

Company Presentation

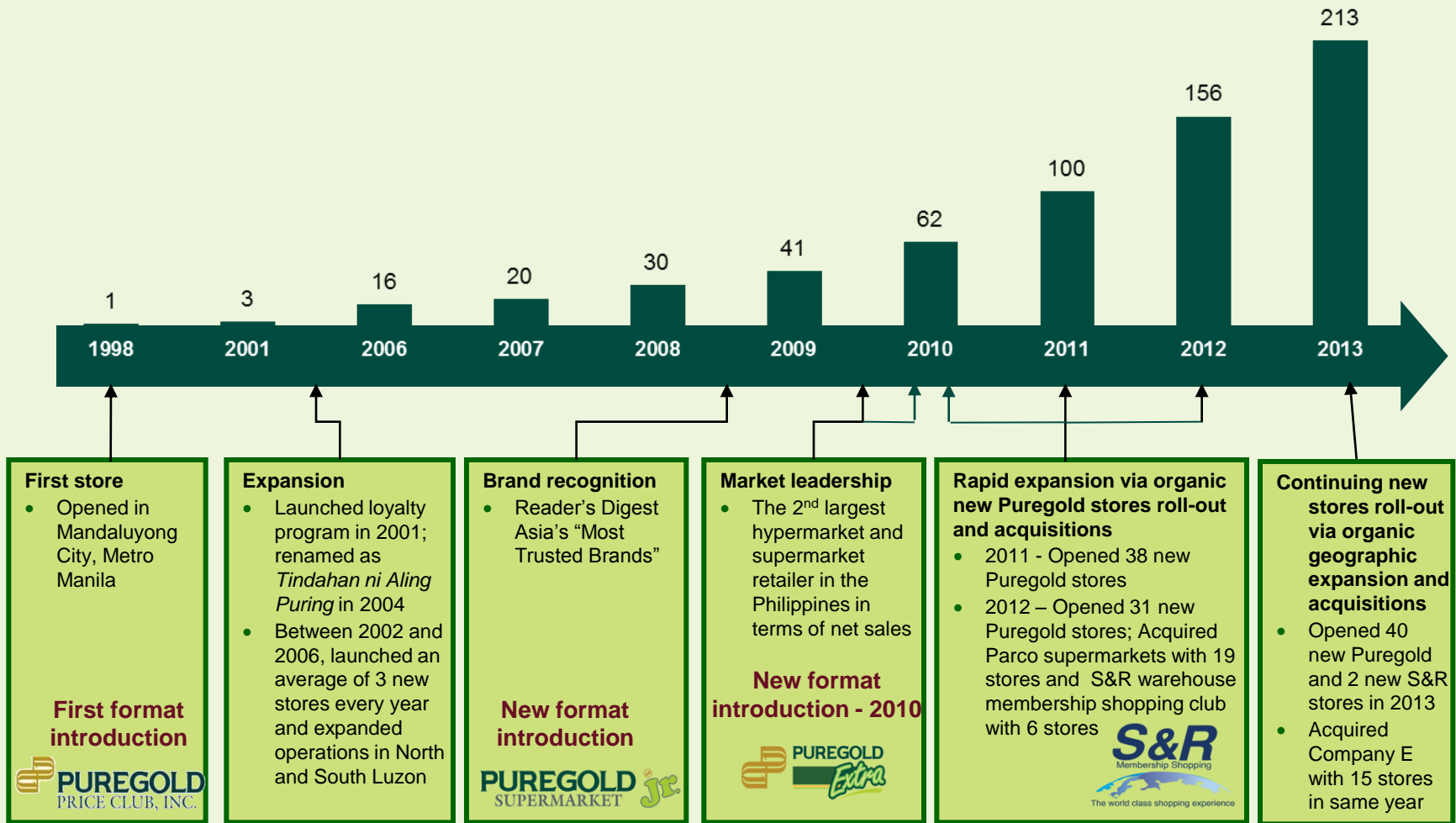
1H 2014 Results and Performance

August 15, 2014



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Stores roll-out through end-CY 2013



