

Cosco Capital, Inc.

FY 2020 Financial Results Investor Presentation



Disclaimer

These presentations and/or other documents have been written and presented by COSCO CAPITAL, INC. (COSCO). COSCO is solely responsible for the accuracy and completeness of the contents of such presentations and/or other documents. Third parties, other than COSCO, do not have any responsibility for or control over the contents of such presentations and/or other documents. No endorsement is intended or implied notwithstanding the distribution of this presentation and/or other documents during the analysts and investors calls and meetings of COSCO. The materials and information in the presentations and other documents are for informational purposes only, and are not an offer or solicitation for the purchase or sale of any securities or financial instruments or to provide any investment service or investment advice.

Head Office Address

2nd floor, Tabacalera Building, 900 Romualdez Street, Paco, Manila, 1007
Philippines

Company Overview

Lucio Co Family
76%

Public
24%



49%

100%

100%

100%

Grocery Retailing



Liquor Distribution



Specialty Retailing

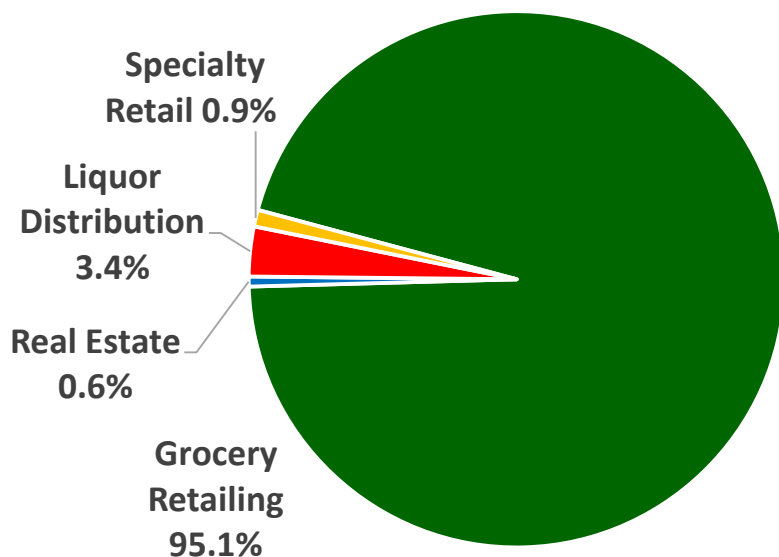


Commercial Real Estate

- Ellimac Prime Holdings, Inc.,
- Fertuna Holdings Corp.,
- Patagonia Holdings Corp.,
- Nation Realty, Inc.
- NE Pacific Shopping Centers Corporation
- Pure Petroleum Corp.,

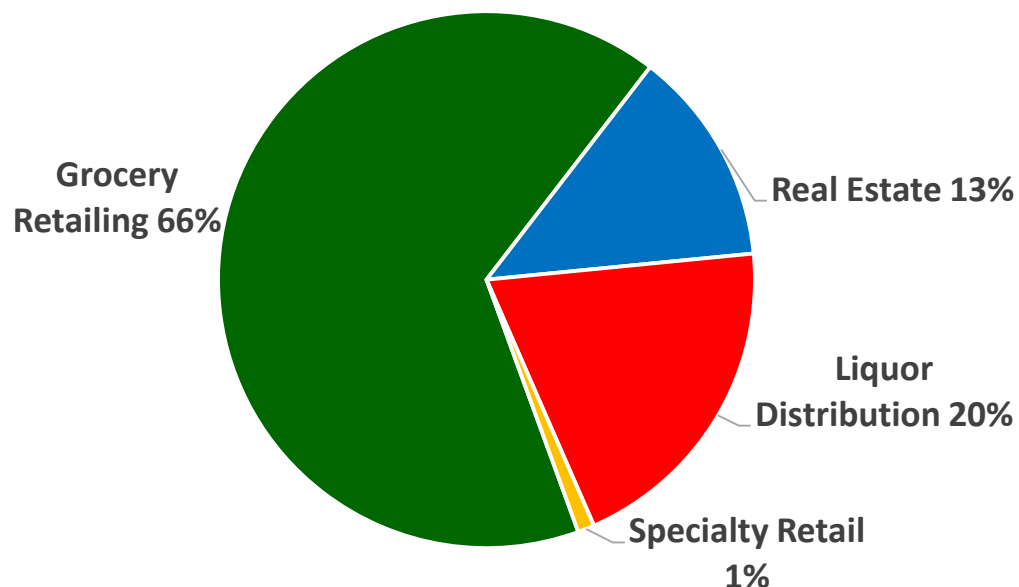
Revenue & Net Income Contribution FY 2020

