



# Analysts' Briefing Wilcon Depot, Inc.

December 2017



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# Discussion Agenda

WILCON

DEPOT

**1** Company Overview

**2** Strategy Overview

**3** Financial Results

**4** Outlook



**SECTION 1**

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# Overview of Wilcon Depot, Inc.



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing



Leader in the home improvement and construction supply retail space in the Philippines; 40 years in operation

One-stop shop offering the complete spectrum of home improvement products

Strong line-up of quality, value-priced in-house brands

Exclusively carries a number of renowned international and local brands

Revolutionized the construction-supply industry by enhancing customer shopping experience



# Brief Background

WILCON

DEPOT

5

Initial Public Offering of WDI



2017

4

Establishment of WDI and transfer of retail operations from WC to WDI



2015-2016

3

Major re-branding; consolidation of operations under one entity (WBDI, now WC); enhanced exclusive and in-house brand offerings



2009-2014

2



2002-up

1

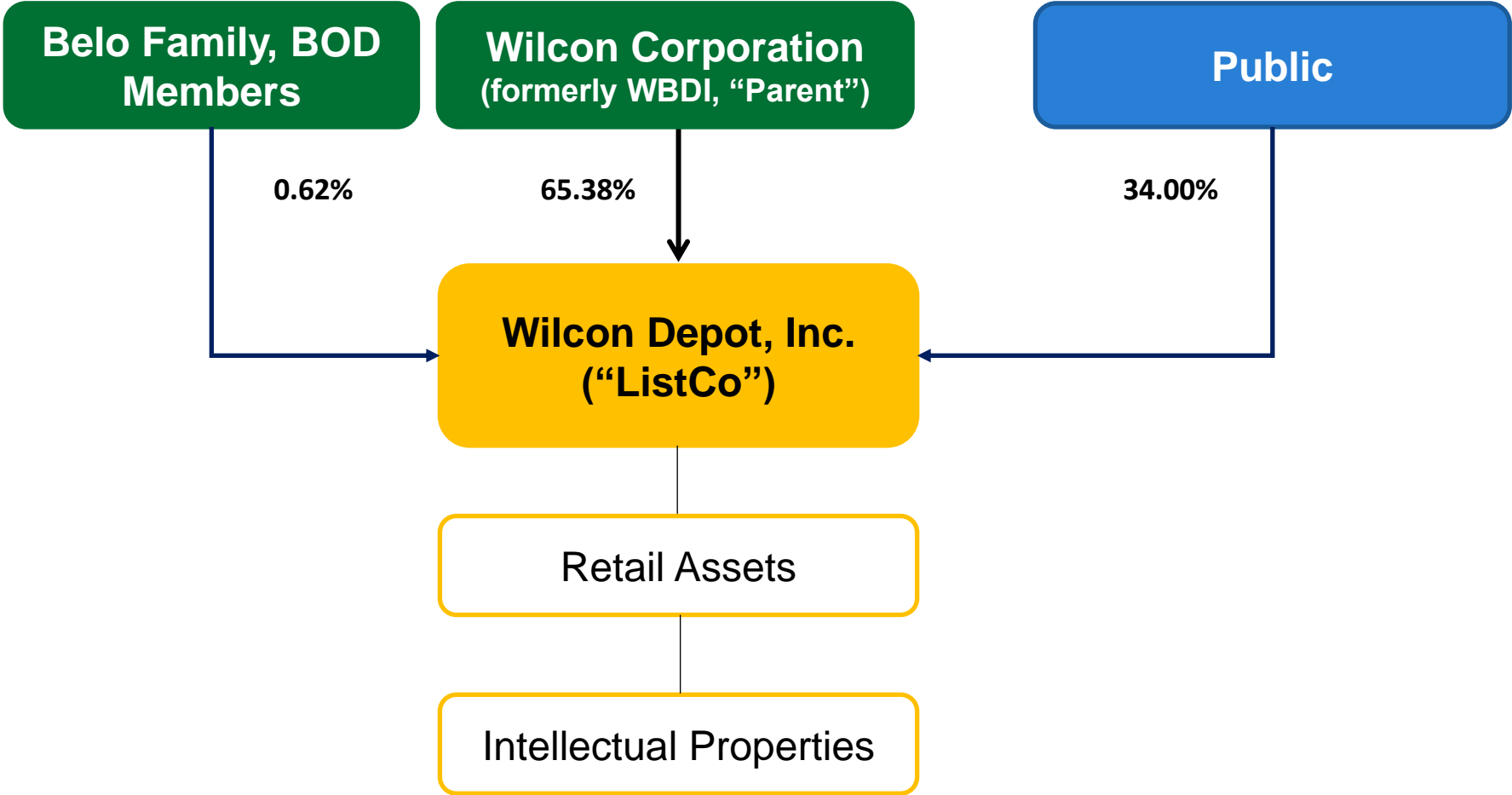


1977-2001

Introduced & expanded depot format stores; pure retail operations offering a complete spectrum of home improvement products; modern trade