Rapid store expansion from 1 to 213 stores in 15 years



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1. Update on PGOLD – 1H 2014

1H 2014 Results and Performance

- Opened 15 new Puregold stores as of end-1H 2014
- Operating 228 stores at end-1H 2014; with consolidated NSA of nearly 390,000 sqm.; NSA grew by about 5% as of 1H 2014 from organic expansion
- Consolidated net sales expanded by 16.8% in 1H 2014; Puregold stores sales accounted for about 83% of consolidated net sales
- Gross profit grew by 10% in 1H 2014; with gross profit margin posted at 16.5%
- Operating income increased by 1.4% in 1H 2014; with operating margin at 6.1%

1H 2014 Results and Performance

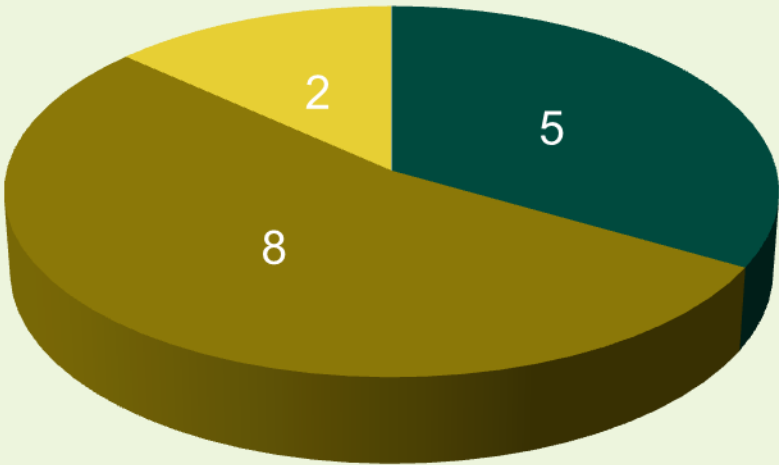
- Consolidated NIAT slumped by 6.6% in 1H 2014
 - Due to the combined effects of the sagging of the gross margin for the period and the absence of the one-off interest income realized in 1Q 2013;
 - On a recurring basis, NIAT grew by about 0.9% in 1H 2014
- PGOLD net profit margin posted at 4.3%; from 5.0% on a recurring basis

