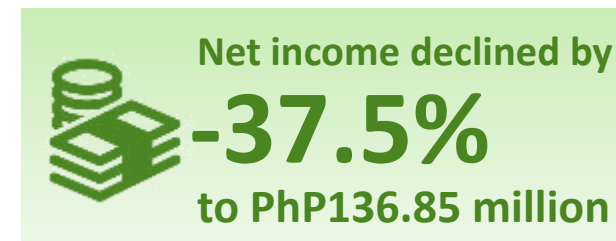
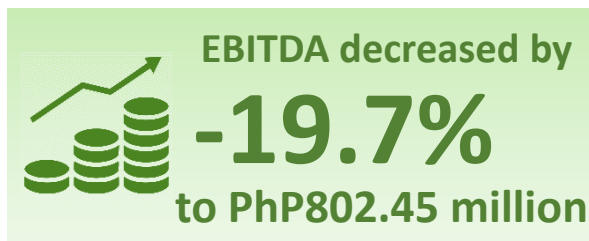




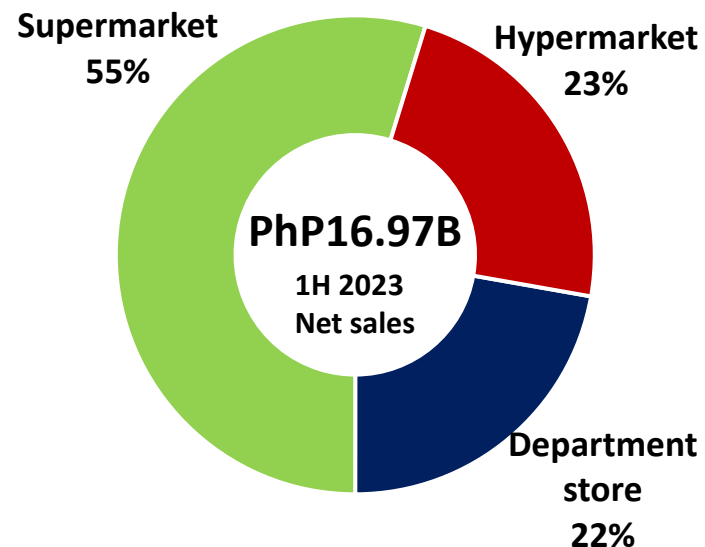
2Q & 1H 2023 **Earnings Call and Analysts' Briefing**

24 August 2023

1H 2023 Financial and Operational Highlights



Share to Business
(in % of 1H2023 net sales)




PhP21.05 billion
Total assets



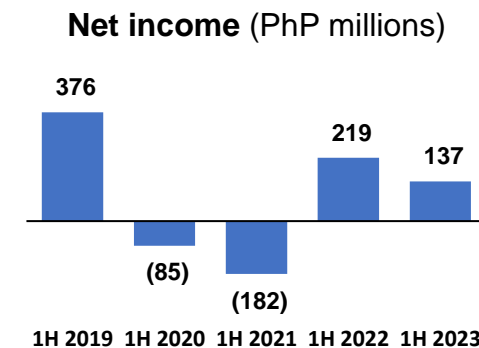
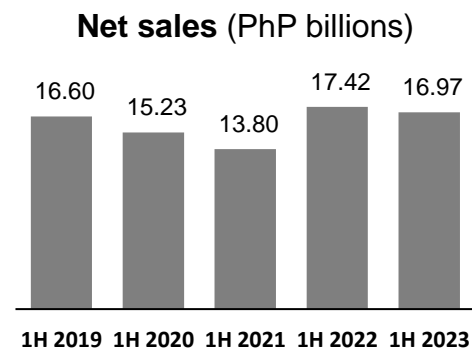
PhP8.96 billion
Total equity



60 stores
33 SM, 15 DS, 12 HM

Note: Store count as of end-June 2023
(SM refers to supermarkets, DS for department stores, and HM for hypermarkets)

