

COVER SHEET

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SEC Registration Number

PUREGOLD PRICE CLUB, INC.

(Company's Full Name)

NO. 900 ROMUALDEZ ST., PACO,
MANILA

(Business Address: No. Street City/Town/Province)

CANDY DACANAY-DATUON

(Contact Person)

(02) 524-4451/ 523-3055

(Company Telephone Number)

1 2 3 1

Month Day

LETTER/MISC

(Form Type)

0 5 0 8

Month Day

(Secondary License Type, If Applicable)

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowing

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier



30 April 2012

Director Justina F. Callangan
Corporate Finance Division
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills,
Mandaluyong City, Metro Manila



Attention: Ms. Trixie Posadas, SEC Analyst

Dear Director Callangan:

Please be informed that Puregold Price Club, Inc. (PGOLD) conducted an Investors Presentation on 26 April 2012 at Singapore and on 27 April 2012 at Hongkong.

Enclosed herewith is the presentation material which PGOLD used during the said Investors' Presentation.

Thank you.

Very truly yours,


ATTY. CANDY H. DACANAY-DATUON
Compliance Officer



PUREGOLD PRICE CLUB, INC.

Investor Presentation

26-27 April 2012

Disclaimer



PUREGOLD

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Sa  PUREGOLD , Always Panalo!

1. Update on Puregold

Business vision and mission



“To be the most customer-oriented hypermarket offering one-stop shopping convenience and best value for money to our Customers”



Sa PUREGOLD, Always Panalo!

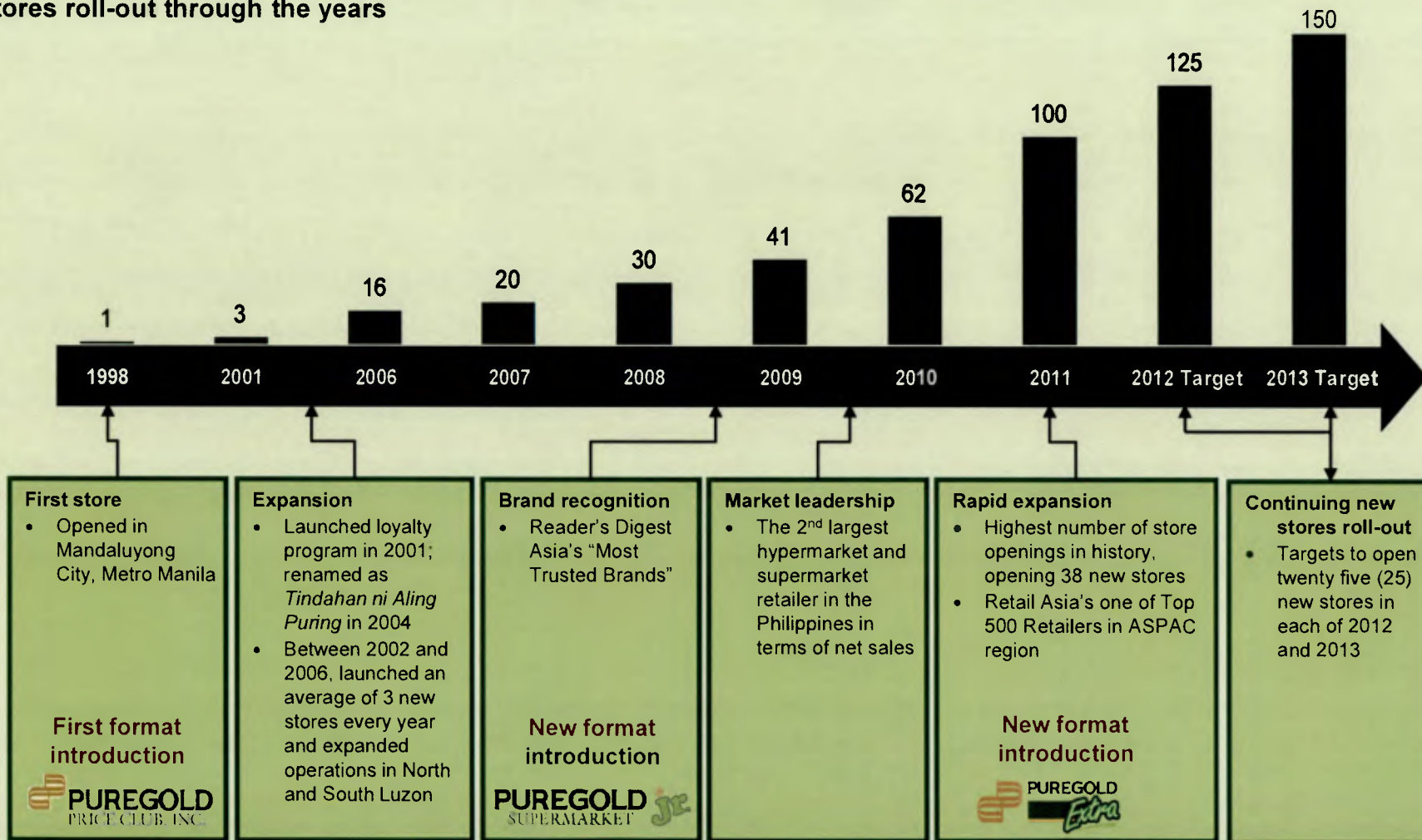
The mission of our company is to:

- ➔ Commit to profitable growth and results for our stockholders
- ➔ Provide products, services and business opportunities to every Filipino family
- ➔ Establish lasting relationships with our suppliers and business partners
- ➔ Strive to promote the personal and professional development of our employees

History and development



Stores roll-out through the years



Rapid store expansion from 1 to 100 stores in 13 years

Operating Statistics – Q1 2012



Formats	Hypermarket	Supermarket	Discounter
No. of stores	62	28	11
Net selling area (sqm)	186,158	25,436	4,528
Avg. net selling space (sqm)	3,003	908	412
Net selling area composition	<p>Hypermarket (Price Club) 86.1% Supermarket (Junior) 11.8% Discounter (Extra) 2.1%</p>		
No. of stock-keeping units (SKUs)	30,000 – 50,000	Up to 8,000	1,500 – 2,000
Locations	Close proximity to major intersections and transportation hubs	Residential areas	Residential areas
Customer targets	Retail consumers (65%) & re-sellers (35%)	Retail consumers	Re-sellers and retail consumers
Wide Product Distribution	<p>Non-food 26% Food 74%</p>	<p>Non-food 20% Food 80%</p>	<p>Non-food 25% Food 75%</p>