Revenues



PHP 177.32 billion

CORE PATMI



PHP 5.90 billion

FY 2020 CONSOLIDATED FINANCIAL PERFORMANCE

(In Thousands)	FY2020	%	FY2019	%	INCREASE (DECREASE)	%2
REVENUES	177,316,299	100.00%	166,066,712	100.00%	11,249,586	6.77%
COST OF SALES/SERVICES	145,021,136	81.79%	136,177,666	82.00%	8,843,470	6.49%
GROSS PROFIT	32,295,163	18.21%	29,889,046	18.00%	2,406,116	8.05%
OTHER OPERATING INCOME	3,157,850	1.78%	3,262,853	1.96%	(105,003)	-3.22%
GROSS OPERATING INCOME	35,453,013	19.99%	33,151,900	19.96%	2,301,113	6.94%
OPERATING EXPENSES	20,147,758	11.36%	19,147,089	11.53%	1,000,669	5.23%
INCOME FROM OPERATIONS	15,305,255	8.63%	14,004,811	8.43%	1,300,444	9.29%
OTHER INCOME (CHARGES) - net	(1,471,766)	-0.83%	4,909,862	2.96%	(6,381,629)	129.98%
INCOME BEFORE INCOME TAX	13,833,489	7.80%	18,914,673	11.39%	(5,081,185)	-26.86%
INCOME TAX EXPENSE	3,824,607	2.16%	3,521,465	2.12%	303,142	8.61%
NET INCOME FOR THE YEAR	10,008,881	5.64%	15,393,208	9.27%	(5,384,327)	-34.98%
CORE NET INCOME	10,008,881	5.38%	9,319,603	5.61%	689,279	7.40%
CORE NET PATMI	5,900,194	3.28%	5,871,259	3.54%	28,935	0.49%
PATMI	5,900,194	3.33%	11,597,381	6.98%	(5,697,187)	-49.12%
Non-controlling interests	4,108,731	2.32%	3,795,827	2.29%	312,904	8.24%
	10,008,925	5.64%	15,393,208	9.27%	(5,384,283)	-34.98%
EARNINGS PER SHARE (EPS)	0.84792		1.65437			-48.75%
CORE EPS-NIAT	1.43839		1.32944			8.19%
CORE EPS-PATMI	0.84792		0.83754			1.24%
EBITDA	19,703,515	11.11%	17,893,018	10.77%	1,810,498	10.12%

Grocery Retail Segment: FY 2020 Financial Highlights

(In PHP millions)

Revenues

+9.2%

168,632

154,490

141,140

FY2018

FY2019

FY2020

Gross Profit and Margin

+12.4%

29,156

25,951

23,929

FY2018

FY2019

FY2020

■ GP — GP Margin

17.0%

16.8%

17.3%

EBITDA and Margin

+16.3%

17,680

15,204

13,721

FY2018

FY2019

FY2020

■ EBITDA — EBITDA Margin

9.8%

9.7%

10.5%

Net Profit and Margin

+19.1%

8,067

6,773

6,200

FY2018

FY2019

FY2020

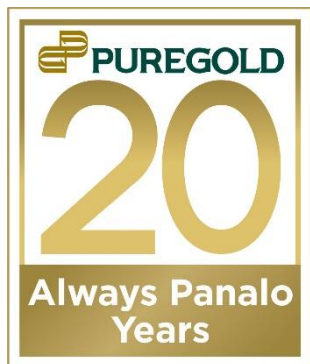
■ NIAT — NIAT Margin

4.4%

4.4%

4.8%

Grocery Retailing: Operational Highlights



- Puregold opened **30 new stores** out of targeted 25 new stores; **closed 7 stores**
- S&R opened **2 new S&R warehouse** and **8 new S&R QSR**
- As of FY 2020, the Grocery Retailing segment is operating a **total of 469 stores**
- SSSG PGOLD only is at 2.4% while S&R is at 8.7%



