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whose life we touch



30 March 2021

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 Corp.

29/F, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City

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

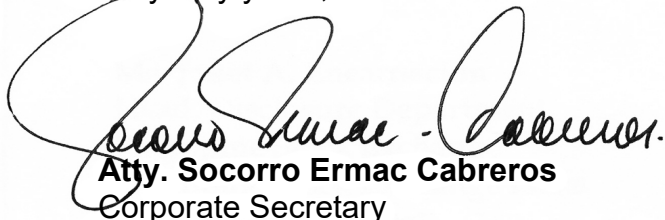
Atty. Marie Rose M. Magallen-Lirio
Head - Issuer Compliance and Disclosure Department (ICDD)

Sir and Mesdames:

We would like to submit the attached Press Release entitled "**Phoenix Petroleum swings to profit for FY 2020**".

Thank you and warm regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

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March 30, 2020

Phoenix Petroleum swings to profit for FY 2020

- **Strong finish to a challenging year with overall volume up 32% y-o-y led by overseas business and solid results from LPG; Ranked 3rd in domestic market share¹**
- **Overseas volume more than doubled y-o-y; LPG up 32% y-o-y while domestic fuels volume sharply rebounded in Q4 q-o-q**
- **OPEX and CAPEX down 38% year-on-year; Interest costs lower by 28% and overall debt level down**
- **Sustained positive trajectory with Q4 net income of P158 million and FY20 net income of P63 million on the strength of the Company's diversified portfolio**

Phoenix Petroleum (PSE:PNX) closed 2020 strong on the back of a 32% year-on-year growth in full year volume and improving market conditions as global oil prices recovered and economic activities picked up in Q4. The Company is now the 3rd largest oil player in the Philippines in market share according to the Department of Energy.

Efforts to rationalize OPEX and CAPEX resulted in a combined 38% decline year-on-year. Improved working capital management, shorter cash cycle, and refinancing initiatives strengthened its financial position with interest costs down by 28% and total borrowings lower from last year. The Company's P158 million net income in Q4 of 2020 has effectively reversed prior losses, leading to a P63 million net income for FY 2020.

Full-year overseas volume, which more than doubled in 2020, thrived amidst the pandemic.

- PNX Petroleum Singapore was able to expand its external fuels and LPG sales during the year, leveraging on the scale of Phoenix's domestic operations.
- Overseas LPG volume, through Phoenix Gas Vietnam, almost tripled in volume during the year as the country became one of the fastest to recover from the pandemic.

Domestic volume rebounded by 32% quarter-on-quarter in Q4, easing the full year decline to 20% for the full year.

- LPG grew 32% year-on-year against industry contraction. The Luzon business is still coming off from a low base but continues to grow and expand its distribution network. The VisMin business sustained double digit growth. Domestic LPG is well-positioned to capture opportunities not only in underpenetrated retail and commercial markets but also changing consumer behaviors post-pandemic.
- Momentum is growing in the commercial and other B2B sectors and has fueled sharp recovery in domestic business, leading to 51% volume growth in Q4 versus Q3. Pick-up has been observed in wholesale as well as in key industries such as power and manufacturing, supported by pandemic-resilient industries like fishing.

¹ Based on latest available Department of Energy data as of June 2020.

- Compared to Q3, retail was 2% higher in the last quarter of 2020 amid the holiday season, which has been tempered by the GCQ enforcement in major cities. Retail closed the year 86% of full year pre-COVID volume. As of end-December 2020, total station count stood at 670.

“We have accelerated our structural transformation, reducing OPEX per liter by 32%. We delivered on our commitments and cut OPEX and CAPEX similarly. We expect to continue to benefit from these operational improvements over time,” said Phoenix President and Chief Executive Officer Henry Albert Fadullon.

Fadullon adds that the Company is executing and has made progress on its balance sheet programs:

- Improved liquidity position though not yet back to optimal levels;
- Long term refinancing of short term loans, which lengthened maturity profile;
- Reduction in high-cost financing as P3B in Short Term Commercial Papers (STCPs) and P1.25B in preferred shares in December 2020 have been settled, resulting in lower interest expense and debt level.

Phoenix is blazing the trail for supercharged consumer lifestyle programs via its own Limitless app. The move capitalizes on the shifting trend towards cashless payments and e-commerce. At present, Limitless boasts over 110,000 users, leveraging on Phoenix’s existing 20,000 retail touch points that are generating over 500,000 daily transactions. Phoenix sees the app as a sales channel complementing traditional B2B and B2C channels.

“It was a strong finish to a challenging year. For this year, while vaccine developments are encouraging, the resurgence of the virus and the new rounds of lockdown may continue to dampen overall consumer confidence and industrial and commercial activities. Nevertheless, our desire for growth has not been diminished and we will accelerate it by sweating our existing assets and keeping our sharp focus on cost discipline,” stated Fadullon.

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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 spire every Filipino’s entrepreneurial spirit.

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