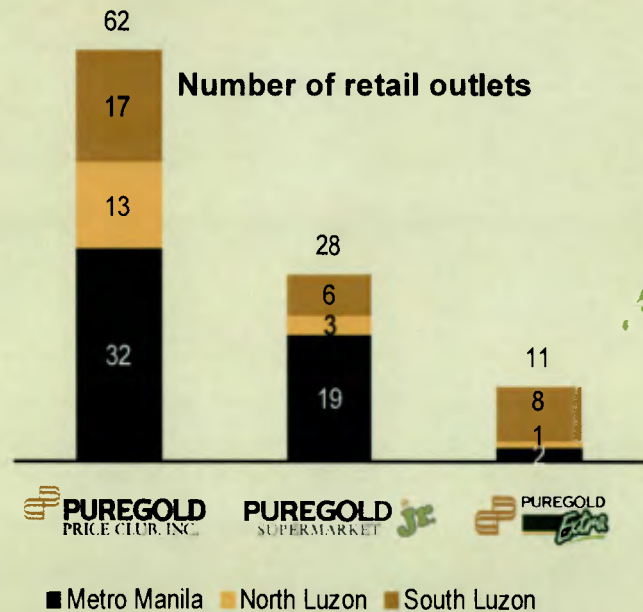
Store Portfolio – Q1 2012



Key statistics

No. of stores	• 101
Presence in	• 31 cities and 24 municipalities
Net selling area	• 216,122 sqm