vs. historical financials



As of 30 June 2023

Market capitalization

PhP4.42B

Share price

PhP1.36

Book value per share

PhP2.76

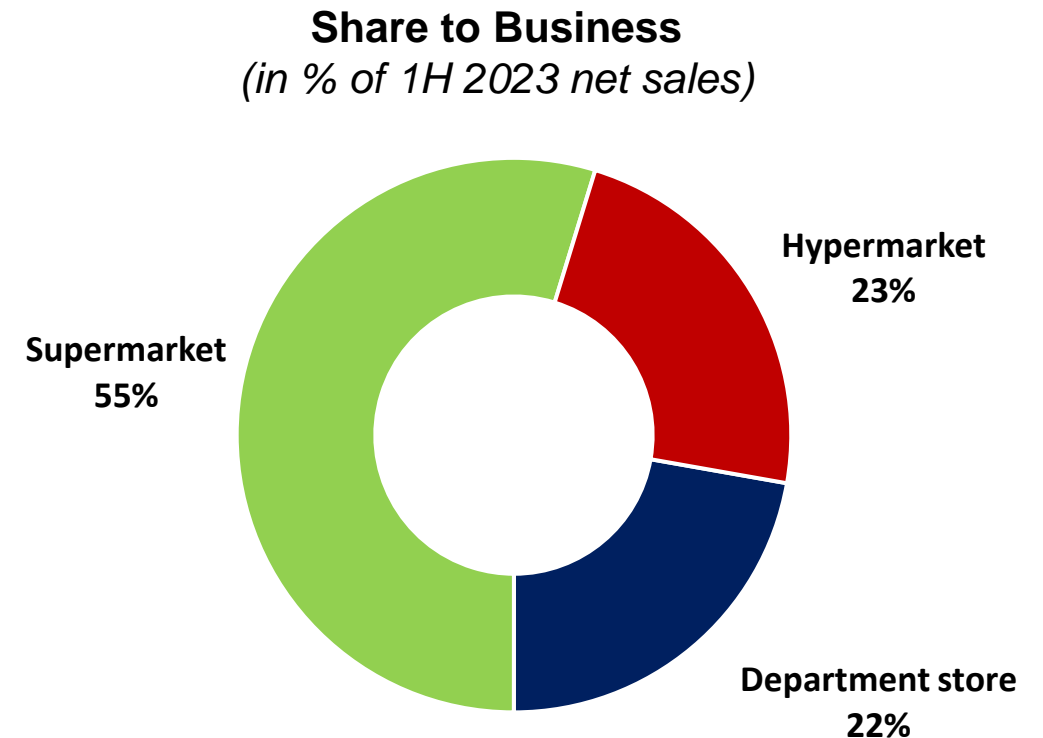
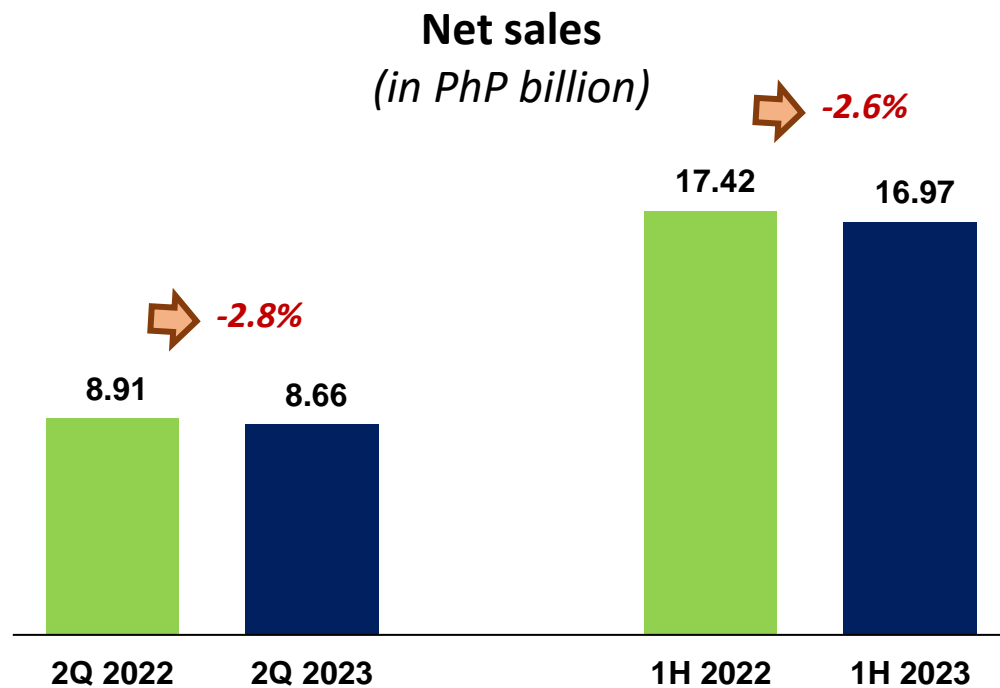
Earnings per share (1H 2023)

PhP0.04

As of 23 August 2023, MRSGL has a market capitalization of PhP4.19 billion. Share price closed at PhP1.29.