Operating Performance – 1H 2014

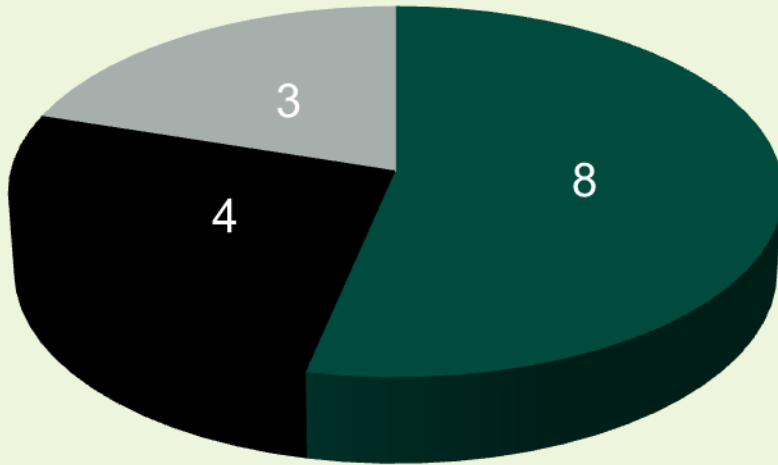


New stores opened per format at end 1H 2014

Locations of new stores opened at end 1H 2014



■ Hypermarket ■ Supermarket ■ Extra ■ S&R



■ Metro Manila ■ Mindanao ■ Visayas
■ North Luzon ■ South Luzon

Store Portfolio – 1H 2014

Key statistics

Total no. of stores

- 228

No. of stores per format

- 117 hypermarkets;
- 73 supermarkets;
- 30 extras; 8 S&Rs

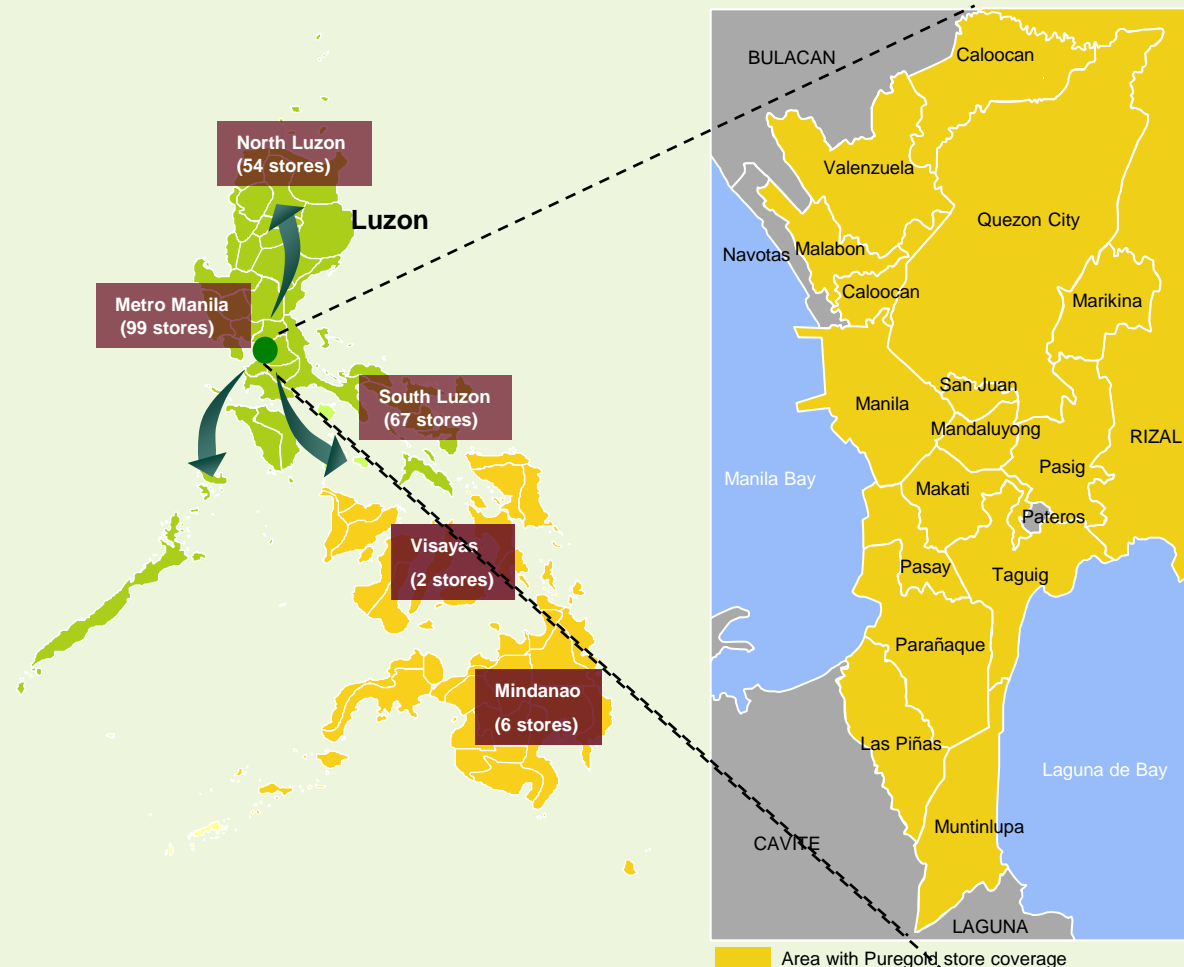
Presence in

- 52 cities and 56 municipalities

Consolidated net selling area

- Nearly 390,000 square meters

