

MINUTES OF THE MEETING OF THE STOCKHOLDERS OF  
**WILCON DEPOT, INC.**  
HELD AT RUBY BALLROOM, 4/F, CROWNE PLAZA MANILA  
ORTIGAS AVENUE CORNER ADB AVENUE, QUEZON CITY  
JUNE 18, 2018 AT 8:00 AM

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**ATTENDANCE:**

TOTAL NUMBER OF SHARES PRESENT/REPRESENTED:	3,095,339,409*
ISSUED AND OUTSTANDING	4,099,724,116
PERCENTAGE OF SHARES PRESENT /REPRESENTED	75.50%

*\*(By Proxy –3,095,264,289; In Person –75,120)*

**PROCEEDINGS OF THE MEETING**

**I. CALL TO ORDER**

Mr. Bertram B. Lim, Chairman, called the meeting to order and thereafter presided. The Corporate Secretary, Atty. Arthur. P. Ponsaran, recorded the minutes thereof.

All the directors of the Corporation were present in the meeting as well as the following officers:

Chairman Emeritus	Mr. William T. Belo
Chairman	Mr. Bertram B. Lim
President and CEO	Ms. Lorraine Belo - Cincochan
Treasurer/CFO	Mr. Mark Andrew Y. Belo
Chief Product Officer	Ms. Careen Y. Belo
Independent Director/ Chairman – Audit Committee	Mr. Ricardo S. Pascua
Independent Director/ Chairman – Corporate Governance Committee	Mr. Rolando S. Narciso
Independent Director	Mr. Delfin L. Warren
SEVP – COO	Ms. Rosemarie B. Ong
Corporate Secretary	Atty. Arthur R. Ponsaran
Asst. Corporate Secretary	Atty. Sheila P. Pasicolan-Camerino

**II. PROOF OF NOTICE**

The Corporate Secretary certified that notices of the meeting were sent to all stockholders of record of the Corporation on May 25, 2018, the date definitive copies of the Information Statement were sent out to all stockholders. The notice of meeting was also published in the Philippine Daily Inquirer on May 25, 2018.

**III. DETERMINATION OF QUORUM**

The Corporate Secretary certified that based on the record of attendance, stockholders representing 3,095,339,409 shares or 75.50% of the total issued and outstanding capital stock of the Corporation were present, either in person or by proxy,

and that there was a quorum to consider the business stated in the agenda for the meeting.

#### **IV. APPROVAL OF MINUTES OF PREVIOUS MEETING**

On motion duly made and seconded to approve this agenda item, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the minutes of the annual stockholders' meeting held on June 19, 2017.

The floor was opened for questions and there was no question with respect to the minutes of the previous meeting.

Summary of Votes for this matter is as follows:

<b>VOTE</b>	<b>NUMBER OF VOTES</b>
FOR	3,095,267,301
AGAINST	0
ABSTAIN	1

#### **V. APPROVAL OF ANNUAL REPORT AND FINANCIAL STATEMENTS**

Proceeding with the agenda, Ms. Lorraine Belo- Cincochan, President - CEO, presented to the stockholders the Annual Report and the Audited Financial Statements as of December 31, 2017. Prior thereto, Mr. William T. Belo, Chairman Emeritus, presented his message to the Stockholders.

##### **Founder's Message**

Mr. William T. Belo, expressed how the overwhelming faith of the public in Wilcon has humbled him and has fueled the Company to persevere in its mission of helping people build, improve and refine their homes for a comfortable and sustainable life.

From its humble beginnings, the Chairman Emeritus attributes its success and continuous expansion to being trailblazer in the industry – introducing new store formats and understanding the need of the public.

Addressing the stockholders, Mr. Belo shared Wilcon's commitment to continue to open new depot stores in target locations all over the Philippines. Assuring the stockholders, Mr. Belo championed the Company's mutually beneficial support system with its suppliers and its continuous efforts to seek and develop new products and solutions that are consistently suited to the market considering their ever-evolving needs and preference.

