

*To be an indispensable partner in the journey of everyone
whose life we touch*



10 November 2021

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 Quarter Report for period ended 30 September 2021.

Thank you and warm regards.

Very truly yours,

Socorro Ermac Cabreros
VP for Corporate Legal & Corporate Secretary

HEAD OFFICE: Phoenix Bulk Depot, Lanang, Davao City
8000 Philippines
Trunkline: +63 82 235 8888
Fax: +63 82 233 0168

MANILA OFFICE: 15th-17th Floors, UDENNA Tower, Rizal Drive cor. 4th Avenue,
Bonifacio Global City, Taguig 1634 Philippines
Trunkline: +63 2 8403 4013
Fax: +63 2 8403 4009

CEBU OFFICE: Phoenix Maguikay Gasoline Station, M.C. Briones Street,
National Highway, Maguikay, Mandaue City, Cebu 6014 Philippines
Telephone: +63 32 236 8168 / 236 8198

November 09, 2021

Phoenix nets P170mn backed by strong volume in 9M2021



The first Phoenix Block was opened in Sucat, Parañaque earlier this year to serve as a new retail format showcasing Phoenix's diversified portfolio of brands.

Phoenix Petroleum continues to exceed its pre-pandemic volume in the third quarter of 2021 despite stricter mobility restrictions for most of the period. Year-to-date revenues grew by 81% year-on-year as the sustained volume growth was compounded by sharply rising commodity prices and forex depreciation. Per unit OPEX declined 29% driven by continued efficiency improvements. As a result, operating income was up 78% year-on-year to P1.64 billion. Meanwhile, from a net loss of P95 million, the Company reversed to a net income of P170 million in the first nine months of 2021.

Year-to-date overall volume rose 33% from the prior year led by growth in the domestic B2B segment and the overseas trading business. Domestic volume increased by 29% as the Company expanded sales to B2B industries, and due to robust LPG demand. LPG grew 35% behind a steady growth in cylinder sales accelerated by the increasing contribution from the new canister business. Meanwhile, overseas volume increased 37% driven by growth in the trading business.

The retail business was set back in the third quarter by the re-imposition of stricter quarantine measures in major cities and provinces all over the country in August and September. With the acceleration in vaccinations nationwide, slowing COVID infections, and easing restrictions going into the fourth quarter, momentum is expected to further pick up. Station count in 3Q stood at 685.

“We are proud of the sustained growth in the third quarter. This is the product of the team’s hard work for the past 18 months as we position the business stronger during the pandemic, and aim for growth as the economy emerges from it. We have diversified our income streams with new B2B markets, a new station format – Phoenix Block - and a new SKU in our LPG portfolio. We likewise strengthened our digital presence with our own LIMITLESS app that, to date, has generated over P500 million in transaction value,” Phoenix Petroleum President Henry Albert R. Fadullon said.

In addition, the Company increased its market share in 2Q21 to 9.0% from 7.8% in 1Q. This brought its overall market share to 8.3% for the first half of 2021, based on the latest report from the Department of Energy.

The Company continues to progress on its deleveraging efforts with a lower overall debt level and declining leverage as of September 2021. Liquidity meanwhile, has yet to be back to its optimal levels.

“At the height of the pandemic, our just-in-time inventory strategy served us well by minimizing losses from rapidly falling prices, and slowdown in demand. In today’s upcycle environment, our gains are limited as reflected in the softer 3Q growth versus 2Q. But overall, it is net beneficial to us as it provides more stability and less volatility,” Fadullon said. He also expressed optimism for the next quarter saying, “As quarantine restrictions are eased, and more economic activity is expected during the holidays, we are looking forward to capping off the year with an even more vigorous business performance.”

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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 inspire every Filipino’s entrepreneurial spirit.

Investor Relations Contact

Nikka B. Maloles

investors@phoenixfuels.ph