Traditional trade; wholesale & retail operations

# Wilcon Group: Corporate Structure

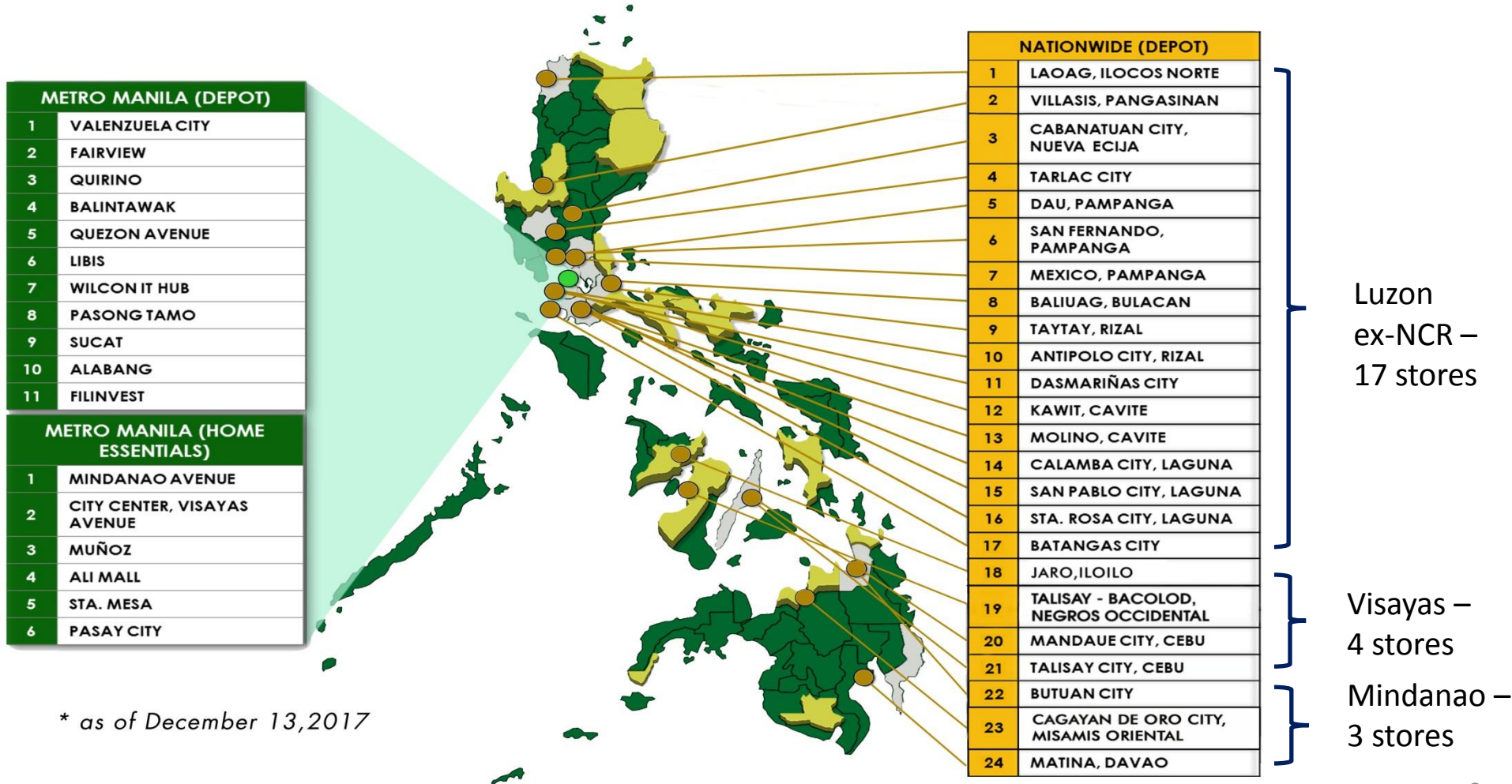


➤ The retail business was transferred to the ListCo on April 1, 2016 from the parent.

# Store Network & Presence



Wilcon operates 41\* stores strategically located in dominant markets and in fast-growing cities nationwide.



