

# Cosco Capital, Inc.

Investor Presentation  
9M2016 Financial Results & Performance

November 15, 2016



LAWSON



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Philippines

# Agenda

- Company Overview
  - Corporate Structure
  - Our Subsidiaries
  - Company Milestones
- 9M2016 Consolidated Financial Results
- Core Businesses
  - Grocery Retailing
  - Liquor Distribution
  - Specialty Retailing
  - Commercial Real Estate
- Key Initiatives for FY2016
- Q&A

# Company Overview

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# Corporate Structure

Lucio Co Family  
73%

Public  
27%



51%

100%

100%

## Grocery Retailing



**PUREGOLD**

**S&R**  
Membership Shopping

The world class shopping experience

**LAWSON**

## Liquor Distribution



**MONTOSCO INC.**

*Meritus Prime*  
Distributions Inc.

**PREMIER**  
WINE & SPIRITS, INC.

## Specialty Retailing



**90%**

**Liquigaz**

**100%**

**Office Warehouse**

## Commercial Real Estate

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

# Our Subsidiaries

## Grocery Retailing



### Puregold Price Club, Inc.

- 2<sup>nd</sup> largest grocery retail chain in the Philippines
- Nationwide presence with 268 stores across the country



### S&R Membership Shopping Club

- Pioneer and dominant player in membership club retailing
- 11 warehouses and 21 Quick Service Stores (“QSR”) nationwide

## Liquor Distribution



- Leading player in the premium wine and liquor distribution industry
- Covers 90% of imported wine and liquor in the Philippines
- Global brands such as Jose Cuervo, Alfonso, Johnnie Walker and other well-known imported names

## Specialty Retailing



### Liquigaz Philippines Corporation

- 2<sup>nd</sup> largest liquefied petroleum gas (“LPG”) supplier in the Philippines



### Office Warehouse, Inc.

- Office and school supplies, furniture and technology products
- 64 retail outlets nationwide

## Commercial Real Estate



HARBOR POINT

- Commercial Real Estate portfolio includes community malls, commercial buildings, land for long-term lease
- 38 commercial properties located mostly in the Metro Manila area as well as in neighboring provinces of Luzon

# Company Milestones

2013

**April 22:** Approval by the Securities and Exchange Commission (SEC) of change in corporate name and increase in capital stock of Parent company.

**May 31:** Implementation of issuance and listing of new shares, cross trade at the Philippine Stock Exchange (PSE) of PGOLD shares to the Parent company, issuance of shares to the subscribers pursuant to share swap, special block sale at the PSE of new shares.

2014

**January 29:** Approval of merger of Nation Realty, Inc., Go Fay & Co, Inc., SVF Corporation and 999 Shopping Mall, Inc. (Nation Realty, Inc. as the absorbing entity).

**February 28:** Acquisition of NE Pacific Shopping Centers Corporation

**May 1:** Acquisition of Office Warehouse, Inc.

**July 17:** Acquisition and subscription of additional shares of Canaria Holdings Corporation.

**July 21:** Acquisition of Liquigaz Philippine Corporation through Canaria Holdings Corporation

2015

**February 3**

- Puregold Price Club, Inc. acquired nine (9) supermarkets from NE Incorporated.
- Cosco Capital, Inc. through its wholly-owned subsidiary, Ellimac Prime Holdings, Inc., acquired four (4) commercial properties from NE Incorporated

**August 5:** through wholly-owned subsidiary, Ellimac Prime Holdings, Inc. acquired RFC mall located along Alabang, Zapote, Las Pinas City

**August 6:** Puregold Price Club, through wholly-owned subsidiary Entenso Equities and Goldtempo Company, Inc., acquired eight (8) supermarket stores operating under trade name Budgetlane

**August 12:** Cosco Capital, Inc. through its wholly-owned subsidiary, Ellimac Prime Holdings, Inc., acquired Maunlad mall situated at Malolos Bulacan

# 9M2016 Consolidated Financial Results

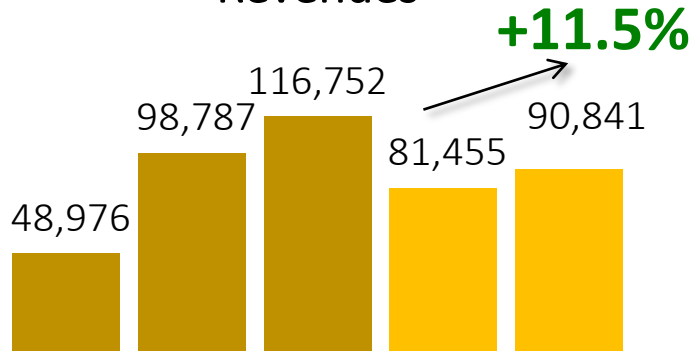
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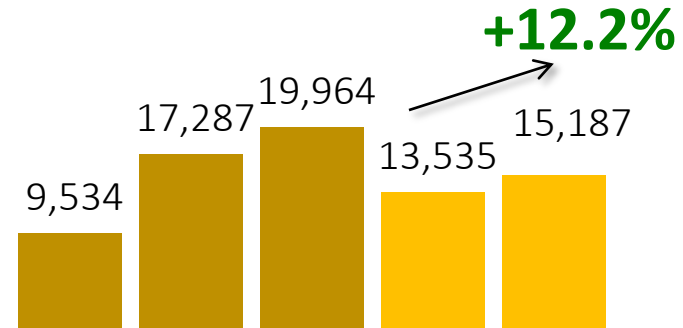
# 9M2016 Consolidated Financial Highlights

