

# Cosco Capital, Inc.

## 1H 2020 Financial Results Investor Presentation



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## **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

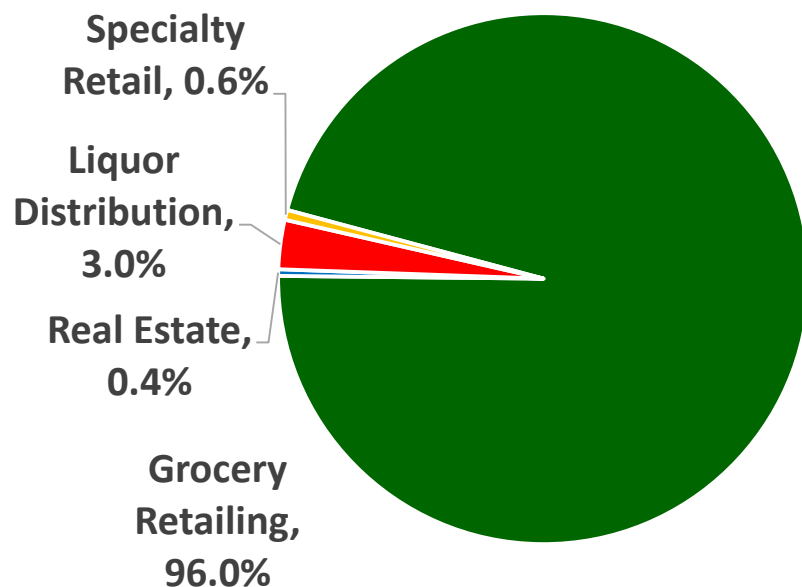


## Commercial Real Estate

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

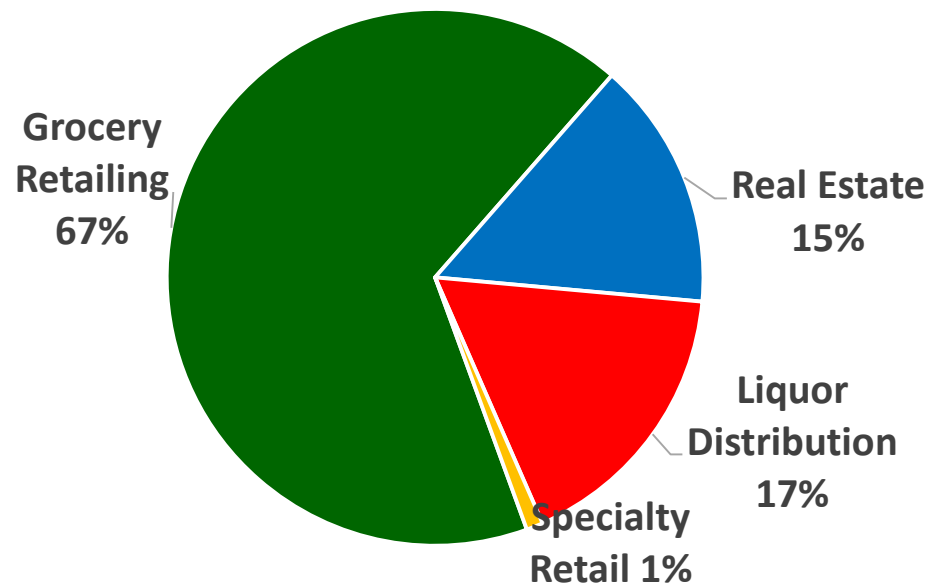
# Revenue & Net Income Contribution 1H 2020