\* as of December 13, 2017





## SECTION 2

# Strategy Overview



home  
interior



building  
materials



doors &  
mouldings



tiles



paints &  
sundries



plumbing

# Key Growth Strategies

WILCON

DEPOT

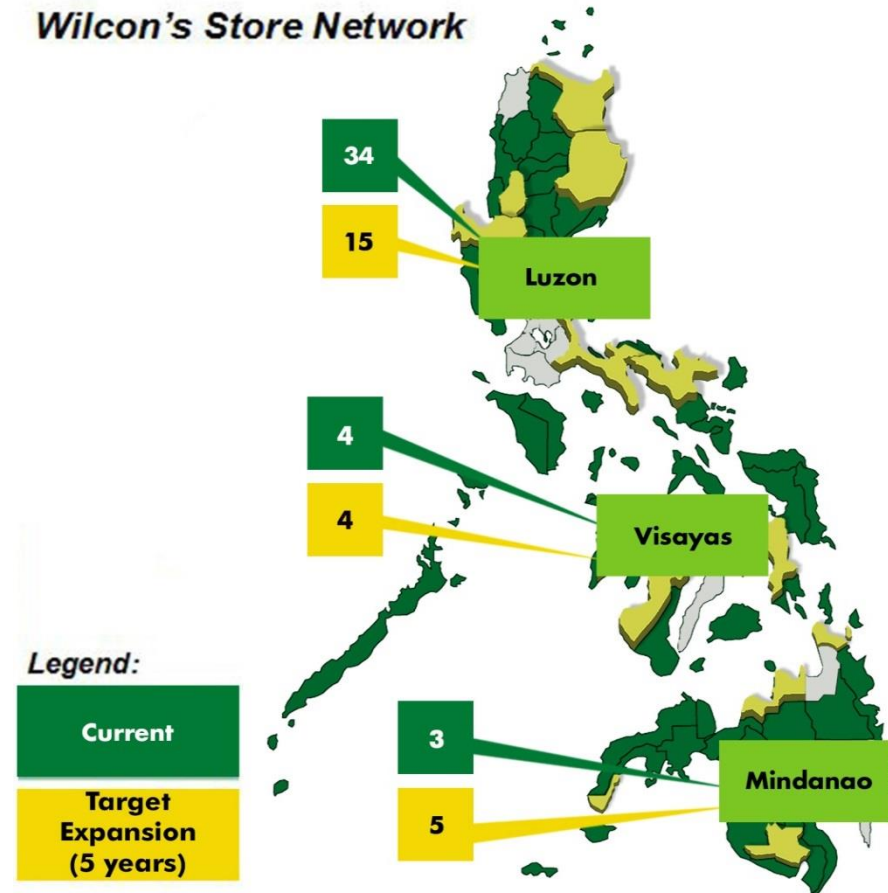
## 1 Expand Store Network

- ✓ Solidify presence in existing markets
- ✓ Expand foothold in fast-growing cities with focus on Visayas and Mindanao regions
- ✓ Target to open 29 depot branches in the next 5 years (2017 to 2021, 24 to go)
- ✓ Target locations include Cavite, Zamboanga, Bicol, Batangas, Davao, General Santos



As of December, 2017

Wilcon's Store Network



# Key Growth Strategies

WILCON DEPOT

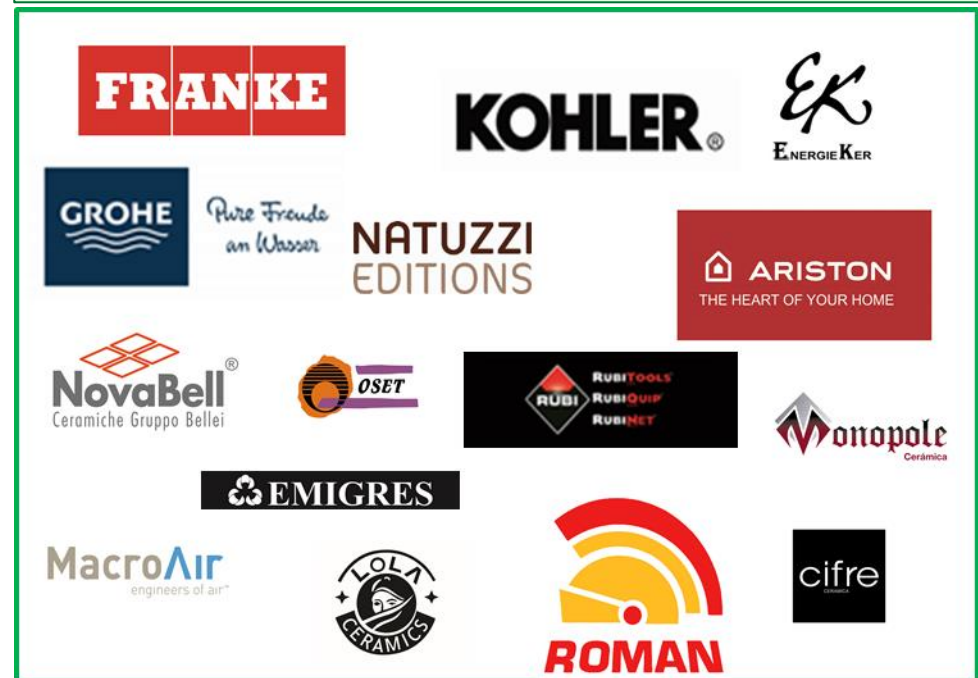
## 2 Focus on continuous introduction of in-house and exclusive brands

- ✓ Enhance the Company's ability to provide its customers with value for money products
- ✓ Rationalize product offerings

### In-house brands



### Select Exclusive brands



# Key Growth Strategies

WILCON DEPOT

## 3 Continually improve store layouts and product offering

- ✓ Improve and renovate existing stores to enhance overall shopping experience.
- ✓ Remodel store layouts by optimizing and/or expanding the sales floor areas of existing stores to improve visitor traffic



# Key Growth Strategies



## 4 Further strengthen and increase brand awareness and visibility



### News



### NEWS

**Wilcon shares almost double value in five months**  
 Wilcon founder William Tan Belo shares why he's bullish about the local construction business



- ✓ Tap various media outlets such as radio, newspapers, billboards, and social media to enhance customer's awareness
- ✓ Use brand ambassadors to represent the Company's products and brands
- ✓ Actively participate in industry associations and trade conventions related to the construction and home improvement