Geographic coverage

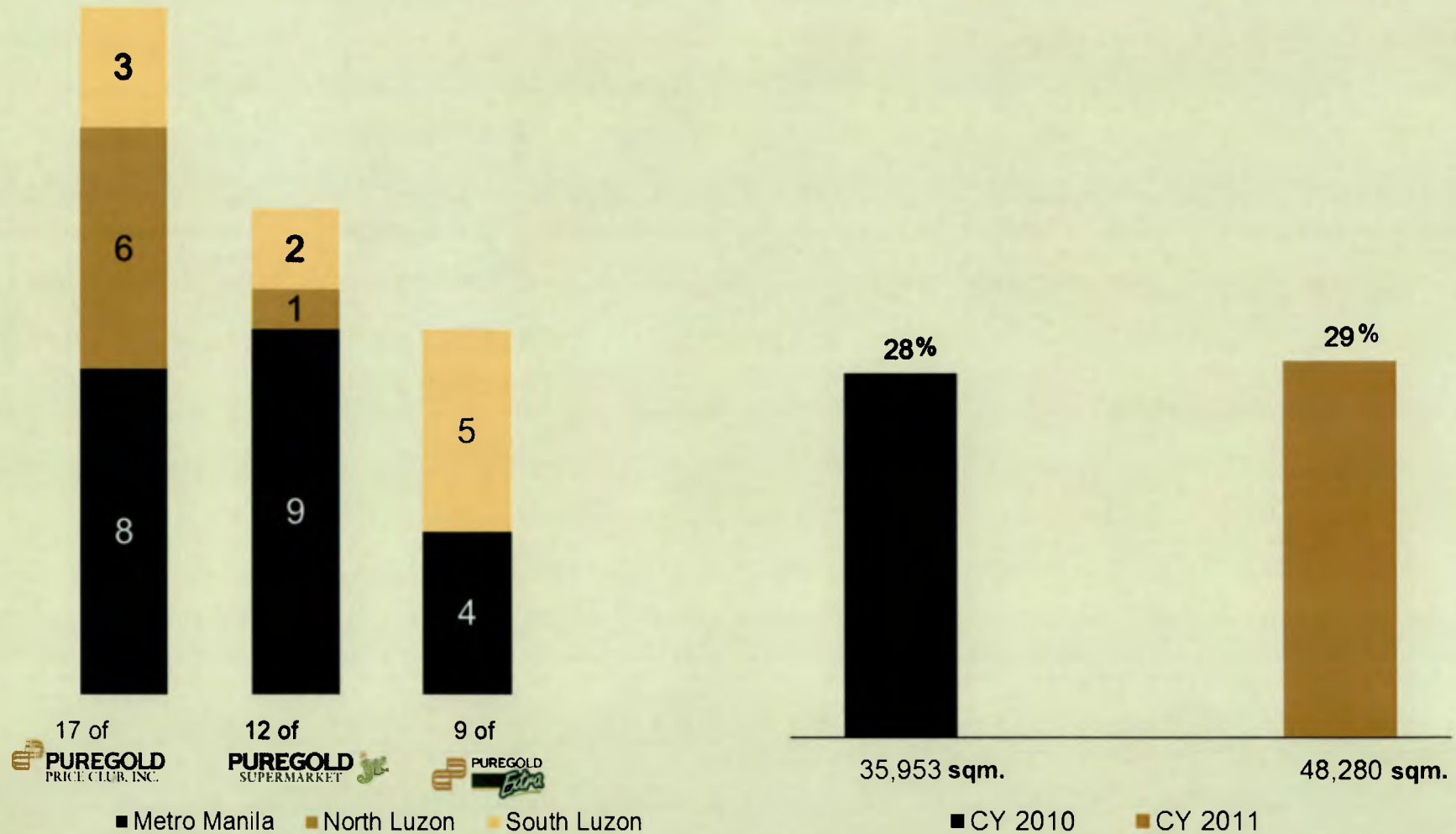


Store Rollout



Per format location distribution of 38 new stores in CY 2011

Expansion in net selling area

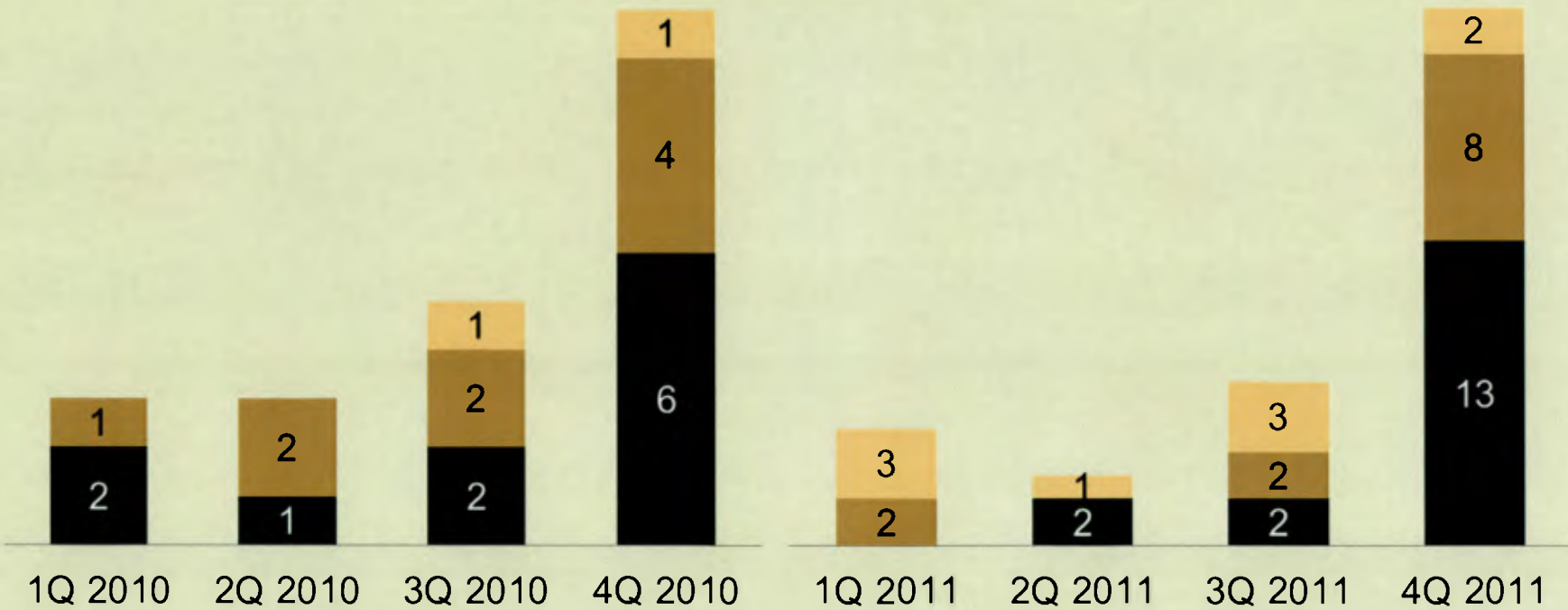


Store Rollout



Roll-out profile of new stores

■ Hypermarket ■ Junior ■ Extra ■ Hypermarket ■ Junior ■ Extra



Financial Performance – CY 2011



Format	Hypermarket	Supermarket	Discounter
No. of stores	61	28	11
Net sales per format (PHP million)	33,556.5	4,694.7	736.7
Revenue contribution	<p>Hypermarket (Price club) 86.1%</p> <p>Supermarket (Junior) 12.0%</p> <p>Discounter (Extra) 1.9%</p>		
Gross profit per format (PHP million)	4,668.7 (13.9%)	766.3 (16.3%)	99.8 (13.6%)
Sales per square meter (PHP)	181,609	184,572	162,687
Total traffic (million)	52	14	2
Average net ticket (PHP)	642	340	329
Net sales growth (%)	22	96	1,620
Traffic growth (%)	17	78	2,097
Average net ticket growth (%)	4	11	-22
Like-for-like net sales growth (%)	6	14	
Like-for-like traffic growth (%)	1	8	
Like-for-like average net ticket growth (%)	5	6	

Financial Performance – Q1 2012



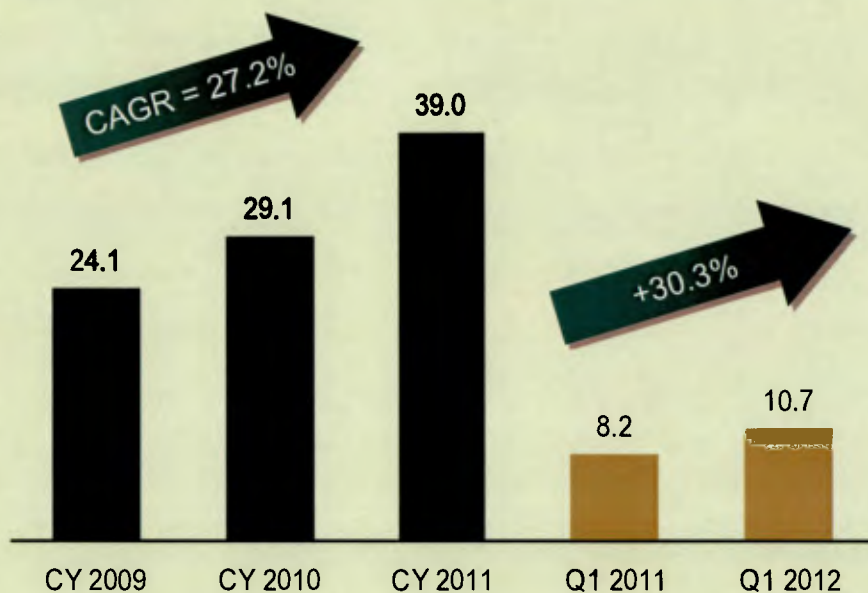
Format	Hypermarket	Supermarket	Discounter
No. of stores	62	28	11
Net sales per format (PHP million)	8,912.7	1,539.7	288.0
Revenue contribution	<p>Hypermarket (Price club) 83.0% Supermarket (Junior) 14.3% Discounter (Extra) 2.7%</p>		
Gross profit per format (PHP million)	1,448.2 (16.2%)	253.0 (16.4%)	40.1 (13.9%)
Sales per square meter (PHP)	47,877	60,533	63,597
Total traffic (million)	14.3	4.7	1.0
Average net ticket (PHP)	623	330	302
Net sales growth (%)	22	78	226
Traffic growth (%)	20	71	289
Average net ticket growth (%)	2	4	-16
Like-for-like net sales growth (%)	4	12	28
Like-for-like traffic growth (%)	-2	7	-12
Like-for-like average net ticket growth (%)	6	5	45

Financial Performance



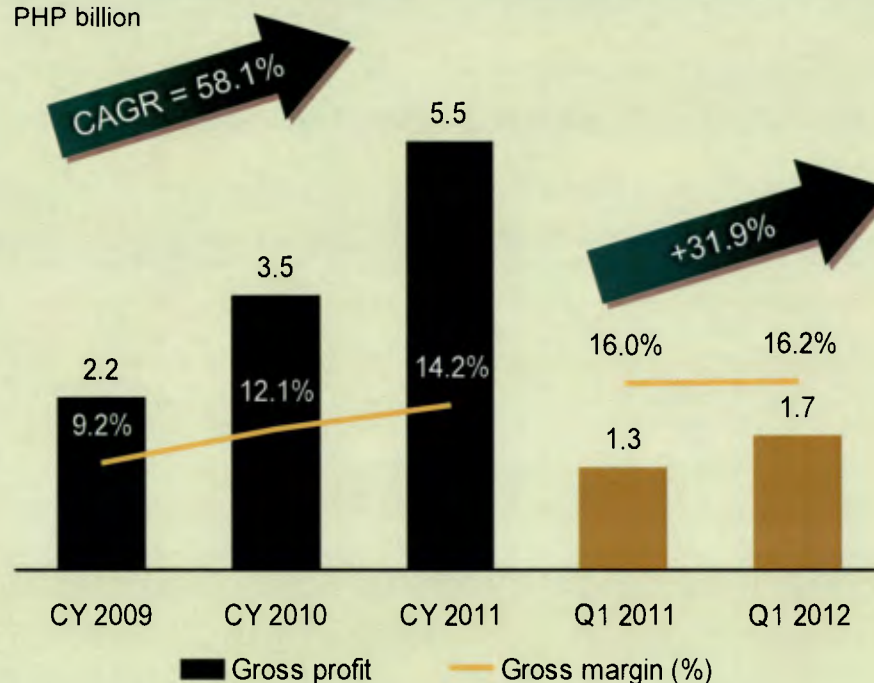
Revenues

PHP billion



Gross profit

PHP billion



- Strong revenue growth driven by continuing store roll out
- Scale of operations resulted to stronger support from suppliers in terms of discount and rebates
- Gross margins have improved from 9.2% to 14.2% in 2011

Note:

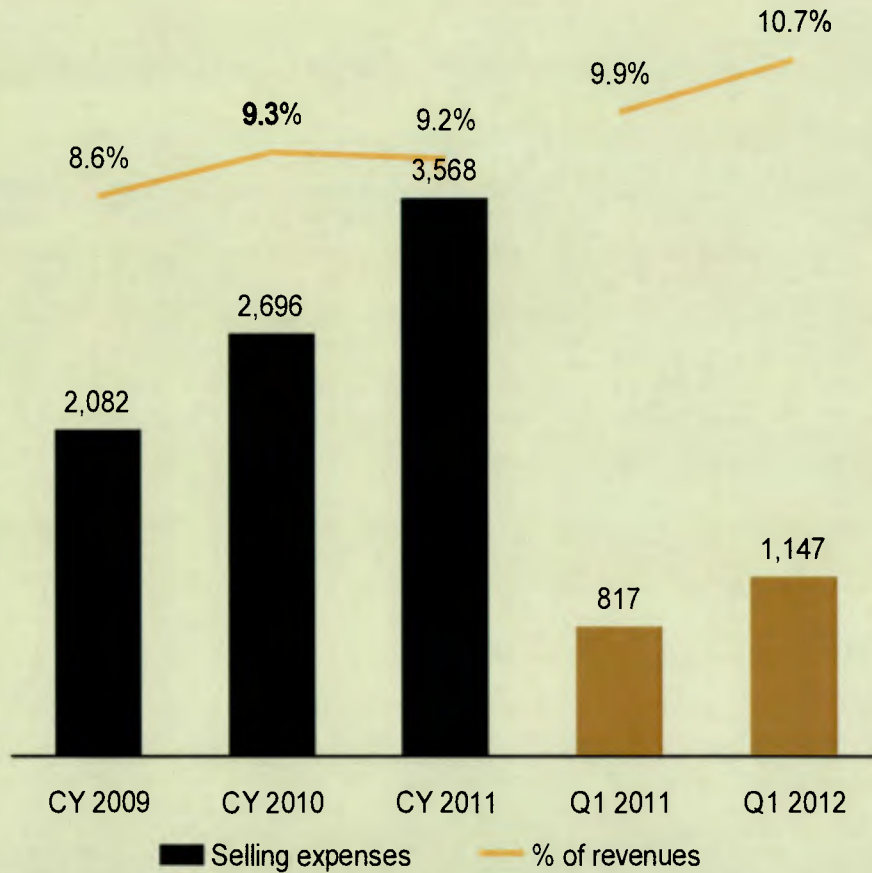
Puregold Junior results were consolidated from 2H 2010 onwards

