



# Wilcon Depot, Inc.

March 2019



# Discussion Agenda

**WILCON**

**DEPOT**

**1** Company Overview

**2** Strategy Overview

**3** Financial Results

**4** Outlook



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing

## SECTION 1

# Company Overview

Leader in the home improvement and construction supply retail space in the Philippines; 42 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



## 2017 - Present

- Initial public offering of WDI
- Roll out of the five-year 29-depot expansion plan

## 2009 - 2014

- Major re-branding / Evolution of Wilcon logo and brand
- Re-conceptualization of the smaller-sized stores into a separate format labeled “Home Essentials”
- Consolidation of operations under one entity (WBDI, now WC)
- Enhanced exclusive and in-house brand offerings

## 2015 - 2016

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

## 2002 - Up

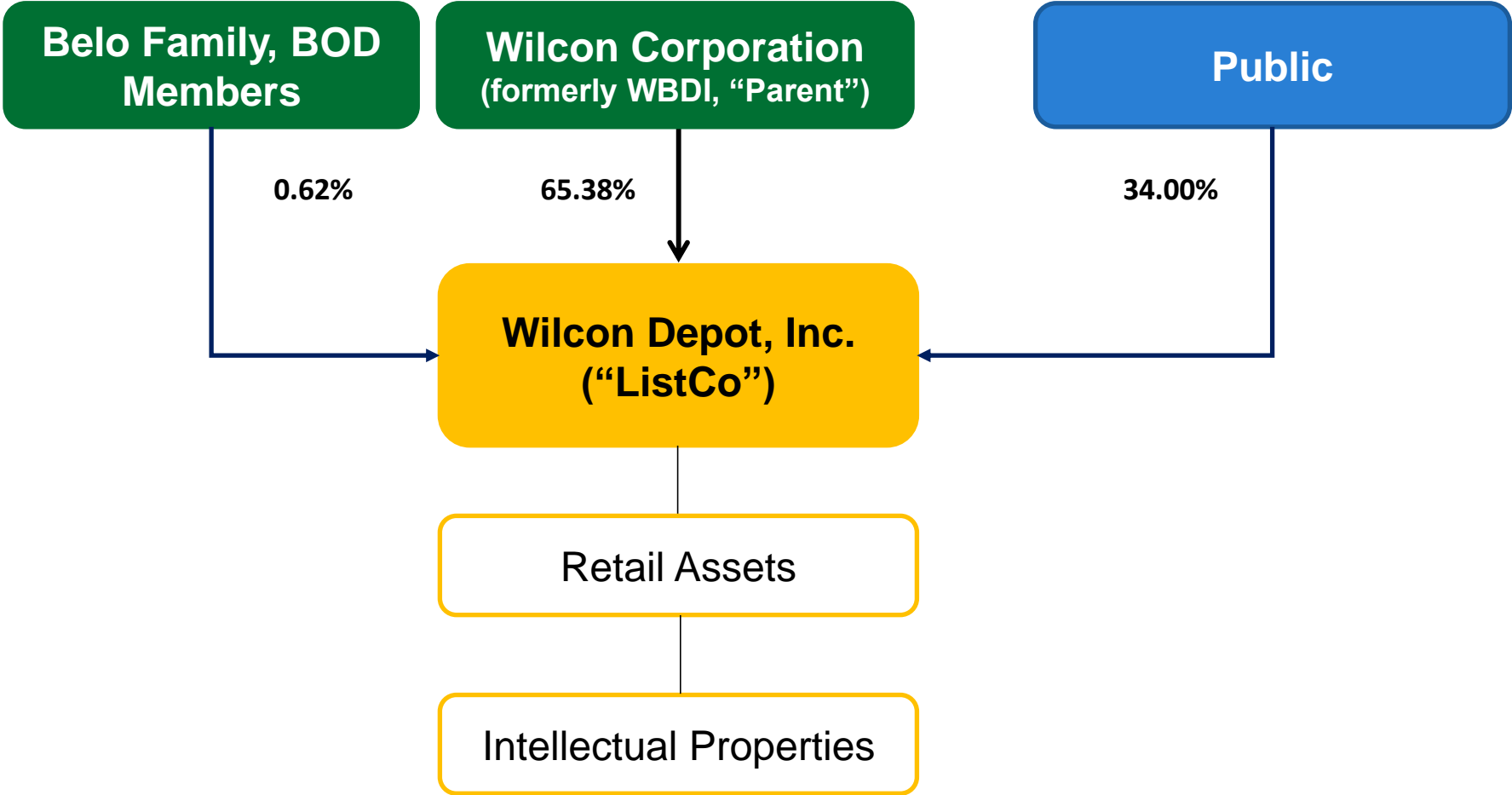
- Introduced & expanded depot format
- Converted into a modern trade channel
- Pure retail operations offering a complete spectrum of home improvement products.