(In PHP millions)

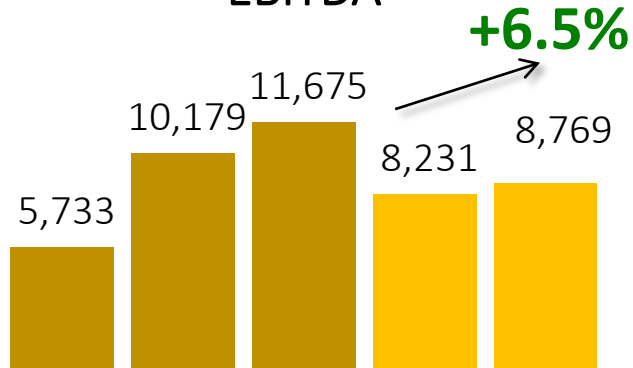
## Revenues



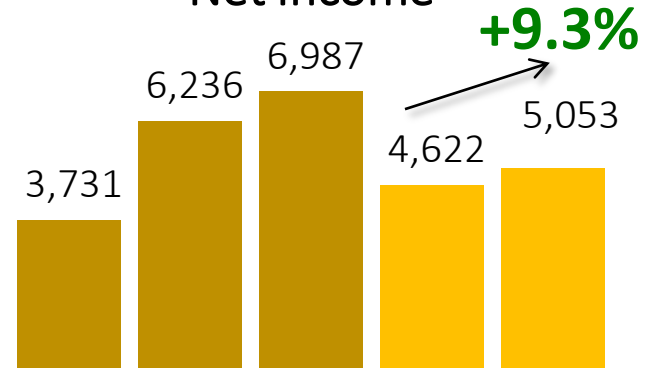
## Gross Profit



## EBITDA



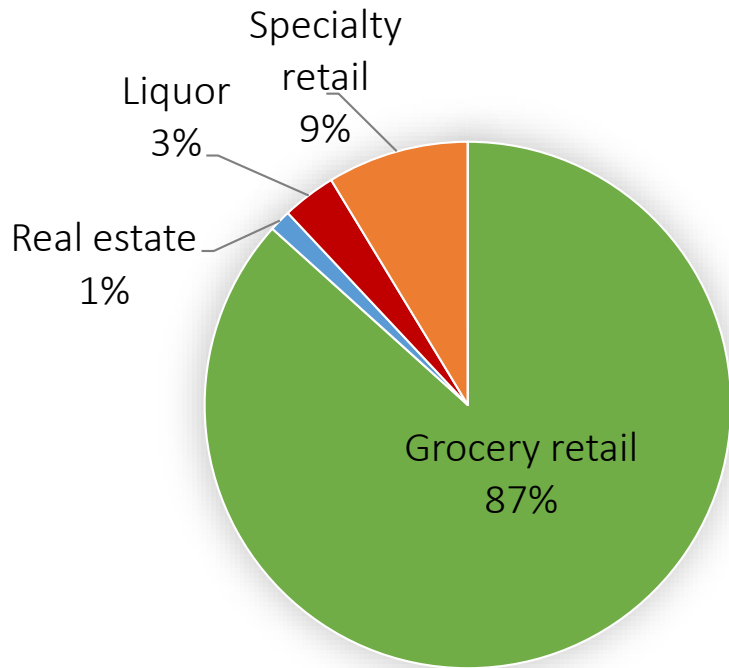
## Net Income



# Revenue Contribution

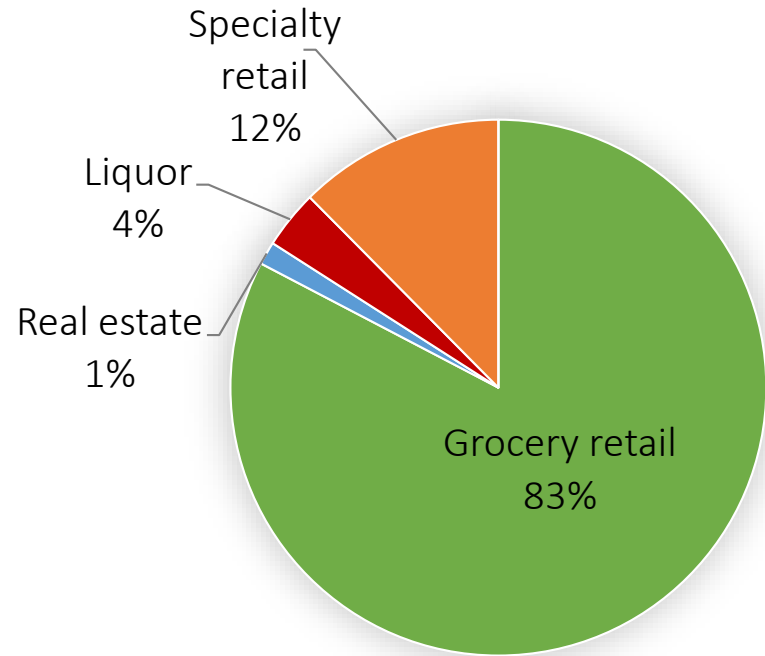
## Consolidated Revenues

9M2016



PHP 90.84 billion

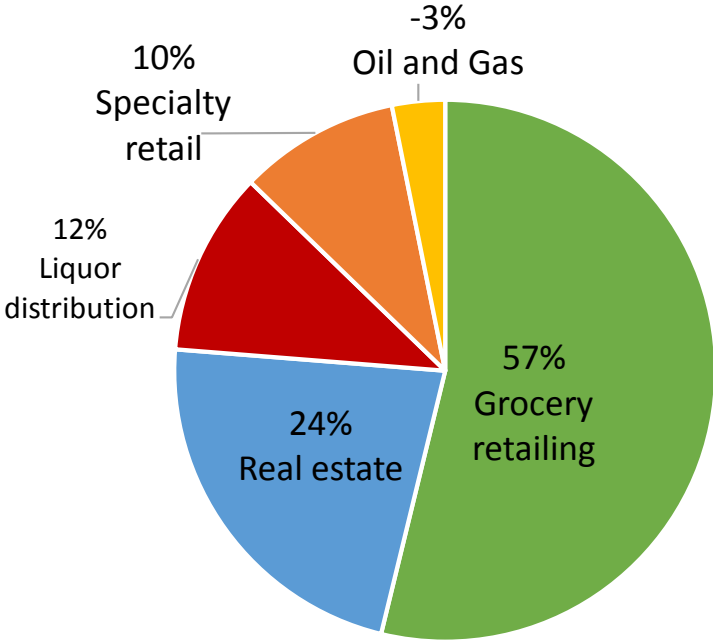
9M2015



PHP81.45 billion

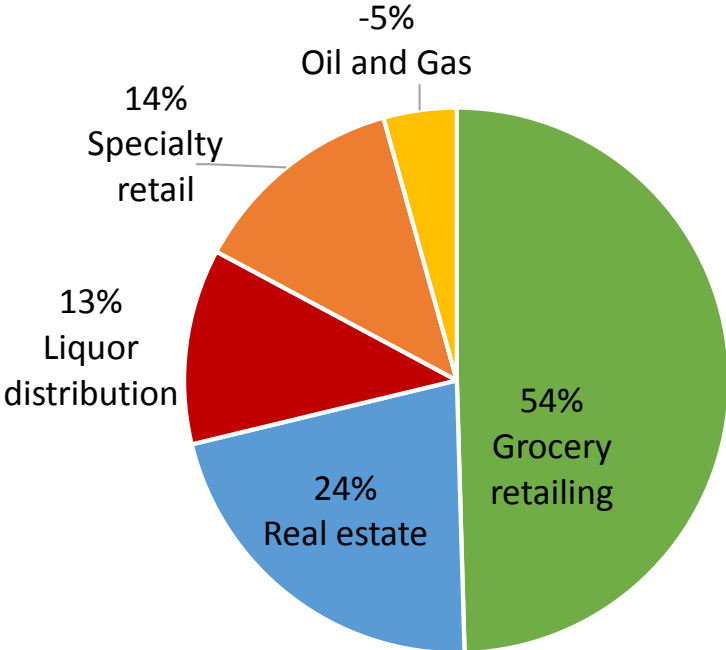
# Net Income Contribution

### 9M2016



**PHP3.24 billion**

### 9M2015



**PHP 3.01 billion**

*\*attributable to equity holders of the parent company*

# 9M2016 Consolidated Balance Sheet

(In PHP millions)	2016	2015	Increase (Decrease)	%
Cash and cash equivalents	5,359	14,541	-9,182	-63%
Total Current Assets	28,739	24,958	3,781	15%
Total Non Current Assets	62,818	58,117	4,701	8%
<b>TOTAL ASSETS</b>	<b>96,915</b>	<b>97,617</b>	<b>-702</b>	<b>-1%</b>
Total Current Liabilities	14,411	19,041	-4,630	-24%
Total Non-current Liabilities	11,984	13,032	-1,048	-8%
<b>TOTAL LIABILITIES</b>	<b>26,394</b>	<b>32,073</b>	<b>-5,679</b>	<b>-18%</b>
<b>TOTAL EQUITY</b>	<b>70,521</b>	<b>65,544</b>	<b>4,977</b>	<b>8%</b>

