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whose life we touch



30 June 2020

Securities & Exchange Commission

Secretariat Building, PICC Complex
Roxas Blvd, Metro Manila

Philippine Stock Exchange

Disclosure Department
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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 entitled “**Phoenix pivots portfolio to retail post COVID**”.

Thank you and warm regards.

Very truly yours,

Atty. Socorro Ermac Cabreros
Corporate Secretary

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Phoenix pivots portfolio to retail post COVID

Phoenix Petroleum continues to reposition its portfolio towards high growth, high margin businesses as it diversifies its core petroleum operations. Over the past three years, Company embarked on a consumer experience-focused growth strategy that targets the underserved, convenience needs of its existing customers beyond fuel.

From a commercial/B2B-driven base, the Company today generates around 45% of its domestic sales from growth businesses such as retail fuels and LPG, as well as convenience retailing and payments. It is also leveraging its multi-format network of retail offers to drive synergies and unlock value across its portfolio.

“At the center of our efforts is our customer. By understanding their customer journey and experience, we are able to see their underserved needs and try to fill these through our expanding retail portfolio that is now beyond fuels. With the changes in purchasing behaviour post-pandemic, we are complementing these retail offers with digital initiatives that in turn multiply the footprint exponentially,” President Bong Fadullon said.

Phoenix has a total of 20,000 touchpoints comprised of its service stations, LPG and lubricant retail outlets, FamilyMart stores, and Possible retailers. Combined, these touchpoints can reach over 1.2 million customers.

“We need to adapt our core business to changes and disruptions in markets. Retail is going to be the major force driving the business going forward. We are building this capability and we aim to further expand this portfolio with high growth, high margin brands over time,” Fadullon added.

With domestic per capita LPG demand significantly lagging regional peers such as Thailand and Vietnam and to complement its onsite fuel offer, the Company forayed into the underpenetrated LPG market with the acquisition of the now Phoenix LPG Philippines, Inc. (PLPI) in 2017. Mainly used for cooking, LPG consumption is expected to grow alongside the increasing urbanization and purchasing power of Filipino households. The product also proved to be COVID-resilient as health and safety protocols drive demand for home cooking. Against a backdrop of 7%-8% industry growth, the Company’s LPG business has grown over 20% on average every year post-acquisition.

Meanwhile, FamilyMart has found a niche in convenience food retailing and is now harnessing the digital opportunity by expanding its online presence via apps and deliveries. In line with its pivot to food strategy and in response to the evolving consumer preferences post-COVID, menus are refreshed with more options that are ‘for sharing’ as well as frozen and with longer shelf life.

At its retail core is Phoenix's network of over 650 stations, which remains the fastest growing in the industry. With the lifting of the ECQ, demand has started to recover and sales are nearing the pre-ECQ levels. Further, contactless payments have been rolled out at the stations to ensure the safety and well being of customers and employees alike. #END

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