## 1977 - 2001

- Traditional trade
- Small hardware store format
- Wholesale and retail operations



# Wilcon Group: Corporate Structure



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

# Store Formats

**WILCON** **DEPOT**

## DEPOT



## HOME ESSENTIALS



### No. of stores

44

8

### Net Selling Space

- 2,800 sqm to 16,100 sqm, with an average net selling space of 8,700 sqm

- 740 sqm to 2,800 sqm, with an average net selling space of 1,600 sqm

# Store Network & Presence

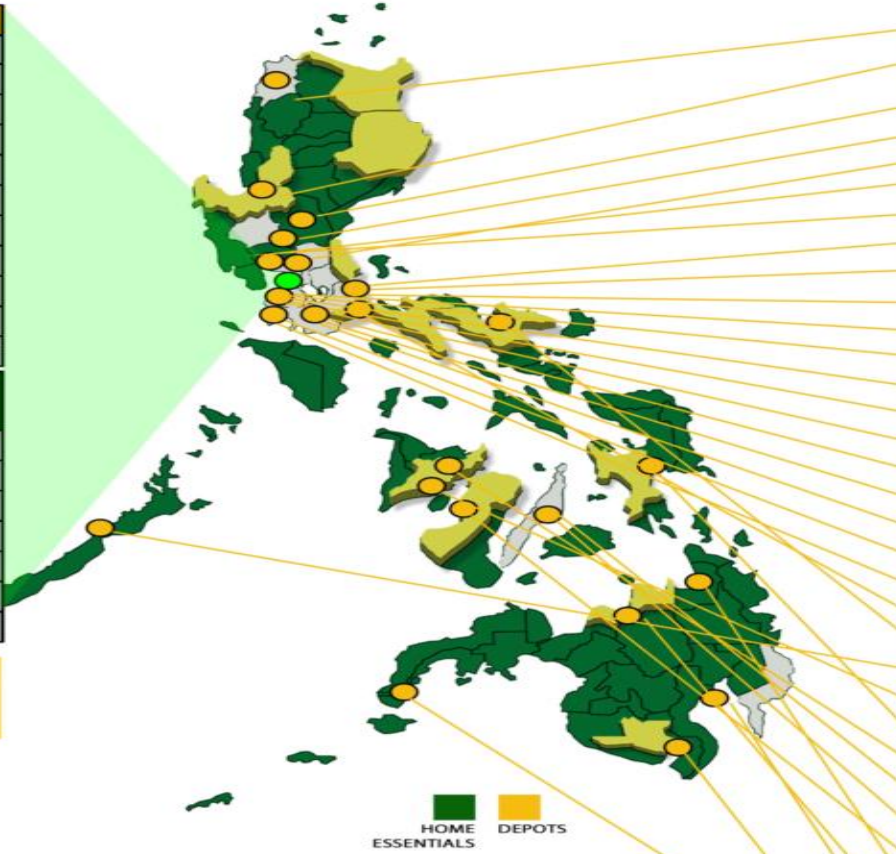


Wilcon operates 52\* stores strategically located in dominant markets and in fast-growing cities nationwide.

METRO MANILA (DEPOT)	
1	VALENZUELA CITY
2	FAIRVIEW
3	QUIRINO
4	BALINTAWAK
5	QUEZON AVENUE
6	LIBIS
7	WILCON IT HUB
8	SUCAT
9	ALABANG
10	FILINVEST
	PASONG TAMO (TEMPORARILY CLOSED)

METRO MANILA (HOME ESSENTIALS)	
1	MINDANAO AVENUE
2	CITY CENTER, VISAYAS AVENUE
3	MUÑOZ
4	ALI MALL
5	STA. MESA
6	PASAY CITY
7	LIBIS



NATIONWIDE (DEPOT)	
1	LAOAG, ILOCOS NORTE
2	VILLASIS, PANGASINAN
3	CABANATUAN CITY, NUEVA ECIJA
4	TARLAC CITY
5	DAU, PAMPANGA
6	SAN FERNANDO, PAMPANGA
7	MEXICO, PAMPANGA
8	BALIUAG, BULACAN
9	TAYTAY, RIZAL
10	ANTIPOLO CITY, RIZAL
11	DASMARIÑAS CITY
12	GENERAL, TRIAS
13	KAWIT, CAVITE
14	MOLINO, CAVITE
15	SILANG, CAVITE
16	CALAMBA CITY, LAGUNA
17	SAN PABLO CITY, LAGUNA
18	STA. ROSA CITY, LAGUNA
19	BATANGAS CITY
20	LIPA CITY
21	TAYABAS, QUEZON
22	NAGA CITY
23	PUERTO PRINCESA
24	MANDURRIAO, ILOILO CITY
25	TACLOBAN CITY, LEYTE
26	JARO, ILOILO
27	TALISAY CITY, CEBU
28	MANDAUE CITY, CEBU
29	TALISAY - BACOLOD, NEGROS OCCIDENTAL
30	BUTUAN CITY
31	CAGAYAN DE ORO CITY, MISAMIS ORIENTAL
32	MATINA, DAVAO
33	PANACAN, DAVAO
34	ZAMBOANGA
35	GENERAL SANTOS