## Revenues



PHP 85.7billion

## CORE PATMI



\*PHP 2.49billion

\*Net Income excludes one-time gain on sale of Liquigaz

# 1H2020 CONSOLIDATED FINANCIAL PERFORMANCE

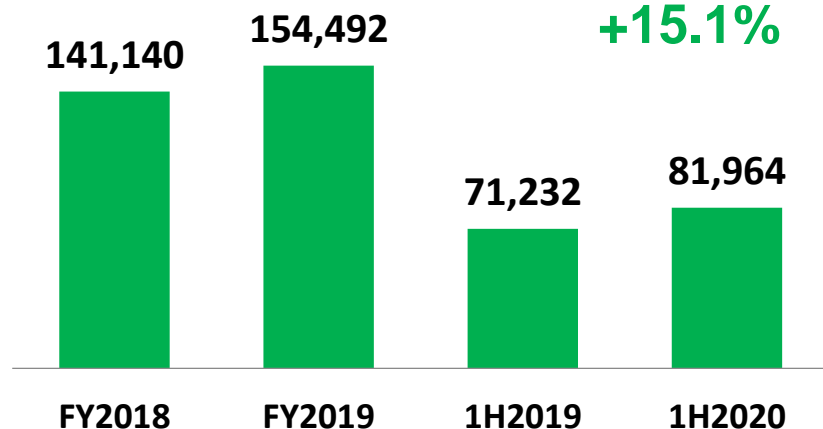
| (In Thousands)               | 1H2020     | %       | 1H2019     | %       | INCREASE<br>(DECREASE) | %       |
|------------------------------|------------|---------|------------|---------|------------------------|---------|
| REVENUES                     | 85,704,525 | 100.00% | 76,609,527 | 100.00% | 9,094,998              | 11.87%  |
| COST OF SALES/SERVICES       | 71,086,711 | 82.94%  | 63,025,398 | 82.27%  | 8,061,313              | 12.79%  |
| GROSS PROFIT                 | 14,617,814 | 17.06%  | 13,584,129 | 17.73%  | 1,033,685              | 7.61%   |
| OTHER OPERATING INCOME       | 1,616,476  | 1.89%   | 1,499,831  | 1.96%   | 116,645                | 7.78%   |
| GROSS OPERATING INCOME       | 16,234,291 | 18.94%  | 15,083,961 | 19.69%  | 1,150,330              | 7.63%   |
| OPERATING EXPENSES           | 9,662,596  | 11.27%  | 9,112,229  | 11.89%  | 550,367                | 6.04%   |
| INCOME FROM OPERATIONS       | 6,571,695  | 7.67%   | 5,971,732  | 7.80%   | 599,963                | 10.05%  |
| OTHER INCOME (CHARGES) - net | (697,964)  | -0.81%  | 5,702,570  | 7.44%   | (6,400,534)            | 112.24% |
| INCOME BEFORE INCOME TAX     | 5,873,731  | 6.85%   | 11,674,302 | 15.24%  | (5,800,571)            | -49.69% |
| INCOME TAX EXPENSE           | 1,641,589  | 1.92%   | 1,460,924  | 1.91%   | 180,666                | 12.37%  |
| NET INCOME FOR THE PERIOD    | 4,232,142  | 4.94%   | 10,213,379 | 13.33%  | (5,981,237)            | -58.56% |
| CORE NET INCOME              | 4,232,142  | 5.38%   | 4,072,162  | 5.32%   | 159,980                | 3.93%   |
| CORE NET PATMI               | 2,487,785  | 3.28%   | 2,616,195  | 3.41%   | (128,410)              | -4.91%  |
| PATMI                        | 2,487,785  | 2.90%   | 8,143,293  | 10.63%  | (5,655,505)            | -69.45% |
| Non-controlling interests    | 1,744,357  | 2.04%   | 2,070,089  | 2.70%   | (325,732)              | -15.74% |
|                              | 4,232,142  | 4.94%   | 10,213,379 | 13.33%  | (5,981,237)            | -58.56% |
| EARNINGS PER SHARE (EPS)     | 0.35729    |         | 1.16099    |         |                        | -69.23% |
| CORE EPS                     | 0.35729    |         | 0.37299    |         |                        | -4.21%  |
| EBITDA                       | 8,592,305  | 10.03%  | 7,889,314  | 10.30%  | 702,991                | 8.91%   |

# Grocery Retailing: 1H2020 Financial Highlights

(In PHP millions)