Financial Performance



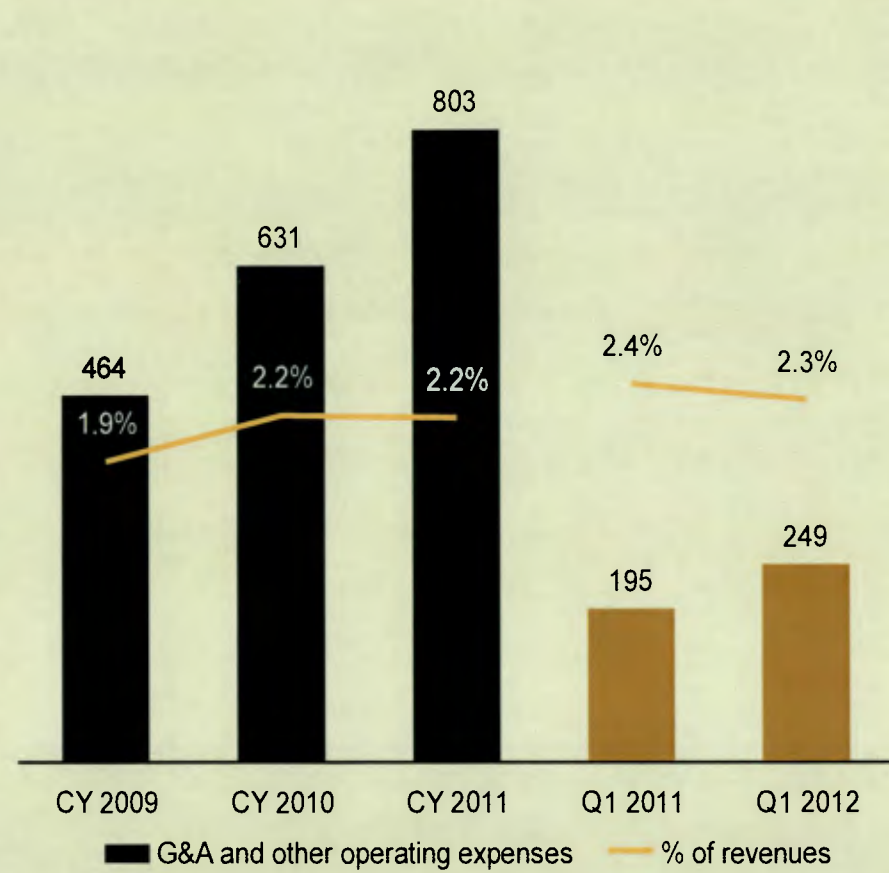
Selling expenses

PHP million



General and administrative and Other operating expenses

PHP million



Note:
Puregold Junior results were consolidated from 2H 2010 onwards

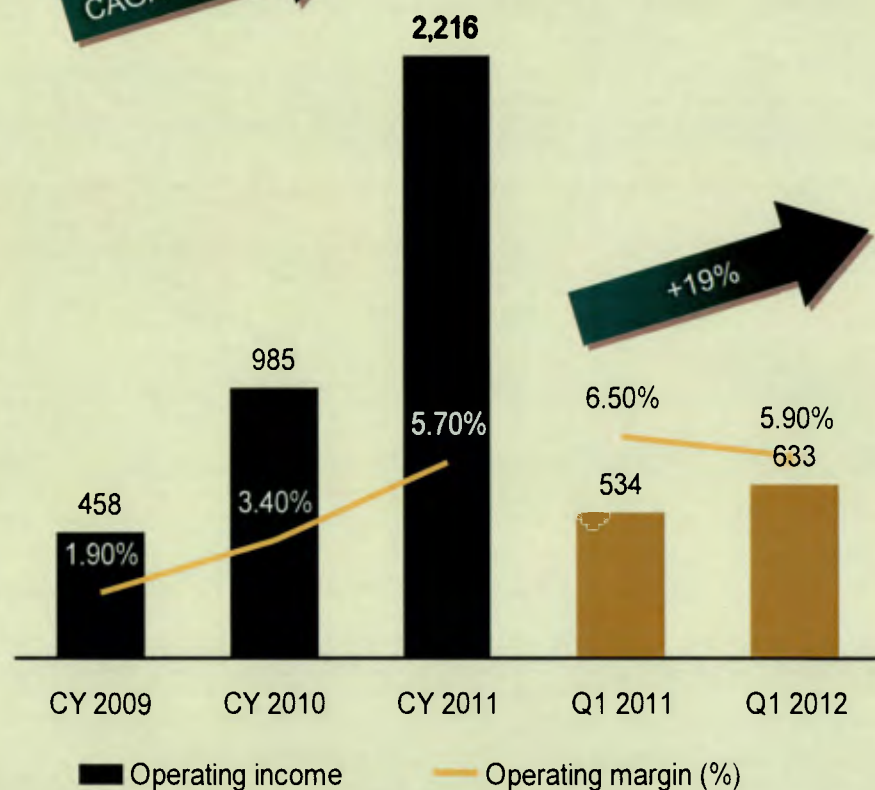
Financial Performance



Operating income

PHP million

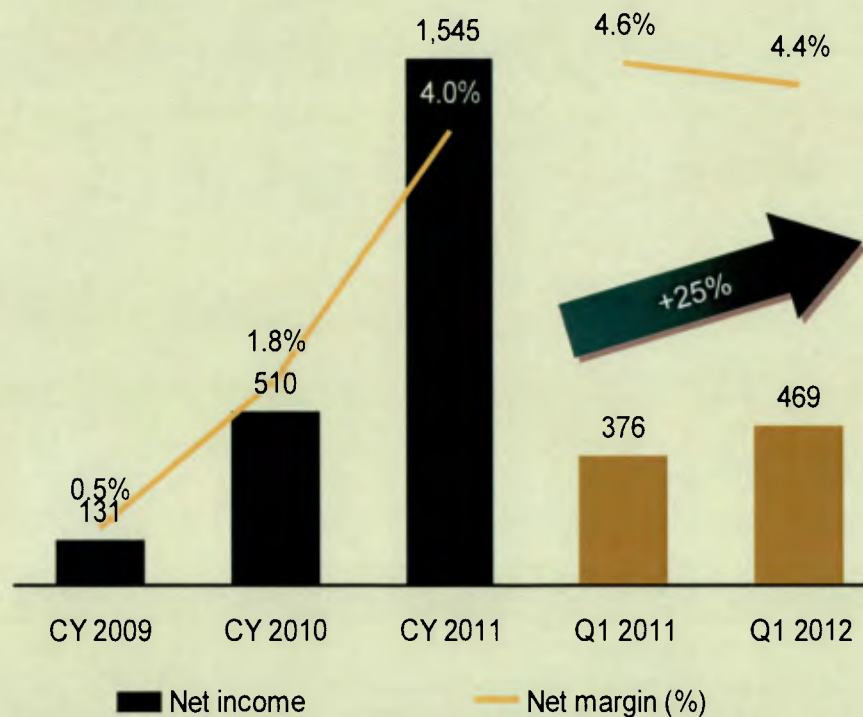
CAGR = 119.9%



Net income

PHP million

CAGR = 243.4%

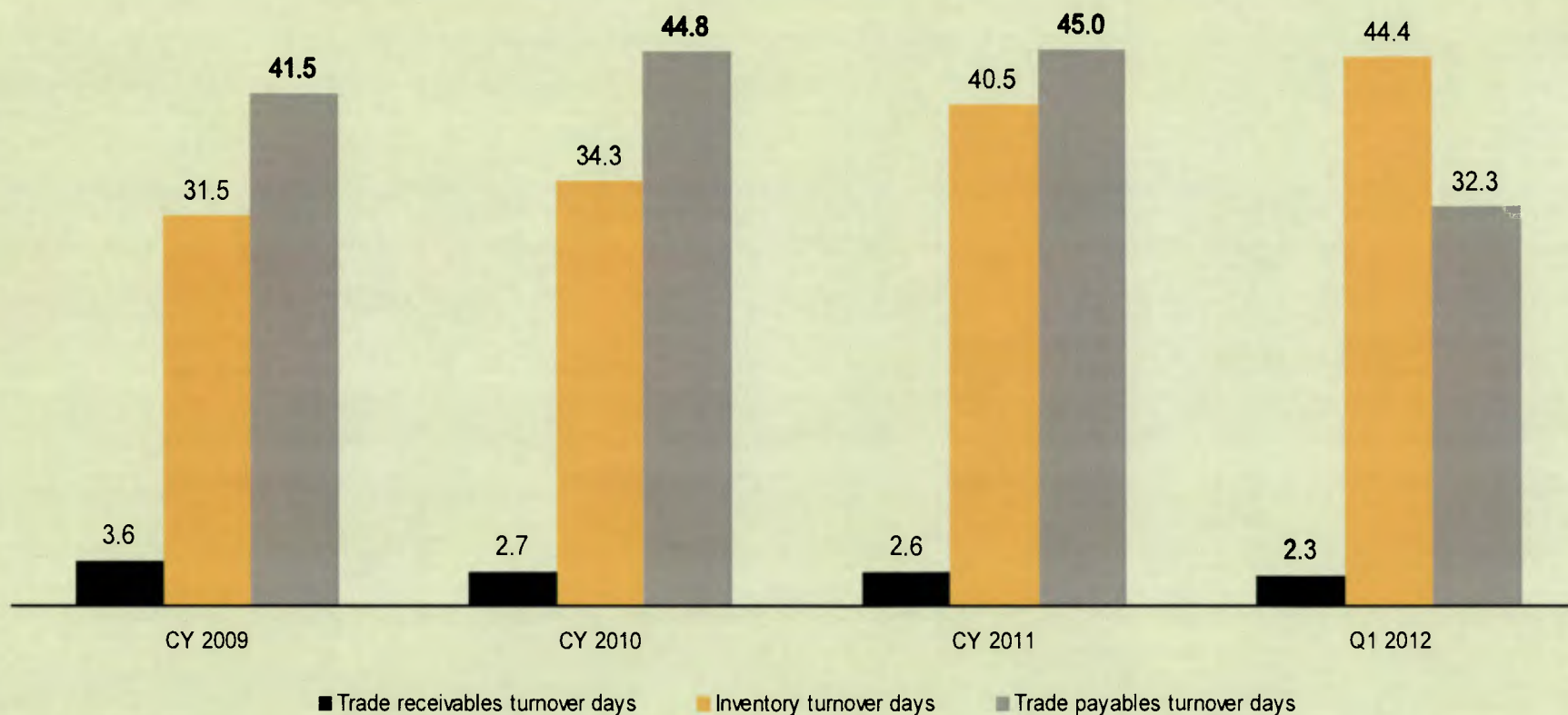


Note:
Puregold Junior results were consolidated from 2H 2010 onwards

Financial Performance



Stable working capital days



Notes:

Average of inventory at the beginning and end of the period / cost of sales x 363 (for full year) or x 91 (for Q1)
Average of trade receivables at the beginning and end of the period / net sales x 363 (for full year) or x 91 (for Q1)
Average of trade payable at the beginning and end of the period / cost of sales x 363 (for full year) or x 91 (for Q1)

Guidance for CY 2012

- **Net sales targeted to grow by 25% from PHP39.0 billion in CY 2011**
 - like-for-like net sales growth anticipated at 4%
 - full year operations of 38 new stores opened in CY 2011 to support targeted top-line for CY 2012

- **Gross and net profit margins aimed at about 14% and 4%, respectively**
 - Continuing suppliers' support arising from scale of operations to dramatically contribute to the sustainability of margins

Guidance for CY 2012



- **Opening 25 new stores in CY 2012**
 - 1st hypermarket for CY 2012 opened in La Trinidad, Benguet on January 18, 2012; 2nd hypermarket opened on April 11, 2012 inside Starmall in San Jose del Monte, Bulacan
 - remaining 23 new store locations contracted and in various stages of design development and construction
 - Capex for CY 2012 estimated at about PHP3 billion; to be funded by the balance of the net IPO proceeds in the amount of about PHP2 billion and internally generated funds

