SSI Group, Inc. (SSI) Unaudited 1Q 2020 Results

The SSI Group started the 1st quarter of 2020 on strong footing with January and February sales increasing by 12% y-o-y. However, the Group's 1st quarter performance was impacted by the COVID 19 health crisis and the declaration of an Enhanced Community Quarantine (ECQ), which resulted in the temporary closure of substantially all of the Group's brick and mortar stores on March 16.

- 1Q 2020 sales of P4.3 billion, a decrease of -13% y-o-y

- 1Q 2020 net income of P110m, a decrease of -36% y-o-y

- All brick and mortar stores were closed on March 16, 2020 and reopened on June 1, 2020

- E-commerce sites zara.com/ph, lacoste.com.ph, gap.com.ph, bananarepublic.com.ph, beautybar.com.ph, lush.com.ph, superga.ph and dunelondon.ph continued to take orders during the 2nd half of March, with fulfillment of orders and full operations resuming on May 15

- Significant growth of e-commerce sales as compared to the same period last year

The operations of SSI Group, Inc. ("SSI" or the "Group) during the first quarter of 2020 were impacted by the COVID 19 health crisis and the Enhanced Community Quarantine (ECQ) declaration that caused the temporary closure of the Group's brick and mortar stores beginning March 16. While brick and mortar operations resumed on June 1, first quarter sales and net income declined as a result of the closure of stores throughout the second half of March.

Prior to the COVID health crisis, January and February sales registered healthy growth of +12% y-o-y. In mid-March, in compliance with the government's ECQ directives, and in order to safeguard the health and safety of the company's employees and customers, the Group closed its brick and mortar stores and head offices and stopped fulfillment of e-commerce orders.

The Group's foremost concern at this time is to ensure the safety of its customers and employees and of the communities in which its stores operate. With brick and mortar stores open as of June 1, the Group has implemented a range of health and safety measures across its store network which include providing staff with masks and face guards, regular testing of store personnel, regular and thorough disinfection of stores, strict adherence to government guidelines on social distancing for both store staff and customers and customer service procedures that emphasize health and safety protocols.

"The Group faces extraordinary operating conditions as a result of the COVID 19 pandemic. However, we believe that our brand portfolio, our strategic store network and our core customer base will prove to be resilient throughout 2020.

We are also enhancing our customers' ability to shop from home by continuing to expand our e-commerce business, with the opening of marksandspencer.com.ph in May, and several more e-commerce openings planned over the rest of the year.

We have also launched The Specialist, a concierge service that allows our customers to shop from home, with personal concierges helping customers select items from our different stores and arranging for payment and delivery of these items.

During these unprecedented times we will be utilizing the financial gains achieved in 2019 in a prudent manner to address the challenges brought about by COVID-19. We look forward to the gradual recovery of our operations as the country begins to reopen and build on the gains made so far in the struggle against the COVID health crisis.

We are encouraged by the performance of our brick and mortar stores, which have seen steady increases in weekly sales since reopening on June 1, while our e-commerce revenues have more than doubled since fulfillment of orders restarted on May 15." said Anthony T. Huang, President of the Group.

In 2019, the Group generated sales of P22.4 billion, an increase of 11% y-o-y. Recurring income inclusive of the impact of PFRS 16, Leases, was at P920m an increase of 27% y-oy, while net income, inclusive of the impact of PFRS 16, was at P815m, an increase of 35% y-o-y. The implementation of PFRS 16 in 2019 resulted in the recognition of an additional P139m of non-cash depreciation and interest expenses related to the Group's right to use various lease assets.