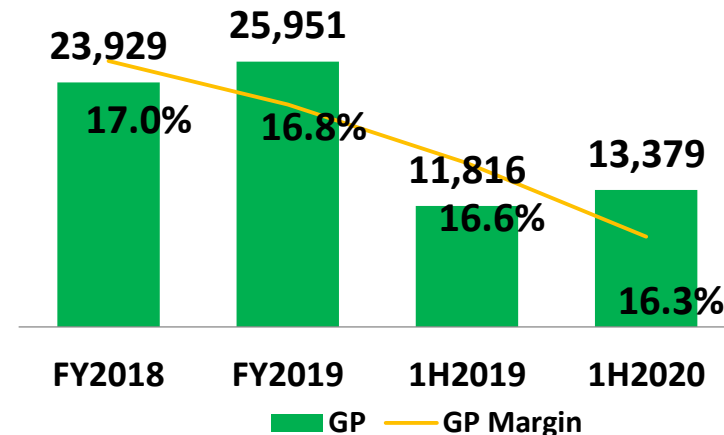
## Revenues

+15.1%



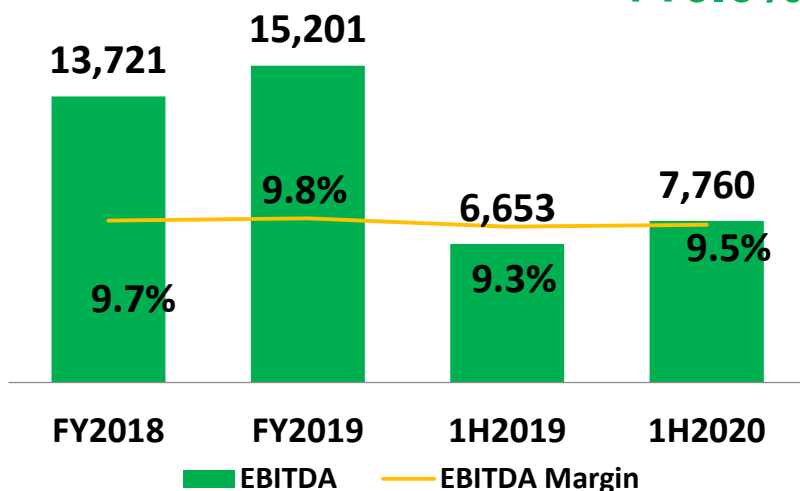
## Gross Profit and Margin

+13.2%



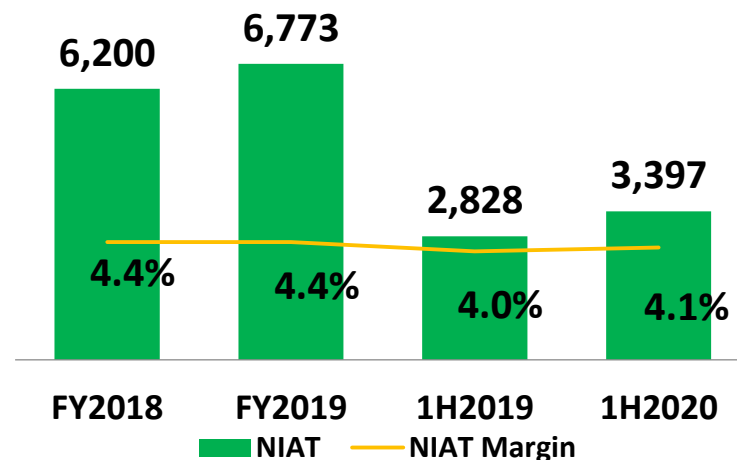
## EBITDA and Margin

+16.6%

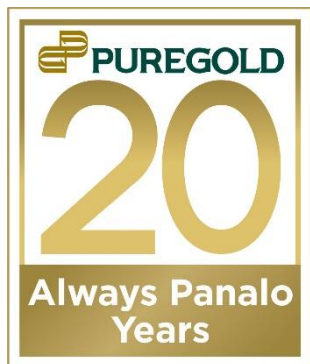


## Net Profit and Margin

+20.1%



# Grocery Retailing: Operational Highlights



- Puregold opened **7 new stores** in 1H 2020; closed 2 PGOLD stores
- S&R opened **2 new S&R warehouse**; 1 QSR
- As of 1Q 2020, the Grocery Retailing segment is operating a total of **444 stores**
- SSSG PGOLD only is at 9.2% while S&R is at 12%



|              | PUREGOLD   | S&R       | S&R QSR   |
|--------------|------------|-----------|-----------|
| Metro Manila | 133        | 10        | 24        |
| Luzon        | 209        | 6         | 11        |
| Visayas      | 32         | 2         | 4         |
| Mindanao     | 11         | 2         | 0         |
| <b>Total</b> | <b>385</b> | <b>20</b> | <b>39</b> |

