



2Q & 1H 2024
**Earnings Call and
Analysts' Briefing**

22 August 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.

1H 2024 Financial and Operational Highlights



Net sales increased by

6.1%

to PhP18.00 billion



Gross profit increased by

0.3%

to PhP3.73 billion



EBITDA decreased by

-0.5%

to PhP798.32 million



Net income decreased by

-26.6%

to PhP100.45 million

Total assets

PhP22.52B



Total equity

PhP9.00B



Store network

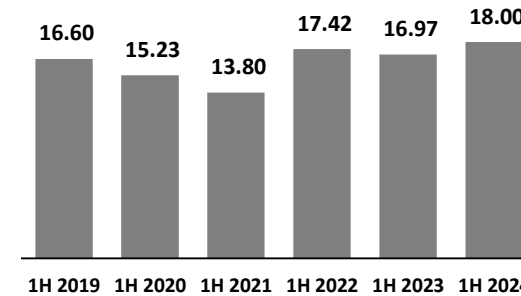
64 stores

- 37 Supermarket
- 15 Department store
- 12 Hypermarket

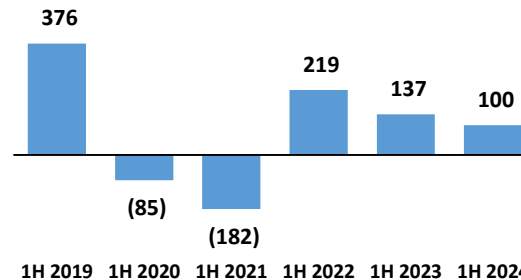


vs. historical financials

Net sales (PhP billions)



Net income (PhP millions)



As of 30 June 2024

Market capitalization

PhP4.16B

Share price

PhP1.28

Book value per share

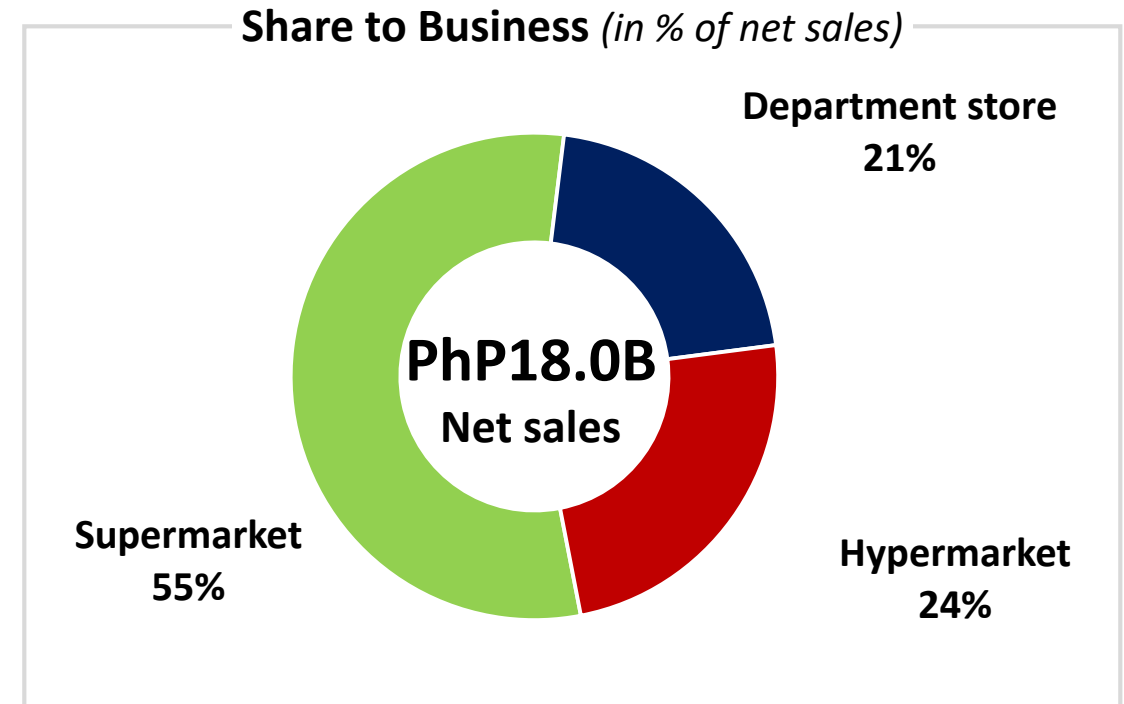
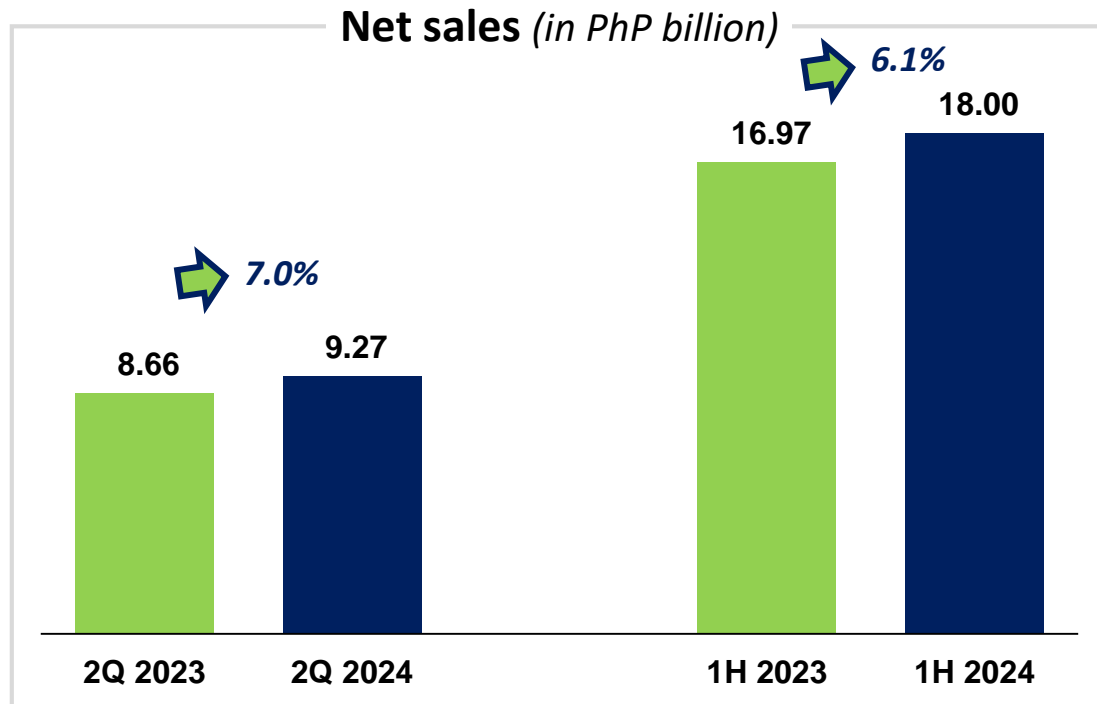
PhP2.77