Geographic coverage

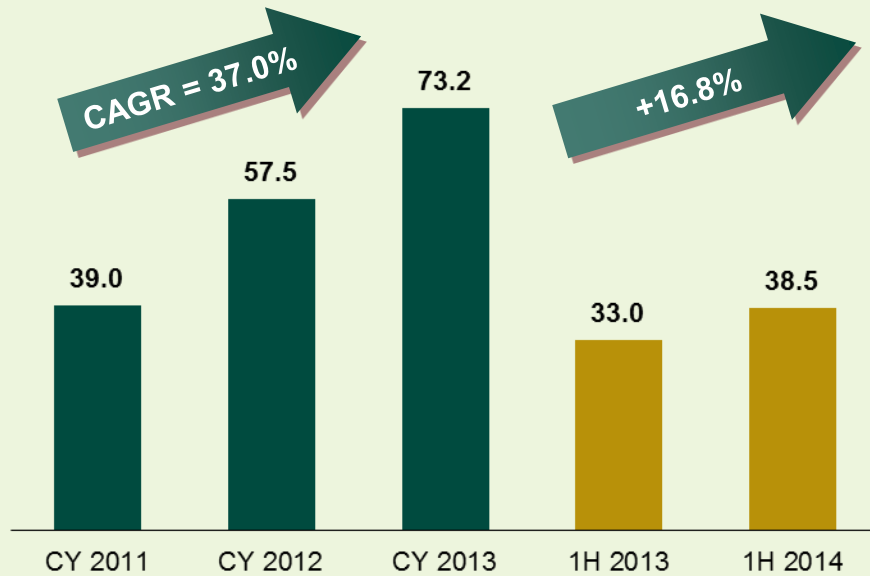


Metro Manila	94	5
North Luzon	53	1
South Luzon	67	0
Visayas	1	1
Mindanao	5	1
	<u>220</u>	<u>8</u>

Financial Performance – 1H 2014

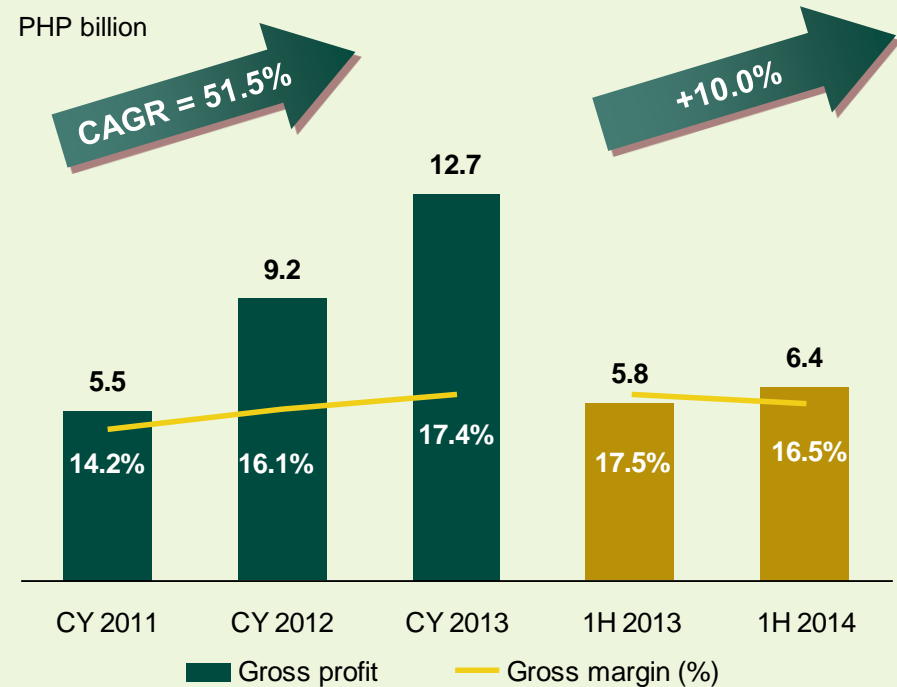
Net sales

PHP billion



Gross profit

PHP billion



- Continuing strong revenue growth driven by the 220 Puregold stores and the 8 S&R stores
- Increasing scale of operations resulted to continuing support from suppliers in terms of discount and rebates
- Re-branded acquisitions supported continuing growth in revenues and sustainability of margins