Picture during the opening on January 18, 2012 of the hypermarket in La Trinidad, Benguet

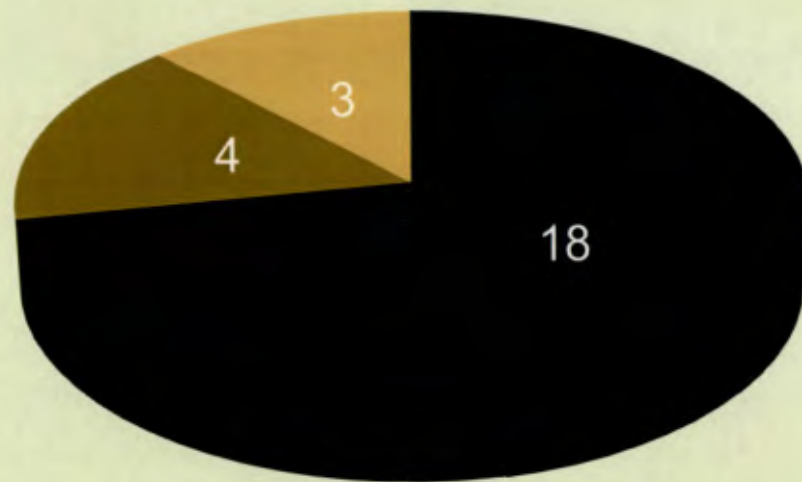


Façade of Starmall – San Jose del Monte, Bulacan; a hypermarket opened inside on April 11, 2012



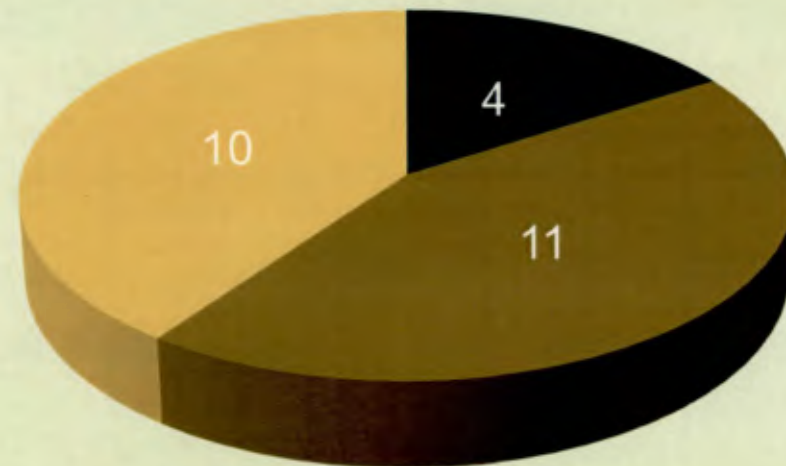
Guidance for CY 2012

Targeted new stores per format in CY 2012



■ Hypermarket ■ Supermarket ■ Extra

On-stream locations of new stores in CY 2012



■ Metro Manila ■ North Luzon ■ South Luzon



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2. Acquisition of Kareila (S&R)



Transaction overview

Puregold to acquire 100% of the equity of Kareila (S&R) for 766.4m new Puregold shares

Overview

Transaction

- Puregold to acquire 100% of the equity of Kareila Management Corporation (“Kareila”)
- Kareila is operator of S&R membership clubs in the Philippines
- Subject to approval by Puregold shareholders

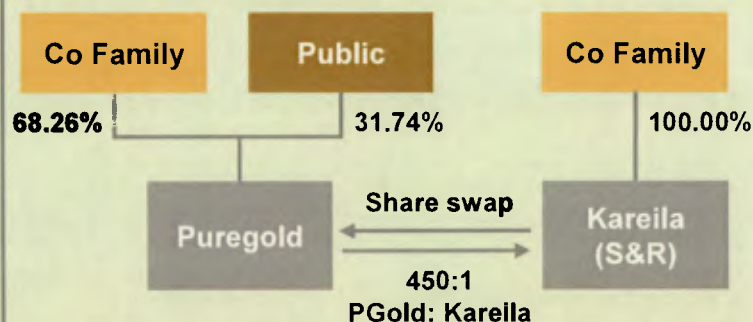
Consideration

- Share swap transaction
- Swap Ratio
 - 450 Puregold shares : 1 Kareila shares
 - 766.4m new Puregold shares issued

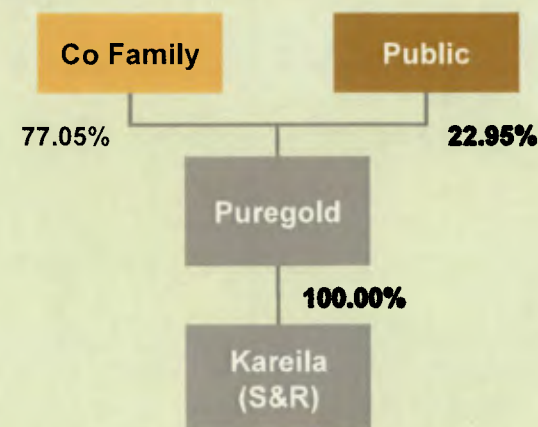
Valuation

- Equity value of PHP16.5bn⁽¹⁾
- Implied 16.47x 2012E P/E⁽²⁾
- c.25% discount to P/E of Puregold⁽¹⁾⁽³⁾

Before transaction



After transaction



(1) Based on Puregold share price of PHP21.5 the closing share price prior to the date of Approval by the board

(2) Based on management forecast net income of PHP1.0bn for Kareila for 2012

(3) Based on share price of PHP21.4 on March 23, 2012 and management 2012 target EPS of 0.97

verview of S&R

S&R is the only membership shopping club chain in the Philippines

- The only membership shopping club chain in the Philippines
- Targets middle to upper class consumers
- Offers high quality international and local brand names for both personal and business needs
- Broad product range in both food and non-food
- Operates 6 stores with 4 in Metro Manila, 1 in Cebu and 1 in Pampanga
- 4,000 – 5,000 sqm. average selling area with substantial parking space
- 214,700 paying members



Mandaue City, Cebu



Congressional Avenue, Quezon City



San Fernando, Pampanga



Alabang, Muntinlupa



Bonifacio Global City, Taguig City



Aseana, Baclaran, Pasay City

Transaction rationale



- ✓ Acquisition of the only warehouse club in the Philippines Strengthening Puregold's leading position
- ✓ Complementary business capitalizing on the growing middle and upper class
- ✓ Strong heritage and brand name with first mover advantages in the Philippines
- ✓ Significant growth potential from expansion of new stores
- ✓ Expanding Puregold's presence and infrastructure into regions outside of Luzon and Metro Manila
- ✓ Transaction expected to be earnings accretive and increases the overall profitability of Puregold