Earnings per share (1H 2024)

PhP0.03

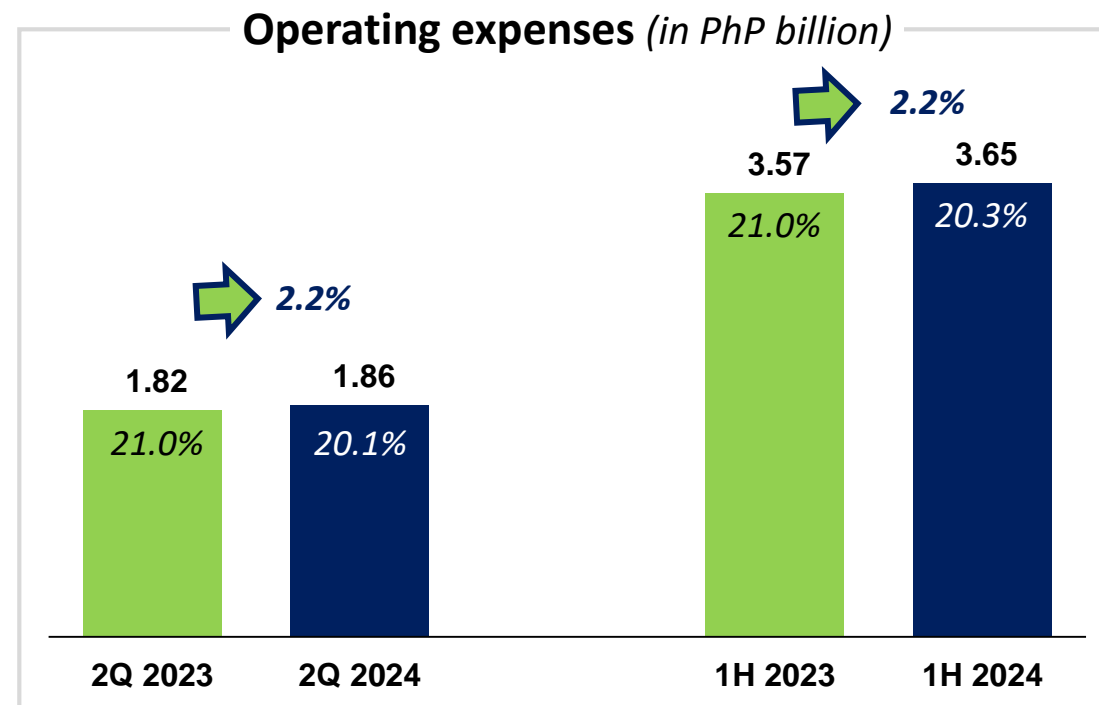
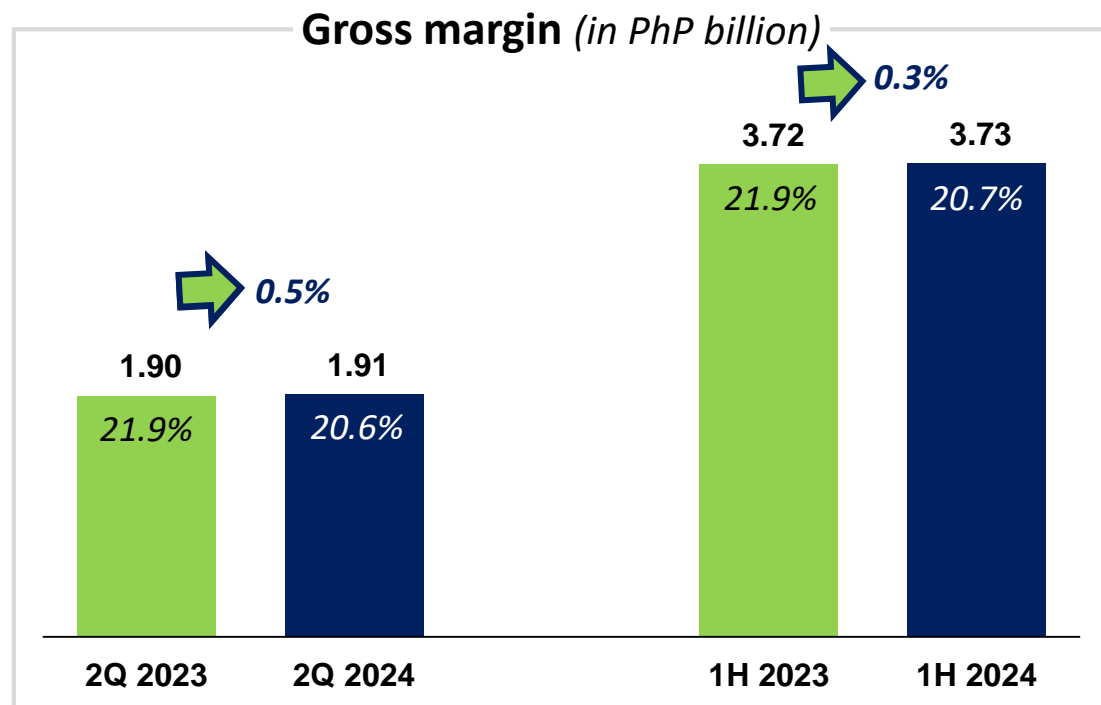
As of 21 August 2024, MRSGL has a market capitalization of PhP3.89 billion. Share price closed at PhP1.20.