Notes:

June to December 2012 financial results of S&R and Parco consolidated into CY 2012 results of PGOLD

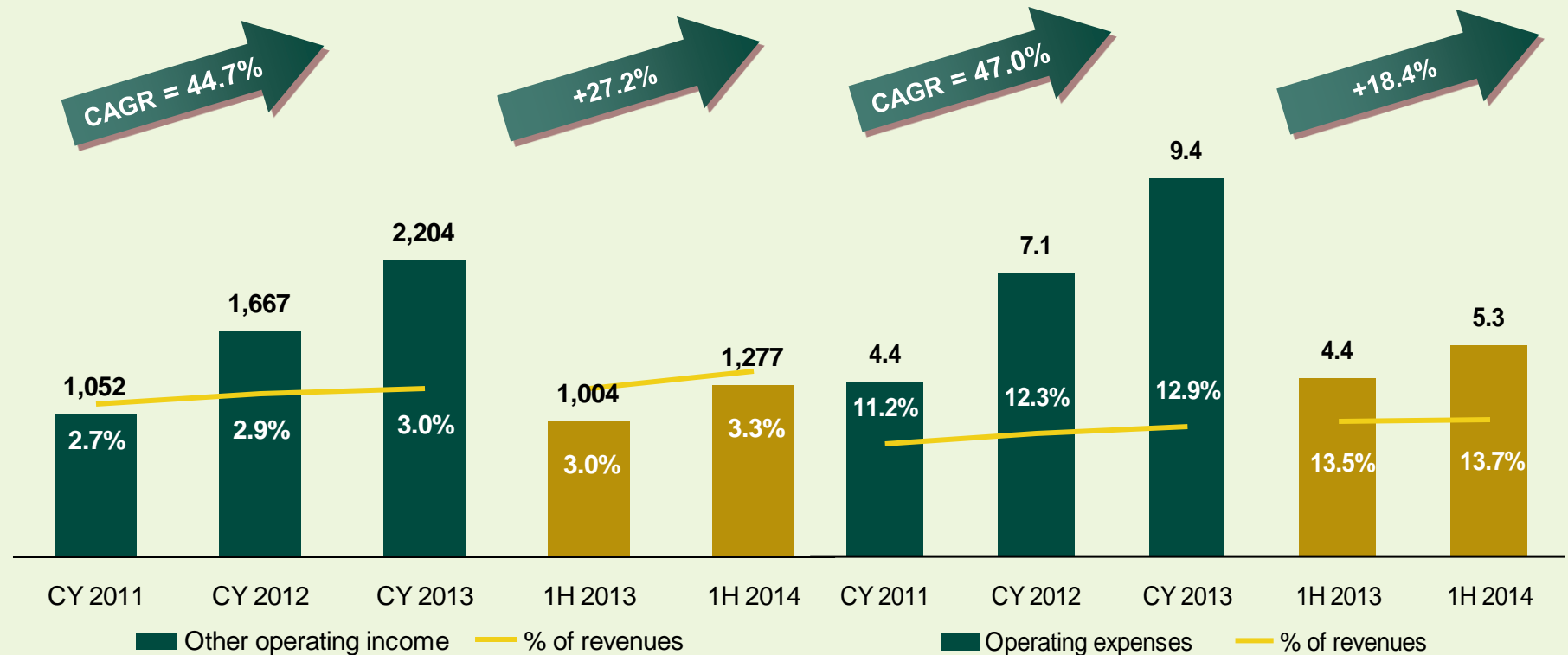
Financial Performance – 1H 2014

Other operating income

PHP million

Operating expenses

PHP billion



Notes:

June to December 2012 financial results of S&R and Parco consolidated into CY 2012 results of PGOLD

