



Investors' Briefing Wilcon Depot, Inc.

September 2017



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Discussion Agenda

WILCON

DEPOT

1 Company Overview

2 Industry Overview

3 Strategy Overview

4 Financial Results

WILCON DEPOT

SECTION 1

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

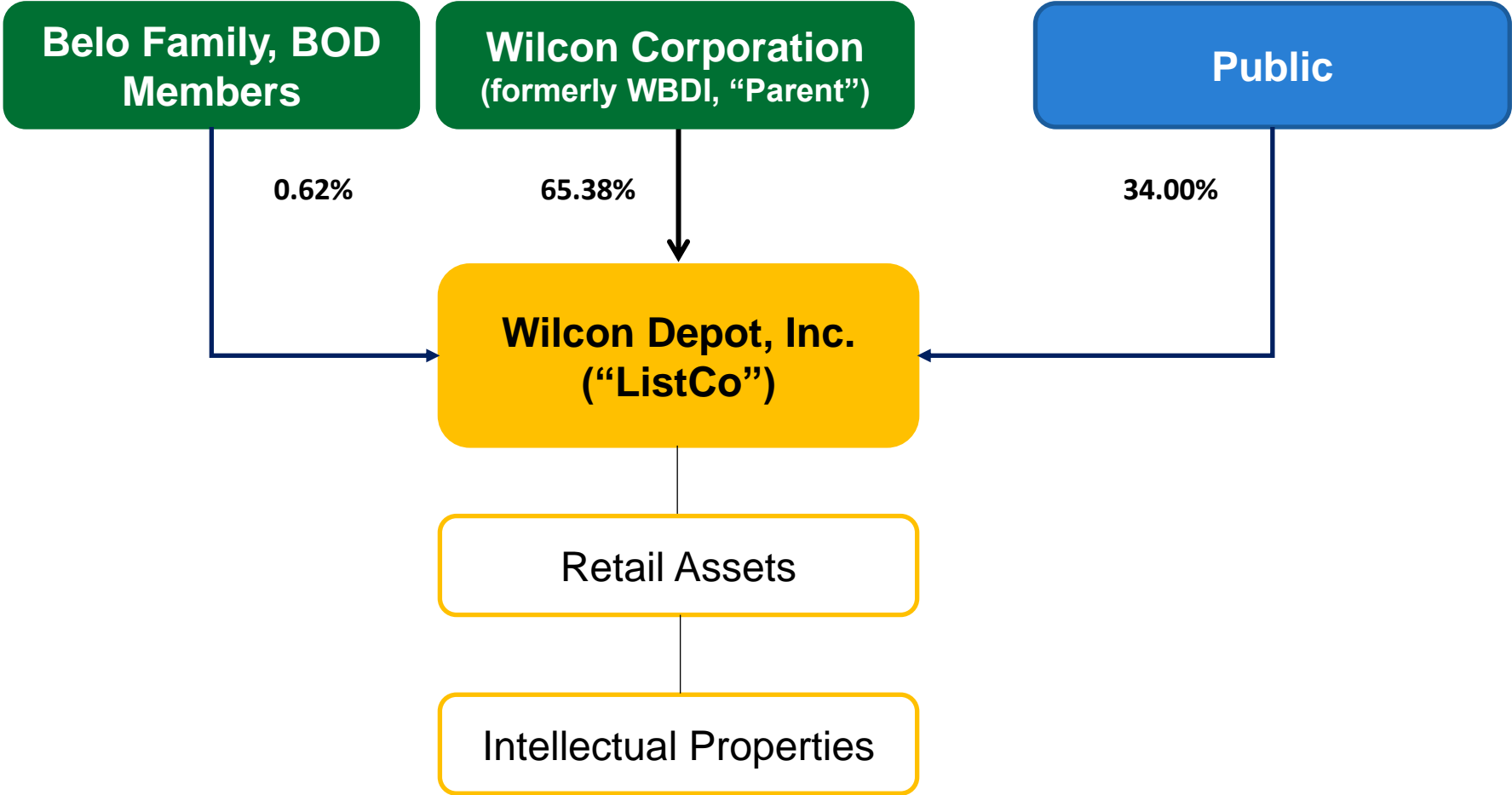


1977-2001