Luzon  
ex-Metro  
Manila –  
23 stores

Visayas –  
6 stores:  
5 depots/  
1 HE

Mindanao –  
6 stores

\* as of January 25, 2019





# Major Categories and Select Brands

WILCON

DEPOT

## Plumbing and Sanitary



## Furniture, Furnishings, & Houseware



## Tiles / Flooring



## Hardware and Tools



## Electrical and Lighting



## Paints



## Building Materials



## Appliances





home  
interior



building  
materials



doors &  
mouldings



tiles



paints &  
sundries



plumbing

## SECTION 2

# Strategy Overview

# Key Growth Strategies

WILCON

DEPOT

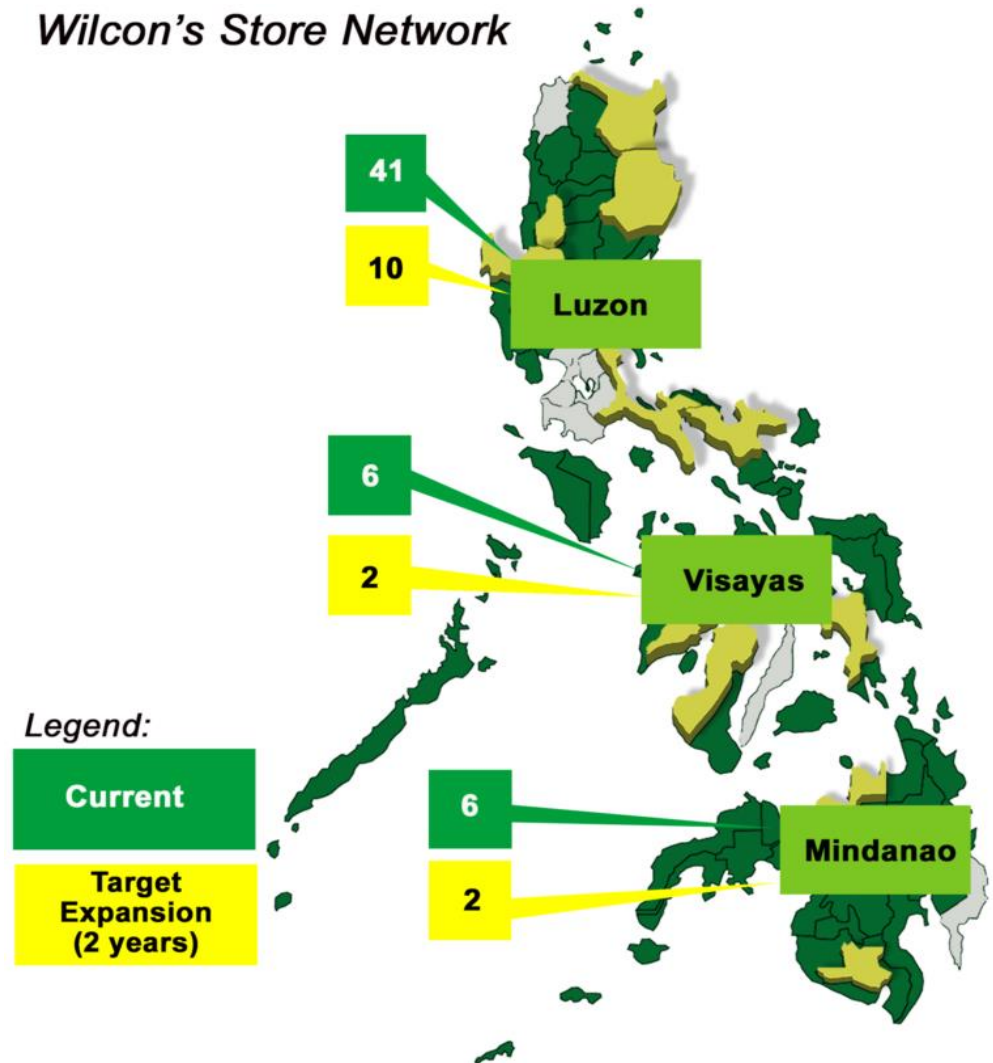
## 1 Expand Store Network

- ✓ Solidify presence in existing markets
- ✓ Expand foothold in fast-growing cities with focus on Visayas and Mindanao regions
- ✓ Target to open 29 depot branches from 2017 to 2021 (accelerated to 2020)
- ✓ Target locations are , Batangas, Iloilo, CDO, Antipolo