Results of operations

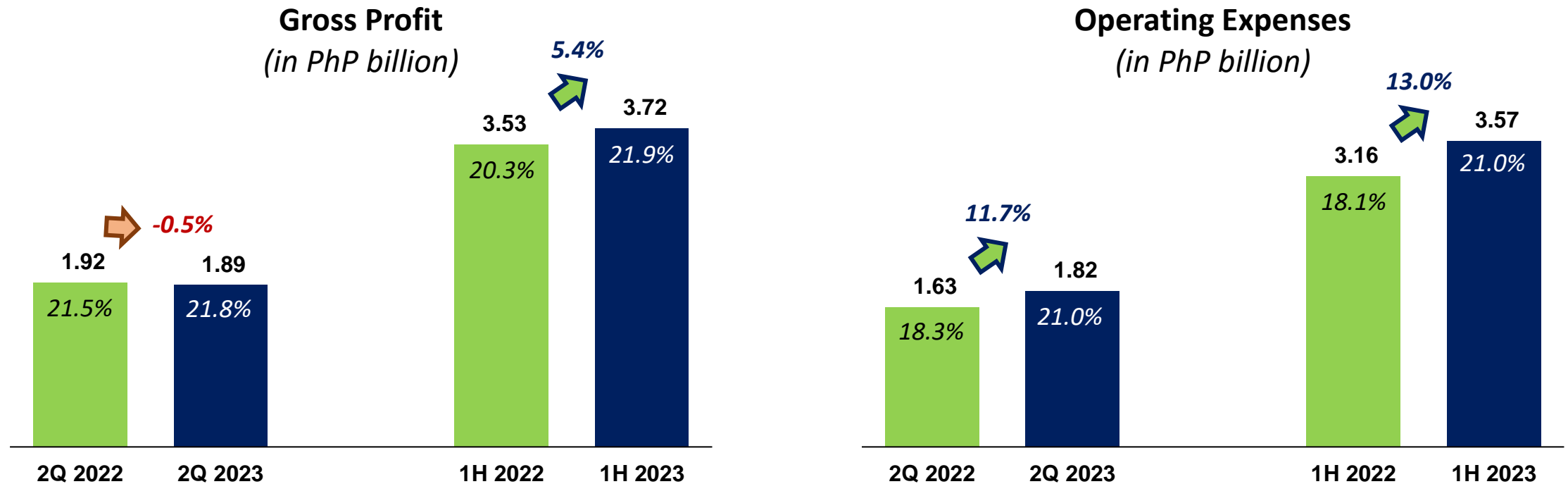
Net Sales slightly decreased by 2.6%



- ❑ For the first semester of the year, net sales decreased by 2.6% compared to the same period last year mainly due to bulk wholesale transactions that had beefed up the first-semester sales of 2022. Blended same-store sales declined by 3.8%.
- ❑ Excluding bulk wholesale transactions, total net sales increased by 5.8% in the first half of 2023 versus 2022.

Results of operations

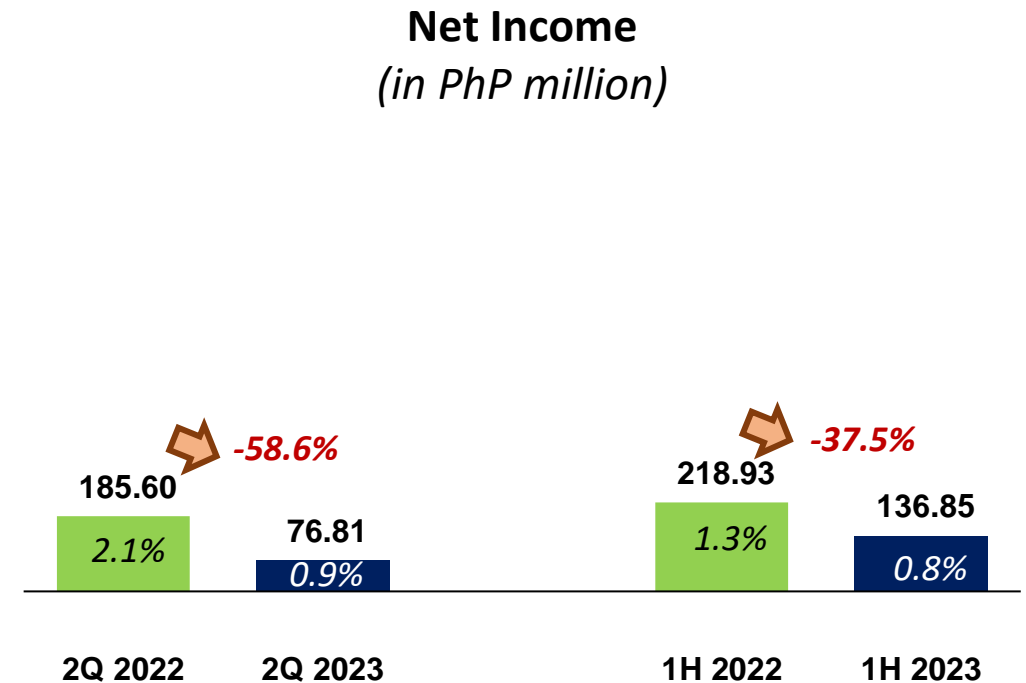
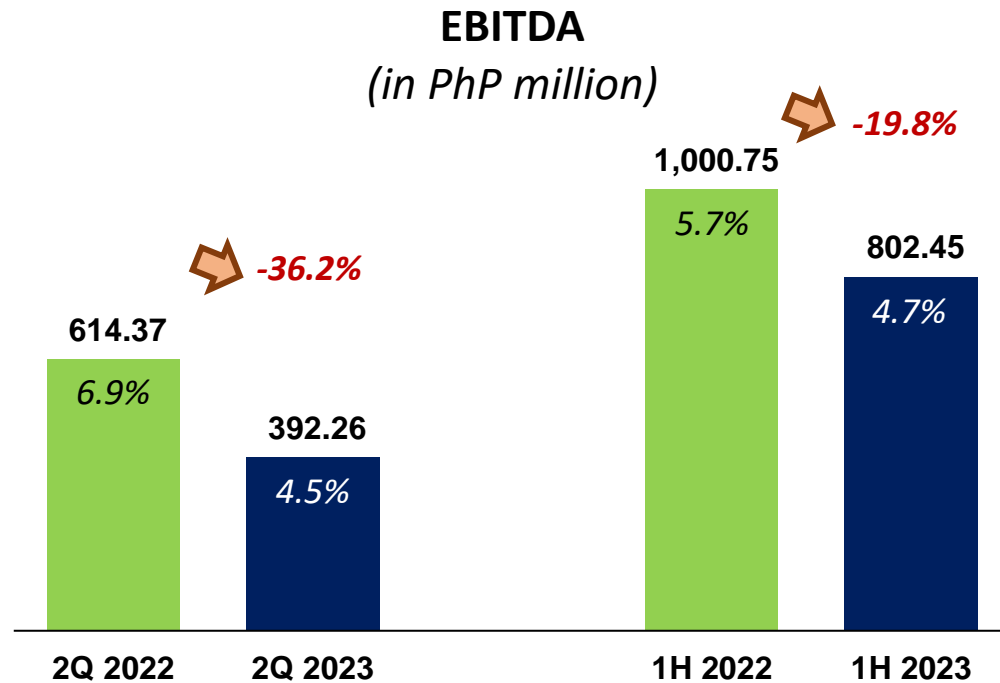
Gross profit margin improved



- ❑ Gross profit margin improved by 160 bps as share of general merchandise business to total sales grew.
- ❑ Operating expenses increased by 13.0% mainly due to higher rent and utilities expenses and manpower costs as well as additional stores that opened in April 2022.