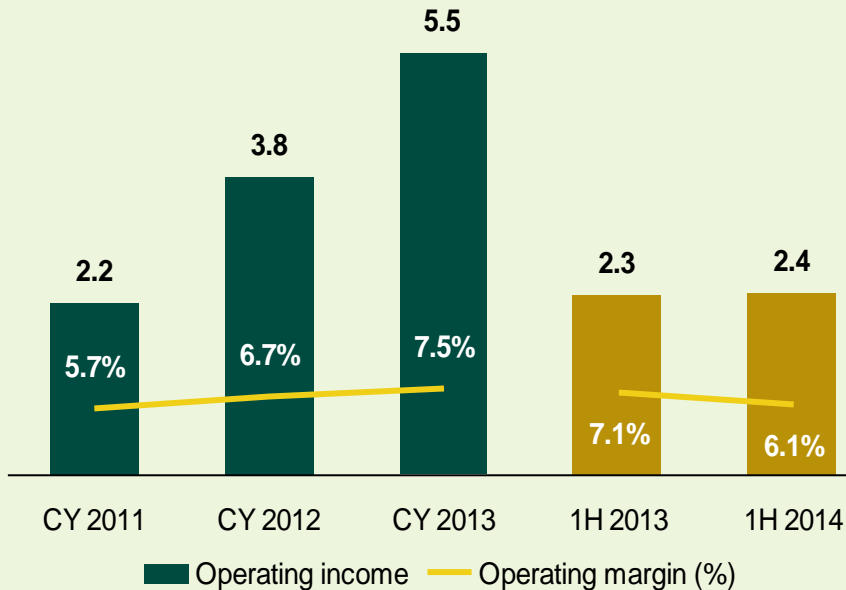
Financial Performance – 1H 2014

Income from operations

PHP billion

CAGR = 56.3%

+1.4%

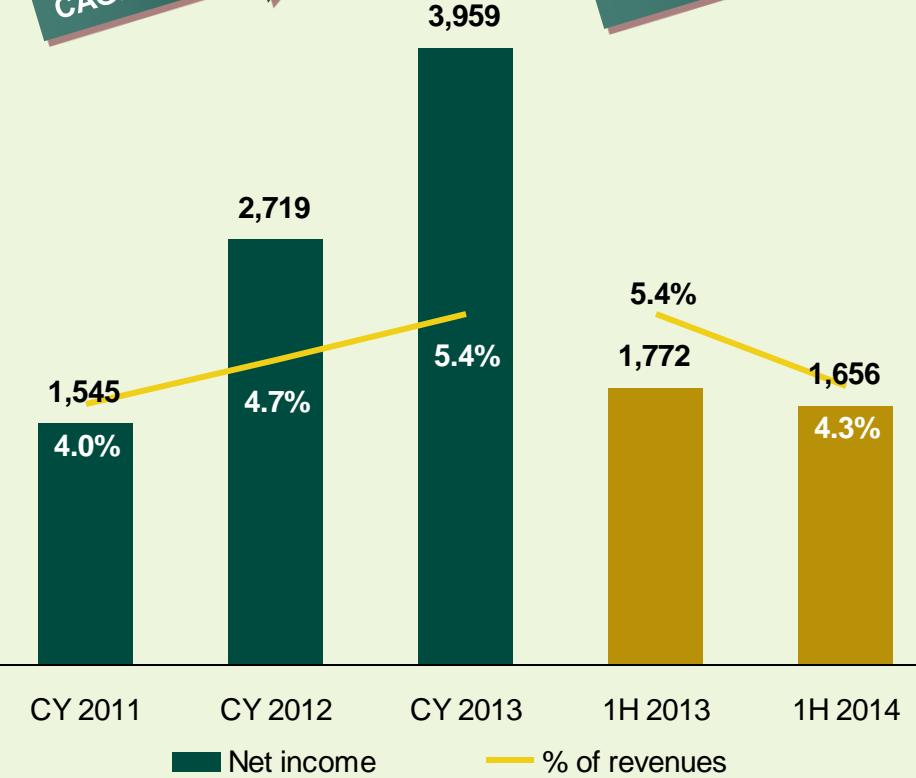


Net income after tax (NIAT)