Results of operations | Sales



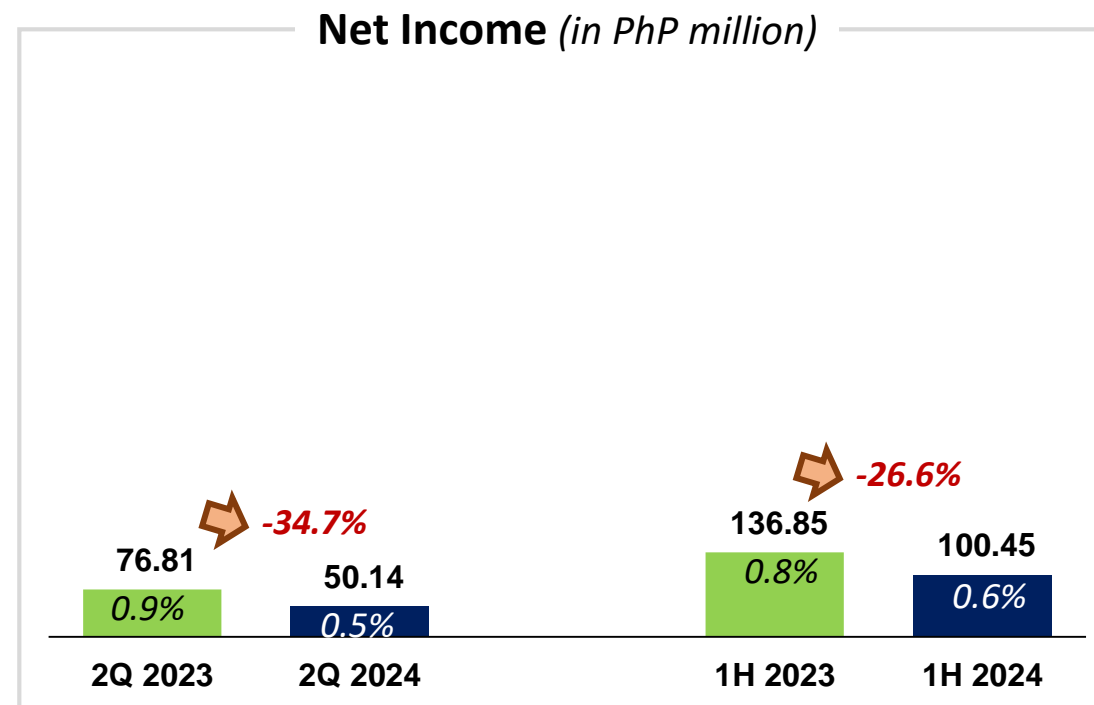
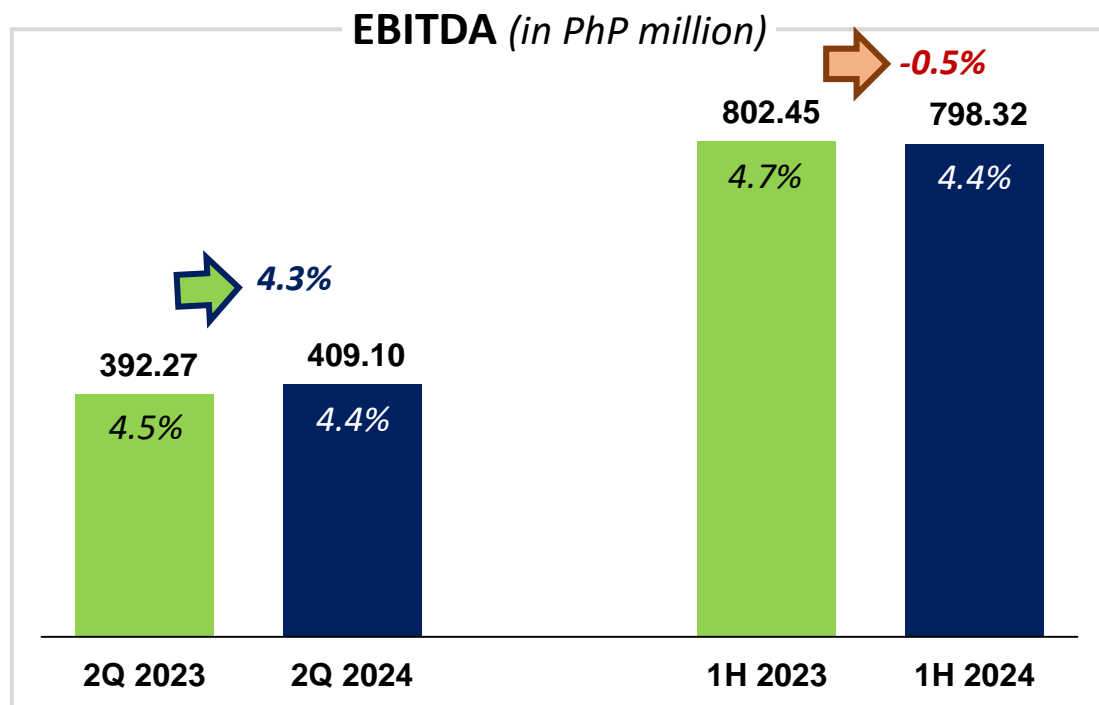
- ❑ Net sales registered a 6.1% growth – driven by improved sales of existing stores and incremental sales from newly opened stores.
- ❑ Blended same-store sales up by 3.8% year-on-year.
- ❑ Food retail sustained strong sales growth at 7.9% while General merchandise was flattish at 0.9% versus last year.