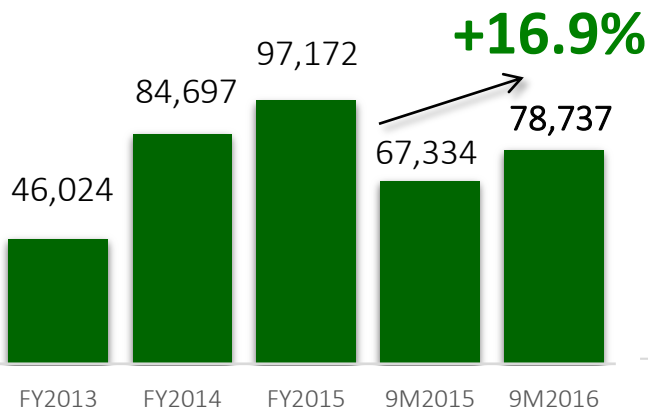
# Core Businesses

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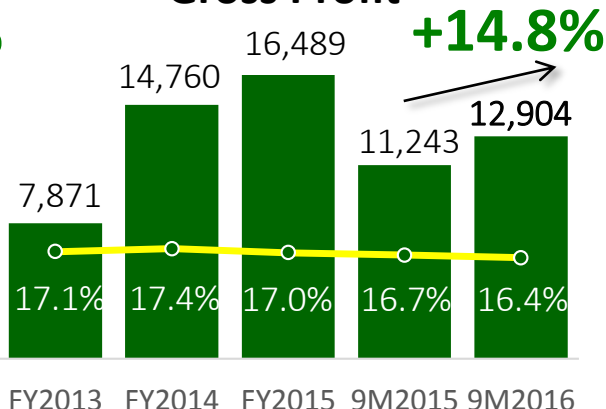
# Grocery Retailing: 9M2016 Financial Highlights

(In PHP millions)

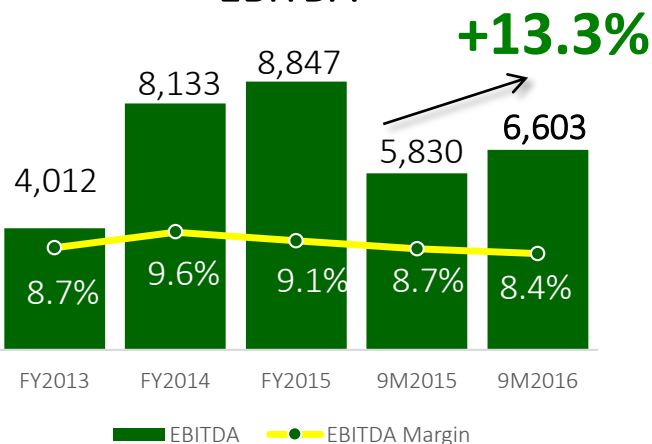
## Revenues



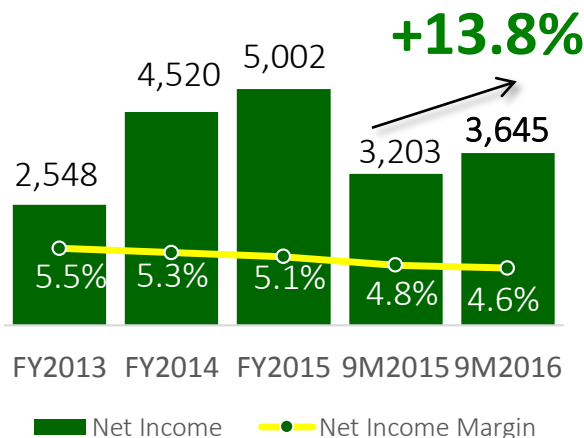
## Gross Profit



## EBITDA



## Net Income



## Key Highlights

- 16.9% growth in Consolidated Net Sales to PHP 78.7 billion, with Puregold contributing 82.1% of total.
- Growth in Revenues driven by Puregold's Same Store Sales Growth ("SSSG") of 6.6% due to positive growth in basket size of 6.5% and traffic count of 0.2%
- Consolidated Net Profit Margin of 4.6%. Puregold only net margin is 3.7% while S&R net margin is 8.7%.

# Grocery Retailing: Recent Developments



- Puregold opened 17 new stores out of targeted 25 new stores and closed 4 stores
- S&R opened 1 S&R Warehouse and 5 S&R New York Style Pizza (QSR)
- As of 9M2016, the Grocery Retailing segment is operating a total of 300 stores with consolidated NSA of more than 442,200 square meters<sup>1</sup>.

	PUREGOLD	S&R	S&R QSR
Metro Manila	107	5	12
Luzon	144	3	7
Visayas	9	1	1
Mindanao	8	2	1
<b>Total</b>	<b>268</b>	<b>11</b>	<b>21</b>

<sup>1</sup>excludes NE Bodega and Budgetlane stores with a total of 17 stores and 33,000 sqm NSA