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

Traditional trade; wholesale & retail operations

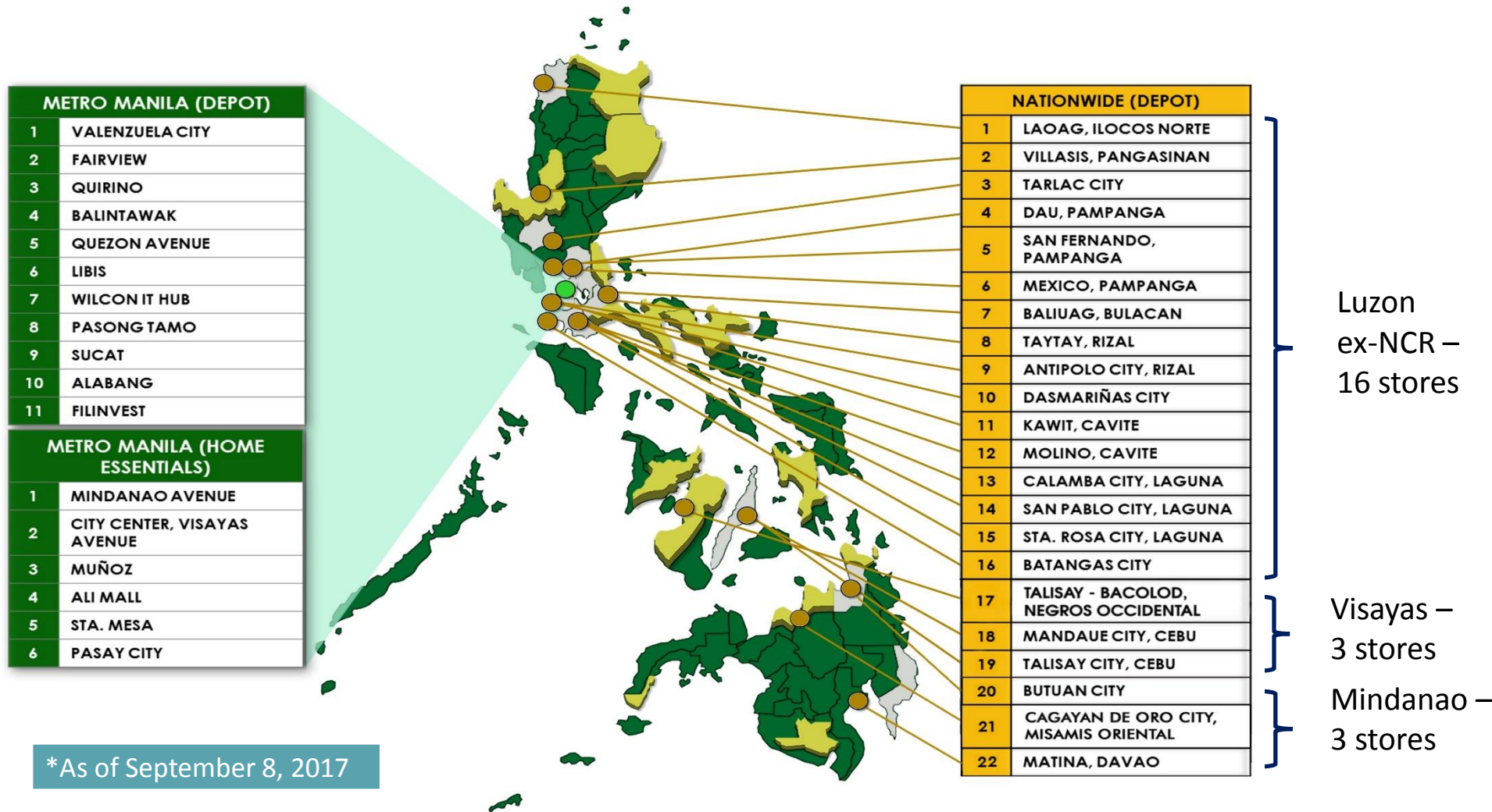
Wilcon Group: Corporate Structure



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

Store Network & Presence

Wilcon operates 39* stores strategically located in dominant markets and in fast-growing cities nationwide.