As of January 2019

### Wilcon's Store Network



# Key Growth Strategies

WILCON DEPOT

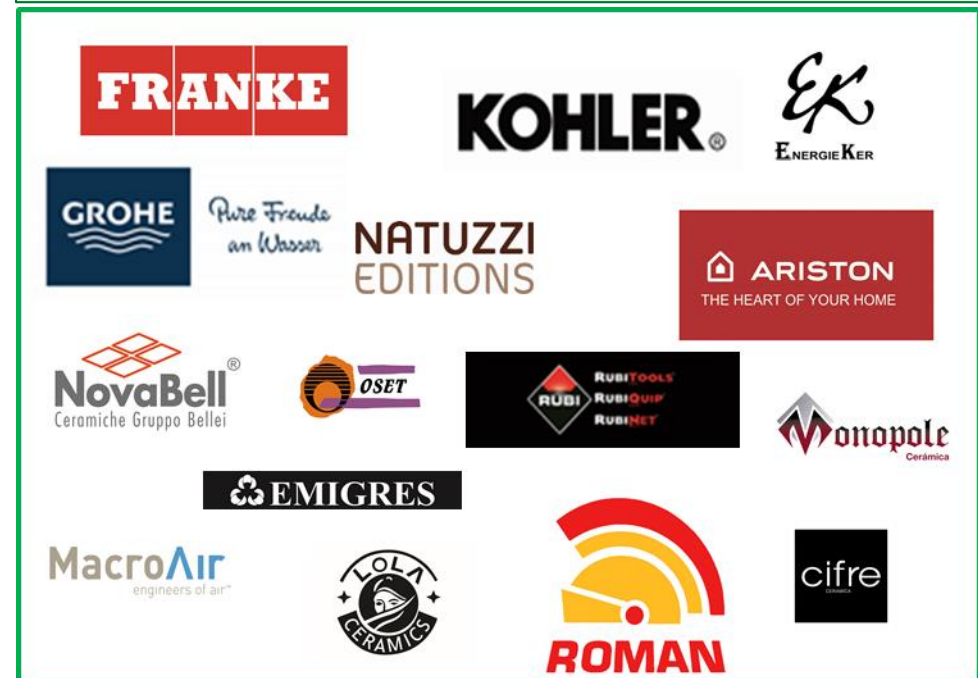
## 2 Focus on continuous expansion of in-house and exclusive brands

- ✓ 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

## 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

WILCON DEPOT

## 4 Further strengthen and increase brand awareness and visibility



- ✓ 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 construction and home improvement



home  
interior



building  
materials



doors &  
mouldings



tiles



paints &  
sundries



plumbing

## SECTION 3

# Financial Results

# Results Highlights

## For the Y2018

- Net Income grew 32.5% y-o-y to P1.835 billion or P0.45 per share for a net margin of 8.7% driven by:
  - Net Sales increased 18.6% y-o-y to P21.041 billion with a comparable sales growth of 8.0%
  - Gross profit margin improved to 31.4% from 29.7% in 2017
- Eleven (11) new stores were opened, nine (9) depots and two (2) smaller format Home Essentials, ending the year with 51 branches (8 Home Essentials and 43 depots)
- Target product mix was exceeded with in-house and exclusive brands contributing 46.9% of total net sales for the year



# Net Income grew 32.5% to P 1.835 B

(For the Year Ended December 31, 2018)

WILCON

DEPOT

Net Sales up 18.6%

GPM expanded to  
31.4%

EBIT margin  
increased to 12.1%

(In PHP MM)	FY 2018	% of Sales	FY 2017	% of Sales	% Growth
<b>NET SALES</b>	<b>21,041</b>	<b>100.0</b>	<b>17,748</b>	<b>100.0</b>	<b>18.6</b>
COST OF SALES	14,438	68.6	12,482	70.3	15.7
<b>GROSS INCOME</b>	<b>6,603</b>	<b>31.4</b>	<b>5,266</b>	<b>29.7</b>	<b>25.4</b>
OPERATING EXPENSES	-4,421	21.0	-3,596	20.3	22.9
OTHER INCOME – NET	359	1.7	185	1.0	93.9
<b>EBIT</b>	<b>2,542</b>	<b>12.1</b>	<b>1,856</b>	<b>10.5</b>	<b>37.0</b>
INTEREST EXPENSE	-2	0.0	-22	0.1	89.2
<b>INCOME BEFORE TAX</b>	<b>2,540</b>	<b>12.1</b>	<b>1,834</b>	<b>10.3</b>	<b>38.5</b>
INCOME TAX	704	3.3	448	2.5	57.1
<b>NET INCOME</b>	<b>1,835</b>	<b>8.7</b>	<b>1,385</b>	<b>7.8</b>	<b>32.5</b>
Depreciation	165	0.8	104	0.6	58.0
<b>EBITDA</b>	<b>2,707</b>	<b>12.9</b>	<b>1,960</b>	<b>11.0</b>	<b>38.1</b>

# Net Income grew 66.6% to P446 M

(Fourth Quarter 2018)