Results of operations | Margin and Opex



- ❑ Taking into account the growing share of food retail in the total business, blended gross margin slightly declined to 20.7% in the first half of 2024 from 21.9% in the same period last year.
- ❑ Operating expense increased marginally by 2.2% on an absolute basis, and declined by 70 bps in percentage terms year-on-year; continued to realize operating efficiency from cost-saving initiatives

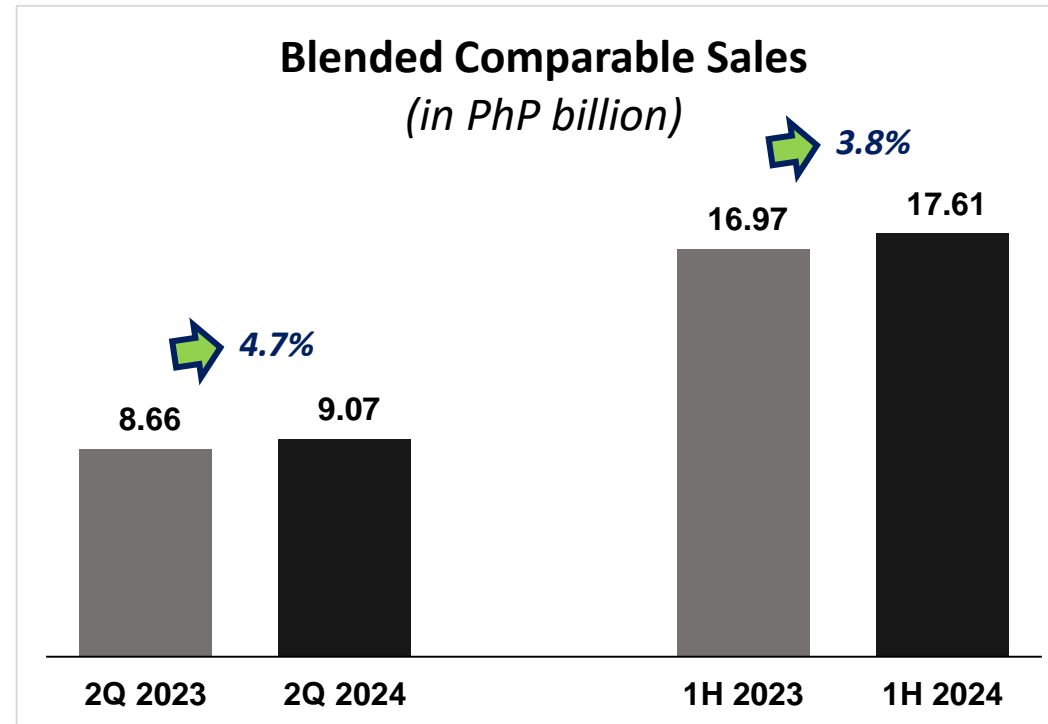
Results of operations | EBITDA and Net Income



- ❑ EBITDA recorded a 4.3% improvement compared to the same period last year, bringing the total EBITDA flattish vs last year
- ❑ As a result of lower blended margin on growing share of food retail to the business, as well as increases in non-cash charges owing to the Company's expansion program, net income recorded a dip in first six months of the year from the same period last year.

Results of operations | Comparable store sales

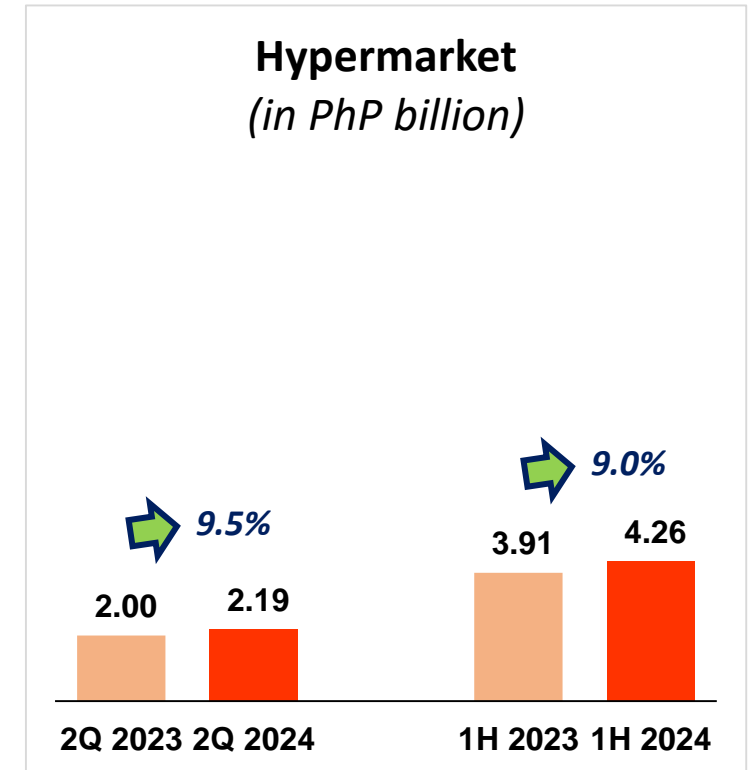
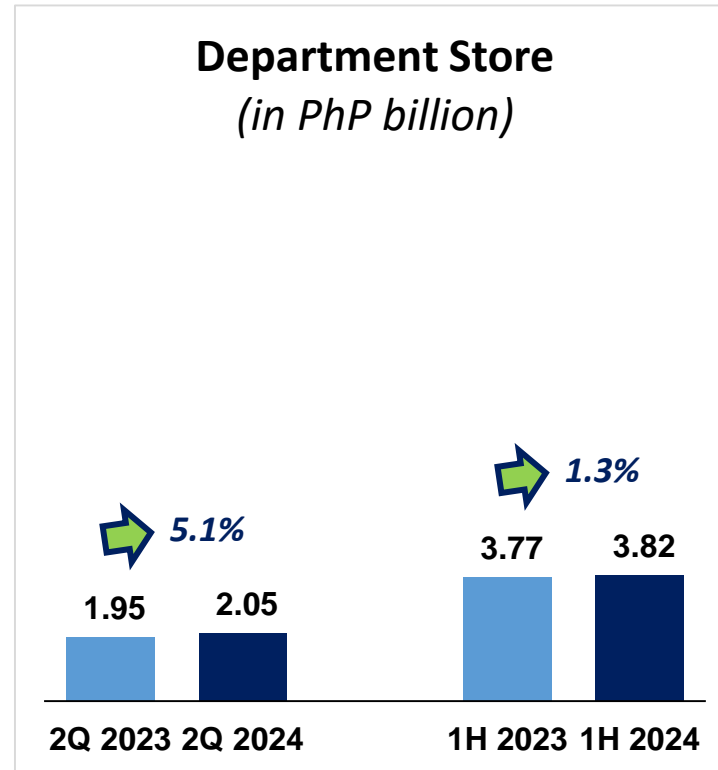
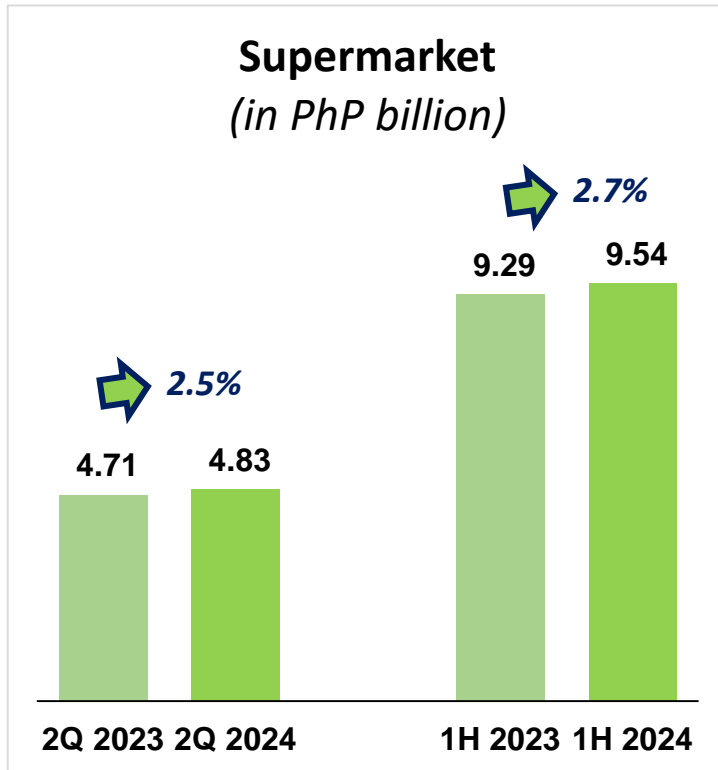
Blended comparable sales continued to improve



