

05 March 2020

Securities & Exchange Commission

Secretariat Building, PICC Complex
Roxas Blvd, Metro Manila

Philippine Stock Exchange

Disclosure Department
3/F PSE Plaza, Ayala Triangle Plaza
Makati City, Metro Manila

Philippine Dealing & Exchange Corp.

37th Floor, Tower 1, The Enterprise Center
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 A. Encarnacion
Head, Disclosure Department
Philippine Stock Exchange

Atty. Marie Rose M. Magallen-Lirio
Head, Issuer Compliance and Disclosure Department (ICDD)
Philippine Dealing & Exchange Corp.

Sir and Mesdames:

We would like to submit the attached Press Release for your reference in relation to the Company's Financial Performance as of 31 December 2019.

Thank you and warm regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

March 05, 2020

Phoenix Petroleum's Operating Income Up 12% in FY2019 Due to Improved Efficiencies

Phoenix Petroleum posted an operating income of ₱4.50 billion in 2019, 12% higher year-on-year. Overall volume grew 20% behind retail station buildouts nationwide and the continued expansion of LPG in Luzon. This was supported by gains from the Company's synergies with its petroleum trading operations in Singapore and LPG business in Vietnam. Revenues reached ₱97.82 billion, up 10% year-on-year.

The year was marked by a challenging operating environment, with increased fuel premiums in MOGAS and fuel oil and the passed-on impact of TRAIN I and II excise taxes weighing on competitiveness. Net income was lower at ₱1.49 billion.

Despite these near-term headwinds, the Company was very much able to leverage its domestic volumes to grow overseas operations and deliver scale and efficiencies overall. Volumes from PNX Singapore and PNX Vietnam increased by 43% and accounted for 33% of the total. In addition, the Company continues to focus on simplifying operations and cost discipline resulting in lower operating expenses per unit liter during the year.

"The positions we are building in retail, gas, and commercial will shape and strengthen our foundation and create the greatest impact on the business over the long term. Our strategies are aligned to capitalize on these market opportunities, including strategic and sustained investments in our network and infrastructure," said Phoenix Petroleum Chief Operating Officer Henry Albert R. Fadullon.

Domestic volume was higher by 11% year-on-year, of which retail and LPG grew fastest. Fuel retailing volume was up by 23% from last year on an expanded network of 655 stations nationwide as of end-2019.

This is complemented by FamilyMart, which ended the year with 72 stores and continues to build on its competitive advantages and carve new paths for growth. The launch of FamilyMart's new coffee offer, "Coffee Creations", exclusively blended by Japan's renowned coffee company UCC, resulted in a quadruple growth in cups sold per store on average. FamilyMart has also rolled out a 3rd generation store concept that introduced a refreshed food offer anchored on its Japanese heritage. Combined, these offers form central to FamilyMart's pivot to food strategy as it ramps up store expansions.

LPG volume was higher by 25% year-on-year, with Luzon accelerating growth. Luzon's expanded Super Hub network and extensive conversion campaigns increased volume by 57%. VisMin, which comprises 86% of volume, maintained a double-digit increase and building on this momentum, the Company continues to optimize its LPG value chain together with PNX Vietnam.

The Commercial business picked up in the last quarter of the year, reducing the decline in volume to 3% by end of 2019. Aviation volume closed the year with a 24% increase on the back of new customer wins in both major and budget airlines as well as general aviation. The Company's aviation capabilities crossed the entire jet fuel supply chain, including storage and into-plane services, which enhances the business' overall profitability profile.

"The Company remains focused on creating a higher value, scalable future and that will become more evident through our results over time. This, taken together with financial discipline, shall translate to more resilient operations and sustainable shareholder value." Mr. Fadullon added.

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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