PHP million

CAGR = 60.1%

-6.6%

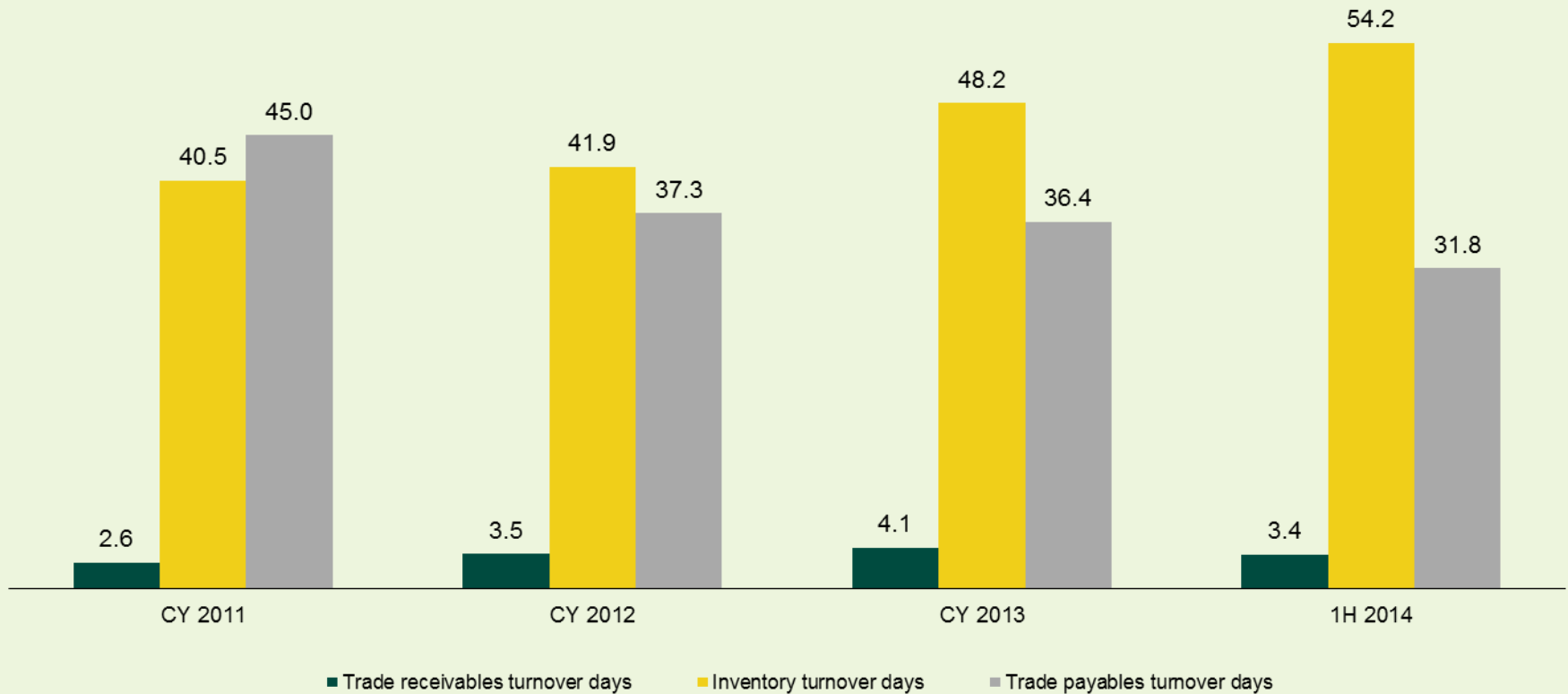


Notes:

June to December 2012 financial results of S&R and Parco consolidated into CY 2012 results of PGOLD

Financial Performance – 1H 2014

Working capital days impacted by S&R importations and Puregold expansions outside of Metro Manila



Notes:

Average of inventory at the beginning and end of the period / cost of sales x 363 (for full year) or x 180 (for 1H)

Average of trade receivables at the beginning and end of the period / net sales x 363 (for full year) or x 180 (for 1H)