	PUREGOLD	S&R	S&R QSR
Metro Manila	137	10	26
Luzon	220	6	13
Visayas	35	2	7
Mindanao	11	2	-
Total	403	20	46

Liquor Distribution: Products



Brandy

Alfonso
Alfonso Light
Excelente

Tequila

Patron

Whiskey

Johnnie Walker
Jack Daniels

Various Wines



Brandy

Fundador
Fundador Light

Whiskey

Jim Beam
Glenfiddich



Tequila

Jose Cuervo

Whiskey

Bushmills
Chivas Regal

Cognac

Martel

Vodka

Absolut

Liqueurs

Jagermeister

Specialty Beverages

Red Bull

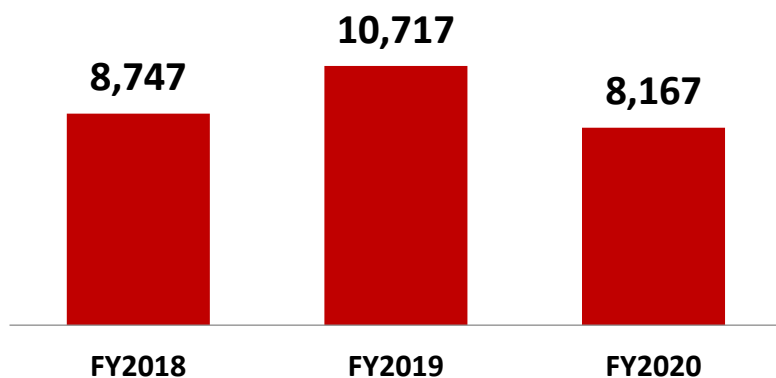
Various Wines

Liquor Distribution: FY 2020 Financial Highlights

(In PHP millions)

