

ANOTHER BANNER YEAR FOR WILCON WITH 2017 NET INCOME OF P1.385 B

Wilcon Depot, Inc. (PSE:WLCN) continued on its growth path with a net income of P1.385 billion generated from net sales of P17.748 billion at the close of 2017. Net income for 2016 tallied at P886.8 million from net sales of P12.298 billion but covering three quarters of operations only from April 1, 2016, when the retail business was transferred from the parent, Wilcon Corporation. Taking into account the 2016 first quarter results under the parent company, net sales improved by 11.2% from P15.965 billion to P17.748 billion by the end of 2017.

The strong results were driven by a consistent same store sales growth of 6.0% and the opening of five new depots in first class cities outside Metro Manila. According to the Company's CFO, Mark Andrew Belo, sales from these five stores already comprised 2.5% of total sales for the year notwithstanding that all but one started operating in the second half of the year. Comparable sales grew at a steady 6.0% for two years in a row following sustained marketing efforts and continuous store improvements. The Company's flagship format, the depot, accounted for 96.9% or P17.198 billion, while sales generated by the smaller home essentials format stores comprised the remaining 3.1% or P550 million of total sales.

"We attained our target margin expansion for 2017 with a 29.7% gross profit margin primarily by increasing the contribution to total sales of our higher margin products and more efficient sourcing process to achieve timely sales incentives and purchase discounts. Gross profit margin in 2016 including the first quarter operations was 27.4%", Mr. Belo added.

Mr. Belo further said, "the improved gross profit margin more than made up for the rise in operating expenses, brought about mainly by the accumulation of front-loaded expenses associated with new store openings. Operating expenses as a percentage of sales settled at 20.3% in 2017 while in 2016 operating expenses as a percentage of sales for the nine months of commercial operations closed at 18.6%."

In closing, Mr. Belo said, "we plan to open 24 more depots within the next four years from 2018 while continuing to be on the lookout for promising sites for our home essentials format. We expect these new opportunities coupled with a steady growth tack from our existing stores to drive our growth momentum."