# 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

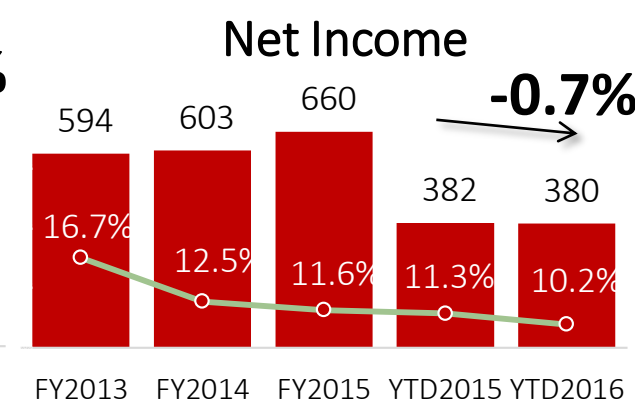
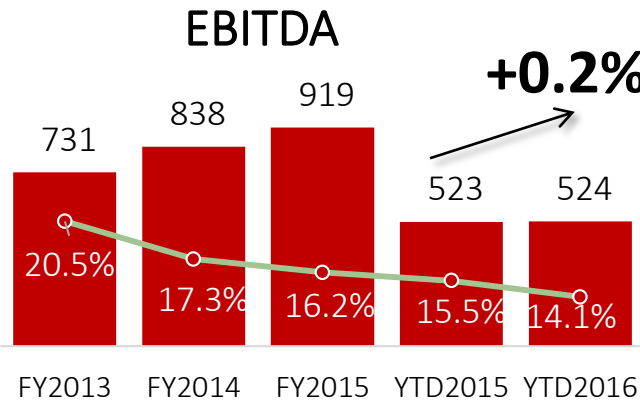
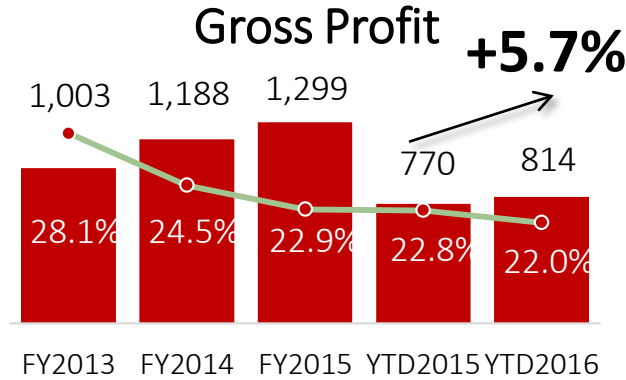
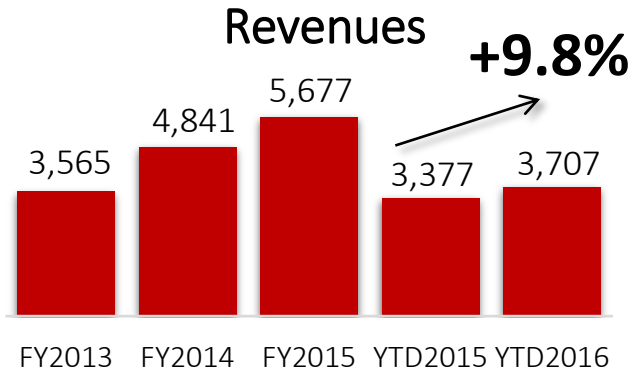
Red Bull

Various Wines



# Liquor Distribution: 9M2016 Financial Highlights

(In PHP millions)



## Key Highlights

- 9.8% increase in revenues due to the 16% increase in volume of cases sold
- Decline in GP Margin due to higher cost of sales and sales mix for lower margin segments
- Net income remained flat due to the net effect of decrease in GP Margins and increase in operating expenses