# 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

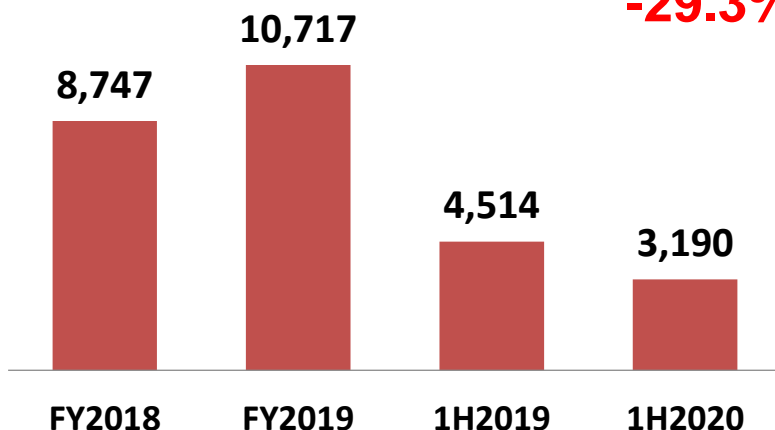


# Liquor Distribution: 1H2020 Financial Highlights

(In PHP millions)

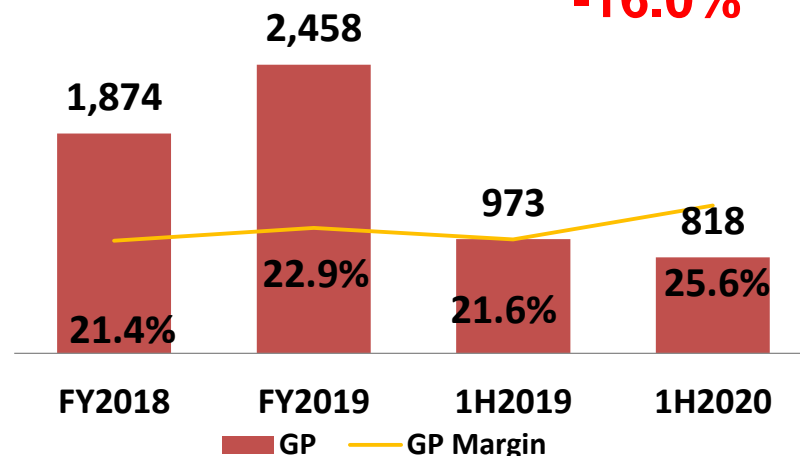
## Revenues

**-29.3%**



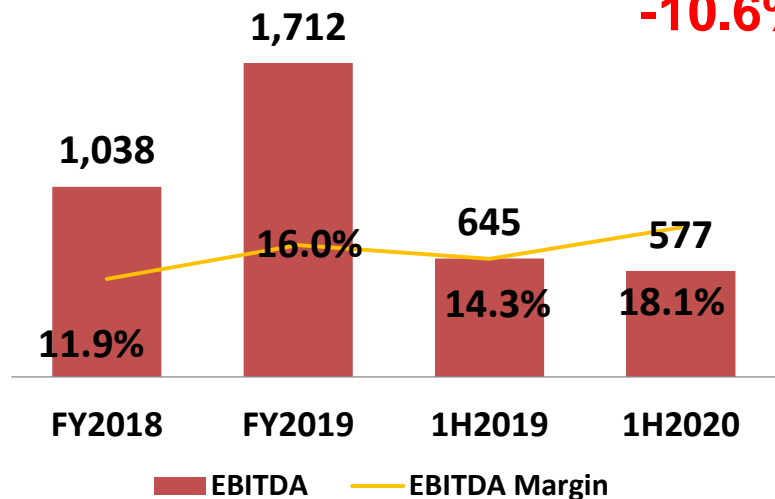
## Gross Profit and Margin

**-16.0%**



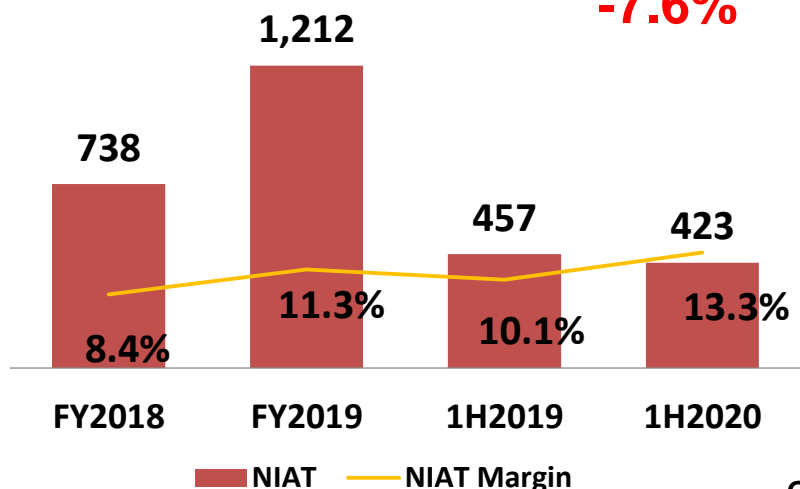