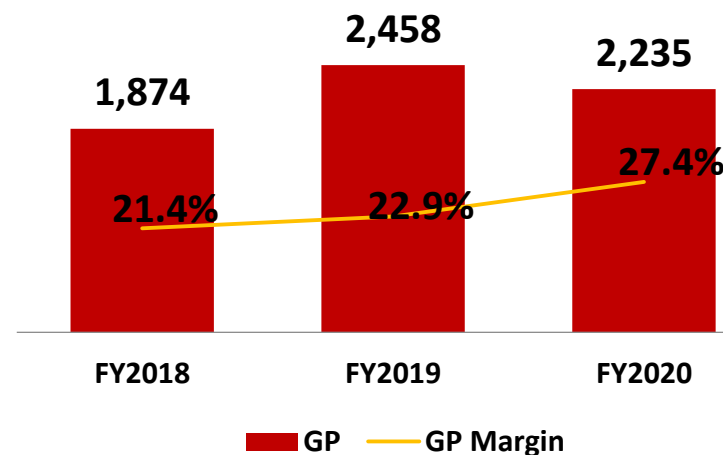
Revenues

-23.8%



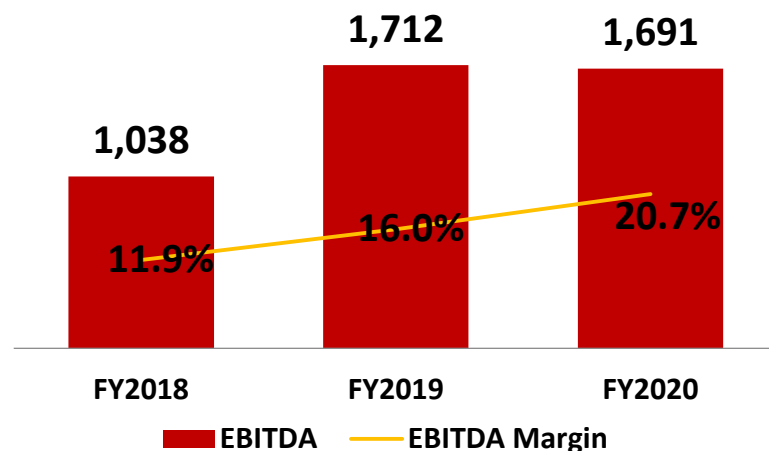
Gross Profit and Margin

-9.1%



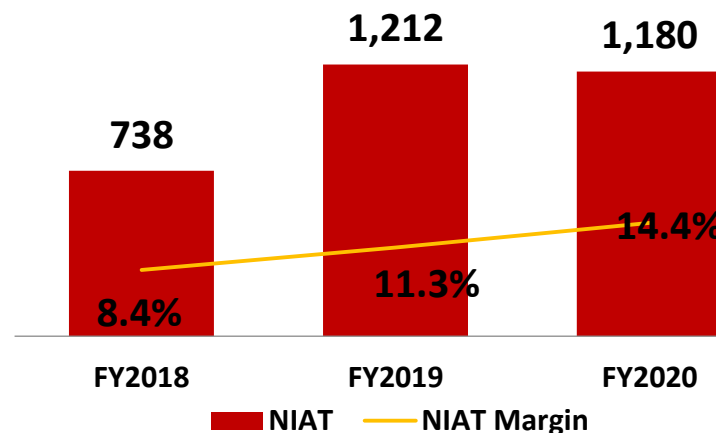
EBITDA and Margin

-1.2%



Net Profit and Margin

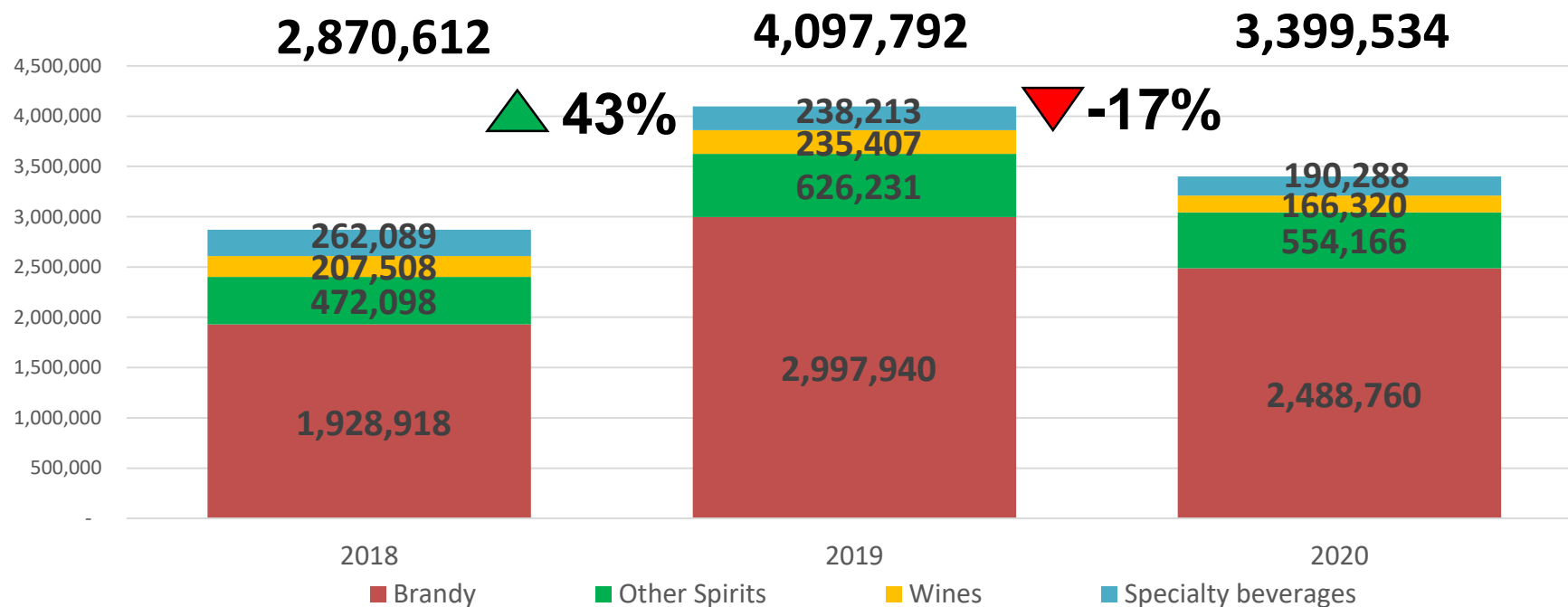
-2.7%



Liquor Distribution: Total Volume Sales

- 17% decline in total volume of cases sold in FY 2020
- Decline driven by the government imposed Liquor Ban during COVID-19 Quarantine

