

JOLLIBEE FOODS CORPORATION

JFC Announces Second Quarter 2020 Financial Results, Embarks on Business Transformation and Rebuilding

Metro Manila, Philippines, August 4, 2020 – Jollibee Foods Corporation (PSE: JFC) – Financial Results for the Quarter and Six Months Ended June 30, 2020

Following are the highlights of the financial results of operations of Jollibee Foods Corporation and its subsidiaries for the quarter ended June 30, 2020, based on its Unaudited Consolidated Financial Statements:

Financial Summary	Quarter 2			YTD June		
	2020	2019	% Change	2020	2019	% Change
System Wide Retail Sales	30,678	59,428	-48.4%	85,830	113,706	-24.5%
Revenues	23,331	43,680	-46.6%	62,764	84,027	-25.3%
Operating Income (Loss)	(5,268)	1,525	-445.5%	(6,599)	3,623	-282.2%
Net Income (Loss) Attributable to Equity						
Holders of the Parent Company	(10,171)	1,040	-1077.6%	(11,963)	2,502	-578.2%
Earnings (Loss) Per Common Share - Basic	(9.225)	0.952	-1069.0%	(10.892)	2.292	-575.2%
Earnings (Loss) Per Common Share - Diluted	(9.214)	0.940	-1080.2%	(10.870)	2.260	-581.0%

*Amounts in PhP Millions, except % change and Per Share data.

System wide sales of Jollibee Foods Corporation (JFC), a measure of all sales to consumers, both from company-owned and franchised stores decreased by 48.4% to ₱30.7 billion in the second quarter of 2020 compared to the same quarter last year with same store sales decline of -41% as the business felt the full impact of government restrictions intended to contain the COVID-19 pandemic. At the beginning of the quarter, 50% of JFC Group's stores worldwide were temporarily closed. By the end of the quarter, 88% of all stores were already open. However, most of the stores that were open relied heavily on delivery and take-out businesses while practically all dine-in operations were either still closed or had low level of sales volume. Revenues decreased by 46.6% to ₱23.3 billion for the quarter versus year ago.

As JFC's stores resumed operations all over the world, the speed of recovery in same store sales varied across different countries and territories. In April, global same store sales declined by 47% with the Philippine business declining by 57%, China -37%, North America -25% and Europe, Middle East and Asia (EMEA) -45%. In June, global same store sales improved compared to April's to negative 39% with the Philippine business at -48%, China -25%, North America -9% and EMEA -22%.

JFC Chief Executive Officer, Mr. Ernesto Tanmantiong gave the following statement: "The business results were very bad but in line with our forecasts. We are now focusing on rebuilding our business moving forward along with implementing major cost improvement under our Business Transformation program. We expect sales and profit to improve over the next few months. Our business building effort includes introducing exciting new products, launching new marketing campaigns, opening cloud kitchens, introducing improvement in our delivery systems and opening new stores at selected locations particularly in North America, Vietnam, Malaysia and China. We plan to open a total of 338 stores worldwide in 2020. We expect sales and profit to increase significantly in 2021 to a point closer to the levels of 2019 and to grow at least at historical growth rate of 15% annually by 2022."

The net loss attributable to equity holders of the Parent Company for the 2nd quarter of 2020 of ₱10.2 billion included the cost for Business Transformation of ₱7.0 billion. Excluding this cost for Business Transformation, the net loss would have been ₱3.2 billion. The recurring EBITDA of the JFC Group for the 2nd quarter of 2020 was negative ₱453.8 million.

The losses also included significant costs incurred in response to the crisis such as emergency response fund for employees and workers, assistance to front liners, health workers and low income households, partly offset by economic stimulus packages received from the Singapore and China governments.

JFC Chief Financial Officer, Mr. Ysmael V. Baysa gave the following statement: “The Php7.0 billion spending for Business Transformation which we disclosed on May 22, 2020 recognizes that our industry and the consumer behavior have changed due to the COVID-19 pandemic. We are changing our cost structure predicting that revenues per store around the world in the medium term will be lower compared with pre-COVID levels. The spending for Business Transformation includes closure of 255 company-owned stores, change in ownership of 95 stores from company to franchisees, payment of pre-termination penalties of stores in the US and China, closure of supply chain facilities and reduction in the size of the organization at various countries where we do business. Total store closures for 2020 including those outside the Business Transformation program such as those owned by franchisees is 416 or -7% of year-end 2019 level. The cost improvement resulting from the Business Transformation will be recurring annually with a cash payback of about 2 years, with full annual impact starting to take effect in 2021. Of the Php7.0 billion spending, Php4.8 billion will be in the form of cash. Parts of this Business Transformation are programs which will turn Smashburger and The Coffee Bean & Tea Leaf® to profitable businesses by 2021.”

JFC estimates that financial performance will get progressively better in the next two quarters of the year as stores will have been being reopened and sales will have been gradually building up. Total EBITDA is forecasted to be positive by the 4th quarter of 2020 with the Philippines, China, Vietnam, Europe/Middle East and Other Parts of Asia forecasted to generate net operating income by that time. This assumes that government restrictions related to the control of the pandemic will not be re-imposed.

JFC’s balance sheet remained strong. As of June 30, 2020, its current assets stood at Php81.4 billion including Php57.9 billion of cash against current liabilities of Php57.0 billion with total debt, both short and long term at Php63.3 billion. On June 24, 2020, JFC through its subsidiary, Jollibee Worldwide Pte. Ltd. issued a USD300.0 million 5.5-year and a USD300.0 million 10-year Reg S only dual-tranche US dollar-denominated guaranteed senior notes, with a coupon rate of 4.125% and 4.750%, respectively and payable semi-annually. This offering represented JFC’s second international capital markets transaction, following the successful issuance of JFC’s USD600.0 million senior perpetual capital securities in January 2020.

JFC operates the largest food service network in the Philippines. As of June 30, 2020, it was operating 3,286 restaurant outlets in the country: Jollibee brand 1,201, Chowking 607, Greenwich 271, Red Ribbon 493, Mang Inasal 606, Burger King 106, PHO24 1 and Panda Express 1. Abroad, it was operating 2,588 stores: Yonghe King (China) 344, Hong Zhuang Yuan (China) 33, Dunkin’ Donuts (China) 5, Jollibee 274 (Vietnam 131, Brunei 18, Hong Kong 10, Singapore 10, Macau 1, Malaysia 1, United States 44, Canada 10, Saudi Arabia 12, UAE 15, Qatar 10, Kuwait 7, Bahrain 1, Oman 1, Italy 1, United Kingdom 1, and Guam 1), Red Ribbon in the US 33, Chowking 47 (US 15, UAE 20, Qatar 4, Oman 2, Kuwait 4, and Saudi Arabia 2), Highlands Coffee 411 (Vietnam 365, and Philippines 46), PHO24 40 (Vietnam 24, Indonesia 16), Hard Rock Cafe 2 (Vietnam), Smashburger 293 and CBTL 1,106. The JFC Group’s worldwide store network reached 5,874 stores.

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