Results of operations

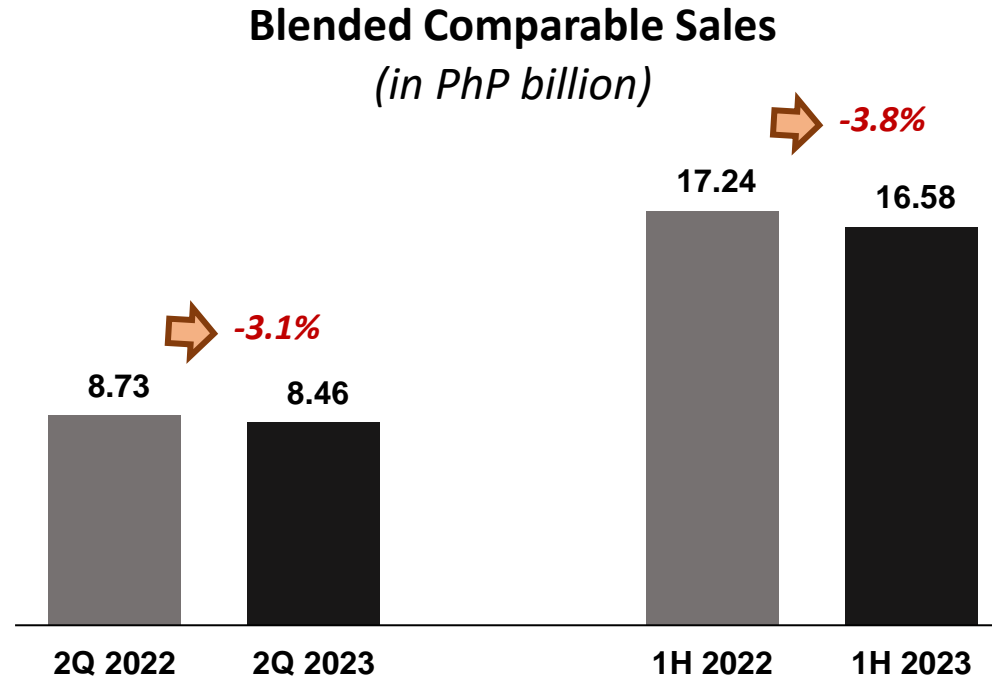
EBITDA and NIAT decreased



- ❑ As a result of decrease in sales coupled by the increase in operating expenses, EBITDA and Net income declined in the first half of 2023 compared to the same period last year.