WILCON

DEPOT

Net Sales up 20.4%

GPM expanded to  
31.6%

EBIT margin  
increased to 10.8%

(In PHP MM)	4Q18	% Sales	4Q17	% Sales	% Growth
<b>NET SALES</b>	<b>5,682</b>	<b>100.0</b>	<b>4,721</b>	<b>100.0</b>	<b>20.4</b>
COST OF SALES	3,887	68.4	3,381	71.6	15.0
<b>GROSS INCOME</b>	<b>1,795</b>	<b>31.6</b>	<b>1,340</b>	<b>28.4</b>	<b>34.0</b>
OPERATING EXPENSES	-1,276	22.4	-985	20.9	29.5
OTHER INCOME – NET	93	1.6	22	0.5	321.4
<b>EBIT</b>	<b>613</b>	<b>10.8</b>	<b>377</b>	<b>8.0</b>	<b>62.6</b>
INTEREST EXPENSE	0	0.0	-2	0.0	100.0
<b>INCOME BEFORE TAX</b>	<b>613</b>	<b>10.8</b>	<b>375</b>	<b>7.9</b>	<b>63.6</b>
INCOME TAX	167	2.9	107	2.3	56.0
<b>NET INCOME</b>	<b>446</b>	<b>7.8</b>	<b>267</b>	<b>5.7</b>	<b>66.6</b>
Depreciation	58	1.0	30	0.6	91.8
<b>EBITDA</b>	<b>671</b>	<b>11.8</b>	<b>407</b>	<b>8.6</b>	<b>64.7</b>

# Balance Sheet

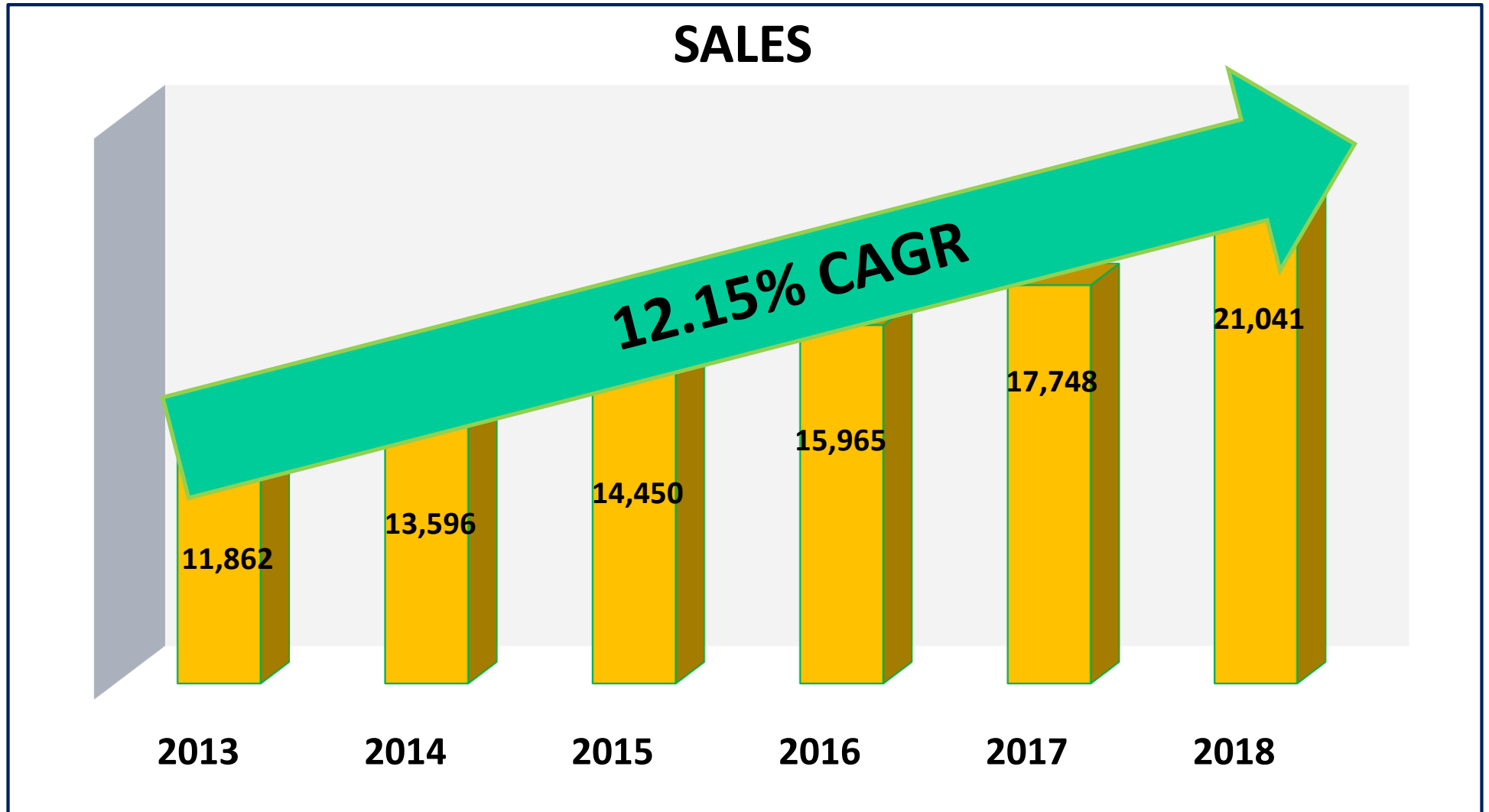
(In Php MM)