*As of September 8, 2017



SECTION 2

Home Improvement Industry



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing

The Home Improvement Industry



Demand Indicators

Construction Sector

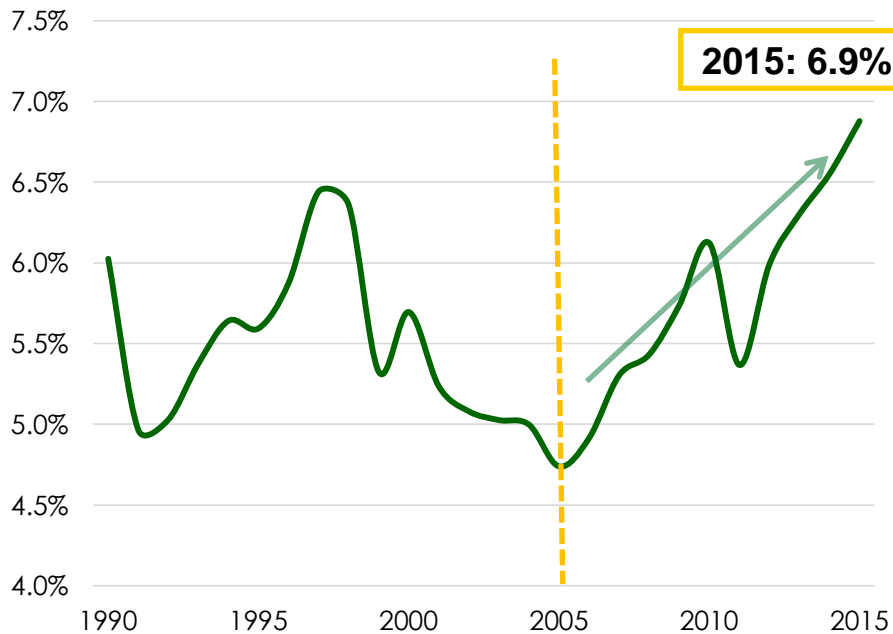
Housing Supply

Household Budget

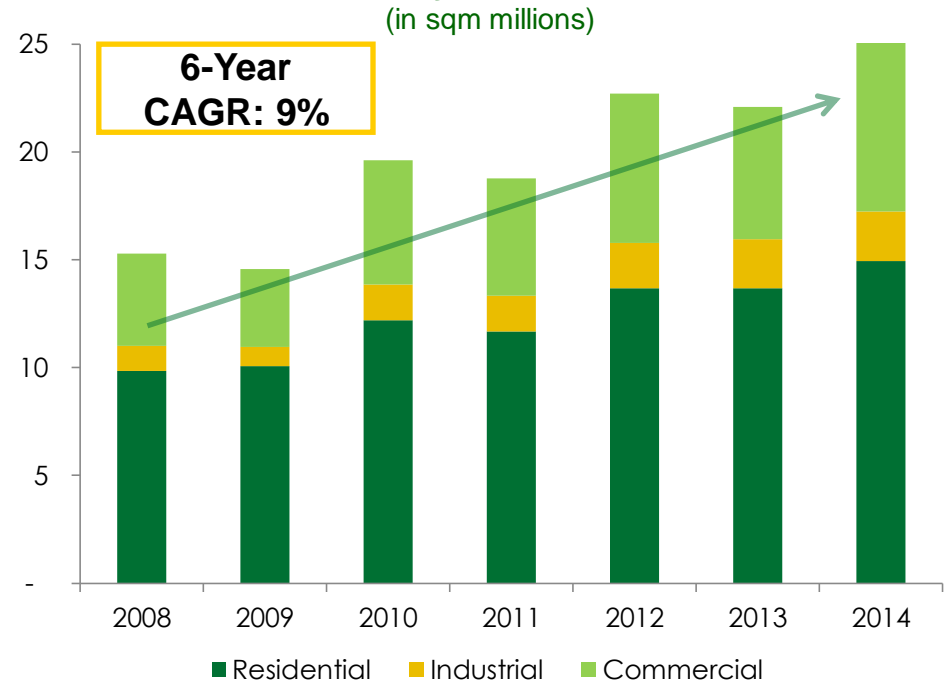
Importation of Home Improvement Goods

The Construction Sector continues to be one of the foundations and growth drivers of the Philippine economy.

Share of GVA Construction to GDP, 1990-2015 (%)



Growth of Philippine Construction Industry, 2008-2014 (in sqm millions)



The Home Improvement Industry

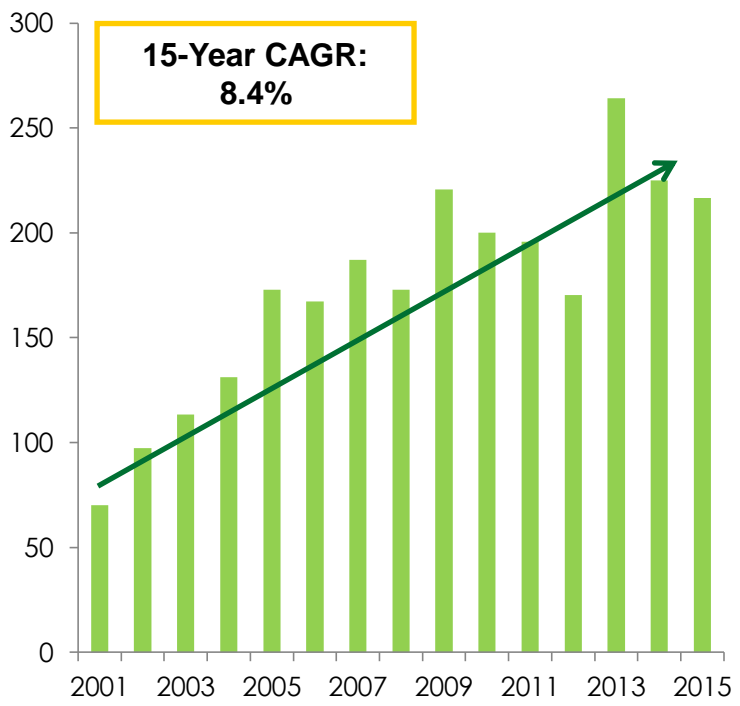


Demand Indicators

- Construction Sector
- Housing Supply**
- Household Budget
- Importation of Home Improvement Goods

The outlook of Home Improvement sector remains positive backed by robust housing production.

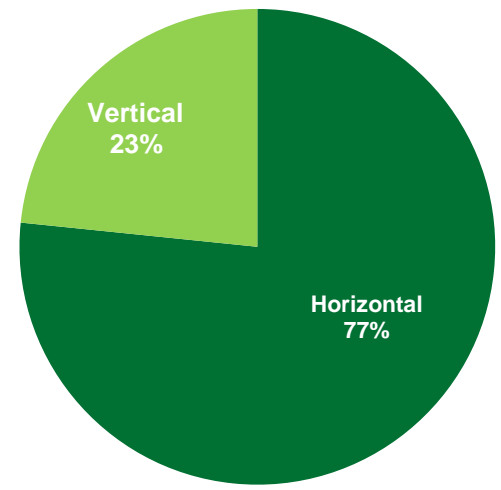
Total Housing Units Produced, 2001-2015 (in '000 units)



Housing Production from 2001-2015

Region	% Contribution
IVA (CALABARZON)	30.9%
NCR	26.5%
III (CENTRAL LUZON)	17.7%
VI	6.4%
VII	6.1%
V	2.0%
XI	2.0%
XII	1.9%
X	1.7%
VIII	0.9%
IX	0.9%
I	0.8%
II	0.8%
CARAGA	0.7%
CAR	0.4%
IVB	0.3%
TOTAL	100.0%

Ave. Share of Horizontal and Vertical Housing, 2001-2015 (%)