- ❑ Same-store sales increased by 4.7% compared to the same quarter a year ago and faster than the 2.8% growth it registered in the first three months. This brings the blended same-store sales growth to 3.8% for the first half of 2024.

Results of operations | Comparable store sales

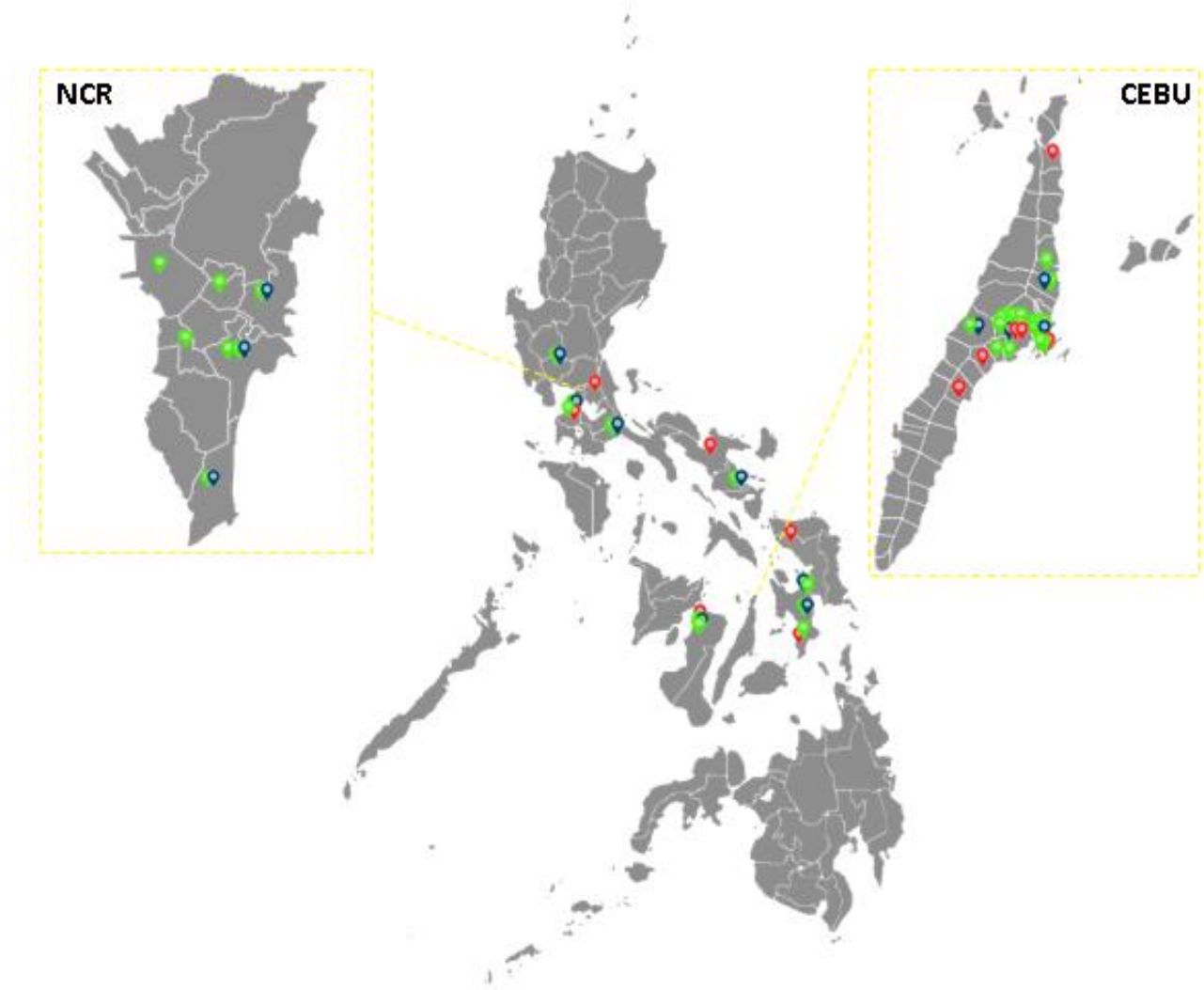
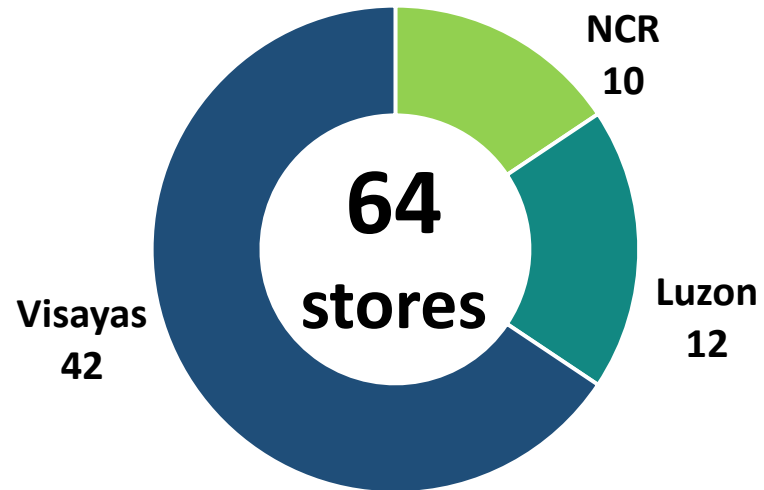
Comparable sales across all formats increased