**WILCON** **DEPOT**

	Audited Dec 31, 2018	Audited Dec 31, 2017
Current Assets	11,368	11,748
Noncurrent Assets*	6,134	4,277
<b>Total Assets</b>	<b>17,502</b>	<b>16,024</b>
Current Liabilities	4,171	3,725
Noncurrent Liabilities	118	381
<b>Total Liabilities</b>	<b>4,290</b>	<b>4,106</b>
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Loss	83	173
Retained Earnings	3,656	2,272
<b>Total Equity</b>	<b>13,212</b>	<b>11,918</b>
CURRENT RATIO	2.73	3.15
QUICK RATIO	0.81	1.12
DEBT-TO-EQUITY RATIO	0.32	0.34
RETURN ON ASSET	10%	9%
RETURN ON EQUITY	14%	12%

\*Includes AFS assets of P2.9B comprising of RTBs and representing part of the IPO proceeds

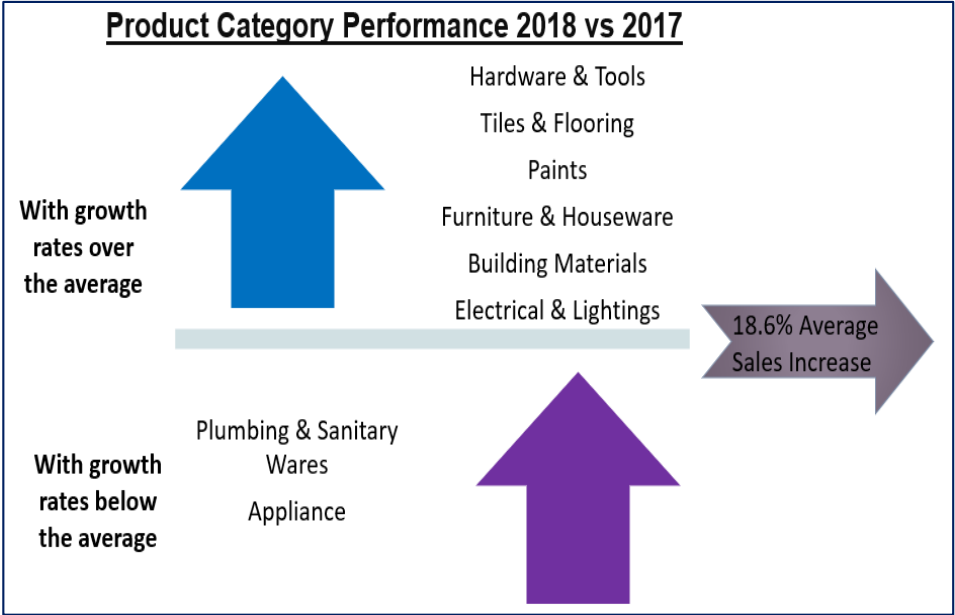
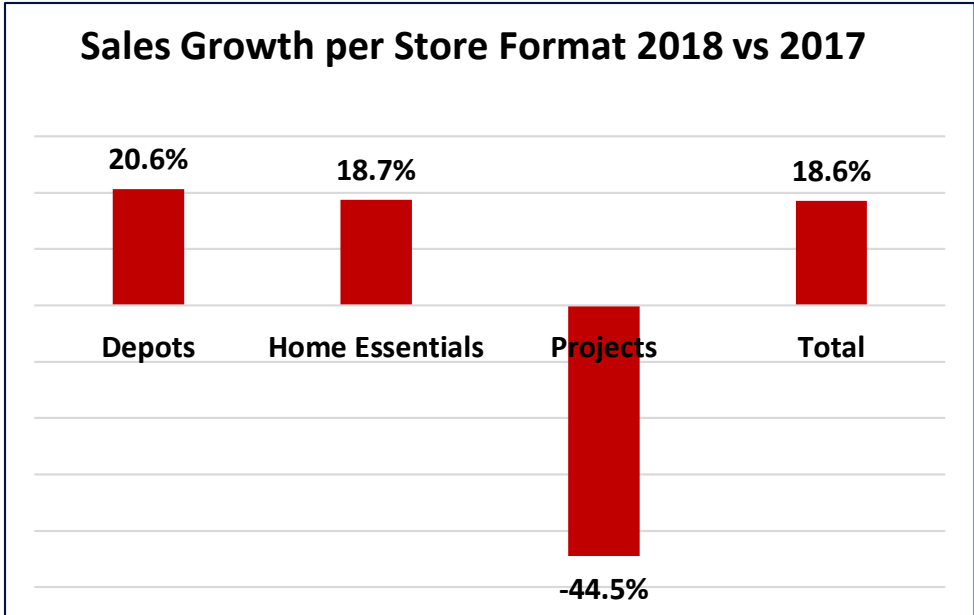
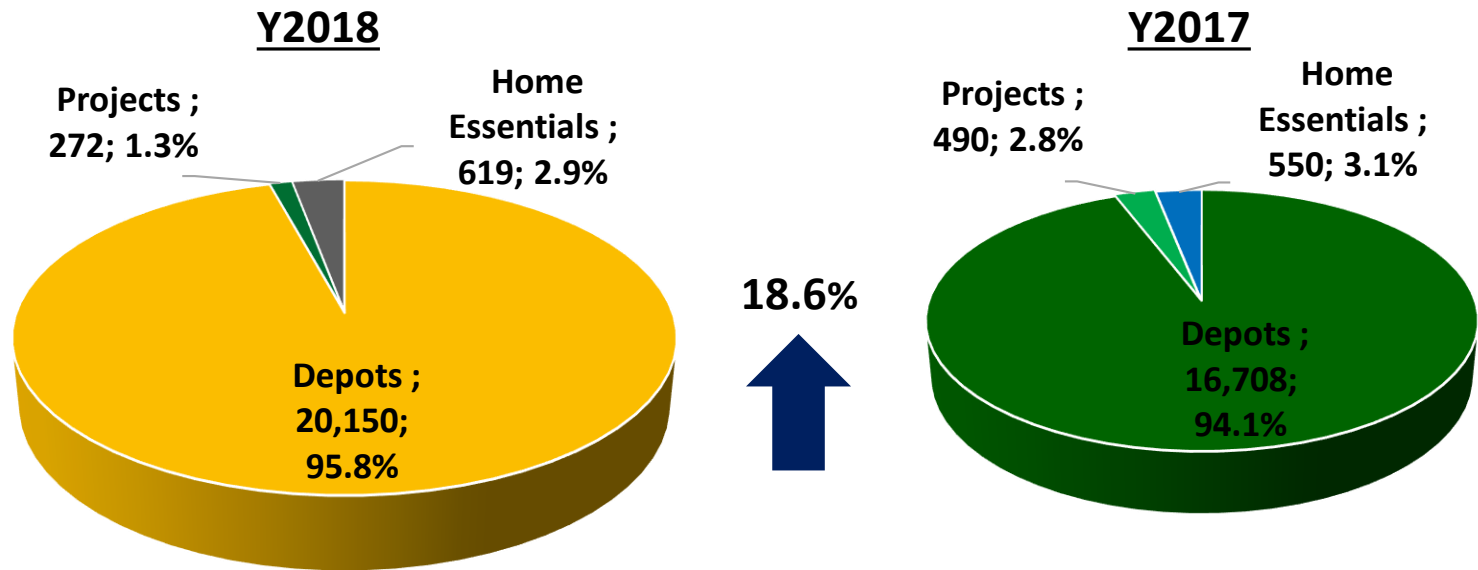
# Healthy Sales Growth



