

SSI Group, Inc. 1st Quarter 2019 Results

In a continuation of trends seen during the 4th quarter of 2018, combined with improvements in gross profit margin, the Group posted a 36% increase in core recurring income and a 28% increase in net income during the 1st quarter of 2019.

- Core recurring income at P184.1 million, an increase of 36% y-o-y
- Net income of P170.6 million, an increase of 28% y-o-y.
- Revenues for the quarter grew by 7.2% to P4.9 billion, driven by same store sales growth of 8.6%
- Operating income at P286.4 million, an increase of 28% y-o-y

SSI Group, Inc., the country's largest specialty store retailer, posted sales of P4.9 billion, during the first quarter of 2019, an increase of 7.2% as against the same period last year. The increase in sales was driven by healthy consumer demand and solid same store sales growth of 8.6%, and was achieved despite a 5% decline in the Group's total floor area, as the Group focused store openings on developed brands in developed locations.

The Group also saw an increase in 1st quarter gross profit margin to 42.4%, a 231 basis points increase as compared to the 4th quarter of 2018, and higher than the GPM of 42.1% posted during the first quarter of 2018.

The Group also generated operating income of P286.4 million during the 1st quarter, with operating margin increasing by 90 basis points to 5.8%, as compared to the same period last year.

Healthy top line growth combined with improving gross profit and operating margins drove over-all results for the period, with core recurring income, or income excluding one-time write offs related to store rationalizations, increasing by 36% y-o-y to P184.1 million and net income increasing by 28% y-o-y to P170.6 million.

"The Group's 1st quarter results reflect healthy same store sales growth and the increased flexibility afforded by our lower operating expense base and inventory levels. Our lower opex base and inventory levels allow us to be more responsive to macro-economic change, to shifts in consumer behavior and to opportunities to acquire exciting new brands," said Anthony T. Huang, SSI Group President.

The SSI Group maintains a portfolio of 90 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, 158db.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 Tea and SaladStop!, and on May 10, 2019 opened the first Shake Shack restaurant in the Philippines at Central Square in Bonifacio Global City.