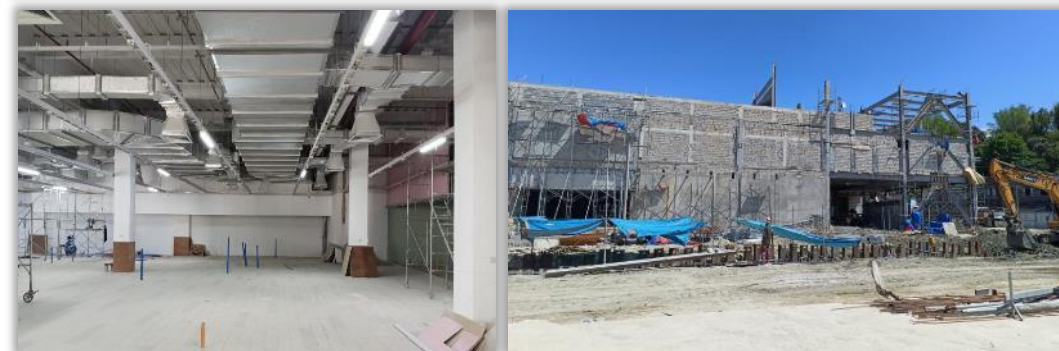
MRSGI network expansion:

Ongoing major construction sites

Hinigaran, Negros Occidental



Catbalogan, Samar



MRSGI network expansion:

Groundbreaking of five (5) supermarkets in the Visayas



Dec.
2023

Metro Supermarket
Dalaguete, Cebu



Jan.
2024

Metro Value Mart
Brgy. Tangke, Talisay City, Cebu



Metro Value Mart
Brgy. Poblacion, Talisay City, Cebu



Jan.
2024

Metro Supermarket
Liloan, Cebu



Apr.
2024

Metro Supermarket
Isabel, Leyte

MRSGI network expansion:

Metro Distribution Center in Sta. Rosa, Laguna

- ✓ 3-hectare area
- ✓ Selective racking systems – 5 to 7 high
- ✓ 20 inbound and outbound docking areas
- ✓ Capacity of up to 20,000 pallets positions
- ✓ Solar panel-ready infrastructure
- ✓ Can handle up to 25,000 cases daily (max throughput of 1.5 million cases monthly)
- ✓ 130 CCTV cameras
- ✓ Several beam smoke detectors



Other Matters - Governance:

New Chairperson and Vice-Chairperson in MRSGI Board of Directors



MS. SHERISA P. NUESA
Chairperson



MS. MARGARET GAISANO-ANG
Vice-Chairperson

Key financial indicators

<i>Currency: PhP million</i>	2016	2017	2018	2019	2020	2021	2022	2023	1Q 2024
Financial highlights									
Net sales	34,411	35,016	33,050	36,790	31,286	31,211	38,102	38,273	8,729
EBITDA	1,547	1,877	1,781	2,785	1,273	1,220	2,680	2,167	389
Net income	789	977	965	776	(450)	(318)	917	618	50
Financial soundness indicator									
Current Ratio	2.14	2.41	2.01	1.47	1.45	1.71	2.30	2.04	2.05
Debt to Equity Ratio	-	-	-	-	0.18	0.18	0.33	0.30	0.30
Net Debt to Equity Ratio	(0.46)	(0.47)	(0.41)	(0.31)	(0.09)	(0.02)	(0.24)	(0.14)	(0.04)
Earnings per share (PhP)	0.23	0.28	0.28	0.23	(0.13)	(0.09)	0.28	0.19	0.02
Earnings per share - TTM (PhP)									0.19
Stock data									
Share price (PhP) – EOP	4.05	3.90	2.49	2.11	1.50	1.44	1.41	1.27	1.30
Market capitalization – EOP	13,889	13,375	8,539	7,236	5,144	4,833	4,628	4,125	4,222
Valuation metrics (EOP)									
P/B ratio	1.94	1.68	0.98	0.78	0.60	0.60	0.51	0.44	0.45
P/E ratio	17.61	13.93	8.89	9.17	(11.54)	(16.00)	5.04	6.68	4.84 ^a
P/E ratio – TTM									4.64
EV/Sales – TTM	0.31	0.28	0.15	0.12	0.14	0.15	0.06	0.07	0.10
EV/EBITDA – TTM	6.84	5.15	2.77	1.55	3.45	3.82	0.91	1.30	1.78

Note:

a. Using 2023 EPS



MRSGL's Strategy

**1Q 2024
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23 May 2024

MRSGI's Five Strategy Pillars





Q&A

**1Q 2024
Earnings Call and
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23 May 2024



Investor Relations Office

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Annex: Financial Statements

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Statement of Comprehensive Income (1/2)