Values from the Philippine Statistics Authority (PSA)
Source: CRC, 2016

The Home Improvement Industry

WILCON

DEPOT

Demand Indicators

Construction Sector

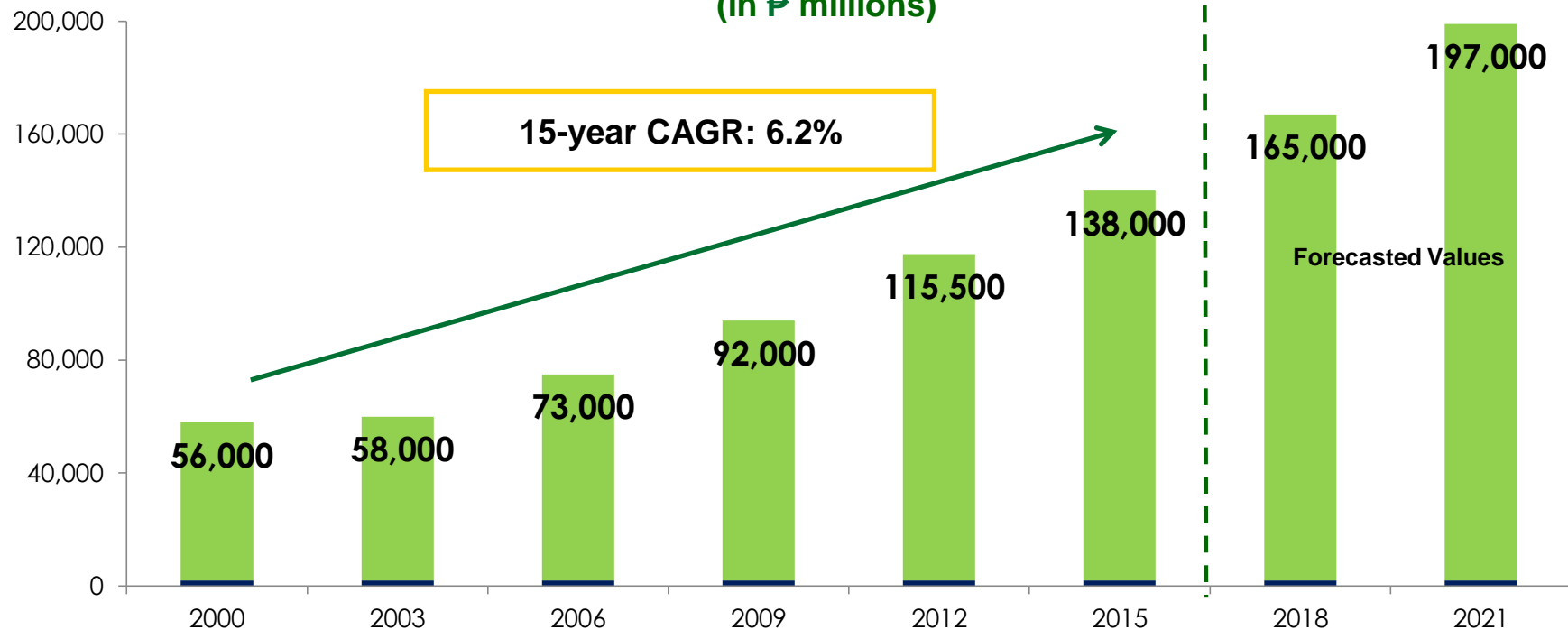
Housing Supply

Household Budget

Importation of Home Improvement Goods

The sustained strength of the Philippine economy, growing household formation, and increasing purchasing power will continue to stimulate households to build new homes and to either renovate and refurbish existing homes.

Total Expenditure on Household Maintenance, Repair & Operation, 2000-2021
(in ₱ millions)



The Home Improvement Industry

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Demand Indicators

Construction Sector

Housing Supply

Household Budget

Importation of Home Improvement Goods

Summary of Major Import Items' Value (in '000 USD) and Ave. Growth (%), 2011-2015

Major Home Improvement Industry Items	Top Three Source Countries	Value (in '000 USD); PH total import	Average Growth Rate From 2011-2015
Tiles/ Flooring	China, Vietnam, Indonesia	277,068	30.4%
Building Materials	China, Rep. of Korea, Vietnam	569,682	26.7%
Appliances	China, Singapore, Hong Kong	1,285,574	21.1%
Plumbing and Sanitary Wares	China, Thailand, Vietnam	53,057	19.5%
Electrical and Lighting	China, Japan, USA	442,330	17.5%
Furniture, Furnishing and Houseware	China, Malaysia, Japan	299,418	17.2%
Hardware and Tools Products	China, Japan, USA	455,812	13.2%
Paints	Singapore, Japan, Thailand	101,156	7.6%
Total		3,484,097	19.8%