**SECTION 3**

# Financial Highlights



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing

# Income Statement Highlights

WILCON

DEPOT

## 3Q 2017

In Php MM

	3Q 2017	% of Sales	3Q 2016	% of Sales	% Growth
<b>NET SALES</b>	<b>4,549</b>	<b>100.0</b>	4,054	100.0	12.2
COST OF SALES	<b>3,180</b>	<b>69.9</b>	3,141	77.5	1.3
<b>GROSS INCOME</b>	<b>1,369</b>	<b>30.1</b>	914	22.5	49.9
OPERATING EXPENSES	<b>-938</b>	<b>20.6</b>	-780	19.2	20.2
<b>OPTNG INC BEF OTHER INCOME</b>	<b>432</b>	<b>9.5</b>	133	3.3	223.6
OTHER INCOME - Net	<b>70</b>	<b>1.5</b>	20	0.5	239.9
<b>EBIT</b>	<b>501</b>	<b>11.0</b>	154	3.8	225.8
INTEREST EXPENSE	<b>-4</b>	<b>0.1</b>	-10	0.2	-60.5
<b>INCOME BEFORE TAX</b>	<b>497</b>	<b>10.9</b>	144	3.5	245.7
INCOME TAX	<b>142</b>	<b>3.1</b>	8	0.2	1,678.8
<b>NET INCOME</b>	<b>355</b>	<b>7.8</b>	136	3.4	161.5
Depreciation	<b>27</b>	<b>0.6</b>	22	0.5	24.4
<b>EBITDA</b>	<b>528</b>	<b>11.6</b>	176	4.3	200.8

# Income Statement Highlights

WILCON

DEPOT

## 9M 2017

In Php MM

	9M 2017	% of Sales	9M* 2016	% of Sales	% Growth
<b>NET SALES</b>	<b>13,027</b>	<b>100.0</b>	8,062	100.0	61.6
<b>COST OF SALES</b>	<b>9,101</b>	<b>69.9</b>	6,175	76.6	47.4
<b>GROSS INCOME</b>	<b>3,926</b>	<b>30.1</b>	1,888	23.4	108.0
<b>OPERATING EXPENSES</b>	<b>-2,611</b>	<b>20.0</b>	-1,538	19.1	69.8
<b>OPTNG INC BEF OTHER INCOME</b>	<b>1,315</b>	<b>10.1</b>	350	4.3	275.6
<b>OTHER INCOME - Net</b>	<b>163</b>	<b>1.3</b>	31	0.4	420.6
<b>EBIT</b>	<b>1,479</b>	<b>11.4</b>	382	4.7	287.5
<b>INTEREST EXPENSE</b>	<b>-20</b>	<b>0.1</b>	-21	0.3	-6.4
<b>INCOME BEFORE TAX</b>	<b>1,459</b>	<b>11.2</b>	361	4.5	304.5
<b>INCOME TAX</b>	<b>341</b>	<b>2.6</b>	-66	-0.8	-618.1
<b>NET INCOME</b>	<b>1,118</b>	<b>8.6</b>	427	5.3	162.0
Depreciation	74	0.6	41	0.5	80.5
<b>EBITDA</b>	<b>1,553</b>	<b>11.9</b>	423	5.2	267.4

\*Commercial operations commenced April 1, 2016. The retail business operated under the Parent prior to April 1, 2016



