

29 May 2020

Securities & Exchange Commission

Secretariat Building, PICC Complex
Roxas Blvd, Metro Manila

Philippine Stock Exchange

Disclosure Department
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Makati City, Metro Manila

Philippine Dealing & Exchange Corp.

Philippine Dealing & Exchange Corp.
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8751 Paseo de Roxas, Makati City

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

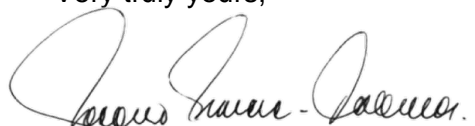
Atty. Marie Rose M. Magallen-Lirio
Head - Issuer Compliance and Disclosure Department (ICDD)

Gentleman and Mmdes:

We would like to submit the attached Press Release on the Company's results of the first quarter of 2020.

Thank you and warm regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

May 29, 2020

Phoenix Petroleum reports Php503 Million EBITDA in 1Q2020

After navigating a challenging first quarter, Phoenix Petroleum posted an EBITDA of Php503 million from Php1.4 billion in the prior year. While volume decline was limited to 5% behind a strong growth momentum in retail fuels and LPG, consolidated revenues decreased by 9% as average selling prices tracked the movements in global oil prices. Full consolidation of the LPG business in Vietnam likewise increased operating expenses by 6%. Overall, the Company ended the period with Php215 million net loss versus Php415 million net income the previous year.

The volatility in oil markets driven by geopolitical tensions significantly challenged the industry at the start of the year. This was compounded by the COVID 19 pandemic and the consequent containment measures, which began to materially impact demand towards March.

“We were not spared but we were able to navigate the downturn better because of our earlier investments in strategic, higher margin areas such as retail and LPG. Our portfolio today is more diversified, with LPG particularly thriving in this pandemic. From a non-essential item in the kitchen, LPG became an essential household product, especially during the Enhanced Community Quarantine (ECQ),” said Phoenix Petroleum CEO Dennis Uy.

LPG volume surged 39% with the consistent double digit growth in its core VisMin market and the sustained expansion in Luzon. Meanwhile, retail volume was higher by 9% as it builds on the progress of its network expansion in 2019. As of end March 2020, 660 stations have been opened nationwide. The growth in retail and LPG cushioned the slowdown in the commercial sales segment where a number of customers were affected by the eruption of Mt. Taal in January. Commercial sales volume was down 10%.

As the pandemic enveloped global economies in the latter part of the first quarter, the Company focused on three key priorities - keeping people safe, maintaining business-as-usual operations, and preserving resources.

- **Safety:** Phoenix Petroleum immediately recognized the risks and responded decisively. Work-from-home arrangements were implemented ahead of the nationwide Enhanced Community Quarantine for the majority of the workforce, while terminal and depot staff worked on a two-week on and two-week off rotation. An internal team monitors the health and well being of employees nationwide and assistance was extended for the immediate financial needs of employees, including advancing a portion of their 13th month pay. To date, **zero** COVID positive cases have been recorded within the Company.
- **Business-as-Usual:** Phoenix Petroleum’s supply chain remains 100% online, while 95% of retail sites and LPG outlets are open, and 60% of FamilyMart stores are operating. Digital transformation remains a priority as the Company invests on e-commerce

platforms with cashless transactions being offered across our businesses, including FamilyMart.

- **Preserving resources:** Phoenix Petroleum promptly adjusted to demand changes by keeping inventory levels to 50% of terminal capacity, which reduced the burden on working capital. Cash requirements were reduced by at least P2.3 billion this year versus original 2020 plans. Of this amount, P1.5bn is from capex reduction and P800mn are savings from marketing, advertising, and travel as resources are shifted from traditional channels to digital.

“We support and admire everyone - from individuals and families to the small businesses and large corporations - who are contributing their efforts and resources in this critical time of need. While market conditions are tough and uncertainties remain, we are committed to serving our customers, partners, communities, and our country even more than ever.” Mr. Uy added.

Phoenix Petroleum has allocated Php100 million in support of the COVID relief nationwide. The Company provides free fuel for the transportation of frontliners as well as for the delivery of fresh produce from farmers in provinces as part of Udenna’s Sagip Saka program. FamilyMart also continues to share free meals to healthcare workers and other frontliners, while Phoenix Super LPG supplies to the community kitchens at various LGUs and local agencies for their cooking needs.

Despite the current headwinds and uncertainties, the Company will continue repositioning its consumer-facing businesses to lead the Company’s long term growth sustainably. Further, the Company is committed to improving its financial position through the strengthening of its balance sheet and cash flow generation.

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.

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