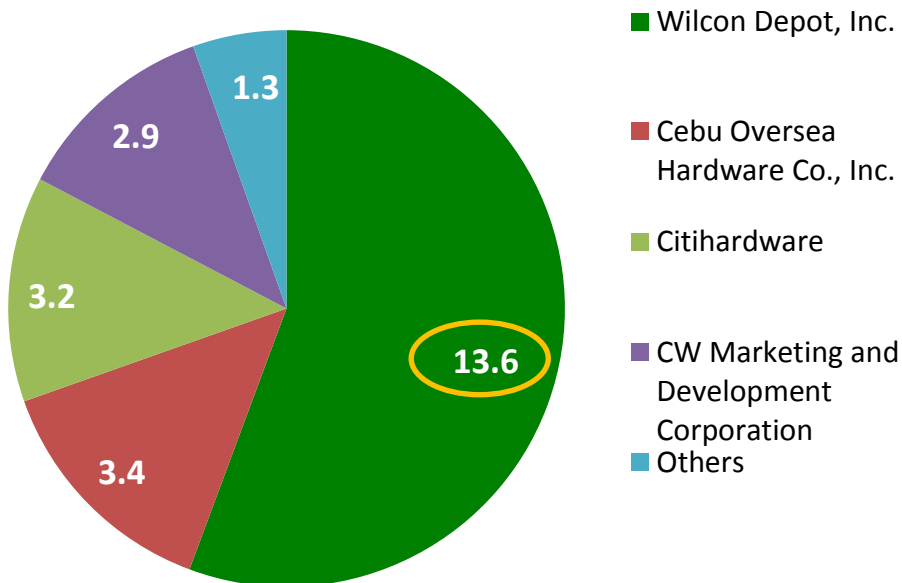
Competitive Landscape



Wilcon Depot, Inc. remains to be the market leader in terms of sales for the home improvement industry

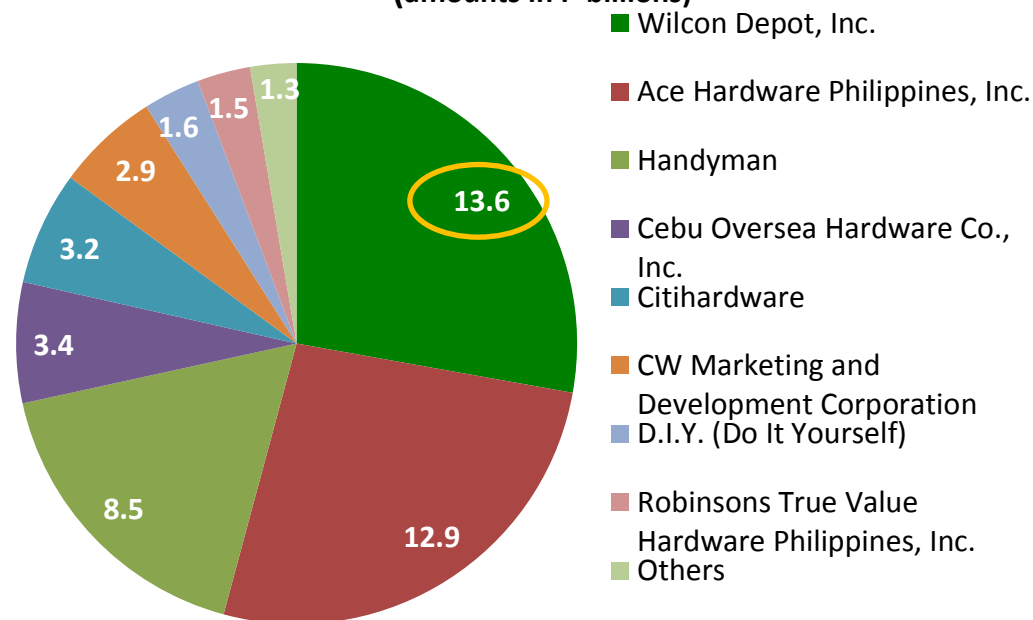
TOP DEPOTS IN TERMS OF SALES FY 2014

amounts in ₱ billions



TOP DEPOTS AND MALL-BASED STORES IN TERMS OF SALES FY 2014

(amounts in ₱ billions)



The Company is well-positioned to take advantage of the continued growth opportunities and positive outlook of the Philippine home improvement sector which is expected to grow by at least 6% per annum.