CATEGORY	2018	2019	2020	Inc/Dec	Growth
Brandy	1,928,918	2,997,940	2,488,760	(509,180)	-17%
Other Spirits	472,098	626,231	554,166	(72,065)	-12%
Wines	207,508	235,407	166,320	(69,087)	-29%
Specialty beverages	262,089	238,213	190,288	(47,925)	-20%
Grand Total	2,870,612	4,097,791	3,399,534	(698,257)	-17%



REAL ESTATE

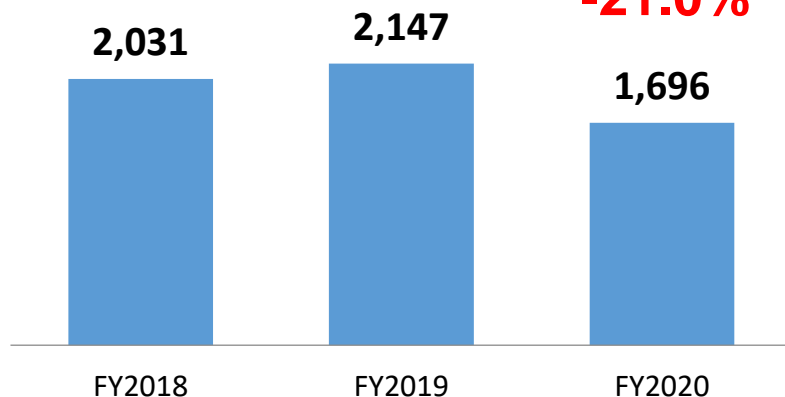
- 53% of tenants portfolio are essential industries allowed to continue business operations during the community quarantines and lockdowns
- 47% of tenants portfolio – directly affected by the mall closures and community quarantines
- Rental reliefs extended to directly affected tenants by way of:
 - Rental Waivers – April and May 2020
 - Reduced rentals – Subsequently thereafter
- Major capex programs have been put on hold

Real Estate Segment: FY2020 Financial Highlights

(In PHP millions)