Ending his message, Mr. Belo thanked all the stockholders for their continued support and trust to the Company.

##### **President's Report**

The President, Ms. Lorraine Belo- Cincochan, highlighted Wilcon's achievement in 2017 as the first pure home improvement and finishing construction supplies retailer to go public and list in the Philippine Stock Exchange and being awarded as the Philippines' "Best IPO for 2017" by the Asset magazine's Triple A Country Awards.

She enlightened the stockholders how the initial expansion plan "40 at 40" further expanded into "65 by 2021" and that by the end 2017, Wilcon was able to open its 41st store, surpassing the target 40 stores at its 40<sup>th</sup> anniversary in 2017.

Proceeding with the presentation, it was reported that for 2017 net sales aggregated ₱17.748 billion. 96.9% or ₱17.198 billion of which was generated by the depot formats and project sales, and the remaining 3.1% or ₱550 million was generated by the smaller format home essentials stores. Sales from new stores which opened in 2017, including less than a year-old sales from stores opened in 2016 totaled ₱830 million, accounting for 4.7% of total sales. She noted that despite a late start in April 1, 2016, the 2016 sales still peaked at ₱12.298 billion.

The higher gross profit margin of 29.7% reported in 2017 as compared to the 26.8% reached in 2016 was mainly due to the Company's push for higher-margin products. This is despite the fact that the retail operations were transferred to Wilcon Depot, Inc. from the parent, Wilcon Corporation only on April 1, 2016.

In 2017, operating expenses amounted to ₱3.596 billion, accounting for 20.3% of total net sales as compared to the operating expenses recorded in 2016 which comprised 18.6% only of total net sales. The difference was attributed to the fact that the new stores are still ramping up their operations.

EBITDA for 2017 reached ₱1.960 billion, or 11.0% of net sales, compared to 9.0% of net sales in 2016. The earnings before interest and taxes or EBIT for the year 2017 reached ₱1.856 billion or 10.5% of net sales. In 2016, EBIT was 8.5% of net sales.

The Company's net income for the year 2017 reached ₱1.385 billion for a net profit margin of 7.8% while net income for the nine months of operations in 2016, amounted to ₱886.8 million for a 7.2% net profit margin.

Following the Company's strong performance in 2017 and the infusion of additional equity from the initial public offering of its common shares, the Company's financial condition continues to strengthen. It was reported that the total assets reached ₱ 16.024 billion, 75.2% more than the 2016 balance of ₱ 9.144 billion.

As a consequence of the expansion requirements, merchandise inventories increased to ₱6.968 billion by the close of 2017, representing a 6.0% or ₱392.3 million upswing from the end-2016 balance. It was noted that merchandise inventories is the biggest asset account of Wilcon accounting for 43.5% of total assets as of end-2017.

On the liabilities front, it was reported that total liabilities of the Company amounted to ₱4.106 billion as at December 31, 2017, ₱1.455 billion or 26.2% less than the prior year's balance attributable mainly to the repayment of bank loans. Lastly, it was reported that the total equity closed at ₱11.918 billion versus total equity as at December 31, 2016, which totaled ₱3.582 billion. The 332.7% upsurge equity is due primarily to the initial public offering of Wilcon's common shares that generated added capital stock of ₱1.394 billion and an additional paid in capital of ₱5.374 billion; and net income earned for the period of ₱1.385 billion.

Towards the end of the presentation, the President reiterated the Company's commitment to move forward and pursue its expansion plans as mapped out and thus its commitment to open new depots under Wilcon's enhanced "65 by 2021" expansion plan.

Lastly, Ms. Belo-Cincochan expressed its gratitude towards the stakeholders, its employees, suppliers and most importantly to its customers, for being the reason for Wilcon's continued success.

