

13 November 2019

**Securities & Exchange Commission**

Secretariat Building, PICC Complex  
Roxas Blvd, Metro Manila

**Philippine Stock Exchange**

Disclosure Department  
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BGC, Taguig City, Metro Manila

**Philippine Dealing & Exchange Corporation**

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6766 Ayala Ave. corner Paseo de Roxas  
Makati, 1226 Metro Manila, Philippines

**Attention: Hon. Vicente Graciano P. Felizmenio, Jr.**  
Director, Market and Securities Regulation Department  
Securities & Exchange Commission

**Ms. Janet Encarnacion**  
Head - Disclosure Department  
Philippine Stock Exchange

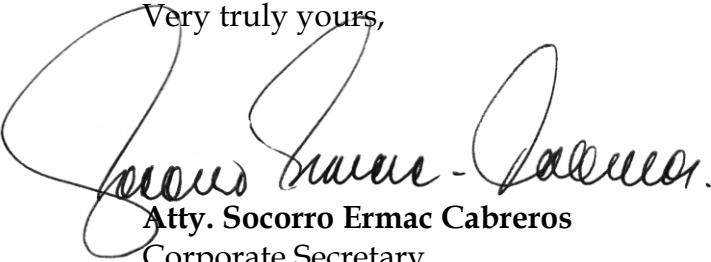
**Atty. Marie Rose M. Magallen-Lirio**  
Head - Issuer Compliance and Disclosure Department (ICDD)

**Sir and Mesdames:**

We would like to submit the attached Press Release in relation to the Company's performance for the period ended 30 September 2019.

Thank you and warm regards.

Very truly yours,



**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

November 13, 2019

## **Phoenix Petroleum Operating Income Up 10% in First Nine Months of 2019**

Phoenix Petroleum posted year-to-date operating income of ₱2.47 billion in 2019, higher by 10% from the same period in 2018. Year-to-date revenues reached ₱73.17 billion, up 13%. Higher costs from increased fuel premiums weighed on the volume and margins, in particular of MOGAS and fuel oil, resulting in a lower net income of ₱918 million.

Overall volume was 16% higher year-on-year. Volume derived from foreign operations, which consist of the Singapore and Vietnam businesses, grew 34% and accounted for 30% of total sales.

“The Company continued to face headwinds during the quarter as the passed-on impact of TRAIN I and II taxes put pressure on our competitiveness against the informal market. Hence, we support the government’s initiative in closing tax leakages through the fuel marking program that is being piloted. We look forward to its full implementation in February 2020 to redress such unfair practices. It is also imperative that we observe a more stringent enforcement of regulations governing bonded warehouses and a rigorous crackdown on non-compliant players to improve industry volume and tax collections,” said Phoenix Petroleum Chief Operating Officer Henry Albert R. Fadullon.

In line with the Company’s strategic priorities, retail growth accelerated to 22% on the back of new station openings and regular retrofitting programs, which to date has been implemented in over 80% of the network. A total of 650 stations have been opened nationwide as of September 2019.

Non-fuel retail revenues were also up on higher total chain sales of FamilyMart, increased revenues from Posible, and additional rent income from retail locators. FamilyMart has a network of 76 stores as of end September, with 18 more in various stages of planning and construction.

LPG volume year-to-date was higher by 20% supported by the sustained growth in VisMin and rollout in Luzon. The Company continues to optimize its LPG value chain from its trading desk in PN Singapore down to its marketing activities in high growth, underpenetrated markets such as the Philippines and Vietnam.

Last September, the Company announced a partnership with Singapore-based Hengyi Industries International Pte. Ltd. (HYII) for an LPG offtake venture in Brunei. This is expected to improve the Philippines’ overall supply security as it

shortens delivery time and diversify product source. A cargo has already made its first voyage earlier in November.

Aviation volume year-to-date was up 11% driven by new customer wins. In addition to fuel, the Company provides high-value services to airline companies including leasing of storage space, hauling, and into-plane services. It is currently present in 18 airports, including fast-growing regional airports such as Davao, Cagayan de Oro, Iloilo, and Cebu.

Meanwhile, the commercial business saw a slowdown in the power segment due to lower dispatch of fuel oil-fired power for the most part of the third quarter. This dampened commercial volume growth to 11%.

Mr. Fadullon added, “We will continue to push into higher value segments, specifically retail, gas, and aviation services and improve consumer experiences by delivering our brand of service, relationship, and technology.”

#### **About Phoenix Petroleum**

Phoenix Petroleum is engaged in the nationwide trading and marketing of refined petroleum products, including LPG and lubricants, operation of oil depots and storage facilities, hauling and into-plane services; convenience store retailing; and trading and supply.

With a vision to be an indispensable partner in the journey of everyone whose life it touches, Phoenix Petroleum is committed to deliver world-class services, empower people, and inspire every Filipino's entrepreneurial spirit.

#### **Investor Relations Contact**

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