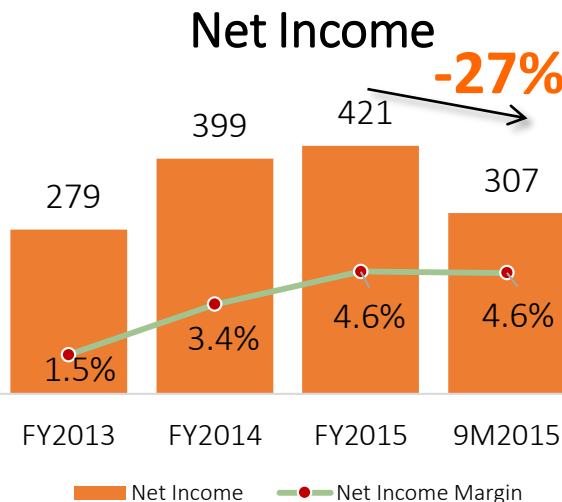
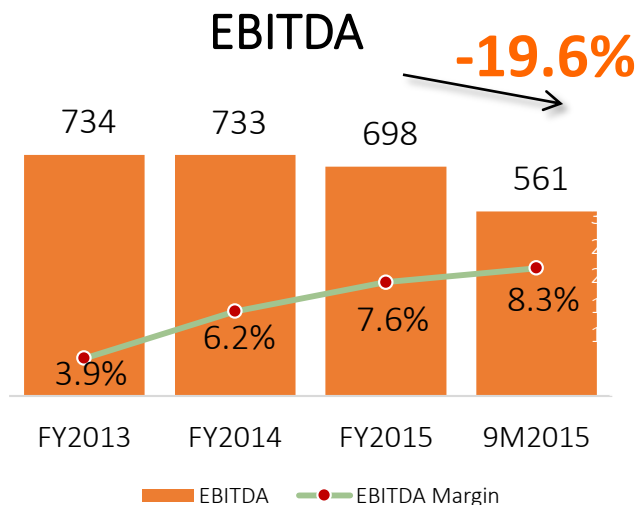
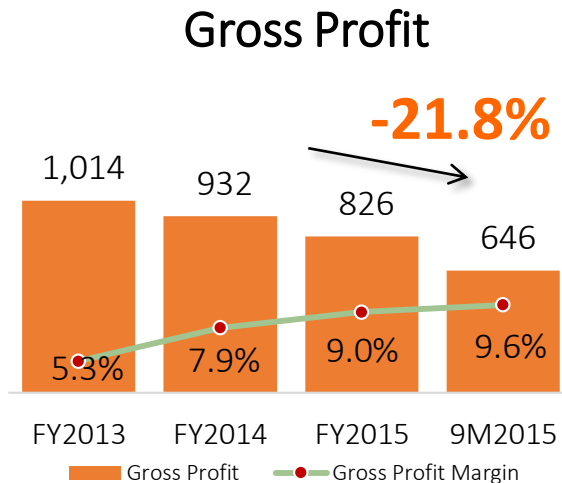
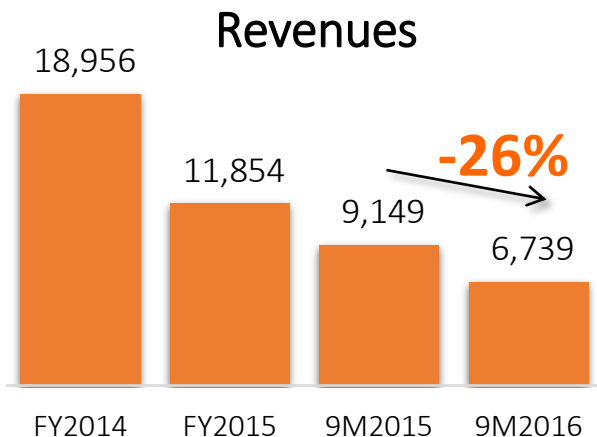
# Liquor Distribution: Total Volume Sales

- 16% growth in total volume of cases sold
- Growth mainly driven by Alfonso Light and Alfonso Solera

(in no of cases)	9M2015	9M2016	Increase	% Growth
Brandy	587,862	706,050	118,188	20%
Other spirits	201,437	216,341	14,904	7%
Wines	101,263	111,042	9,779	10%
Specialty Beverages	82,297	93,480	11,183	14%
<b>Total</b>	<b>972,859</b>	<b>1,126,913</b>	<b>154,054</b>	<b>16%</b>

# Liquigaz: 9M2016 Financial Highlights

(In PHP millions)



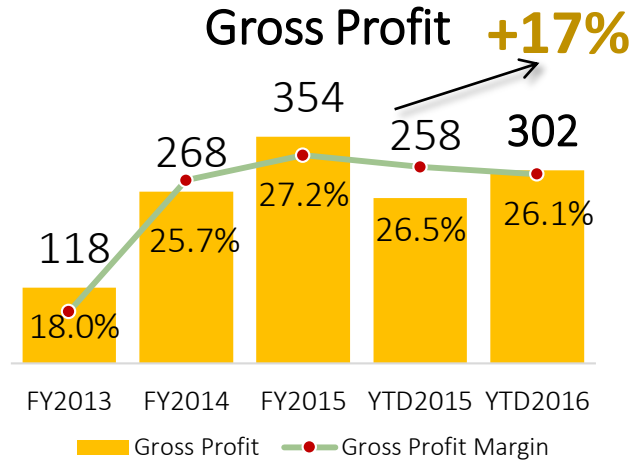
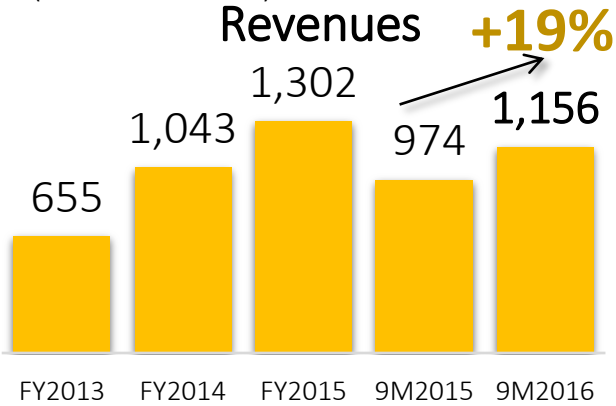
## Key Highlights

- Decline in revenues due to low global LPG price and 6% decline in total volume sold for the 9-month period
- New terminal facility in Sairaya, Quezon to be completed in 2H2017
- Operating 2 LPG showrooms and signed 5 new sites

	2014	2015	9M2015	9M2016
Volume Sold (In metric tons)	432,995	423,151	323,137	303,683