Average of trade payable at the beginning and end of the period / cost of sales x 363 (for full year) or x 180 (for 1H)



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2. Sari-sari store re-invention into Minimart by Puregold

Re-invention into Minimart by Puregold



- Promotion program to further grow the sari-sari store businesses of upper-tiered TNAP Gold members, with 5-year membership and annual purchases of at least Php6 million and are the “stores of choice” for supply and replenishment in their respective catchment areas
- Rollout plans and execution details
 - Conversion of sari-sari stores of upper-tiered TNAP Gold members with minimum selling area of 30 square meters
 - Selected sari-sari store owners have no financial obligations to qualify and to convert their stores into “minimart by Puregold”
 - No PGOLD capital expenditures involved for renovation costs and minimart fit-outs
 - Converted sari-sari stores double their SKU offering at 60% food items and 40% non-food merchandises

Re-invention into Minimart by Puregold



- Rollout plans and execution details (continued)
 - Very high double digit sales growth monitored among the converted sari-sari stores from the rollout of the promotion program in May 2014
- Contractual obligations of owners of converted sari-sari stores
 - 3-year exclusivity contract with PGOLD that binds the owners to buy only from PGOLD
 - Sustainability of amount of purchases as TNAP Gold members
 - Committed 30% annual increase in purchases from PGOLD
 - Minimart operations handled solely by the original owners of the converted sari-sari stores with independence to price goods and merchandises offerings their own way; within the pricing, merchandising assortment and display standards set by PGOLD

Re-invention into Minimart by Puregold

Minimart by Puregold - Tanza



BEFORE



AFTER

Re-invention into Minimart by Puregold

Minimart by Puregold - Tanza



BEFORE



AFTER



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3. Lawson convenience store

- PGOLD entered the convenience store (“C-store”) business as a natural progression of its modern grocery retailing business, amidst the scenario of continuing economic development and growth in the penetration of modern retailing into the Philippine mass market
 - PGOLD well-positioned to exploit this modern retailing development as the mass market is the core target market of PGOLD
- Timing is viably ripe for PGOLD to enter the C-store business
 - C-stores started in the country in 1984
 - Dramatic growth occurred only in the last three years with the major players in the C-store industry counting about 1,400 stores as of end-2013; with a major concentration in Metro Manila
- C-store JV put together PGOLD’s local market knowledge and Lawson’s technical know-how in running the C-store business

Joint venture with Lawson

- PG Lawson, Inc., the JV company
 - Incorporated at 70/30 ownership, in favor of PGOLD
 - With Php1 billion in authorized capitalization and Php500 million in paid-up capital, with the signing of the Master Licensing Agreement for the use of the “Lawson” brand
 - Management of the JV company principally under PGOLD
- Rollout plans for the “Lawson” convenience store
 - Plans to rollout 500 “Lawson” convenience stores by 2020
 - First store, in Metro Manila, to open before the end of 2014
 - Estimated capex per store is Php4 to 5 million
 - Competitive differentiation in pricing, ready-to-eat offerings and locations
 - Franchising shall be done at a time of established brand equity



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4. PGOLD Guidance for full-CY 2014

- Consolidated net sales targeted to grow by 20% from Php73.2 billion in CY 2013, driven by the following:
 - net sales growth of total network of 156 Puregold and S&R stores in operation as of end-CY 2012
 - full year operations of 40 new Puregold and 2 S&R stores opened in CY 2013
 - full year operations of 15 Company E stores acquired in CY 2013
 - operations of 25 new Puregold and 1 new S&R stores to be opened in CY 2014

- Aims at sustaining the current PGOLD consolidated gross and net profit margins
- Opening 25 new Puregold and 1 S&R stores in CY 2014
 - Fifteen (15) new Puregold stores opened in 1H 2014
 - Capex for CY 2014 estimated at about PhP3 billion for 25 new Puregold stores and PhP500 million for the S&R store
- Aims to pursue acquisitions as template to further geographic expansions

Q & A

Many thanks!