# Balance Sheet Highlights

WILCON

DEPOT

In Php MM

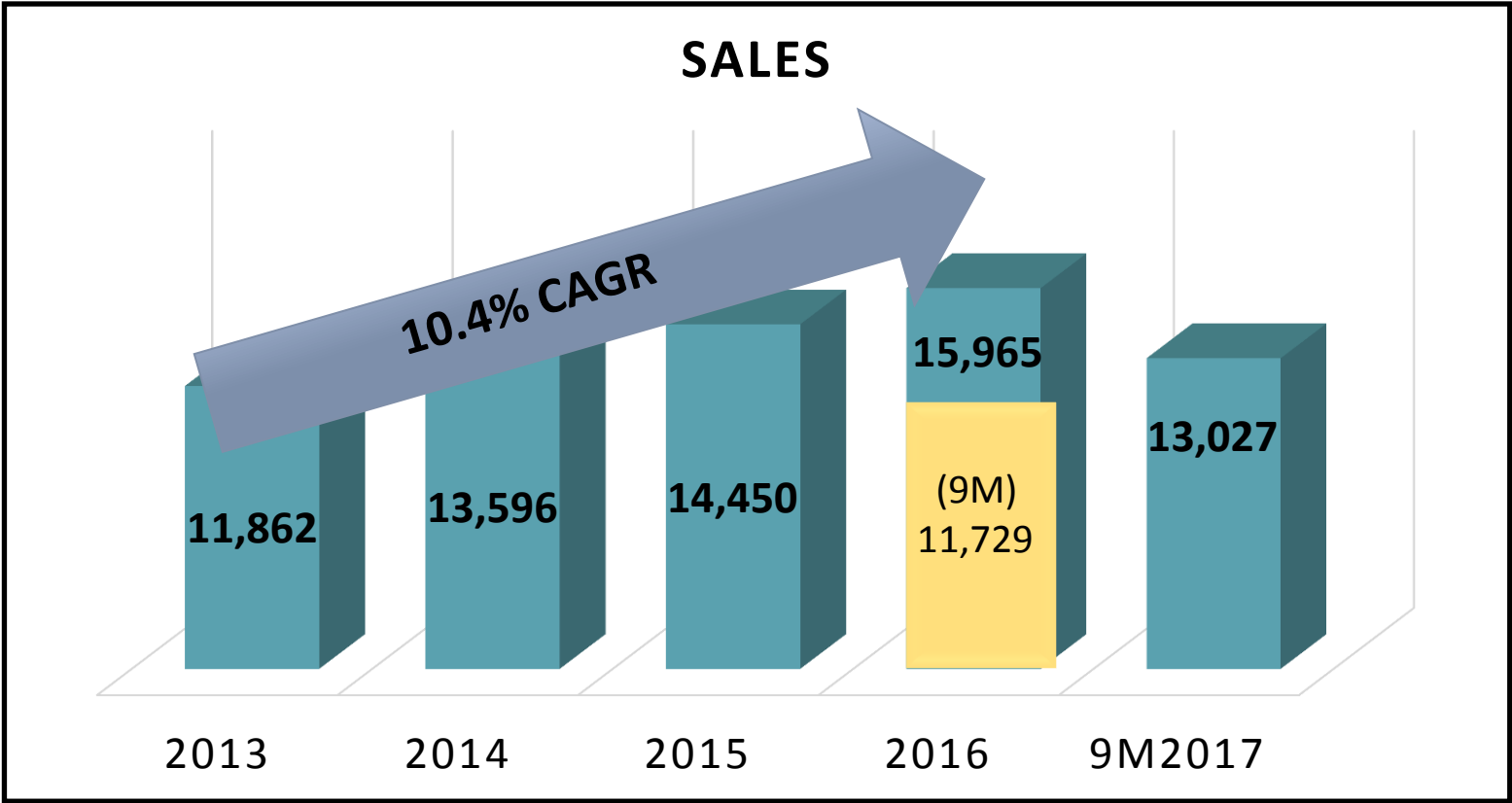
	Unaudited September 30, 2017	Audited December 31, 2016
Current Assets	12,193	8,406
Noncurrent Assets*	4,138	737
<b>Total Assets</b>	<b>16,331</b>	<b>9,144</b>
Current Liabilities	4,095	4,497
Noncurrent Liabilities	726	1,064
<b>Total Liabilities</b>	<b>4,821</b>	<b>5,561</b>
Capital Stock	4,100	2,706
Additional Paid-in Capital	5,374	-
Other Comprehensive Loss	32	-10
Retained Earnings	2,004	886
<b>Total Equity</b>	<b>11,510</b>	<b>3,582</b>
Current Ratio	2.98:1	1.87:1
Quick Ratio	0.99:1	0.24:1
Debt to Equity	0.42:1	1.55:1
Return on Equity	9.71%	24.75%

\*Includes AFS assets of P3.0B comprising of RTBs and representing part of the IPO proceeds

# Total Sales Summary



## Healthy sales growth



Note: 2013 to 2015 – Pro-forma/Reviewed / 2016 – In-house Pro-forma / 2017 – Actual/Reviewed  
Commercial operations under WDI commenced April 1, 2016

# Total Sales Summary

WILCON

DEPOT

## 2017 vs 2016

	9M	% Var	3Q	% Var
Sales (Php Millions)	13,027	11.1	4,549	12.2
Average Ticket Size (Php)	3,742	2.4	3,820	4.0
Sales Transactions ('000)	3,481	8.5	1,191	7.9