SECTION 3

Strategy Overview



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing

Key Growth Strategies

WILCON

DEPOT

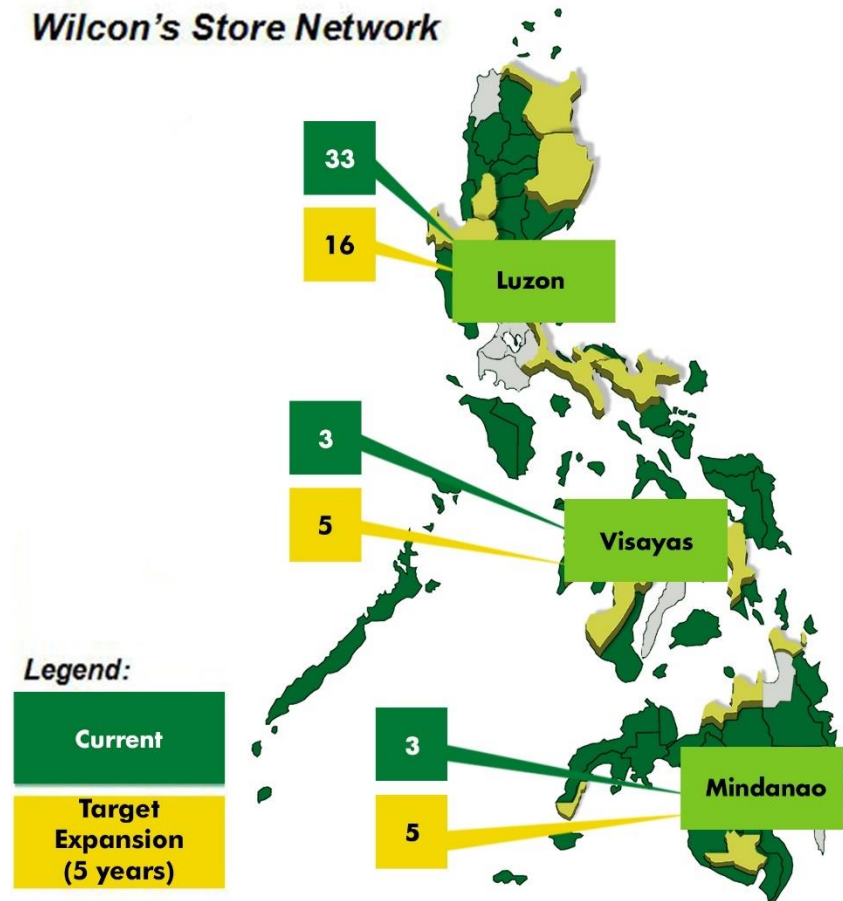
1 Expand Store Network

- ✓ 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, 26 to go)
- ✓ Target locations include Cavite, Laguna, Bicol, CDO, Zamboanga, General Santos, Davao



As of September 8, 2017

Wilcon's Store Network



Key Growth Strategies

WILCON DEPOT

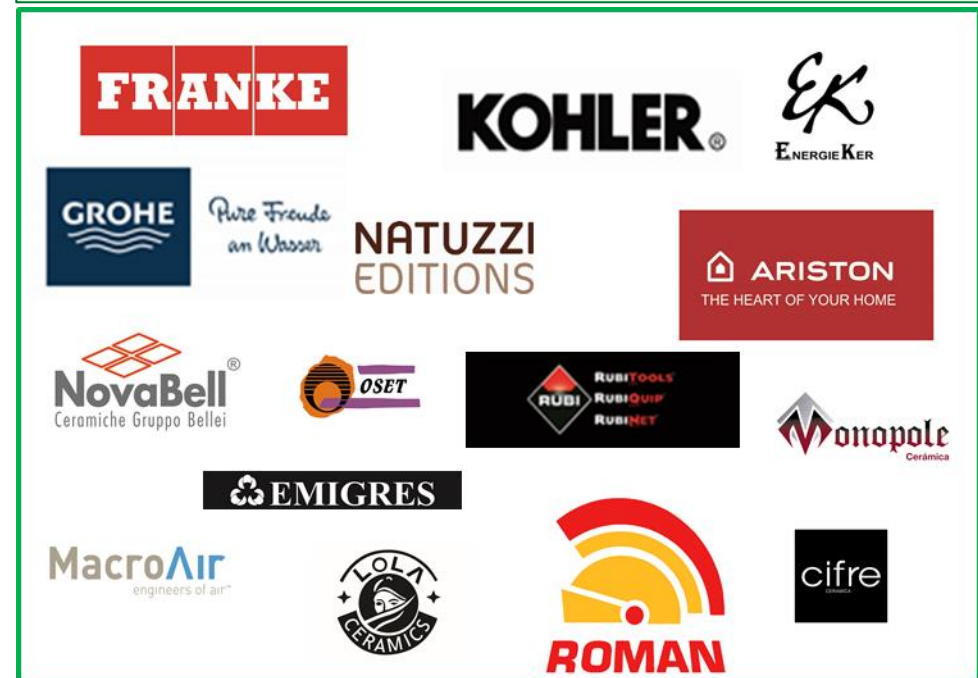
2 Focus on continuous introduction of in-house and exclusive brands

- ✓ 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 4

Financial Highlights



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing

Income Statement Highlights

WILCON**DEPOT**

2Q 2017

In Php MM

	2Q 2017	% of Sales	2Q 2016	% of Sales	% Growth
NET SALES	4,296	100.0	4,008	100.0	7.2
COST OF SALES	3,000	69.8	3,034	75.7	(1.1)
GROSS INCOME	1,295	30.2	974	24.3	32.9
OPERATING EXPENSES	822	19.1	757	18.9	8.5
OPERATING INCOME	473	11.0	217	5.4	118.3
OTHER INCOME - Net	51	1.2	11	0.3	366.0
EBIT	524	12.2	228	5.7	130.1
INTEREST EXPENSE	(6)	0.1	(11)	0.3	(47.1)
INCOME BEFORE TAX	518	12.1	217	5.4	139.0
INCOME TAX	147	3.4	(74)	(1.8)	298.4
NET INCOME	372	8.7	291	7.3	27.9
Depreciation	24	0.6	19	0.5	143.8
EBITDA	548	12.8	247	6.2	131.2

Income Statement Highlights

WILCON**DEPOT**

1H 2017

In Php MM

	1H 2017	% of Sales	1H* 2016	% of Sales	% Growth
NET SALES	8,478	100.0	4,008	100.0	111.5
COST OF SALES	5,921	69.8	3,034	75.7	95.2
GROSS INCOME	2,557	30.2	974	24.3	162.4
OPERATING EXPENSES	1,673	19.7	757	18.9	120.9
OPTNG INC BEF OTHER INCOME	884	10.4	217	5.4	307.6
OTHER INCOME - Net	94	1.1	11	0.3	760.4
EBIT	978	11.5	228	5.7	329.2
INTEREST EXPENSE	(16)	0.2	(11)	0.3	43.6
INCOME BEFORE TAX	962	11.3	217	5.4	343.5
INCOME TAX	199	2.4	(74)	(1.8)	370.0
NET INCOME	763	9.0	291	7.3	162.3
Depreciation	47	0.6	19	0.5	143.8
EBITDA	1,025	12.1	247	6.2	314.7