## EBITDA and Margin

**-10.6%**



## Net Profit and Margin

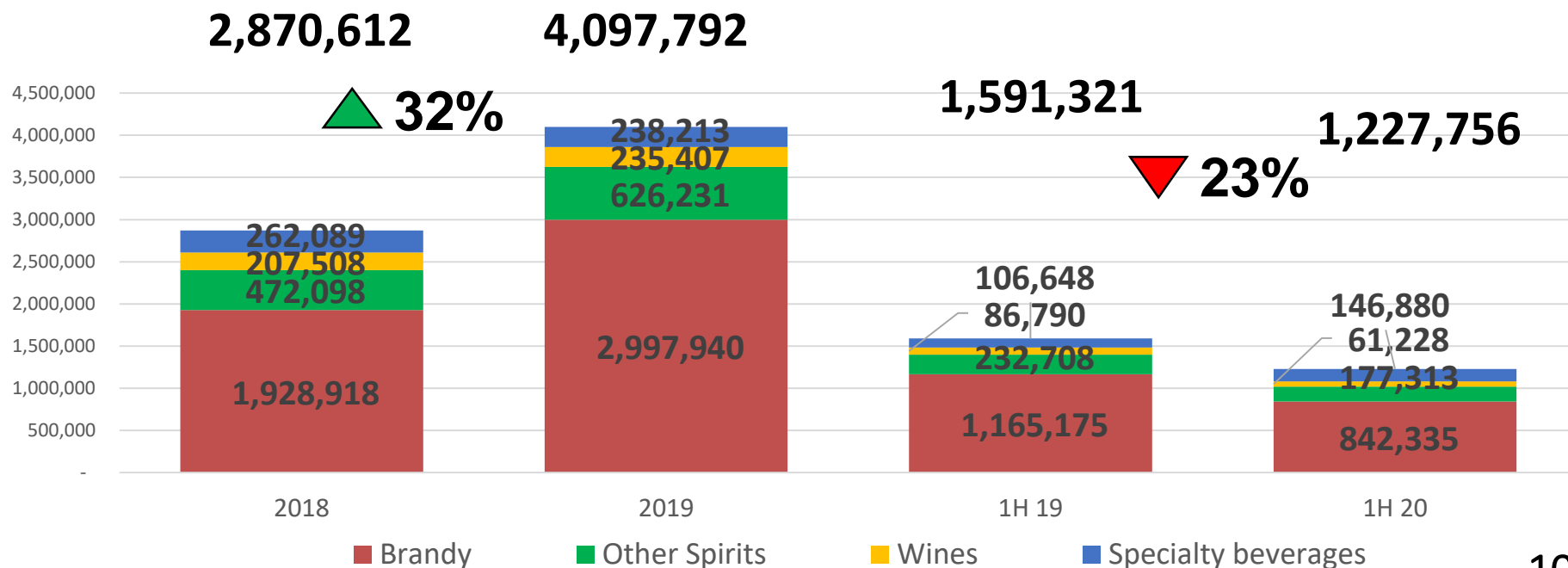
**-7.6%**



# Liquor Distribution: Total Volume Sales

- 23% decline in total volume of cases sold in 1H 2020
- Decline driven by the government imposed Liquor Ban during COVID-19 Quarantine

