

29 April 2020

SECURITIES AND EXCHANGE COMMISSION

G/F Secretariat Bldg., PICC Complex
Roxas Blvd., Pasay City

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.

6th Floor, PSE Tower,
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Philippine Dealing and Exchange Corporation

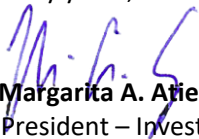
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

Gentlemen:

Please find attached a disclosure on SSI Group, Inc.'s unaudited 2019 financial performance. This disclosure is being submitted in order to keep the investing public informed, as SSI works to finalize its audited 2019 financial statements during the Enhanced Community Quarantine period.

Very truly yours,



Ma. Margarita A. Atienza
Vice President – Investors Relations and Corporate Planning

SSI Group, Inc. (SSI) Unaudited FY 2019 Results

Strong 4th quarter sales and store network efficiencies drive full year 2019 performance. The Group's strengthened store network and brand portfolio delivered full year 2019 net income of ₱922m, +52% y-o-y, and 2019 recurring income of ₱976m, +34% y-o-y.

- 4th quarter net income at ₱401m, an increase of 67% y-o-y, with FY 2019 net income at ₱922m, an increase of 52% y-o-y
- 4th quarter recurring income at ₱410m, an increase of 40% y-o-y, with FY 2019 recurring income at ₱976m, an increase of 34% y-o-y
- 4th quarter revenues at ₱7.5B, an increase of 17% y-o-y, with FY 2019 revenues at ₱22.4, an increase of 11% y-o-y
- 4th quarter operating income at ₱533m, an increase of 20% y-o-y, with FY 2019 operating income at ₱1.5B, an increase of 24% y-o-y
- Full year operating cash flow at ₱2.5B, an increase of 19% y-o-y
- End 2019 Net Debt/Equity ratio of 0.16x from 0.28x in 2018

** Net income and operating income figures do not yet include the impact of the Company's adoption of PFRS 16, Leases*

SSI Group, Inc. ("SSI" or the "Group") the country's largest specialty retailer posted 4Q '19 sales of ₱7.5B, an increase of 17%. Of the four quarters in 2019, the Group saw the largest percentage increase in sales during the 4th quarter driven by same store sales growth of 8.1% and by the opening of key stores for Zara, Shake Shack, and the Philippine website for the Zara brand, zara.com/ph.

Revenues for FY 2019 were at ₱22.4B, an increase of 11%, which was achieved despite a 1% decrease in the Group's total retail space to 118,922 sq.m., as same store sales for the year increased by 7.2%. Through 2019, the Group worked to strengthen its store network by focusing store openings on developed brands in developed locations, and by further expanding its e-commerce presence.

By the end of 2019, the Group was operating eight (8) e-commerce properties, zara.com/ph, lacoste.com.ph, gap.com.ph, bananarepublic.com.ph, beautybar.com.ph, payless.ph, lush.com.ph, superga.ph and dunelondon.ph

Operating income for the 4th quarter was at ₱533m, +20%, with an EBIT/sales ratio of 7.1%. For FY 2019, operating income increased by 24% to ₱1.5B, with FY EBIT/sales ratio improving by 70 basis points to 6.5%.

Improvements in the Group's operating income margin were driven by a continued focus on cost optimization and the generation of operating efficiencies at both the store and head office levels.

By end 2019, growth in operating cash flows and lower inventory levels resulted in a strong balance sheet position, with the Group's net/debt equity ratio at 0.16x at end 2019, from 0.28x in 2018.

"Our performance in 2019 validates the strategies that SSI first began to put in place in 2017, strategies focused on strengthening our store network and on maximizing the returns on our unique brand portfolio. These strategies also included an expansion into e-commerce, with SSI in 2019 evolving into the country's only brick and mortar specialty retailer with a diverse and pervasive e-commerce presence," said Anthony T. Huang, President of SSI.

"After the milestones set in 2019, we, like many consumer and retail companies worldwide are now facing unprecedented conditions resulting from the COVID-19 pandemic. Our primary concern at this time is the safety of our employees and of the communities we serve. As such, we view the temporary closure of almost all of our brick and mortar stores as a reasonable and necessary contribution to the efforts being made to arrest the spread of COVID-19," said Mr. Huang.

"We view last year's performance as proof that consumers have a strong affinity for our brands and products and as such, we expect that as conditions normalize we will see a resurgence in demand. However, during these extraordinary times we will be utilizing our financial gains in a prudent manner to ensure that we are able to weather the challenges brought about by COVID-19.

We also remain focused on ensuring that our stores are ready to reopen to serve our customers once conditions allow, with the health and safety of our customers and employees foremost in our minds," concluded Mr. Huang.

During the Enhanced Community Quarantine, SSI Group is able to serve customers through its Shake Shack branches in Central Square and Megamall, which are open for takeout and delivery, and through its M&S Food Stores in Rockwell, Central Square and Eastwood Mall.

During the ECQ period, beautybar.com.ph and lush.com.ph continue to operate and deliver to customers, while all other SSI websites are open to receive orders, which will be fulfilled once delivery regulations allow.