Results of operations | Comparable store sales

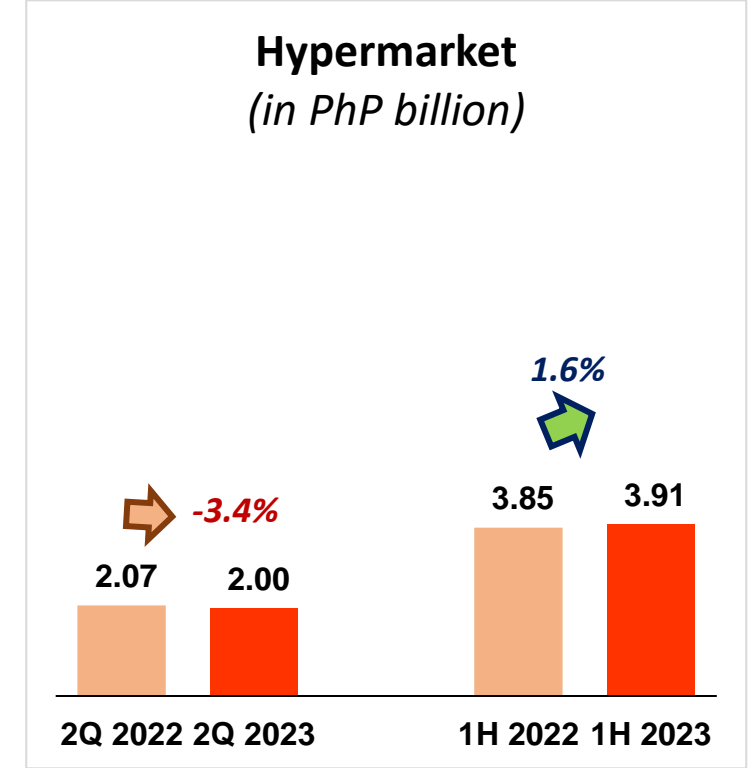
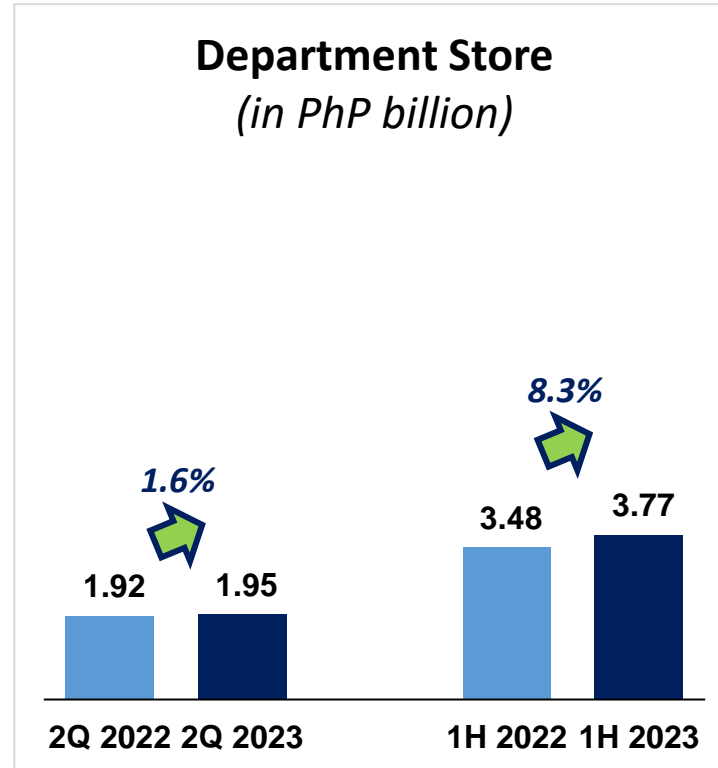
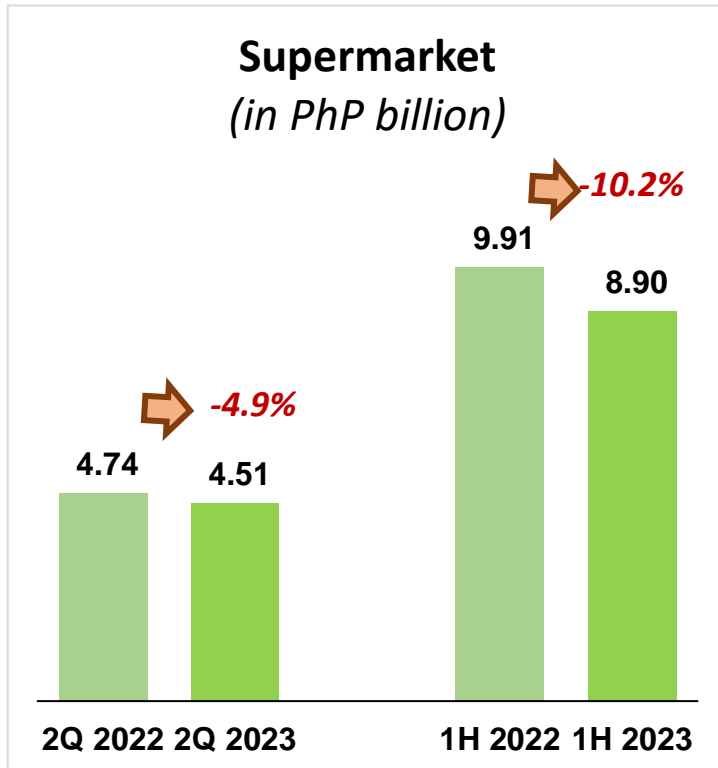
Slightly decline in comparable sales



- ❑ The Company's blended comparable sales decreased by 3.8% in the first semester of the year driven by the Supermarket format where most of the bulk sales were accounted.