After the presentation, the stockholders were given an opportunity to ask questions and seek clarifications. There was no question with respect to the Annual Report and the Audited Financial Statements as of December 31, 2017.

Upon motion, there being no objection, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the 2017 Annual Report and the Audited Financial Statements of the Corporation as of December 31, 2017 included in the Annual Report.

Summary of votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	3,095,267,301
AGAINST	0
ABSTAIN	1

**VI. RATIFICATION OF THE ACTS OF THE BOARD AND OFFICERS**

On motion duly made and seconded to approve this agenda item, and taking into consideration that more than a majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved, ratified, and confirmed all acts and transactions of the Board of Directors and Officers of the Corporation from the date of the last annual stockholders' meeting held on June 19, 2017 to date, as well as the contracts and transactions entered into by the Corporation for the same period, all as reflected in the minutes of the meetings of the Board of Directors, the Annual Report, and the Audited Financial Statements as of December 31, 2017.

The floor was opened for questions and there was no question with respect to the acts of the Board of Directors and Officers of the Corporation during the previous year.

Summary of votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	3,095,267,301
AGAINST	0
ABSTAIN	1

**VII. ELECTION OF DIRECTORS**

The Chairman thereafter opened nominations for directors to serve for the term 2018-2019. Pursuant to the By-Laws, the nominations of directors were based on the recommendations of the Nomination Committee. The stockholders were previously given until June 8, 2018 to submit nominations to the Nomination Committee. Only nominations of the seven (7) incumbent directors were submitted and evaluated during the given period.

The following were nominated as directors:

- Ms. Lorraine Belo-Cincochan
- Mr. Mark Andrew Y. Belo

Ms. Careen Y. Belo  
Mr. Bertram B. Lim  
Mr. Ricardo S. Pascua  
Mr. Rolando S. Narciso  
Mr. Delfin L. Warren

On proper motion duly seconded, unanimously approved, and without any objection, the nomination for directors was closed.

In view of the fact that there were only seven (7) nominees to the seven (7) seats, a motion was made, duly seconded, and unanimously approved without any objection for the above-named nominees/incumbent directors to be elected as Directors of the Corporation without need of ballot to serve as such until their successors shall have been elected and qualified.

Ms. Lorraine Belo-Cincochan  
Mr. Mark Andrew Y. Belo  
Ms. Careen Y. Belo  
Mr. Bertram B. Lim  
Mr. Ricardo S. Pascua  
Mr. Rolando S. Narciso  
Mr. Delfin L. Warren

Mr. Bertram B. Lim, Mr. Ricardo S. Pascua, Mr. Rolando S. Narciso and Mr. Delfin L. Warren were nominated and elected as Independent Directors.

#### **VIII. APPOINTMENT OF EXTERNAL AUDITORS**

The Chairman informed the stockholders that the next item in the agenda was the designation of the Corporation's external auditors. Pursuant to the By-Laws, the nomination of Reyes Tacandong & Co., was endorsed to the stockholders based on the recommendation of the Audit Committee as well as of the Board of Directors.

The floor was opened for questions and there was no question with respect to the appointment of external auditors.

On motion duly made and seconded to approve this agenda item, and taking into consideration that more than a majority of the votes submitted to the Corporation already voted in favor of this agenda item, without any objection after the floor was opened for this purpose, the stockholders approved the appointment of the accounting firm of Reyes Tacandong & Co., as the Corporation's external auditors for the year 2018-2019.


#### **IX. ADJOURNMENT**

Prior to the adjournment, the Chairman inquired if there is any other query or matter that the stockholders might want to take up. A query was made on the items sold by the Company as well as a suggestion for consideration on dealing with repairs and replacements. The Company was also commended for its support to green architecture. Thereafter, there being no further questions and business to transact, the meeting was, on motion duly made and seconded, adjourned.



**ARTHUR R. PONSARAN**  
Corporate Secretary

ATTEST:



**BERTRAM B. LIM**  
Chairman