S&R – a complementary proposition



Customer Focus	Middle to upper class consumers	Re-sellers & mass market consumers
Product Offering	~70% sales from imported premium international brands	Locally sourced products targeting price conscious consumers
# of Stores and Geography	6 – Metro Manila, Cebu, Pampanga	101 – Metro Manila and Luzon areas
Store Formats & net selling area	Warehouse membership clubs 4,000 – 5,000 sqm	Hypermarkets ~3,000 sqm Supermarkets ~900 sqm Discounters ~400 sqm
Store Locations	Commercial districts	Hypermarkets – major intersections or transportation hubs Supermarkets / Discounters – residential areas
Average Net Ticket Size	PHP3,038 ⁽¹⁾	Hypermarkets PHP642 Supermarkets PHP340 Discounters PHP329
Sales per square meter	PHP371,540 ⁽²⁾	Hypermarkets PHP181,609 Supermarkets PHP184,572 Discounters PHP162,687

Notes:

(1) Includes gross sales of concession sales but excludes membership and food service income & net of concession rebates paid to PSMT

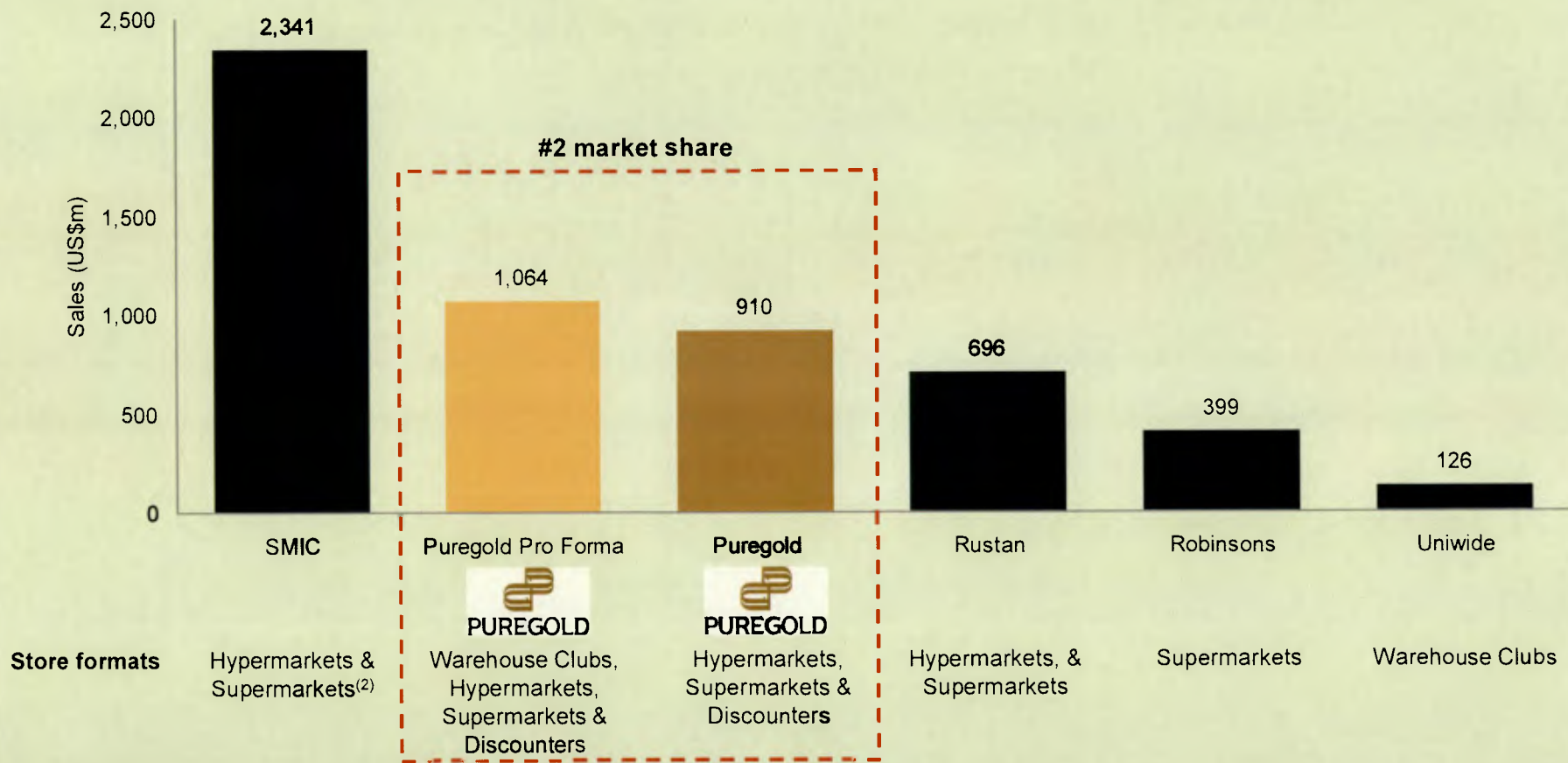
(2) Excludes new store at San Fernando / Includes gross sales of concession sales but excludes membership and food service income & net of concession rebates paid to PSMT



Strengthening Puregold's leading position

Puregold's acquisition of S&R will further strengthen its #2 market leading position in the Philippines and Puregold will have the most complete offering throughout the food retail landscape in the Philippines

Philippine food retailers by sales⁽¹⁾



Notes:

(1) Puregold and S&R sales based on audited 2011 accounts. Sales of other competitors sourced from Planet Retail

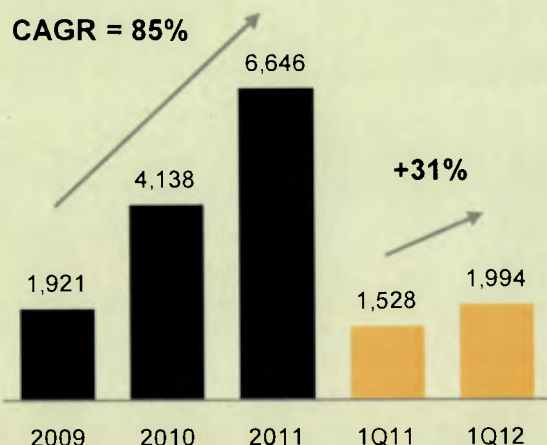
(2) Also owns Makro Warehouse Clubs although have been converting into hypermarkets



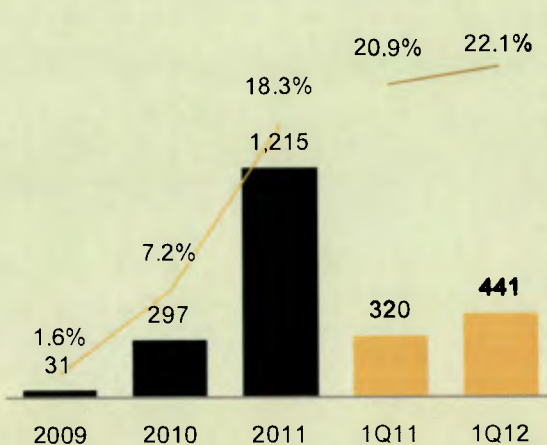
Kareila historical financial performance