Results of operations | Comparable store sales

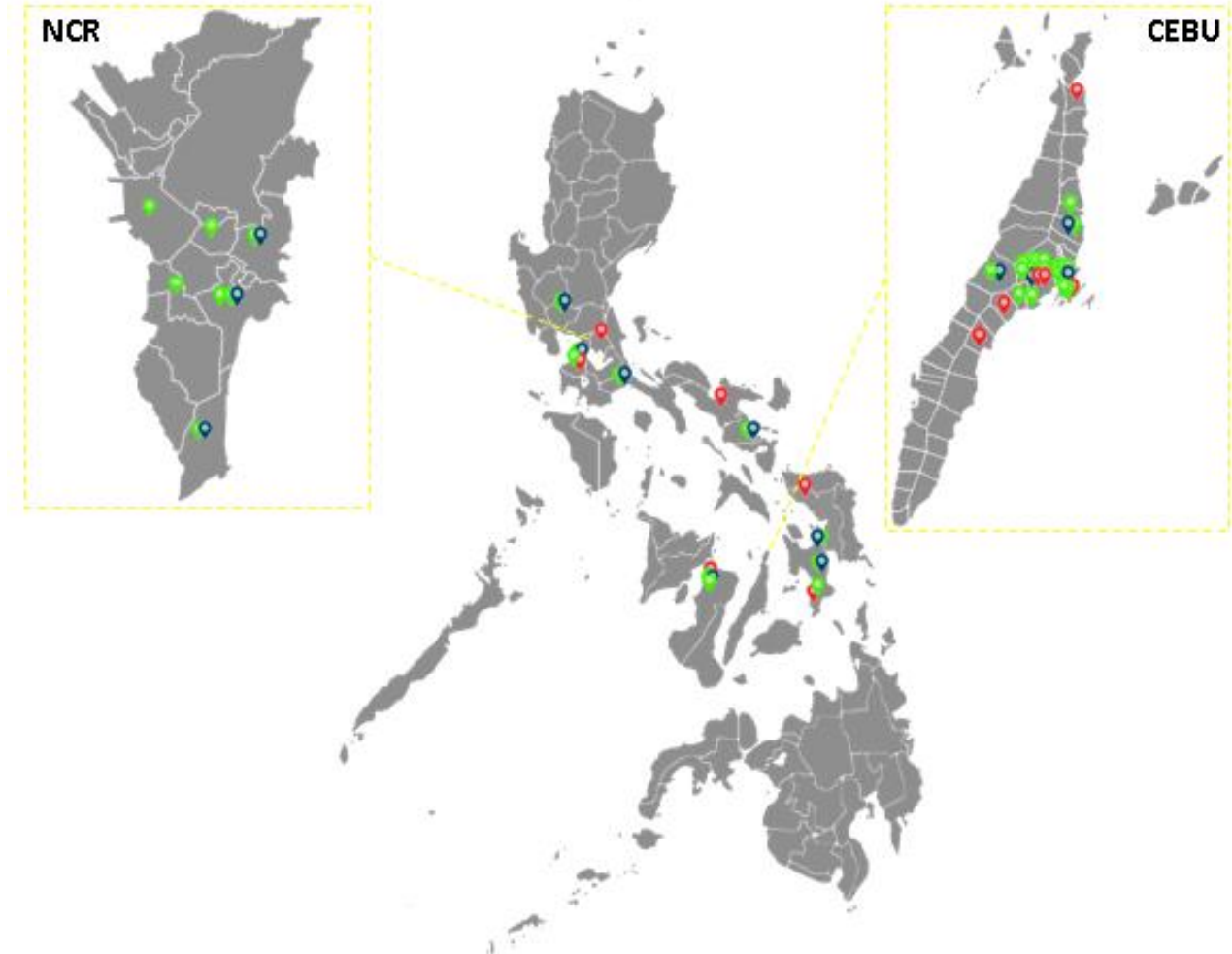
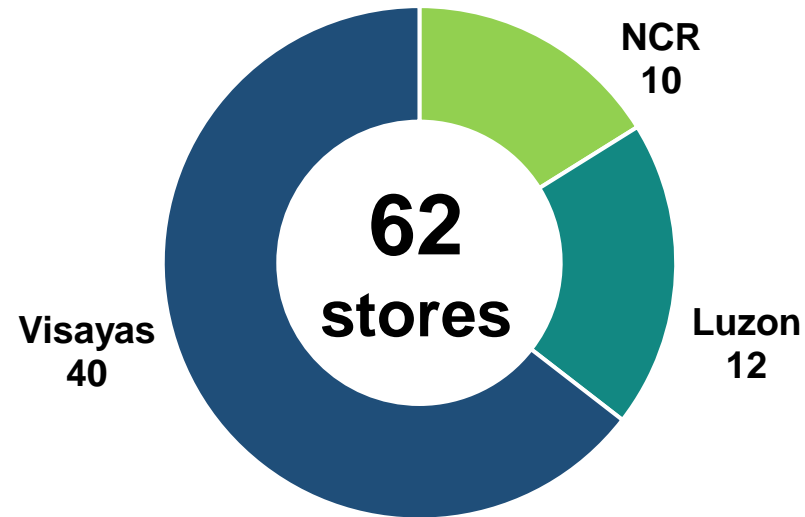
Department store and Hypermarket increased while Supermarket decreased



☐ The Company's comparable sales in Supermarket format declined while comparable sales in Department store and Hypermarket had increased.

MRSGI existing store network

Geographical composition of store network
(as of 24 August 2023)



📍 Supermarket

NCR	7
Luzon	5
Visayas	23
Total	35

🏬 Department Store

NCR	3
Luzon	4
Visayas	8
Total	15

🏪 Hypermarket

NCR	-
Luzon	3
Visayas	9
Total	12

Note: The Company closed two stores – Metro Atria on February 1 and Super Metro Calamba on March 1 and opened Metro LG Garden Matro Value Mart Lancaster in August 2023

MRSGI network expansion | New store in Mactan, Cebu

Metro LG Market (Supermarket) | Opened on 04 August 2023



MRSGI network expansion | New store in Gen. Trias, Cavite

Metro Value Mart Lancaster (Neighborhood mini-mart) | Opened on 22 August 2023



MRSGI network expansion | Sta. Rosa Warehouse

Recent photos



More Metro Retail Stores gain DTI Gold Bagwis Awards

Received additional eight (8) awards to various store locations (July 2023)



Metro Retail stores that have received DTI Gold Bagwis Awards :

- Metro Fresh 'n Easy Punta
- Metro Fresh 'n Easy Tabok
- Metro Fresh 'n Easy Tabunok
- Metro Danao
- Metro Market Naga,
- Metro Wholesalmart
- Super Metro Colon
- Super Metro Mambaling

MRSGI recognized as Landbank's Partner in Fund Management

Received DIAMOND (Distinguished Initiators and Movers of Nat'l Dev't) Award

Landbank's DIAMOND Award recognizes MRSGI as one of their outstanding partners in fund management that extended resolute confidence in the Bank for the growth and development of its business operations and made ripples of positive change in their respective communities.



