



# **SBS PHILIPPINES CORPORATION**

12 April 2019

**PSE / MEDIA RELEASE : 2018 FULL YEAR RESULTS (Audited)**

## **SBS GROUP POSTS 73% INCREASE IN NET PROFIT IN 2018**

SBS Philippines Corporation and its subsidiaries ("SBS" or the "Group"), one of the leading chemical trading companies in the Philippines, reports on its financial results for the twelve month period ended 31 December 2018.

### **2018 Consolidated Highlights:**

- **2018 net sales amounted to P1.17 billion, up 6.6% compared to prior year**
- **Gross profit grew by 11.7% year on year, with gross margin from core distribution business up by 1.4 percentage points**
- **Equity net income of associates contributed P 97.5 million as result of investment program implemented since 2016.**
- **Realized net income of P 175.6 million in 2018 from P 101.3 million from prior year.**

For the full year, SBS reported gross revenue of P1.17 billion from its core chemical business and property related investments and delivered a net income of P175.6 million for the year, reflecting the significant gain from its investment in affiliate companies in line with its diversification program initiated in 2016. This translated to a full year earnings per share of P0.11 in 2018 from P0.08 in 2017.

## **Core Chemical Distribution Business**

Sales from core chemical business grew by 6.3% to P1.106 billion from P1.039 billion in 2017 driven by higher volume sales of raw material ingredients for feeds, and industrial chemicals. The Company's sales to the key product segments of feed, veterinary and agriculture inputs; Industrial raw materials; food ingredients; pharmaceutical and cosmetics products accounted for 35%, 27%, 27% and 11%, respectively, of 2018 sales revenues.

The strong sales performance during the first half of 2018 was dampened by increased competitive pressures on food ingredients products and the slowdown in industrial production activities during the fourth quarter of 2018. Gross profit continue to increase from P289.6 million posted in 2017 to P322.8 million in 2018 as result of its product portfolio rebalancing and further improvement in its sourcing capability.

The Group continue to introduce new product offerings that present best value alternatives to improve efficiencies and productivity in the industry segments it served. It has also introduced a range of water proofing chemical materials for the construction and infrastructure market in 2018 to serve this fast growing segment.

## **Property Related Investments**

In 2018, the Group intensified its investments in property related assets and provides management services to its affiliates. Through its subsidiary, SBS Holdings, and several associate companies, the Group has built significant property assets strategically located in Metro Manila and nearby provinces, suitable for high-rise commercial and residential development.

The strategy of taking small ownership stake in companies investing in real properties allowed the Group to attain a more diversified interests in different property holdings at a lower capital requirement and risk exposure. This has started to deliver result, contributing to the Group P97.5 million of equity net income of the associate companies.

## **Cash Dividend**

The SBS Board of Directors approved the declaration of regular cash dividend of PHP0.022 per share to all shareholders of record as of May 10, 2019, wherein the payment date shall be on May 22, 2019. The cash dividend payment shall be paid out of the Company's unrestricted retained earnings as of December 31, 2018 in line with its dividend policy.

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**---Disclaimer.** *This Announcement may contain forward-looking statements relating to the future performance of SBS that are based on the Company’s current expectations, forecasts and assumptions and involve risks and uncertainties. Actual results may differ materially from those expressed in forward-looking statements and reported results should not be considered as an indication of future performance. Factors that can cause or contribute to such differences include, but are not limited to, changes in political, business and economic conditions, general economic downturn or crisis, major fluctuations in exchange rates, effect of business initiatives and management changes, changes in business strategy, shifts in customer demands and preferences, industry trends, changes in government regulations, and the Company’s ability to deal with the increasingly competitive commercial environment. You are cautioned not to place undue reliance on these forward looking-statements which are based on the current view of management. The Company assumes no obligation to update such statements, except as required by law.*

**About SBS Philippines Corporation ([www.sbsph.com](http://www.sbsph.com))**

SBS Philippines Corporation (the “Company”) is one of the major chemical trader-distributor in the Philippines supplying a diverse customer base of more than 1,800 customers with over 3,000 chemical products sourced from more than 500 suppliers.

The Company offers a comprehensive selection of chemical products to service its wide set of clientele in the following industries: (i) food ingredients, (ii) industrial, (iii) feeds and veterinary care, (iv) pharmaceutical, (v) personal care and cosmetics.

The Company’s logistics infrastructure includes a network of 15 warehouse facilities located at 5 different sites in the greater manila area and the province of Bulacan, providing for a combined floor space of over 46,000 square meters and a storage capacity exceeding 18,000 MT. Its warehousing and distribution infrastructure provides for enormous flexibility to distribute a variety of products to a diverse set of customers and markets.

The Company’s scale and distribution reach, combined with its diversified product offering, deep industry knowledge, and value-added services on logistics management provide the Company with a distinct competitive advantage as the “one-stop shop” resource for chemical requirements.

More information on SBS is available at the SBS website at [www.sbsph.com](http://www.sbsph.com).