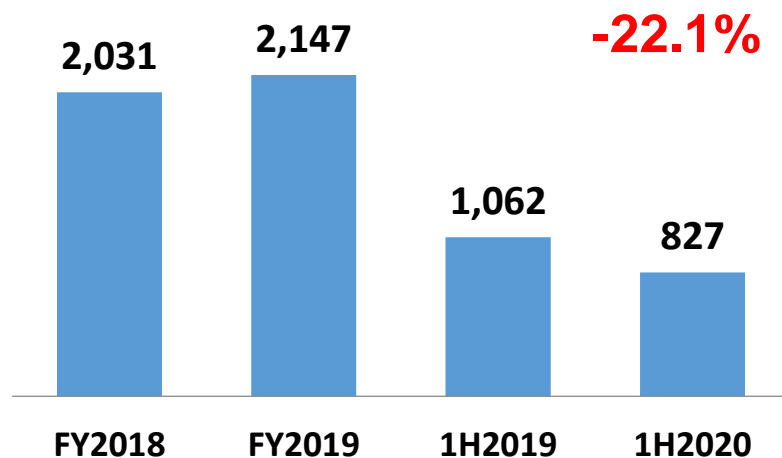
| CATEGORY            | 2018             | 2019             | 1H 19            | Mix %       | 1H 20            | Mix %       | Inc/Dec          | Growth      |
|---------------------|------------------|------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| Brandy              | 1,928,918        | 2,997,940        | 1,165,175        | 73%         | 842,335          | 69%         | (322,840)        | -28%        |
| Other Spirits       | 472,098          | 626,231          | 232,708          | 15%         | 177,313          | 14%         | (55,395)         | -24%        |
| Wines               | 207,508          | 235,407          | 86,790           | 5%          | 61,228           | 5%          | (25,562)         | -29%        |
| Specialty beverages | 262,089          | 238,213          | 106,648          | 7%          | 146,880          | 12%         | 40,232           | 38%         |
| <b>Grand Total</b>  | <b>2,870,612</b> | <b>4,097,791</b> | <b>1,591,321</b> | <b>100%</b> | <b>1,227,756</b> | <b>100%</b> | <b>(363,565)</b> | <b>-23%</b> |



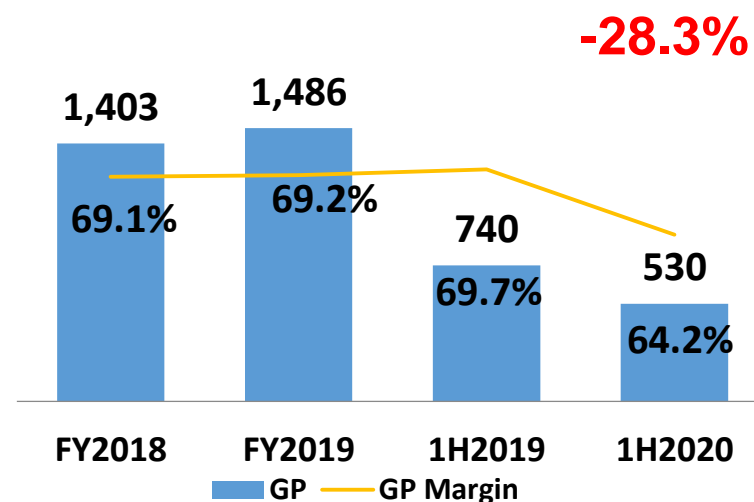
# Real Estate: 1H2020 Financial Highlights

(In PHP millions)