Key financial indicators

<i>Currency: PhP million</i>	2016	2017	2018	2019	2020	2021	2022	1H 2023
Financial highlights								
Net sales	34,411	35,016	33,050	36,790	31,286	31,211	38,102	16,974
EBITDA	1,547	1,877	1,781	2,785	1,273	1,220	2,680	802
Net income	789	977	965	776	(450)	(318)	917	137
Equity	7,145	7,943	8,703	9,236	8,536	8,173	9,061	8,958
Financial soundness indicator								
Current Ratio	2.14	2.41	2.01	1.47	1.45	1.71	2.34	2.64
Debt to Equity Ratio	-	-	-	-	0.18	0.18	0.33	0.33
Net Debt to Equity Ratio	(0.46)	(0.47)	(0.41)	(0.31)	(0.09)	(0.02)	(0.24)	(0.05)
Earnings per share (PhP)	0.23	0.28	0.28	0.23	(0.13)	(0.09)	0.28	0.04
Earnings per share - TTM (PhP)								0.25
Stock data								
Share price (PhP) – EOP	4.05	3.90	2.49	2.11	1.50	1.44	1.41	1.36
Market capitalization – EOP	13,889	13,375	8,539	7,236	5,144	4,833	4,628	4,421
Valuation metrics (EOP)								
P/B ratio	1.94	1.68	0.98	0.78	0.60	0.60	0.51	0.49
P/E ratio	17.61	13.93	8.89	9.17	(11.54)	(16.00)	5.04	4.86 ^a
P/E ratio – TTM								5.44
EV/Sales – TTM	0.31	0.28	0.15	0.12	0.14	0.15	0.06	0.11
EV/EBITDA – TTM	6.84	5.15	2.77	1.55	3.45	3.82	0.91	1.61

Note:

a. Using 2022 EPS

MRSGL's Strategy



2Q & 1H 2023
**Earnings Call and
Analysts' Briefing**

24 August 2023

MRSGI's Five Strategy Pillars



Q&A



**2Q & 1H 2023
Earnings Call and
Analysts' Briefing**

24 August 2023

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METRO

RETAIL STORES GROUP, INC.

Annex: Financial Statements

**2Q & 1H 2023
Earnings Call and
Analysts' Briefing**

24 August 2023

Statement of Comprehensive Income

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended		For the Six Months Ended	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE				
Net sales (Note 15)	₱8,664,119,164	₱8,906,360,577	₱16,974,296,674	₱17,416,229,664
Rental (Note 22)	76,309,572	56,018,499	156,486,113	105,286,978
	8,740,428,736	8,962,379,076	17,130,782,787	17,521,516,642
COSTS AND EXPENSES				
Cost of sales (Note 17)	6,765,062,748	6,994,913,583	13,253,737,393	13,890,171,980
Operating expenses (Note 18)	1,823,808,877	1,631,165,962	3,569,504,822	3,164,788,353
	8,588,871,625	8,626,079,545	16,823,242,215	17,054,960,333
OPERATING INCOME	151,557,111	336,299,531	307,540,572	466,556,309
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	51,404,115	47,299,439	113,751,355	75,428,550
Finance costs	(102,118,789)	(136,793,892)	(236,736,019)	(251,051,159)
	(50,714,674)	(89,494,453)	(122,984,664)	(175,622,609)
INCOME BEFORE INCOME TAX	100,842,437	246,805,078	184,555,908	290,933,700

Statement of Comprehensive Income

INCOME BEFORE INCOME TAX	100,842,437	246,805,078	184,555,908	290,933,700
PROVISION FOR INCOME TAX (Note 21)				
Current	37,354,631	48,774,303	66,633,705	67,016,641
Deferred	(13,320,343)	12,433,568	(18,927,753)	4,984,597
	24,034,288	61,207,871	47,705,952	72,001,238
NET INCOME	76,808,149	185,597,207	136,849,956	218,932,462
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gains (losses) on defined benefit obligation	-	-	-	-
Incometax effect	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	P76,808,149	P185,597,207	P136,849,956	P218,932,462
Basic/Diluted Earnings Per Share (Note 23)	P0.02	P0.06	P0.04	P0.07

Statement of Financial Position

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2023

(With Comparative Audited Figures as at December 31, 2022)

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱3,367,852,283	₱5,162,583,002
Short-term investments (Notes 4 and 25)	-	-
Receivables (Notes 5 and 25)	618,918,155	954,824,757
Merchandise inventories (Note 6)	5,638,196,816	5,495,332,780
Other current assets (Notes 7 and 25)	727,923,023	630,372,608
Total Current Assets	10,352,890,277	12,243,113,147
Noncurrent Assets		
Property and equipment (Note 8)	5,549,445,427	5,294,353,429
Right-of-use ("ROU") assets (Note 22)	4,045,204,846	4,307,663,208
Deferred tax assets - net (Note 21)	412,500,366	393,572,613
Other noncurrent assets (Notes 9 and 25)	686,346,980	500,309,676
Total Noncurrent Assets	10,693,497,619	10,495,898,926
TOTAL ASSETS	₱21,046,387,896	₱22,739,012,073

Statement of Financial Position

LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables (Notes 10 and 25)	₱3,478,357,337	₱4,820,527,987
Contract liabilities (Note 11)	89,534,001	104,828,812
Income tax payable	4,640,170	23,734,498
Loans payable – current portion (Note 12)	248,611,111	130,208,334
Lease liabilities - current portion (Notes 22 and 25)	94,776,250	156,724,371
Total Current Liabilities	3,915,918,869	5,236,024,002