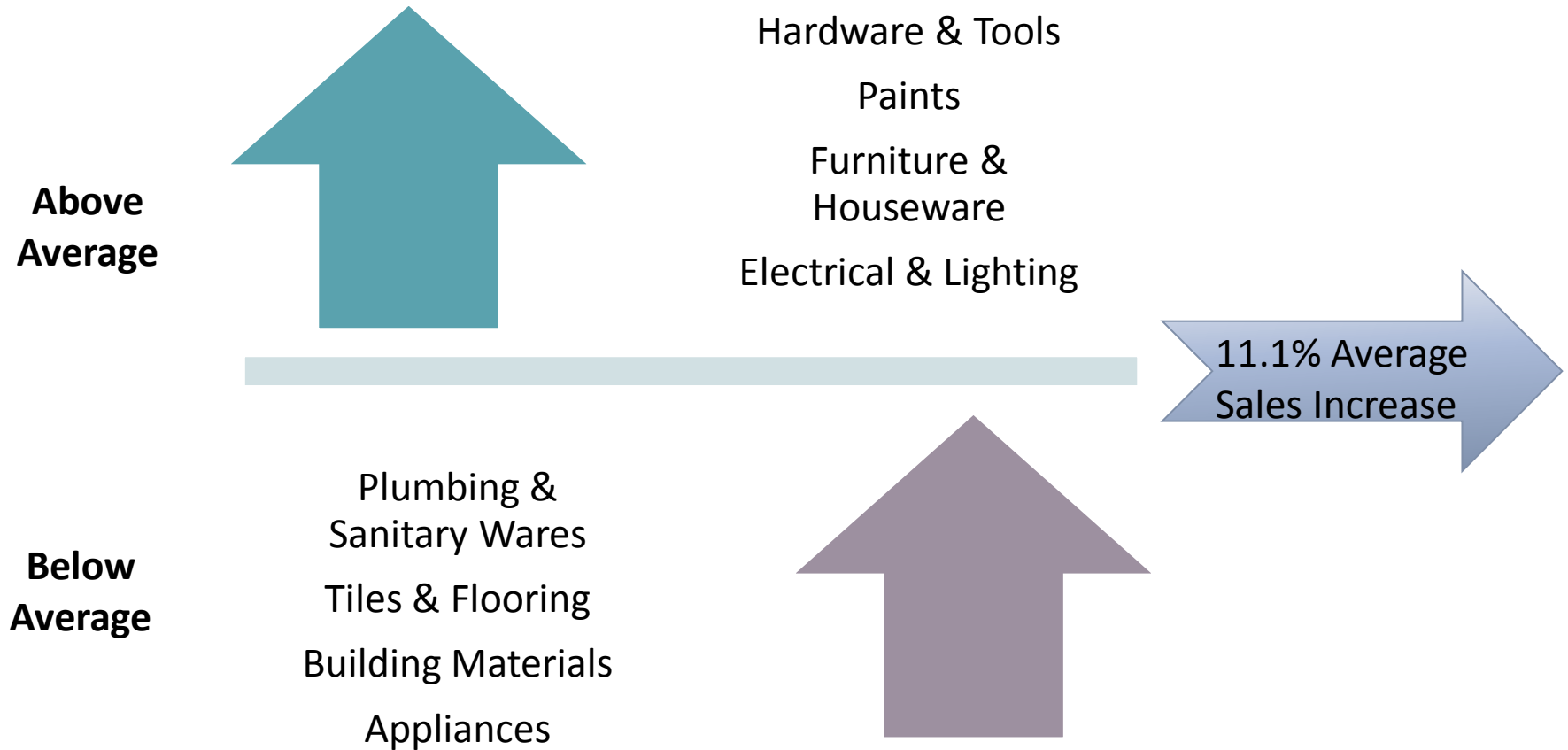
Note: 2016 – In-house Pro-forma / 2017 – Actual/Reviewed  
Commercial operations under WDI commenced April 1, 2016