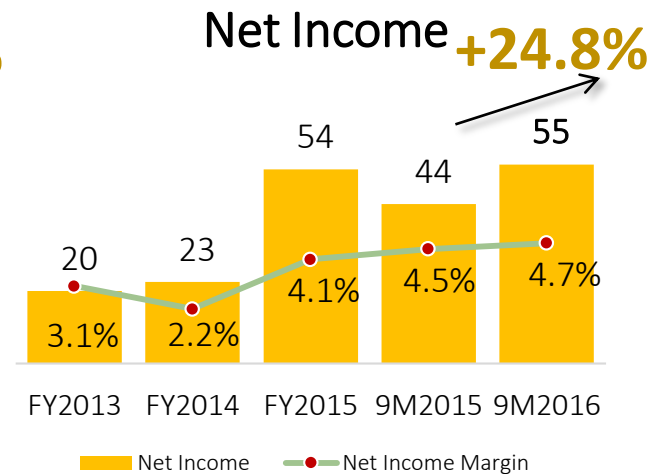
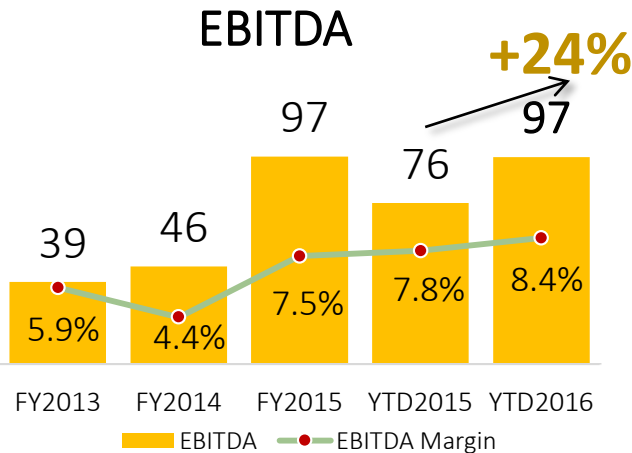
# Office Warehouse, Inc.: 9M2016 Financial Highlights

(In PHP millions)



## Key Highlights

- Opened 5 new stores out of targeted 10 new organic stores for the year
- Sales grew by 19% versus last year, with SSSG of 9.69%.
- Positive results is due to store network expansion, enhanced product offerings, and active sales and marketing campaigns.
- Decline in Gross Profit Margin due to product mix and promotional discounts

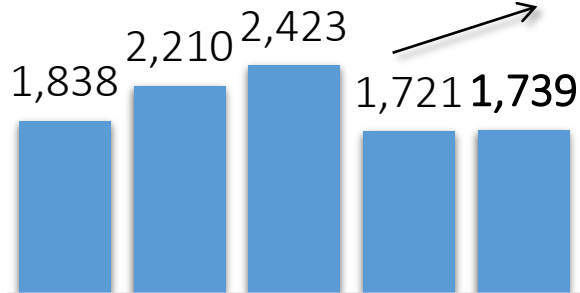


	2014	2015	9M2016
# of Stores	48	59	64
Net Selling Area		11,036 sqm	12,638 sqm

# Commercial Real Estate: 9M2016 Financial Highlights

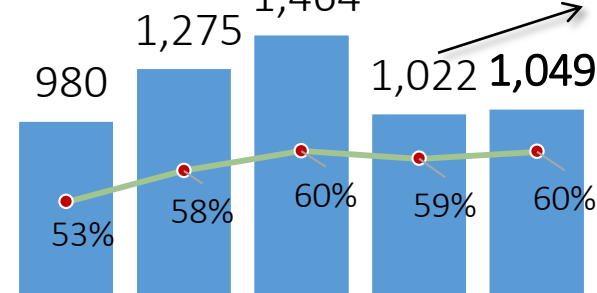
(In PHP millions)

## Revenues **+1.1%**



FY2013 FY2014 FY2015 9M2015 9M2016

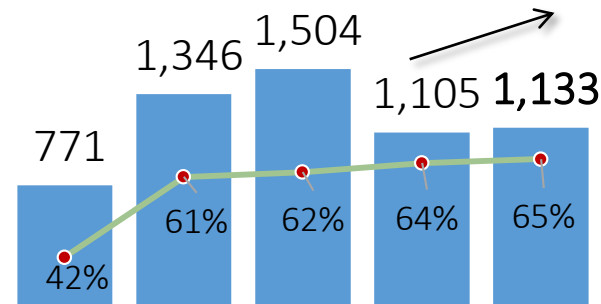
## Gross Profit **+2.7%**



FY2013 FY2014 FY2015 9M2015 9M2016

■ Gross Profit ● Gross Profit Margin

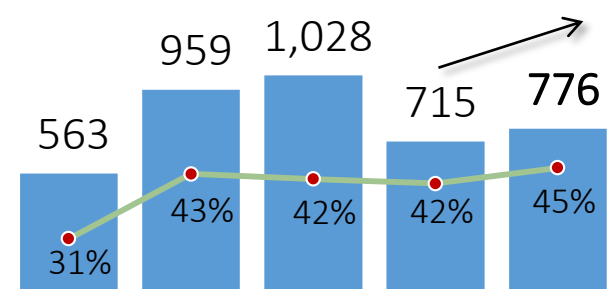
## EBITDA **+2.5%**



FY2013 FY2014 FY2015 9M2015 9M2016

■ EBITDA ● EBITDA Margin

## Net Income **+8.5%**



FY2013 FY2014 FY2015 9M2015 9M2016

■ Net Income ● Net Income Margin

## Key Highlights

- 1.1% increase in Revenues attributable acquisition of 6 community malls last year and higher income from its oil storage facility
- 8.5% increase in Net Income due to stable rental income and effective management of operating expenses
- On-going construction of community malls located in Binan, Laguna and Marikina with target date of opening by 1H2017