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

Balance Sheet Highlights

WILCON

DEPOT

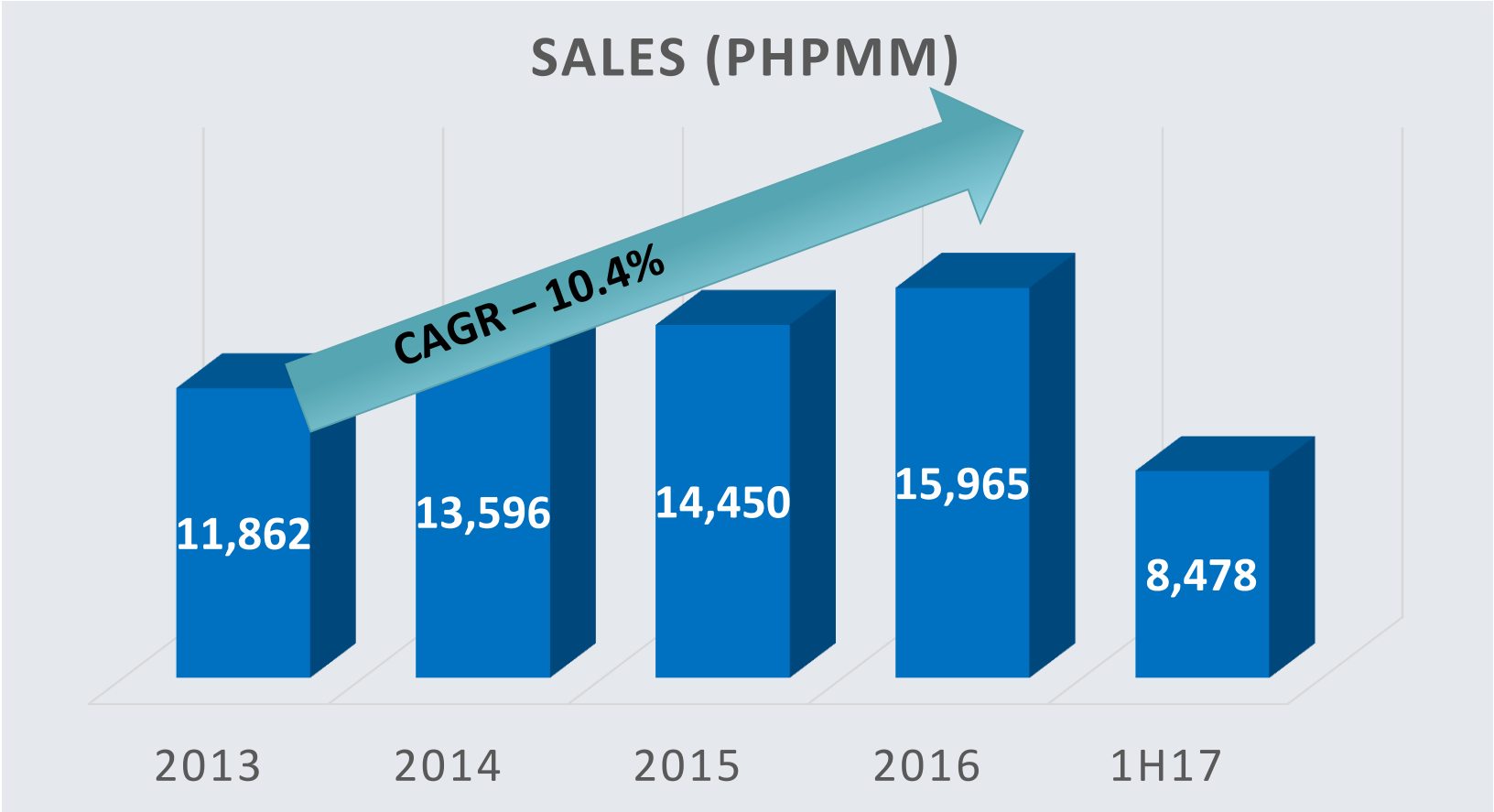
In Php MM	Unaudited June 30, 2017	Audited December 31, 2016
Current Assets	11,595	8,406
Noncurrent Assets*	3,924	737
Total Assets	15,519	9,144
Current Liabilities	3,549	4,497
Noncurrent Liabilities	829	1,064
Total Liabilities	4,377	5,561
Capital Stock	4,100	2,706
Additional Paid-in Capital	5,374	-
Other Comprehensive Loss	20	-10
Retained Earnings	1,649	886
Total Equity	11,142	3,582
Current Ratio	3.27:1	1.87:1
Quick Ratio	1.19:1	0.24:1
Debt to Equity	0.39:1	1.55:1
Return on Equity	6.85%	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