☐ Comparable sales increased across all formats for the second quarter and year-to-date. Hypermarket posted the highest growth.

MRSGI existing store network

Geographical composition of store network
(as of end-June 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:

Q1 activities – store and warehouse openings, groundbreaking

Opening of Metro Distribution Center in Sta. Rosa, Laguna



Opening of Metro Value Mart Gun-ob (Jan 2024)



Groundbreaking of five (5) supermarkets in the Visayas



Metro Supermarket
Dalaguete, Cebu



Metro Value Mart
Brgy. Tangke, Talisay City, Cebu



Metro Value Mart
Brgy. Poblacion, Talisay City, Cebu



Metro Supermarket
Liloan, Cebu



Metro Supermarket
Isabel, Leyte

Network expansion:

Opening of Metro Home Improvement in July 2024

The Company has launched its first Metro Home Improvement store at Marquee Mall, Angeles.

Spanning 1,000 square meters, the Metro Home Improvement store is designed to cater to homeowners and DIY enthusiasts. It offers a broad selection of hardware, lawn & garden, car care, pet care, appliances, electronics, appliances, housewares, and storage solutions, all organized in clearly marked sections for convenient shopping.



MRSGI network expansion:

Soft opening of Metro Supermarket in Catbalogan City, Samar



METRO Supermarket

CATBALOGAN CITY

SOFT OPENING

AUGUST 24, 2024

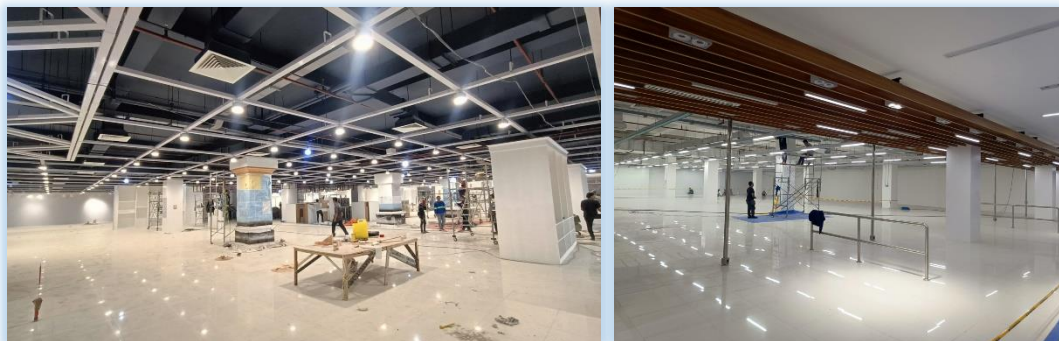
#WeMakeLifeEasy

A promotional graphic for the soft opening of a Metro Supermarket in Catbalogan City. It features a woman in a red shirt pushing a shopping cart filled with fresh produce and groceries. The background shows a modern Metro Supermarket building with various brand logos like Nike and Pura. The text is set against a green and gold gradient background.



MRSGI network expansion: *Ongoing construction*

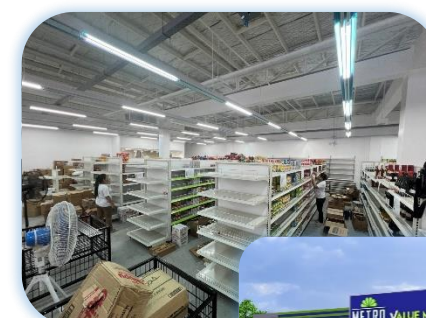
Hinigaran, Negros Occidental



Metro Value Mart Brgy. Tangke, Talisay City, Cebu



Metro Value Mart Brgy. Poblacion, Talisay City, Cebu



Metro Supermarket Liloan, Cebu



MRSGI network expansion: *Ground breaking in Naval, Biliran*



Recent events | More Metro Retail Stores gain DTI Gold Bagwis Awards

Received additional 10 awards to various store locations in June 2024

MRSGI honored with 10 DTI Gold Bagwis Awards for Excellence

This recognition highlights MRSGI's unwavering commitment to consumer protection, exceptional customer service, and the highest standards of business practices.

