

SSI Group, Inc. 1st Half 2019 Results

In a continuation of positive trends, which include improvements in same store sales growth and gross profit margins, and controlled increases in operating expenses, the Group posted a 26% increase in core recurring income and a 22% increase in net income during the 1st half of 2019.

- 1st half core recurring income at P379 million, an increase of 26% y-o-y, with 2Q 19 core recurring income at P195m, an increase of 19% y-o-y
- 1st half Net income of P346 million, an increase of 22% y-o-y, with 2Q 19 net income at P175 million, an increase of 17% y-o-y
- Revenues for the 1st half grew by 6% to P9.9 billion, with 2Q 19 revenues also increasing by 6% to P4.9 billion, driven by 1st half same store sales growth of 7.1%
- 1st half operating income at P632 million, an increase of 33% y-o-y, with 2Q 19 operating income at P345 million, an increase of 38%

SSI Group, Inc., the country's largest specialty store retailer, posted sales of P9.9 Billion, during the 1st half of 2019, an increase of 6.3% as compared to the same period last year. The increase in sales was driven by healthy consumer demand and solid same store sales growth of 7.1%, and was achieved despite a 6% decline in the Group's total floor area, as the Group continues with its strategy to strengthen its store network and focus store openings on developed brands in developed locations.

The Group also saw an increase in 1st half gross profit margin to 42.9%, a 50 basis points increase as compared to the 1st half of 2018.

The Group also generated operating income of P631.5 million during the 1st half, with operating margin increasing by 130 basis points to 6.4%, as compared to the same period last year. During 2Q 19 the Group generated operating income of P345.1 million, a y-o-y increase of 38%, with operating margin for the quarter at 7.0%.

Healthy top line growth combined with improving gross profit and operating margins drove over-all results for the 1st half, with core recurring income, or income excluding one time write offs related to store rationalizations, increasing by 26% y-o-y to P378.8 million and net income increasing by 22% y-o-y to P345.9 million.

"During the 1st half of the year the Group continued to benefit from the execution of strategies meant to strengthen its store network and increase operating and inventory efficiencies. Our lower opex base and inventory levels continue to provide flexibility

that allows us to respond proactively to macro economic changes and shifts in consumer demand.” Said Anthony T. Huang, SSI Group President.

The SSI Group maintains a portfolio of 91 brands, which includes many of the world’s most recognizable brands, and a store network that is located in prime retail locations nationwide. Through its unique brand portfolio and strategic store network the Group is able to cater to its customers’ passions for well-curated lifestyles and to support the Group’s mission to enhance the lifestyles of Filipino consumers.

The Group’s store network also includes e-commerce properties lacoste.com.ph, gap.com.ph, payless.ph, beautybar.com.ph, superga.ph, bananarepublic.com.ph and dunelondon.ph.

Apart from its extensive portfolio of fashion and personal care brands, the Group also operates TWG and SaladStop! and on May 10, 2019 opened the first Shake Shack restaurant in the Philippines at Central Square in Bonifacio Global City.