

Metro Retail posts 80% YoY growth in net income for 1Q 2023

12 May 2023, Manila, Philippines – Metro Retail Stores Group, Inc. (MRSGL) reported a net income of PhP60.0 million for the first three months of 2023, an 80.2% increase from PhP33.3 million in the same period in 2022. The improvement came from robust operating margins and solid revenues.

Total first-quarter sales was flattish, posting a slight decline of 2.4% in net sales to PhP8.3 billion from PhP8.5 billion for the first quarter of 2022, with comparable store sales also lower by 4.6% versus last year. The decrease was due to bulk wholesale transactions in 2022 that had beefed up first-quarter sales last year. Excluding these bulk transactions, sales for the first quarter this year posted a double-digit increase of 12.0% vs 2022, of which General Merchandise business continued to thrive with 14.1% growth.

MRSGL's blended gross margin significantly improved by 290bps to 21.9% in the first quarter of 2023 from 19.0% in the same period a year ago. This was mainly attributable to the higher share to business of general merchandise that generates better margins.

While the Company continued to implement efficiency initiatives, operating expenses increased by 13.8% amid higher rent and utilities expenses and the additional stores that opened in April last year. This was partially offset by the increases in rental income and interest and other income.

As a result of the expansion in retail sales and higher gross profit margins, the Company's earnings before interest, taxes, depreciation, and amortization (EBITDA) for the first quarter grew by 6.2% to PhP410.2 million from the same period last year. The Company remained in a strong cash position at PhP3.9 billion, while the bank debt-to-equity ratio was low at 0.33. With the comfortable liquidity level, Metro Retail also declared cash dividends in March amounting to PhP196.1 million based on the prior year's earnings.

"Last year's results gave the Company more confidence to pursue stronger growth and financial performance this 2023. MRSGL will continue to seek new opportunities to serve our customers better and to create financial value for our stakeholders. MRSGL registered positive earnings in the first quarter and we plan to build on the momentum for the rest of the year," said Manuel Alberto, President and Chief Operating Officer of MRSGL.

* * *