The newly awarded branches include:

- Metro Supermarket Carmen
- Super Metro Carcar
- Super Metro Bogo
- Metro Supermarket Mactan
- Metro Supermarket Banilad
- Super Metro Lapu-Lapu (supermarket & department store)
- Metro Mandaue (supermarket, department store, & appliance)

This recent achievement elevates MRSGI's total active DTI Bagwis Awards to 46, comprising 31 supermarkets, 12 department stores, and 3 appliance stores



Key financial indicators

<i>Currency: PhP million</i>	2016	2017	2018	2019	2020	2021	2022	2023	1H 2024
Financial highlights									
Net sales	34,411	35,016	33,050	36,790	31,286	31,211	38,102	38,272	18,000
EBITDA	1,547	1,877	1,781	2,785	1,273	1,220	2,680	2,167	798
Net income	789	977	965	776	(450)	(318)	917	618	100
Financial soundness indicator									
Current Ratio	2.14	2.41	2.01	1.47	1.45	1.71	2.34	2.04	1.93
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)	0.06
Earnings per share (PhP)	0.23	0.28	0.28	0.23	(0.13)	(0.09)	0.28	0.19	0.03
Earnings per share - TTM (PhP)									0.18
Stock data									
Share price (PhP) – EOP	4.05	3.90	2.49	2.11	1.50	1.44	1.41	1.27	1.28
Market capitalization – EOP	13,889	13,375	8,539	7,236	5,144	4,833	4,628	4,125	4,156
Valuation metrics (EOP)									
P/B ratio	1.94	1.68	0.98	0.78	0.60	0.60	0.51	0.44	0.46
P/E ratio	17.61	13.93	8.89	9.17	(11.54)	(16.00)	5.04	6.68	6.74 ^a
P/E ratio – TTM									7.11
EV/Sales – TTM	0.31	0.28	0.15	0.12	0.14	0.15	0.06	0.07	0.12
EV/EBITDA – TTM	6.84	5.15	2.77	1.55	3.45	3.82	0.91	1.30	2.16

Note:

a. Using 2023 EPS



MRSGL's Strategy

**2Q & 1H 2024
Earnings Call and
Analysts' Briefing**

22 August 2024

MRSGI's Five Strategy Pillars





Q&A

**2Q & 1H 2024
Earnings Call and
Analysts' Briefing**

22 August 2024



Investor Relations Office

Mr. Arnold M. Leoncio

VP for Business Development and Investor Relations

email: arnold.leoncio@metroretail.ph

Thank you!

Visit us at:



www.metroretail.com.ph
shopmetro.ph

Like/Follow us on:



facebook.com/TheMetroStores



[@TheMetroStores](https://twitter.com/TheMetroStores)



[@themetrostores.ph](https://www.instagram.com/themetrostores.ph)

Connect with us on:



linkedin.com/company/metro-retail-stores-group/

Annex: Financial Statements

**2Q & 1H 2024
Earnings Call and
Analysts' Briefing**

22 August 2024

Statement of Comprehensive Income (1/2)

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
REVENUE				
Net sales (Note 15)	₱9,271,225,544	₱8,664,119,164	₱17,999,837,066	₱16,974,296,674
Rental (Note 22)	96,180,997	76,309,572	189,940,149	156,486,113
	9,367,406,541	8,740,428,736	18,189,777,215	17,130,782,787
COSTS AND EXPENSES				
Cost of sales (Note 17)	7,362,367,752	6,765,062,748	14,273,097,117	13,253,737,393
Operating expenses (Note 18)	1,864,838,502	1,823,808,877	3,646,315,149	3,569,504,822
	9,227,206,254	8,588,871,625	17,919,412,266	16,823,242,215
OPERATING INCOME	140,200,287	151,557,111	270,364,949	307,540,572
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	46,962,985	51,404,115	108,021,813	113,751,355
Finance costs	(120,461,935)	(102,118,789)	(249,211,484)	(236,736,019)
	(73,498,950)	(50,714,674)	(141,189,671)	(122,984,664)
INCOME BEFORE INCOME TAX	66,701,337	100,842,437	129,175,278	184,555,908
PROVISION FOR INCOME TAX (Note 21)				
Current	28,315,773	37,354,631	58,391,364	66,633,705
Deferred	(11,754,712)	(13,320,343)	(29,665,849)	(18,927,753)
	16,561,061	24,034,288	28,725,515	47,705,952
NET INCOME	50,140,276	76,808,149	100,449,763	136,849,956

Statement of Comprehensive Income (2/2)

INCOME BEFORE INCOME TAX	66,701,337	100,842,437	129,175,278	184,555,908
PROVISION FOR INCOME TAX (Note 21)				
Current	28,315,773	37,354,631	58,391,364	66,633,705
Deferred	(11,754,712)	(13,320,343)	(29,665,849)	(18,927,753)
	16,561,061	24,034,288	28,725,515	47,705,952
NET INCOME	50,140,276	76,808,149	100,449,763	136,849,956
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gains (losses) on defined benefit obligation	-	-	-	-
Income tax effect	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	₱50,140,276	₱76,808,149	₱100,449,763	₱136,849,956
Basic/Diluted Earnings Per Share (Note 23)	₱0.02	₱0.02	₱0.03	₱0.04

Statement of Financial Position (1/2)

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2024

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱2,183,827,747	₱4,154,363,416
Short-term investments (Notes 4 and 25)	286,996,559	-
Receivables (Notes 5 and 25)	750,655,339	1,043,174,346
Merchandise inventories (Note 6)	5,997,717,838	5,866,225,830
Other current assets (Notes 7 and 25)	556,100,284	486,164,132
Total Current Assets	9,775,297,767	11,549,927,724
Noncurrent Assets		
Property and equipment (Note 8)	7,081,287,278	6,373,530,237
Right-of-use ("ROU") assets (Note 22)	4,480,459,428	4,505,295,292
Deferred tax assets - net (Note 21)	519,646,704	450,592,836
Other noncurrent assets (Notes 9 and 25)	667,844,954	784,031,320
Total Noncurrent Assets	12,749,238,364	12,113,449,685
TOTAL ASSETS	₱22,524,536,131	₱23,663,377,409

Statement of Financial Position (2/2)

LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables (Notes 10 and 25)	₱4,410,106,328	₱4,942,167,213
Contract liabilities (Note 11)	79,423,079	107,146,727
Income tax payable	18,854,078	105,455,968
Loans payable – current portion (Note 12)	473,611,111	398,611,111
Lease liabilities - current portion (Notes 22 and 25)	89,123,857	102,340,465
Total Current Liabilities	5,071,118,453	5,655,721,484