2017 vs 2016

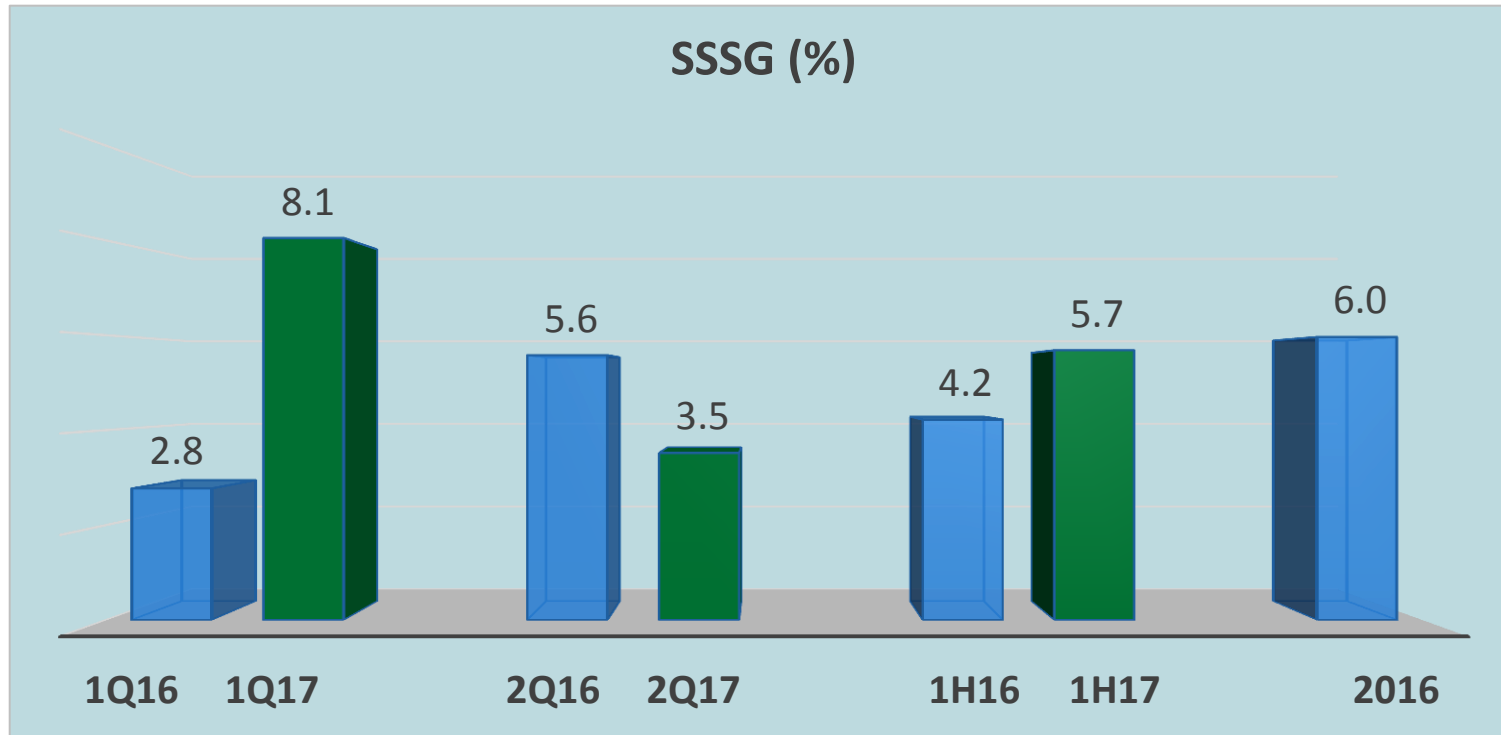
	FH	% Var	2Q	% Var
Sales (Php Millions)	8,478	10.5	4,296	7.2
Average Ticket Size (Php)	3,701	1.6	3,718	1.8
Sales Transactions ('000)	2,290	8.8	1,155	5.3

Same Store Sales Summary

WILCON

DEPOT

Quarterly Trend



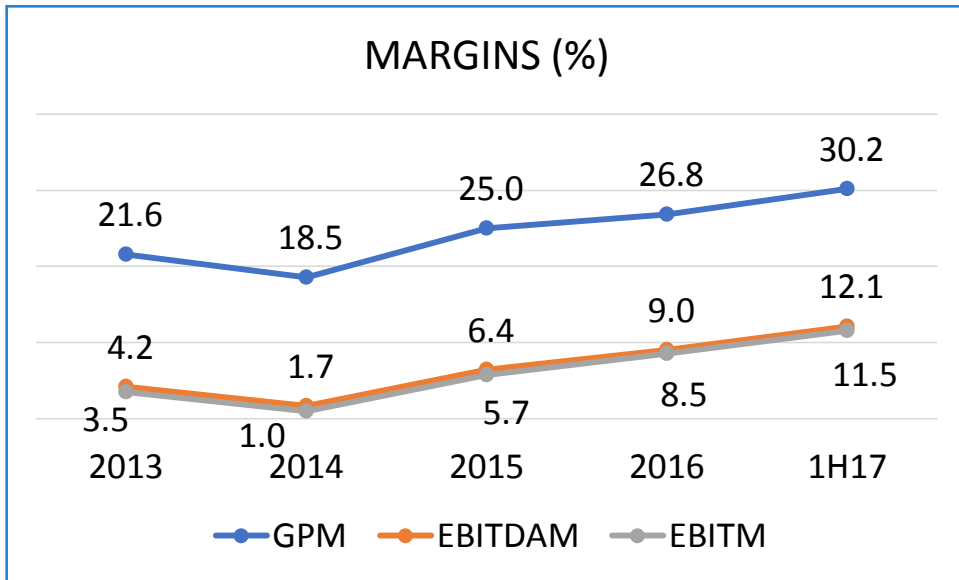
Operating Margins Summary

WILCON

DEPOT

Improving margins

1H17 VS 1H16



Positives

Higher Sales
Product Mix

Higher Opex
- Logistics
- Outsourced Services
- Taxes & Licenses
- Utilities

Drag

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

END OF PRESENTATION