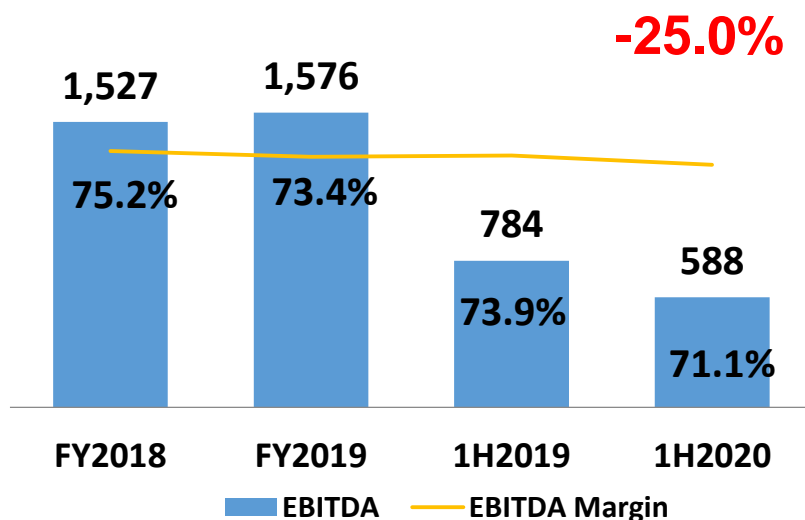
## Revenues



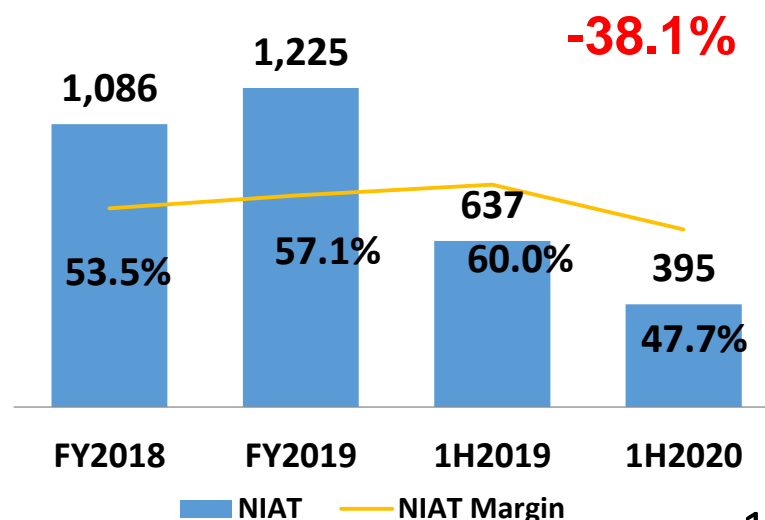
## Gross Profit and Margin



## EBITDA and Margin



## Net Profit and Margin



# Real Estate Group: Operational Highlights

- Total of 55 commercial properties with 96% average occupancy rate
- Pure Petroleum operating at 100% capacity in 1H 2020 and 1H 2019 (9 storage tanks with 88.5M liters capacity)

| Category             | 1H2020    | FY2019    | 1H2020<br>GLA/sqm | FY2019<br>GLA/sqm |
|----------------------|-----------|-----------|-------------------|-------------------|
| Land under lease     | 11        | 11        | 160,921           | 160,921           |
| Commercial Buildings | 34        | 34        | 277,052           | 277,052           |
| Under Development    | 1         | 1         | 8,457             | 8,457             |
| Future Development   | 9         | 9         | 104,909           | 104,909           |
| <b>Total</b>         | <b>55</b> | <b>55</b> | <b>551,338</b>    | <b>551,338</b>    |

# Real Estate Group: Operational Highlights

## COMMERCIAL REAL ESTATE

### Rental Yields

|                           | 1H2020      | 1H2019      | FY2019       | Computation  |
|---------------------------|-------------|-------------|--------------|--|
| <b>Gross Rental Yield</b> | <b>4.8%</b> | <b>5.8%</b> | <b>11.0%</b> | Rental income over book value of investment property |
| <b>Net Rental Yield</b>   | <b>2.9%</b> | <b>4.2%</b> | <b>8.0%</b>  | EBIT over book value of investment property          |

### Appraisal of Properties

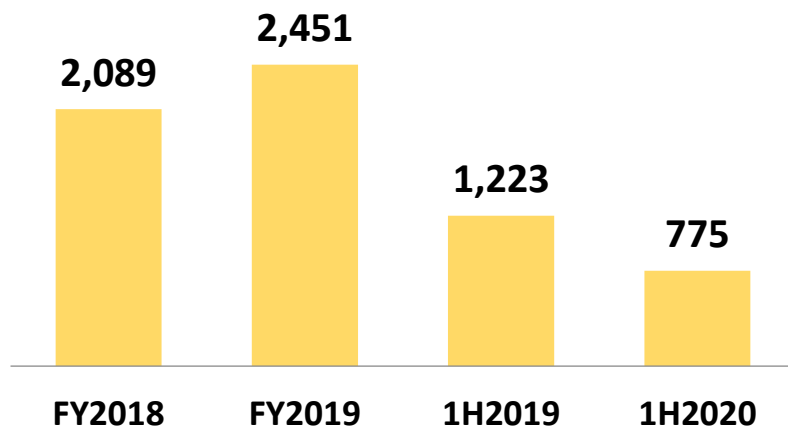
|                                 | Appraised value       | Book value FY2019     | Appraisal increment   |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Land</b>                     | 33,108,292,490        | 9,445,921,136         | 23,662,371,354        |
| <b>Building and machineries</b> | 8,336,452,217         | 7,544,147,592         | 792,304,625           |
| <b>TOTAL</b>                    | <b>41,444,744,707</b> | <b>16,990,068,728</b> | <b>24,454,675,979</b> |

# Office Warehouse: 1H2020 Financial Highlights

(In PHP millions)