Noncurrent Liabilities

Lease liabilities – net of current portion (Notes 22 and 25)	5,655,617,857	5,580,838,903
Retirement benefit obligation (Note 19)	529,331,885	530,155,045
Loans payable – net of current portion (Note 12)	2,221,688,727	2,456,425,450
Other noncurrent liabilities (Notes 13 and 25)	45,733,863	17,930,465
Total Noncurrent Liabilities	8,452,372,332	8,585,349,863
Total Liabilities	13,523,490,785	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)	(256,466,614)	(254,419,975)
Retained earnings (Note 14)	3,291,840,802	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	9,001,045,346	9,422,306,062

TOTAL LIABILITIES AND EQUITY	₱22,524,536,131	₱23,663,377,409
-------------------------------------	------------------------	------------------------

Statement of Cash Flows (1/2)

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Six-month Periods Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱129,175,278	₱184,555,908
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	338,844,070	297,377,920
Finance costs (Note 16)	249,211,484	236,736,019
Depreciation - ROU assets (Note 22)	145,540,699	165,512,695
Gain on lease contract termination (Note 18)	-	(29,107,167)
Retirement benefits costs (Note 19)	36,303,675	34,840,839
Provision for expected credit losses and write-off of receivables	303,668	-
Loss on retirement/disposal of fixed assets (Note 16)	31,258	1,204,754
Foreign currency exchange gains (Note 16)	(18,139,936)	(4,787,301)
Interest income (Note 16)	(64,430,733)	(81,713,187)
Operating income before working capital changes	816,839,463	804,620,480
Decrease (increase) in:		
Receivables	294,251,836	293,497,366
Merchandise inventories	(131,492,008)	(142,864,036)
Other current assets	(87,794,236)	(107,159,949)
Increase (decrease) in:		
Trade and other payables	(532,768,055)	(1,354,642,297)
Contract liabilities	(27,723,647)	(15,294,811)
Other current liabilities	27,803,398	8,978,763
Cash flows generated from (used in) operations	359,116,751	(512,864,484)
Income tax paid	(166,523,190)	(76,118,498)
Interest received	62,394,236	70,441,020
Retirement benefits paid	(37,126,834)	(9,818,237)
Net cash provided by (used in) operating activities	217,860,963	(528,360,199)

Statement of Cash Flows (2/2)

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(808,544,660)	(553,674,673)
Proceeds from insurance claim	-	53,681,402
Increase in short-term investments	(286,996,559)	-
Increase in other noncurrent assets	(121,901,344)	(186,037,304)
Net cash used in investing activities	(1,217,442,563)	(686,030,575)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans (Note 12)	(161,805,556)	(43,402,778)
Purchase of treasury stocks (Note 14)	(2,046,639)	(44,134,002)
Payment of:		
Lease liabilities (Note 22)	(225,520,819)	(222,414,790)
Dividends payable (Note 14)	(519,663,840)	(196,149,340)
Interest	(80,057,151)	(79,026,336)
Net cash used in financing activities	(989,094,005)	(585,127,246)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,988,675,605)	(1,799,518,020)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	18,139,936	4,787,301
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)	₱2,183,827,747	₱3,367,852,283



MEDIA RELEASE

August 22, 2024

Metro Retail continues sales growth in first half of 2024; records PhP100.4 million net income

22 August 2024, Manila, Philippines – Metro Retail Stores Group, Inc. (MRSGI) generated PhP18.0 billion in net sales for the first half of 2024, representing 6% growth year-on-year driven by improved sales of existing stores and incremental sales from newly opened stores. For the second quarter, the Company posted PhP9.3 billion in net sales or a 7% increase from last year.

Same-store sales for the quarter ending June expanded by 4.7% compared to the same quarter a year ago and stronger than the 2.8% growth registered in the first quarter – bringing the blended same-store sales growth for the first half of 2024 to 3.8%.

By business, food retail sustained strong sales growth for the first six months at 7.9% on basic grocery items and additional sales from the supermarkets that were opened last year. General merchandise was flattish at 0.9% versus the prior year.

Blended gross margin in the first half of 2024 however, decreased to 20.7% from 21.9% in the same period last year, due to the higher share of food retail in total business, notably the lower margin wholesale category and the unwinding of excess inventory.

The decline in margin was slightly offset by the improvement in operating expense to sales ratio to 20.3% versus the prior year's 21.0%, as the Company continued to realize operating efficiency from cost management initiatives.

With the lower blended margin counterbalanced by the savings on expenses, six-month EBITDA (earnings before interest, taxes, depreciation, and amortization) ended at PhP798.3 million, flattish versus the prior year's PhP802.5 million. For the second quarter, EBITDA was 4.3% higher than the same period last year, better than the first-quarter performance.

Despite the respectable cash earnings, increases in non-cash charges and depreciation owing to the Company's expansion program pulled down the overall net income after tax for the first half of 2024 to PhP100.4 million vs PhP136.8 million last year.

"With the improved momentum from the second quarter and going into the second half of 2024, the Company continues to hold an optimistic outlook for the rest of the year on the back of improvement in sales growth, cost management, and the projected opening of new stores planned in the third and fourth quarters," MRSGI President and COO Manuel Alberto remarked.

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. In its recent Annual Stockholder's Meeting last May 2024, MRSGI has set a goal to have a network of 160 stores by 2027.

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.



Disclaimer

The materials and figures in this presentation and other documents are for informational purposes only and are not, in any way, a form of solicitation for the purchase or sale of any securities or financial instruments or to provide any investment service or investment advice. Information in the presentations may contain certain forward looking statements with respect to the financial condition, results of operations, and other businesses of Metro Retail Stores Group Inc. (MRSGL). Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of MRSGL to be materially different from any future results or performance expressed or implied by said forward looking statements. Statements, materials, figures, and other information; forward looking or otherwise; were based on numerous assumptions regarding MRSGL's present and future business strategies as well as the political and economic environment in which MRSGL will operate in the future.