# Product Category Performance

WILCON

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## 9M17 VS 9M16

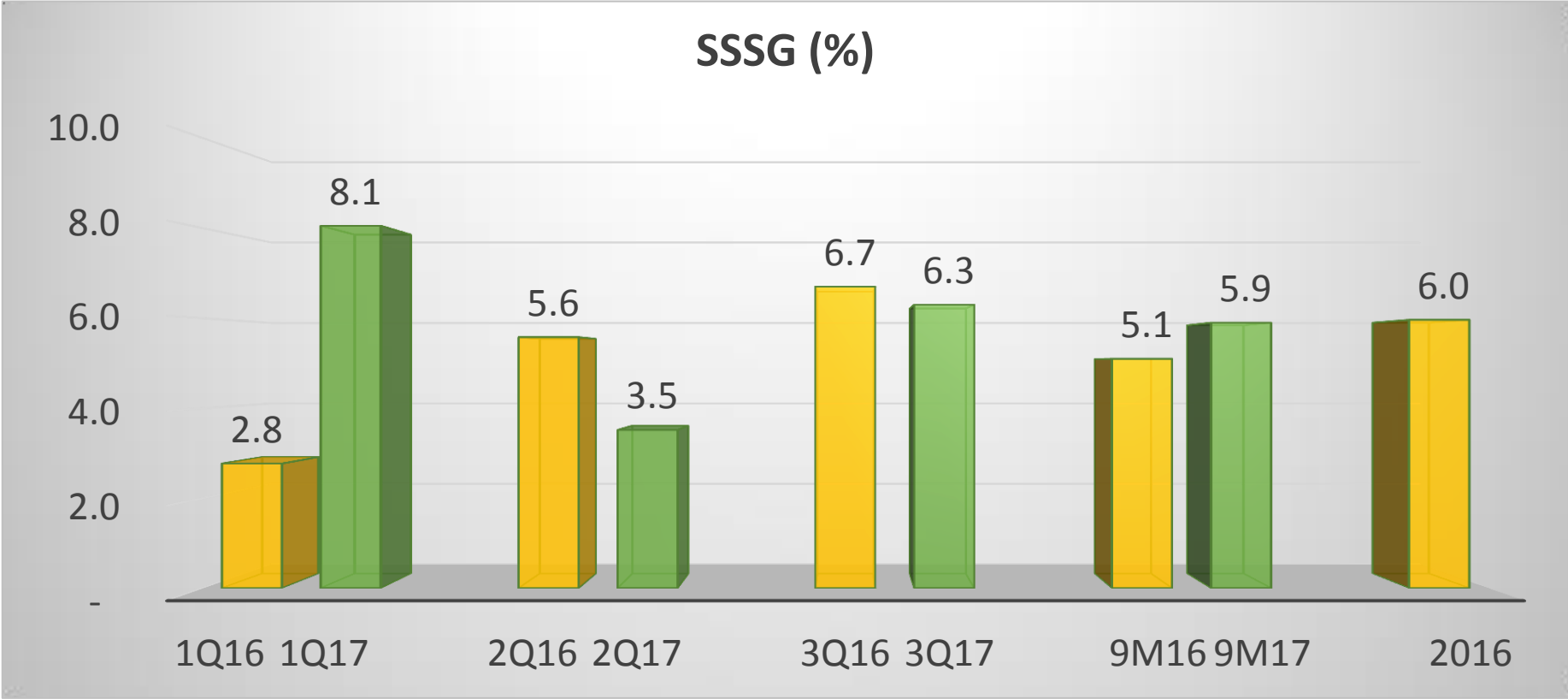


Note: 2016 – In-house Pro-forma / 2017 – Actual/Reviewed  
Commercial operations under WDI commenced April 1, 2016

# Same Store Sales Summary



## Quarterly Trend



Note: 2015 – Pro-forma/Reviewed / 2016 – In-house Pro-forma / 2017 – Actual/Reviewed  
Commercial operations under WDI commenced April 1, 2016

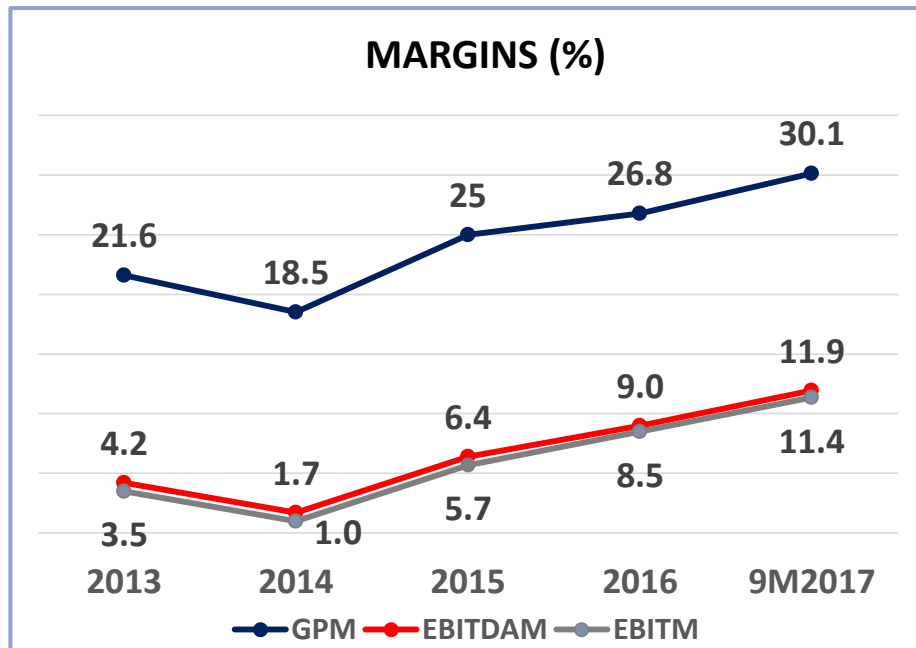
# Operating Margins Summary

WILCON

DEPOT

## Improving margins

### 9M17 VS 9M16



Enhancers

Higher Sales  
Product Mix  
Volume  
discounts and  
incentives/  
rebates

Higher operating  
expenses attendant  
to increasing  
number of stores  
and volume of  
business, e.g., rent,  
utilities, logistics,  
etc.

Limiters

Note: 2013 to 2015 – Pro-forma/Reviewed / 2016 – Actual/Audited / 2017 – Actual/Reviewed.  
Commercial operations under WDI commenced April 1, 2016



## SECTION 4

# Outlook



home interior



building materials



doors & mouldings



tiles



paints & sundries

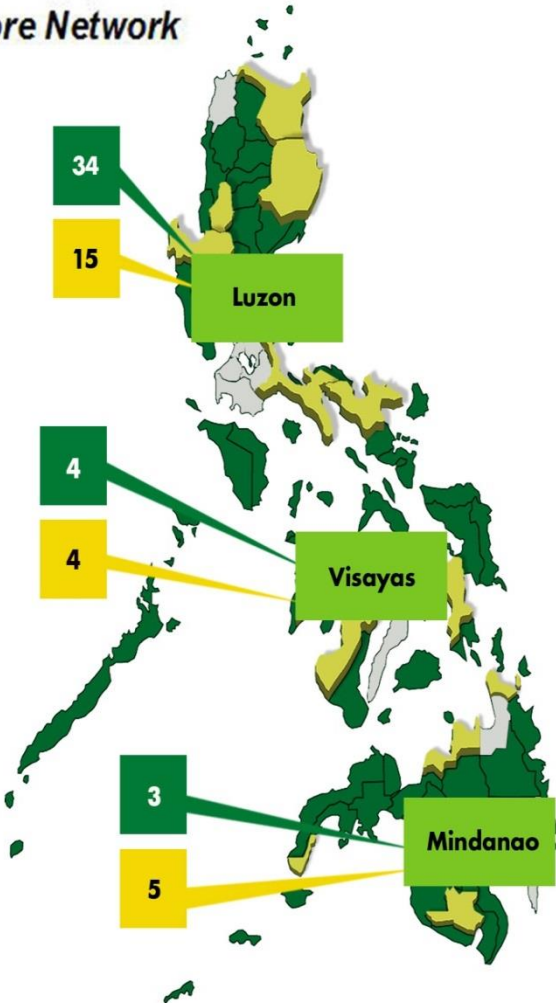


plumbing

# 2017 and 2018 Store Expansion Plan



Wilcon's Store Network



Legend:



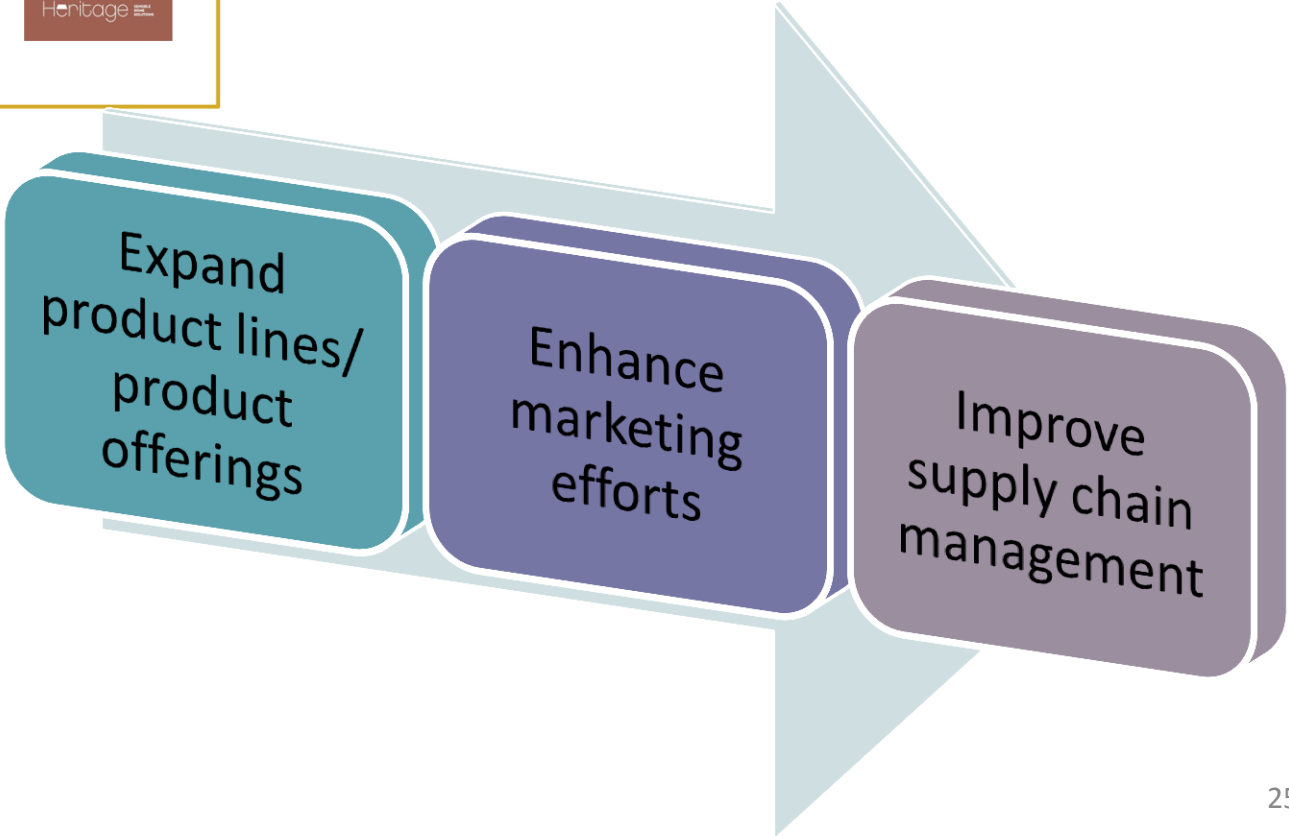
	2017	2018
IH	Butuan Bacolod	Tacloban Silang Zamboanga Naga Libis (Home Essentials)
2H	CDO Cabanatuan Iloilo	Lipa Davao Tayabas General Santos Puerto Princesa Iloilo (Home Essentials)
New	5	11
Temporary Closure		
- Depot		-1
Total	41	51



# Increase margins thru in-house & exclusive brands expansion



<b>Plumbing and Sanitary</b> SEFA Crown Sink POZZI Käsch	<b>Furniture, Furnishings, &amp; Houseware</b> HEIM Heritage	<b>Tiles / Flooring</b> Arte SOL VERONA PICASSO ROMANTIC	<b>Hardware &amp; Tools</b> DIRECT HARDWARE
<b>Electrical and Lighting</b> ALPHALUX KAZE	<b>Building Materials</b> WOODLAND FOREST SOLUTHERM	<b>Appliances</b> Heritage	



**END OF PRESENTATION**