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three-Months Period ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
REVENUE		
Net sales (Note 15)	₱8,728,611,522	₱8,310,177,510
Rentals (Note 22)	93,759,152	80,176,541
	8,822,370,674	8,390,354,051
COSTS AND EXPENSES		
Cost of sales (Note 17)	6,910,729,365	6,488,674,646
Operating expenses (Note 18)	1,781,476,647	1,745,695,945
	8,692,206,012	8,234,370,591
OPERATING INCOME	130,164,662	155,983,460
OTHER INCOME (CHARGES) (Note 16)		
Interest and other income	61,058,828	62,347,240
Finance costs	(128,749,549)	(134,617,230)
	(67,690,721)	(72,269,990)
INCOME BEFORE INCOME TAX	62,473,941	83,713,470

Statement of Comprehensive Income (2/2)

INCOME BEFORE INCOME TAX	62,473,941	83,713,470
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)		
Current	30,075,591	29,279,075
Deferred	(17,911,137)	(5,607,410)
	12,164,454	23,671,665
NET INCOME	50,309,487	60,041,805
OTHER COMPREHENSIVE (LOSS) INCOME <i>Not to be reclassified to profit or loss in subsequent periods</i>		
Remeasurement (losses) gains on defined benefit obligation	-	-
Income tax effect	-	-
	-	-
TOTAL COMPREHENSIVE INCOME	₱50,309,487	₱60,041,805
Basic/Diluted Earnings Per Share (Note 23)	₱0.02	₱0.02

Statement of Financial Position (1/2)

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2024

(With Comparative Audited Figures as at December 31, 2023)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱3,223,458,676	₱4,154,363,416
Short-term investments (Notes 4 and 25)	285,551,935	-
Receivables (Notes 5 and 25)	688,734,233	1,043,174,346
Merchandise inventories (Note 6)	6,103,347,415	5,866,225,830
Other current assets (Notes 7 and 25)	520,382,040	486,164,132
Total Current Assets	10,821,474,299	11,549,927,724
Noncurrent Assets		
Property and equipment (Note 8)	6,791,580,534	6,373,530,237
Right-of-use ("ROU") assets (Note 22)	4,426,094,325	4,505,295,292
Deferred tax assets - net (Note 21)	483,275,642	450,592,836
Other noncurrent assets (Notes 9 and 25)	664,619,620	784,031,320
Total Noncurrent Assets	12,365,570,121	12,113,449,685
TOTAL ASSETS	₱23,187,044,420	₱23,663,377,409

Statement of Financial Position (2/2)

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 10 and 25)	₱4,467,572,901	₱4,942,167,213
Contract liabilities (Note 11)	94,343,464	107,146,727
Income tax payable	127,839,864	105,455,968
Loans payable – current portion (Note 12)	489,236,111	398,611,111
Lease liabilities - current portion (Notes 22 and 25)	110,970,098	102,340,465
Total Current Liabilities	5,289,962,438	5,655,721,484
Noncurrent Liabilities		
Lease liabilities – net of current portion (Notes 22 and 25)	5,550,057,164	5,580,838,903
Retirement benefit obligation (Note 19)	516,364,517	530,155,045
Loans payable – net of current portion (Note 12)	2,339,054,926	2,456,425,450
Other noncurrent liabilities (Notes 13 and 25)	19,357,528	17,930,465
Total Noncurrent Liabilities	8,424,834,135	8,585,349,863
Total Liabilities	13,714,796,573	14,241,071,347
Equity		
Capital stock (Note 14)	3,429,375,000	3,429,375,000
Additional paid-in capital (Note 14)	2,455,542,149	2,455,542,149
Treasury stock (Note 14)	(254,787,677)	(254,419,975)
Retained earnings (Note 14)	3,761,364,366	3,711,054,879
Share-based equity (Note 14)	5,001,736	5,001,736
Remeasurement losses on defined benefit obligation (Note 19)	75,752,273	75,752,273
Total Equity	9,472,247,847	9,422,306,062
TOTAL LIABILITIES AND EQUITY	₱23,187,044,420	₱23,663,377,409

Statement of Cash Flows (1/2)