S&R has experienced tremendous growth in the past two years driven by same store sales growth and the successful opening of two new stores in Mandue City, Cebu and San Fernando, Pampanga

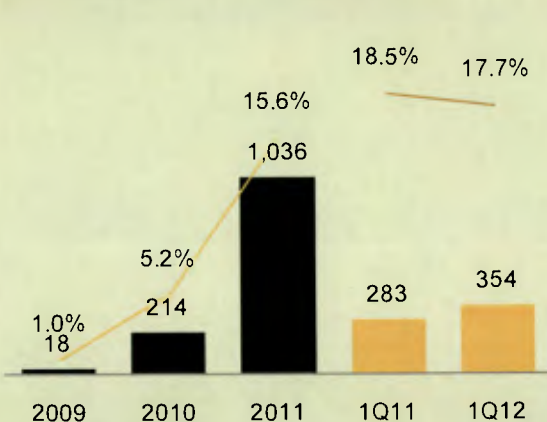
Revenue⁽¹⁾ (PHPm)



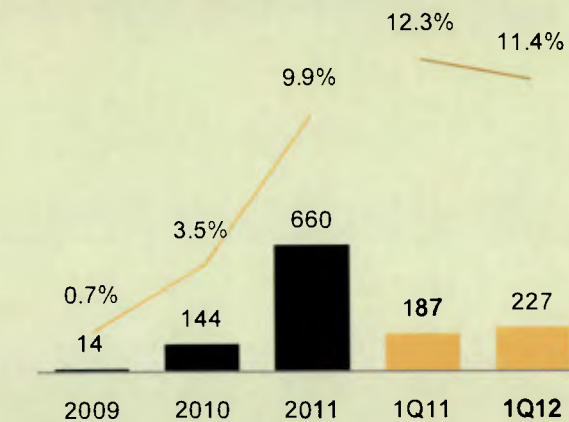
Gross profit (PHPm) and margin (%)



EBITDA (PHPm) and margin (%)



Net Income (PHPm) and margin (%)



KEY GROWTH & PROFIT DRIVERS

Same store sales growth of 39% in 2011 and 16% in 1Q2012

Opening of two new S&R stores

- 1 new store opened at the end of 2010 and 2011

Continued efforts on marketing driving brand awareness and membership traffic growth

- High membership renewal rate of 89%

New store contribution

Increase margins due to volume purchases

Reduction in concession rate (10% to 4% for 4 stores)

Source: Company Filings
Note: (1) Net of concession rebates paid to PSMT



Pro Forma Kareila 2011 results

	Kareila Audited ⁽¹⁾	Kareila Pro Forma ⁽²⁾	Commentary
Revenue	PHP6.6bn	PHP7.1bn	As well as the new concession fee of 4%, Kareila will also recognize the membership income of the 4 stores
Gross Profit	PHP1.2bn	PHP1.6bn	
Gross Margin	18.3%	23.5%	
EBITDA	PHP1.0bn	PHP1.3bn	Kareila will also pay for all labour expenses for the operation of the 4 stores
EBITDA Margin	15.6%	18.4%	Change in concession agreement will result in a significant increase in profitability
Net Income	PHP660m	PHP838m	
Net Margin	9.9%	11.8%	

Notes:

(1) Revenue is net of 10% concession paid to PSMT for 4 stores

(2) Revenue is net of 4% concession paid to PSMT for 4 stores



Puregold financial impact

Puregold's acquisition of S&R Price Club is expected to be earnings accretive from year 1

	Puregold	Kareila	Pro Forma
2011A Net income	1,545	660	2,205
NOSH (m)	2,000 ⁽⁴⁾	766 new shares issued	2,766
EPS	0.77 ⁽⁴⁾		0.80
		2011 Acc (Dil)	3.2%
2012E Net income	1,949 ⁽¹⁾	1,039 ⁽²⁾	2,988
NOSH (m)	2,000	766 new shares issued	2,766 ⁽³⁾
EPS	0.97 ⁽¹⁾		1.08 ⁽³⁾
		2012 Acc (Dil)	10.8%⁽³⁾

Notes:

- (1) Based on stated management forecast
- (2) Based on management forecasts
- (3) Pro Forma EPS based on full year of earnings assuming new shares issued for entire year
- (4) Pro Forma EPS assuming 2bn shares in issue for entire year



Pro forma Puregold 2011 financials

On a pro forma basis, Puregold will have a 20% market share and higher margins

	Puregold	S&R Stated	Combined Stated	PF Adjustments	Combined Pro Forma
Market Share ¹	16.0%	3.3%	19.9%	0.0%	19.9%
Revenue	PHP39.0bn	PHP6.6bn	PHP45.6bn	PHP0.5bn	PHP46.1bn
Gross Profit	PHP5.5bn	PHP1.2bn	PHP6.8bn	PHP0.4bn	PHP7.2bn
Gross Margin	14.2%	18.3%	14.8%		15.6%
EBITDA	PHP2.7bn	PHP1.0bn	PHP3.7bn	PHP0.3bn	PHP4.0bn
EBITDA Margin	6.9%	15.6%	8.2%		8.7%
Net Income	PHP1.5bn	PHP0.7bn	PHP2.2bn	PHP0.2bn	PHP2.4bn
Net Margin	4.0%	9.9%	4.8%		5.2%

Note: ¹ Euromonitor, market share of Philippines modern retail trade



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Appendix: Additional Information

S&R Store Data



Store locations	Bonifacio Global City	Alabang, Muntinlupa	Congressional, Q. C.	Aseana, Baclaran	Mandaue City, Cebu	San Fernando, Pampanga
Dates of operation	09-Nov-06	14-Nov-06	21-Nov-06	25-Nov-06	04-Nov-10	25-Nov-11
Total selling space (sqm)	4,939	4,996	4,961	4,929	4,938	5,018
Net selling area (sqm)	4,105	4,115	4,082	4,100	4,243	4,158
Owned building	na	na	na	na	Yes	Yes
SKUs	4,697	4,915	4,909	4,977	4,552	4,238
Product Distribution (%)						
Food	51%	49%	50%	48%	49%	55%
Non-food	49%	51%	50%	52%	51%	45%



S&R Store Data

Fiscal Year	S&R	
	CY10	CY11
No. of stores	5	6
Net sales (PhPm) ⁽¹⁾	5,162	7,836
Sales per square meter (PHP '000) ⁽²⁾	315	380
Total traffic ('000) ⁽³⁾	2121	2579
Average net ticket	2,433	3,038
Net sales growth (%)	88.3%	51.8%
Traffic growth (%)	29.5%	21.6%
Average net ticket growth (%)	45.5%	24.9%
Like-for-like net sales growth (%) ⁽⁴⁾	78.1%	33.7%

Fiscal Year	1Q11	1Q12
Net sales (PhPm)	1,804	2,295
Sales per square meter (PHP '000)	87	92
Net sales growth (%)	50.4%	27.2%
Membership count as of 31 Dec 2011	214,746	

Notes:

- (1) Includes gross sales of concession sales but excludes membership and food service income
- (2) Calculated off net selling area
- (3) Excludes membership and food service traffic
- (4) Like-for-like data for 4 stores