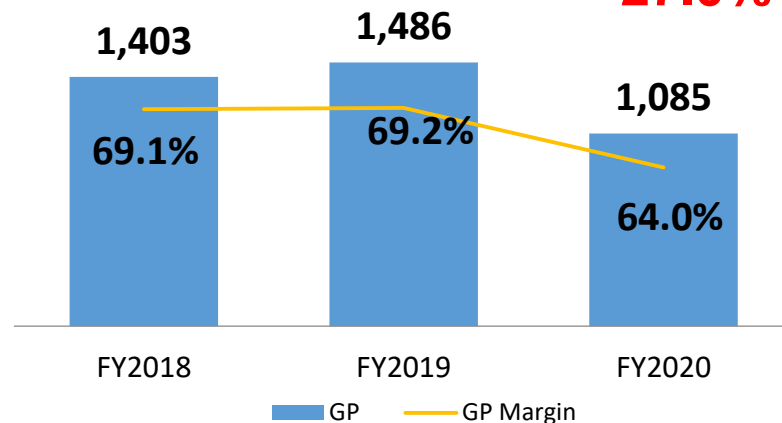
Revenues

-21.0%



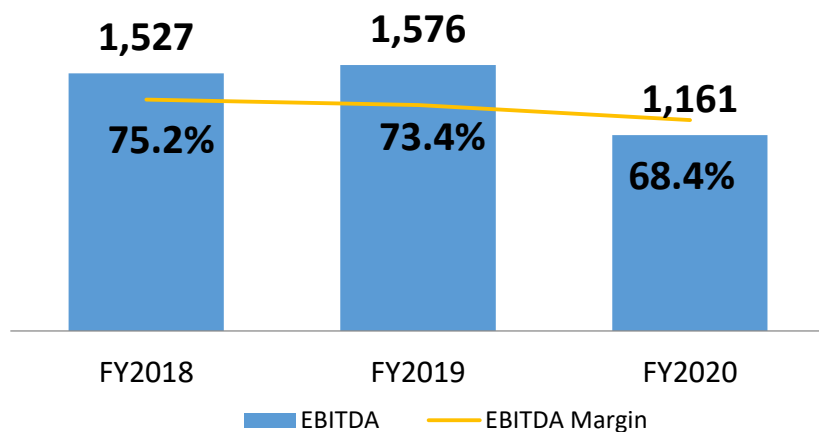
Gross Profit and Margin

-27.0%



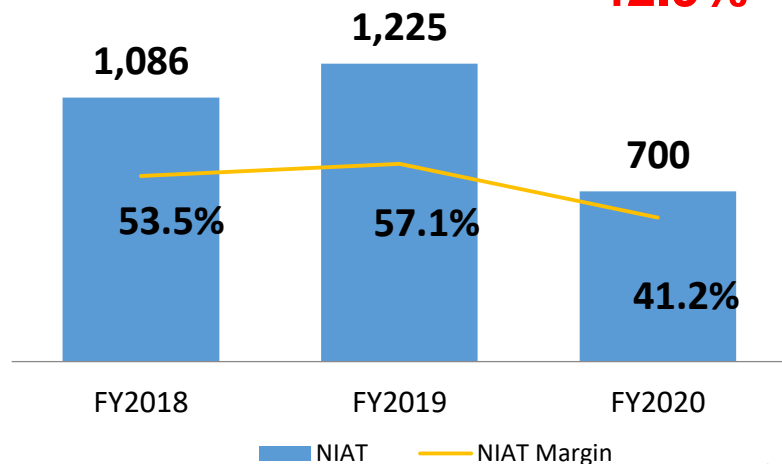
EBITDA and Margin

-26.3%



Net Profit and Margin

-42.9%

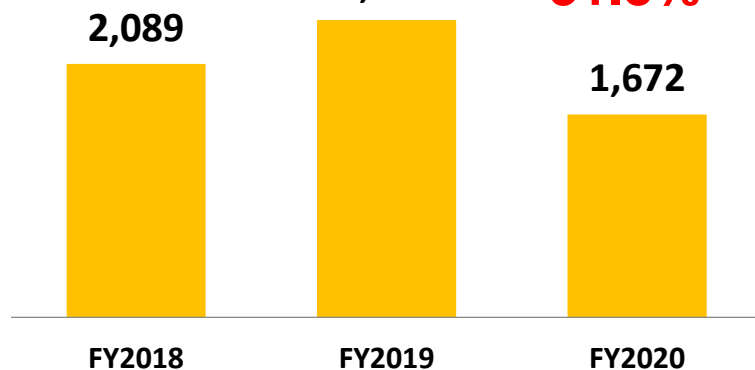


Office Warehouse: FY 2020 Financial Highlights

(In PHP millions)

