

## SSI Group, Inc. Full Year 2016 Results

- 4Q core recurring income at P186 million, an increase of 66% y-o-y
- Revenue growth of 6% to P18.4 billion on sustained consumer demand
- Gross profit margins stable at 49.6% in 2016
- Positive free cashflow of P1.2 billion

SSI Group, Inc., the country's largest specialty store retailer, generated revenues of P18.4 billion in 2016 a 6% y-o-y increase.

As of year-end 2016 the Group was operating 708 stores covering more than 138,000 sq.m. Also as of end-2016 the Group's brand portfolio consisted of 114 brands.

Net income for the year, which reflects one-time write-offs associated with the Group's rationalization program, was at P232m.

However, excluding one-time write offs, core recurring income in 2016 was P581 million, with 4<sup>th</sup> quarter core recurring income at P186m. 4<sup>th</sup> quarter core income increased 66% over the same period in 2015, reflecting the impact of initiatives to rationalize operating expenses and generate cost efficiencies.

SSI Group also generated free cash flow of P1.2 billion in 2016, as a result of strong cashflow generation during the 4<sup>th</sup> quarter of the year and stable inventory levels.

The Group also continued to strengthen its e-commerce properties with the launch of lacoste.com.ph in December of 2016 and the re-launch of beautybar.com.ph in March 2017. These are in addition to the Group's existing properties, sslife.com.ph, 158db.com.ph and payless.ph.

"Our 4<sup>th</sup> quarter results reflect the Group's 2016 focus on stabilizing gross profit margins, on improving operating efficiencies, and the generation of free cashflow. Within an environment of resilient consumer demand, and given the efficiencies put in place in 2016, we believe that 2017 will be a turn around year for the Group." Said Anthony Huang, SSI Group President.