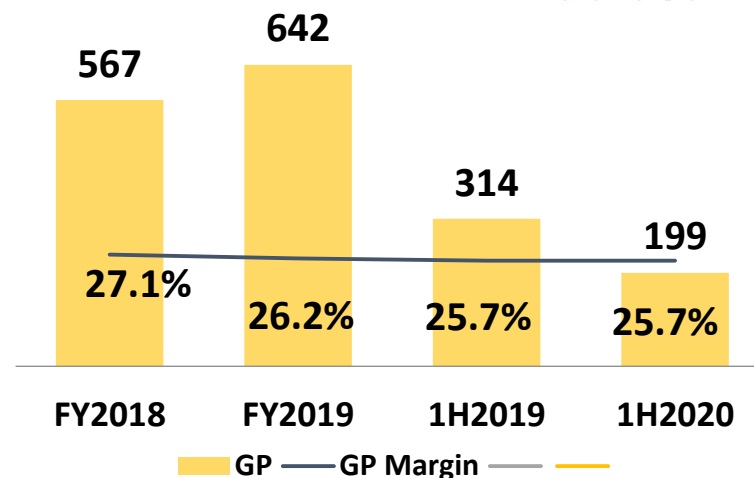
## Revenues

**-36.6%**



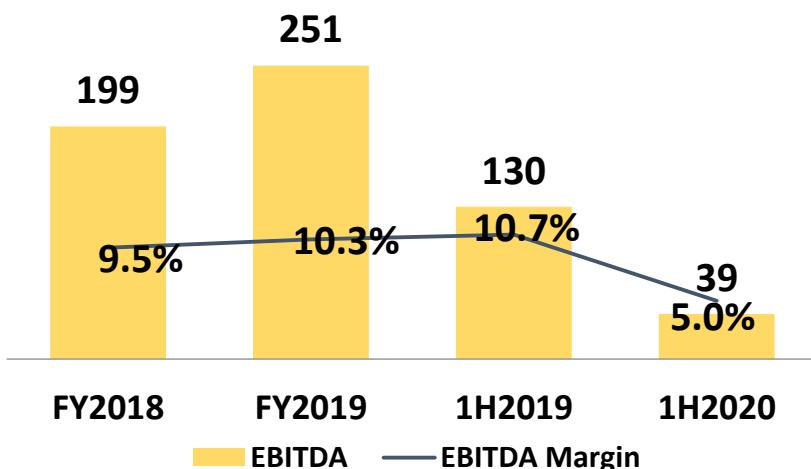
## Gross Profit and Margin

**-36.5%**



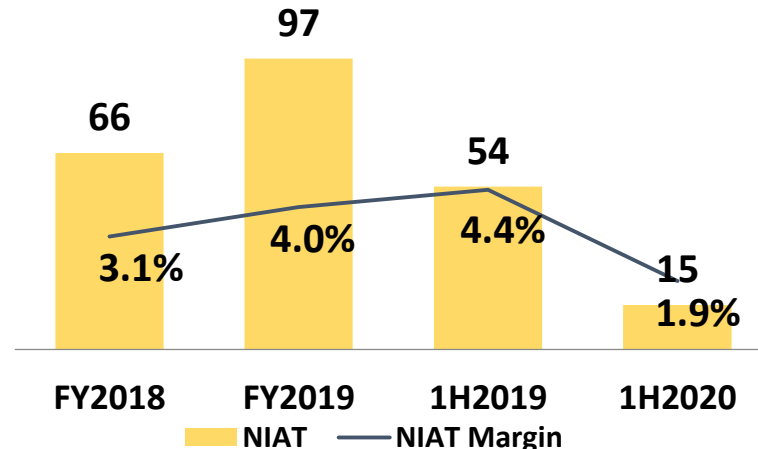
## EBITDA and Margin

**-70.3%**



## Net Profit and Margin

**-72.8%**



# Office Warehouse: Operational Highlights

## OFFICE WAREHOUSE, INC.

- closed down 1 store in 1H 2020
- SSSG of **-37.7%** in 1H 2020 vs +15.3% in 1H 2019 due to government lockdown and community quarantine starting March 16, 2020



|                                  | 2016   | 2017   | 2018   | 2019   | 1H 20  |
|----------------------------------|--------|--------|--------|--------|--------|
| <b>No. Stores</b>                | 71     | 82     | 88     | 89     | 88     |
| <b>Net selling area (in sqm)</b> | 14,014 | 15,945 | 16,738 | 15,589 | 15,489 |

- **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





# Thank you.

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