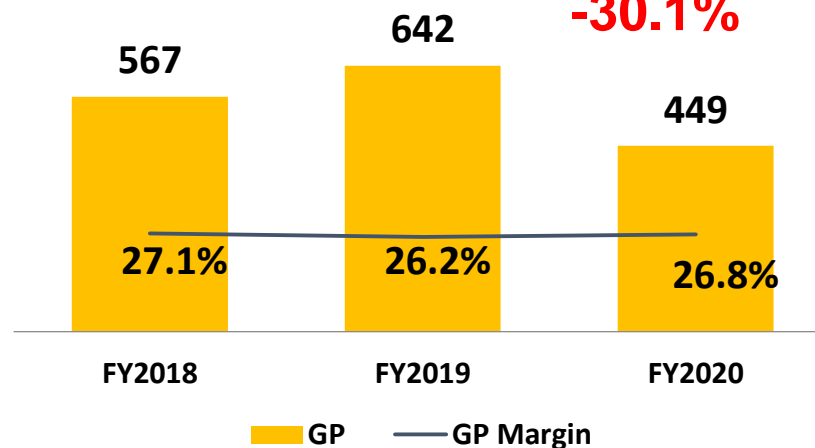
Revenues

-31.8%



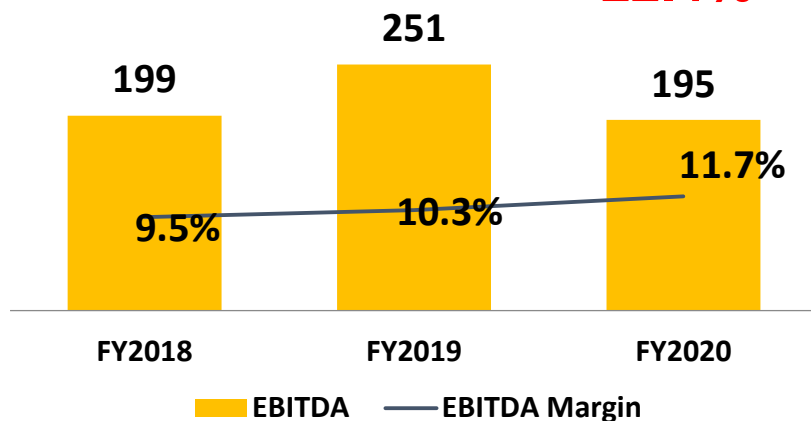
Gross Profit and Margin

-30.1%



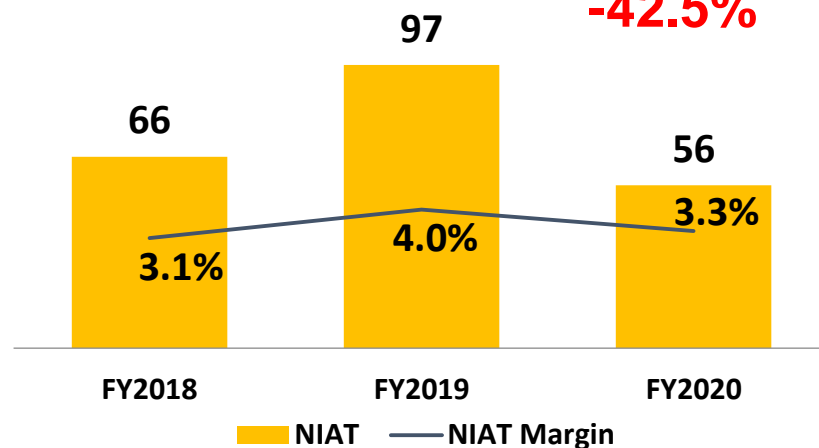
EBITDA and Margin

-22.4%



Net Profit and Margin

-42.5%



Office Warehouse: Operational Highlights

OFFICE WAREHOUSE, INC.

- Opened 3 stores and closed down 3 store in FY 2020
- SSSG of **-32.19%** in 2020 vs +12.2% in 2019 due to government lockdown and community quarantine starting March 16, 2020



	2016	2017	2018	2019	2020
No. Stores	71	82	88	89	89
Net selling area (in sqm)	14,014	15,945	16,738	15,589	15,546

- **CAPEX Budget of Php 3.6 billion in 2020**
 - Php 3.4 billion for Puregold Group
 - Php 150 million for Real Estate Group
 - Php 50 million for Office Warehouse
- To be funded by internally generated cash and short term untapped bank credit lines if necessary

SUMMARY

- **Macro-economic fundamentals and economic stimulus in place conducive to economic recovery**
- **Resilient diversified structure and financial performance**
 - ❖ *Grocery retail segment driving the group's top-line and bottom-line growths cushioning the declines experienced by the other business segments*
 - ❖ *Strategic cost and expense management by business units*
- **Strategic liquidity position with opportunistic debt capital raising by Puregold**
 - ❖ *In crisis situation, liquidity is more important than profitability*
- **Strong and healthy financial position as a platform for further growth**
- **Compensating Benefits from CREATE Law to offset business declines**



Thank you.

www.coscocapital.com