



Cosco Capital net income hits PHP 10.5 billion in 2021

Manila, Philippines - Cosco Capital, Inc., the listed retail holding firm of Mr. Lucio L. Co, reported a 5% growth in its consolidated net income of Php 10.5 billion for 2021 versus Php 10 billion in 2020 and 13% better than the pre-pandemic 2019 consolidated core net income of Php 9.3 billion. The net income performance in 2021 was undeterred by the slight decline in consolidated revenues experienced in 2021 brought about by the continuing impact of the Covid-19 restrictions experienced for the most part of the year by the different business segments of the Group. Consolidated Revenues for Cosco amounted to Php 174.4 billion in 2021 versus Php 177.3 billion in 2020.

As the business segments navigated through the second year of the pandemic, the company continued to benefit by way of a better bottom line results from a combination of the gross margin enhancements thru stronger suppliers supports, sustained strategic cost and expense management as well as the income tax savings from the implementation of the CREATE Law.

In 2021, the group's grocery retailing businesses, Puregold Price Club, Inc. and S&R Membership Shopping Club, contributed 63% of total core net income, followed by the Liquor Distribution with 23%, Commercial Real Estate segment with 13% and the group's Specialty Retailing segment, Office Warehouse, Inc., accounted for 1%.

The grocery retail segment experienced a decline in its consolidated revenues by 2.7% to PHP 164.1 billion mainly driven by a decline in customer traffic in its Puregold supermarkets due to continuing impact of the pandemic but was able to manage a 1.4% growth in net income to PHP 8.18 billion resulting from the improvement in gross profit margins as well as strategic cost reduction measures.

Despite the prevailing environment, the grocery retail group continued to implement its organic expansion strategy and opened a total of 30 new Puregold stores and 2 new S&R warehouse clubs in 2021. Puregold continues on its commitment to deliver the best value and be the retailer of choice for Filipinos. Puregold Group currently has a total of 499 stores nationwide. These include 430 Puregold stores, 22 S&R membership shopping warehouses, and 47 S&R New York Style QSRs.

The Liquor Distribution business thru The Keepers Holdings Inc. has recorded a historic consolidated revenue amounting to Php 11.03 billion, a 35.1% growth versus previous year on the back of a 31.9% growth in volume of cases sold totaling more than 4.46 million cases sold in 2021. This was driven principally by the continued robust performance of Alfonso, the leading imported brandy in the market, which has already surpassed its pre pandemic levels despite some challenges brought by the continuing impact of the Covid-19 lockdowns and mobility restrictions experienced during the year. Net income for the liquor segment jumped by 34.4% to an all-time high of PHP 1.58 billion in 2021 resulting from the strong sales performance augmented by management's strategic cost control of its distribution, marketing and promotion expenses.

The Commercial Real Estate segment posted flat revenues amounting to PHP 1.69 billion in 2021 as it continued to extend rental reliefs during the whole year 2021 against nine (9) months period starting in the second quarter in 2020. However, the segment managed to improve its net income by 30% to PHP 915 million in 2021 versus Php 700 million in 2020 due to a combination of strategic cost efficiencies in the management of its cost of services as well as operating expenses coupled by the lower provisions for income tax pursuant to the CREATE Law. Similarly and despite of the pandemic, the group continued to expand its real estate assets portfolio through acquisitions of additional land banking assets for future development and initiated the development of two commercial assets during the year.

For the Specialty Retailing business segment, Office Warehouse, Inc.'s revenues decreased by 6.9% to PHP 1.56 billion as it continued to deal with the effects of hard lockdowns during the year. Net income slightly declined to Php 50 million in 2021 from Php 56 million in 2020