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Three-month Periods Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱62,473,941	₱83,713,470
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	168,606,281	146,112,396
Finance costs (Note 16)	128,749,549	134,617,230
Depreciation - ROU assets (Note 22)	72,297,312	90,843,246
Gain on lease contract termination (Note 18)	–	(29,107,167)
Retirement benefits costs (Note 19)	18,612,746	17,379,999
Provision for expected credit losses and write-off of receivables	273,210	–
Loss on retirement/disposal of fixed assets (Note 18)	20,068	18
Foreign currency exchange gains (Note 16)	(5,913,368)	(3,759,284)
Interest income (Note 16)	(42,897,642)	(45,091,575)
Operating income before working capital changes	402,222,097	394,708,333
Decrease (increase) in:		
Receivables	368,165,276	179,907,233
Merchandise inventories	(237,121,585)	(332,811,509)
Other current assets	66,902,498	(73,966,737)
Increase (decrease) in:		
Trade and other payables	(474,430,251)	(1,126,634,961)
Contract liabilities	(12,803,262)	(12,284,828)
Other current liabilities	1,427,063	–
Cash flows generated from (used in) operations	114,361,836	(971,082,469)
Income tax paid	(123,583,770)	(7,635,037)
Interest received	28,899,269	41,872,714
Retirement benefits paid	(32,403,273)	(15,752,305)
Net cash used in operating activities	(12,725,938)	(952,597,097)

Statement of Cash Flows (2/2)

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(418,622,107)	(176,495,521)
Proceeds from insurance claim	-	53,681,402
Increase in short-term investments	(285,551,935)	-
Increase in other noncurrent assets	(48,642,840)	(49,834,817)
Net cash used in investing activities	(752,816,882)	(172,648,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans (Note 12)	(27,777,778)	-
Purchase of treasury stocks (Note 14)	(367,702)	(18,378,921)
Payment of:		
Lease liabilities (Note 22)	(102,672,457)	(130,040,959)
Interest	(40,457,351)	(37,896,841)
Net cash used in financing activities	(171,275,288)	(186,316,721)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(936,818,108)	(1,311,562,754)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	5,913,368	3,759,284
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,154,363,416	5,162,583,002
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	₱3,223,458,676	₱3,854,779,532



MEDIA RELEASE

May 17, 2024

Metro Retail posts net income of PhP50 million in 1Q 2024

17 May 2024, Manila, Philippines – Metro Retail Stores Group, Inc. (MRSGI) registered PhP50.3 million net income in the first quarter of 2024, a dip of 16% from PhP60.0 million of the same period a year ago, mainly due to narrower margins brought by lower share to business of general merchandise.

Despite the relatively lean first quarter post-holiday spending, MRSGI's net sales reached PhP8.7 billion or 4.8% growth from the PhP8.3 billion in the first quarter of 2023. This is the highest recorded first-quarter sales since the Company's public listing in 2015. Furthermore, comparable store sales in the first quarter of 2024 were up by 2.8% year-on-year.

By business, food retail increased by 7.0% versus last year on strong sales of basic groceries. General merchandise edged down by 2.0% amid the spending constraint on discretionary items due to persistent high inflation.

With the reduced share to business of general merchandise, MRSGI's blended gross margin slightly declined to 20.8% in the first quarter of 2024 from 21.0% in the same period last year. Meanwhile, the Company improved its operating efficiency on the back of its cost-saving and optimization initiatives, trimming operating expense to sales ratio to 20.4% in the first three months of 2024 versus the prior year's 21.0%.

Primarily attributable to lower margins, earnings before interest, taxes, depreciation, and amortization (EBITDA) for the first quarter declined by 5.1% to PhP389.2 million compared to PhP410.2 million last year.

The Company maintained a strong cash position of PhP3.2 billion and managed to keep a low level of bank debt-to-equity ratio at 0.30.

Last January, MRSGI opened its Metro Value Mart in Brgy. Gun-ob, Lapu-Lapu City, which brings its current network to 64 stores. The Company also took significant steps towards increasing its presence in the Visayas with the groundbreaking of five supermarkets in strategic areas in Cebu and Leyte.

MRSGI recently inaugurated its 10-hectare Metro Distribution Center in Sta. Rosa, Laguna that aims to strengthen its logistics system and lays the foundation for the expansion pipeline throughout Luzon in the next few years.

"Looking ahead to 2024, we are poised for growth with cautious optimism. Our strategic plans are geared towards calibrated expansion, enhancing our online presence, and continuing to modernize our stores," MRSGI President and COO Manuel Alberto remarked during the Company's 2024 annual stockholders' meeting.

To date, Metro Retail operates a total of 64 branches across Luzon and the Visayas under the store formats Metro Supermarket, Metro Department Store, Super Metro Hypermarket, and Metro Value Mart. The Company also provides online shopping services through shopmetro.ph, allowing customers to choose between home delivery or pick-up at the nearest Metro Store.

A handwritten signature in black ink, appearing to read "Manuel Alberto", is positioned at the bottom right of the page.



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