FINANCIAL RATIOS	2016
Rental Yield, gross	11.90%
Rental Yield, net	4.92%
Leverage	0.59
ROE	5.4%

# Commercial Real Estate: Property Portfolio

## Key statistics

Category	3Q2016	GLA/Lot Area in sq.m.	Investment cost in PHP million
Land under lease	9	146,148	4,243.50
Commercial Buildings	29	259,215	12,973.30
<b>Total</b>	<b>38</b>	<b>405,363</b>	<b>17,216.80</b>

\* Ave. Occupancy Rate                      92%

## Geographic coverage

### Metro Manila

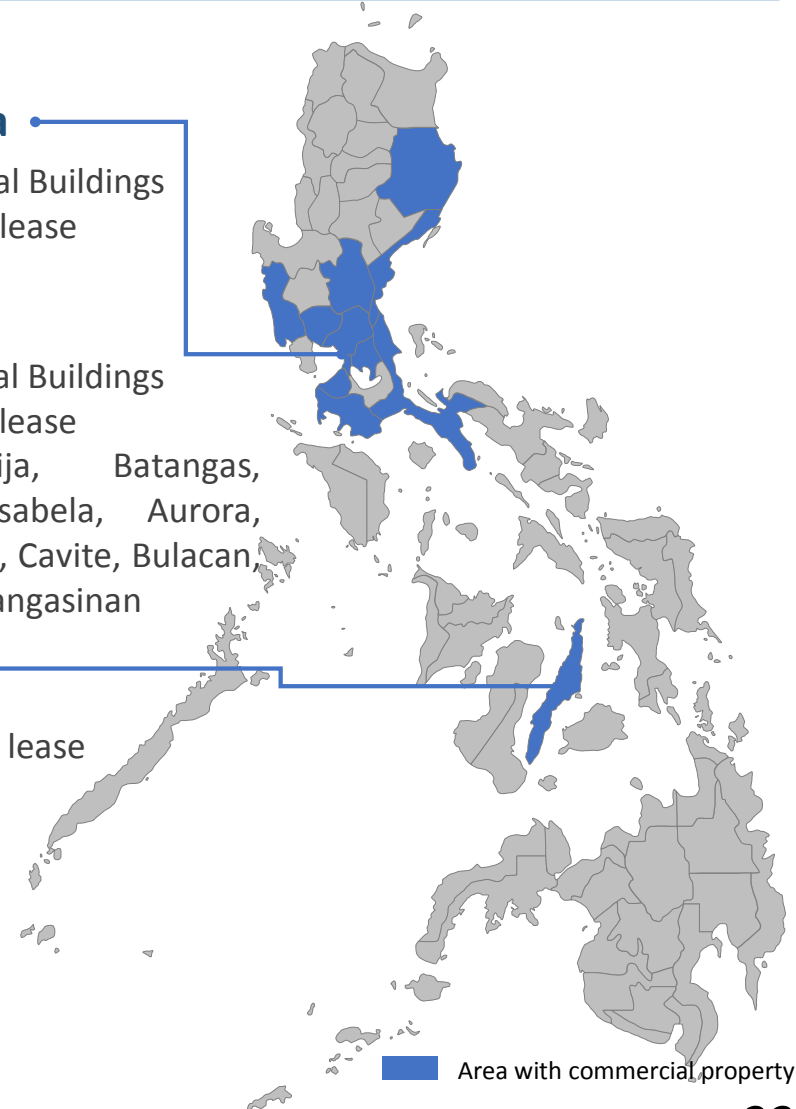
- 13 Commercial Buildings
- 5 Land under lease

### Luzon

- 16 Commercial Buildings
- 3 Land under lease
- Nueva Ecija, Batangas, Zambales, Isabela, Aurora, Quezon, Rizal, Cavite, Bulacan, Pampanga, Pangasinan

### Visayas

- 1 Land under lease
- Cebu City



# Key Initiatives for FY2016

Management remains focused on core target markets for each of its brands, and on the sustainable and long-term growth of the Company

## Grocery Retailing

- Continue to expand into new geographic locations
- Puregold to increase store network by 25 stores
- S&R to expand by 2 new warehouse club outlets

## Liquor Distribution

- Maintain market leadership in the premium wine and liquor segment
- Continue to introduce new product lines

## Specialty Retailing

- Liquigaz to invest in additional infrastructure and pursue downstream market expansion strategy
- Office Warehouse store expansion by 10 stores per year in the mid-term, and strengthen customer base through loyalty program and online marketing

## Commercial Real Estate

- Development of 3 community malls
- Refurbishment and renovation of newly acquired properties to increase tenancy



**Thank you.**

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