Noncurrent Liabilities

Lease liabilities – net of current portion (Notes 22 and 25)	4,973,508,517	5,106,227,807
Retirement benefit obligation (Note 19)	484,794,802	470,417,519
Loans payable – net of current portion (Note 12)	2,691,147,259	2,850,878,173
Other noncurrent liabilities (Notes 13 and 25)	23,452,739	14,473,976
Total Noncurrent Liabilities	8,172,903,317	8,441,997,475
Total Liabilities	12,088,822,186	13,678,021,477

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)	(251,284,260)	(207,150,258)
Retained earnings (Note 14)	3,229,885,131	3,289,176,015
Remeasurement losses on defined benefit obligation (Note 19)	94,047,690	94,047,690
Total Equity	8,957,565,710	9,060,990,596

TOTAL LIABILITIES AND EQUITY	₱21,046,387,896	₱22,739,012,073
-------------------------------------	------------------------	------------------------

Statement of Cash Flows

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the Six-month Periods Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱184,555,908	₱290,933,700
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	297,377,920	295,099,920
Finance costs (Note 16)	236,736,019	251,051,159
Depreciation - ROU assets (Note 22)	165,512,695	185,815,836
Retirement benefits costs (Note 19)	34,467,935	31,212,161
Foreign currency exchange gains (Note 16)	(4,787,301)	(26,460,279)
Gain on lease contract pretermination (Note 18)	(29,107,167)	-
Interest income (Note 16)	(81,713,187)	(22,139,963)
Operating income before working capital changes	803,042,822	1,005,512,534
Decrease (increase) in:		
Receivables	293,497,366	69,125,013
Merchandise inventories	(142,864,036)	(594,859,668)
Other current assets	(107,159,949)	(131,556,399)
Increase (decrease) in:		
Trade and other payables	(1,354,269,393)	(16,912,232)
Contract liabilities	(15,294,811)	(31,402,155)
Other current liabilities	8,978,763	-
Cash flows provided by (used in) operations	(514,069,238)	299,907,093
Income tax paid	(76,118,498)	(2,845,006)
Interest received	70,441,020	16,681,045
Interest paid	(79,026,336)	(46,945,474)
Retirement benefits paid	(9,818,237)	(3,277,201)
Net cash provided by (used in) operating activities	(608,591,289)	263,520,457

Statement of Cash Flows

CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(552,469,919)	(377,647,221)
Proceeds from insurance claim	53,681,402	-
Increase in short-term investments	-	(1,812,388,085)
Decrease (increase) in other noncurrent assets	(186,037,304)	62,786,161
Net cash used in investing activities	(684,825,821)	(2,127,249,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans (Note 12)	-	2,500,000,000
Repayment of loans (Note 12)	(43,402,778)	(1,000,000,000)
Purchase of treasury stocks (Note 14)	(44,134,002)	(75,850,041)
Payment of:		
Lease liabilities (Note 22)	(222,414,790)	(258,103,671)
Dividends payable (Note 14)	(196,149,340)	-
Debt issue cost (Note 12)	-	(18,750,000)
Net cash provided by (used in) financing activities	(506,100,910)	1,147,296,288
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,799,518,020)	(716,432,400)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	4,787,301	26,460,279
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,162,583,002	1,671,751,798
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	₱3,367,852,283	₱981,779,677

Press Release



MEDIA RELEASE

August 11, 2023

Metro Retail posts PhP17.0 billion topline; PhP136.8 million net income in first half 2023

11 August 2023, Manila, Philippines – Metro Retail Stores Group, Inc. (MRSGL) posted a PhP76.8 million net income in the second quarter of 2023, bringing the net income in the first half to PhP 136.8 million or a 37.5% decline from the prior year's PhP218.9 million.

MRSGL recorded PhP8.7 billion second-quarter net sales, bringing the total net sales for the first six months of 2023 to PhP17.0 billion, which was flattish (2.3% dip) from the PhP17.4 billion net sales in the same period last year. Excluding bulk wholesale transactions, total net sales for the first half of 2023 increased by 5.8% vs 2022.

General merchandise business retained its growth momentum in the first semester of the year at 7.0% while food retail business decreased by 5.6%. Blended same-store sales was also lower by 3.2% over the same six-month period last year, as the effects of inflation were compounded by stiffer competition in Luzon. Meanwhile, sales performance in the Visayas stores remained encouraging.

The Company's blended gross margin continued to improve by 170bps to 21.9% in the first half of 2023 from 20.2% in the same period a year ago as share of general merchandise business to total sales grew. However, this was offset by the 12.8% increase in operating expenses primarily due to higher rent and utilities expenses and manpower costs.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) for the first six months of 2023 amounted to PhP802.5 million, down by 19.7% from the same period last year. Meanwhile, MRSGL remained in a strong cash position at PhP3.4 billion, while the debt level was kept manageable. Thus, the Company continued to pursue expansion plans focused on the Visayas.

Recognizing the prevailing significance of having an omnichannel presence, the Company launched the *ShopMetro* app last May which was made available on both Apple Store and Google Playstore.

"We are constantly seeking ways to offer products that provide value to customers while preserving our margins," said MRSGL President and Chief Operating Officer Manuel Alberto. "We remain hopeful that MRSGL will rally in the second semester and finish the year 2023 strong."

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