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



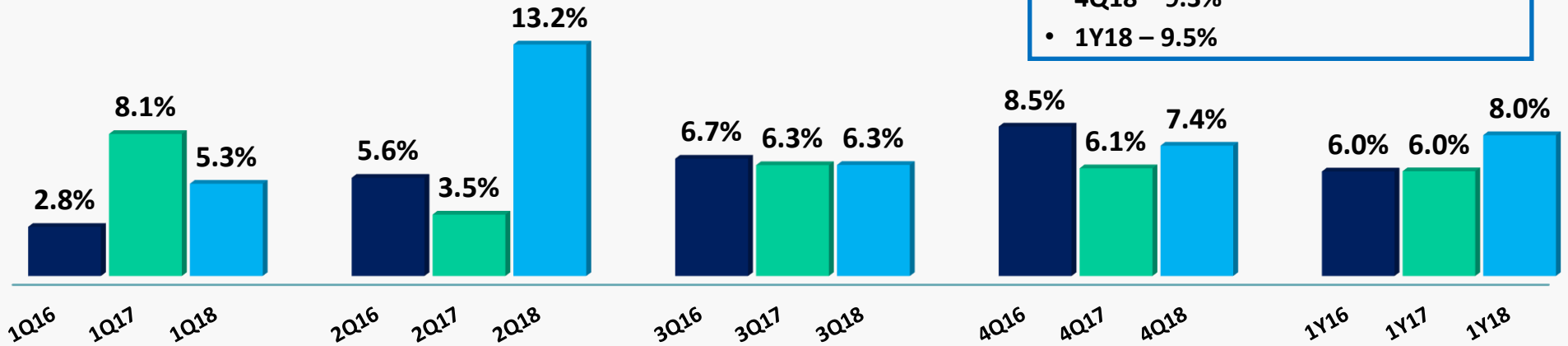
# Total Net Sales Breakdown



# Comparable Sales Summary



## Quarterly Trend

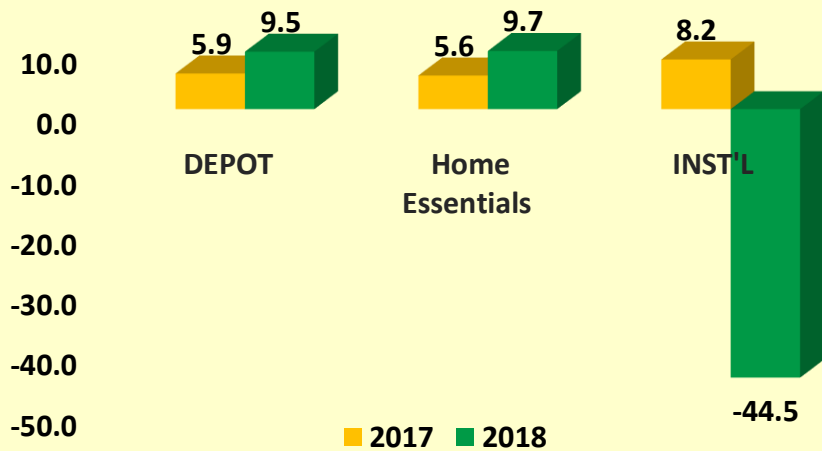


SSSG Excluding Inst'l/ Projects Sales

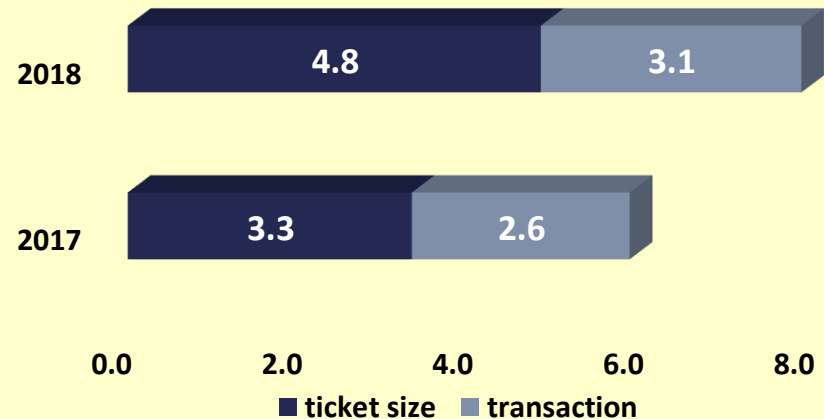
- 4Q18 – 9.3%
- 1Y18 – 9.5%

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

## Comparable Sales per Format 2018 vs 2017



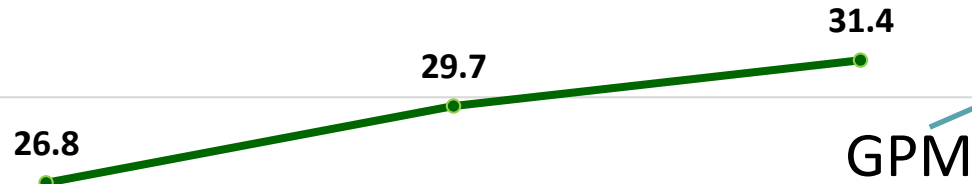
## Comparable Ave Ticket/ Transactions



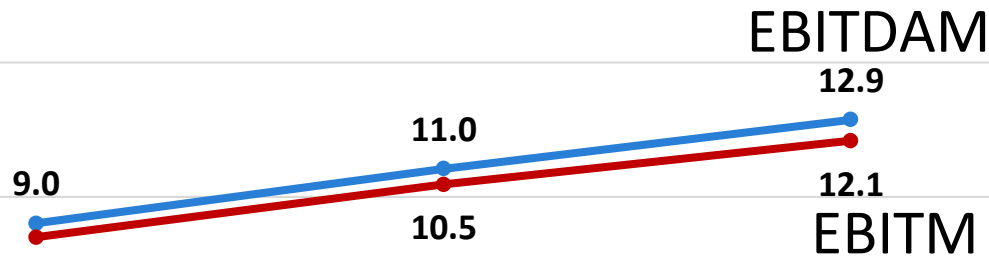
# Improving Margins

WILCON

DEPOT



- Effective product mix strategy
- Expansion of contribution to net sales to 46.9% of the higher-margin in-house and exclusive brands



- Faster than expected ramp up of most of the stores opened in 2017 and 2018
- Marketing initiatives
- Volume discounts and incentives
- Partly offset by higher opex attendant to increased volume of business

2016

2017

2,018



home  
interior



building  
materials



doors &  
mouldings



tiles



paints &  
sundries



plumbing

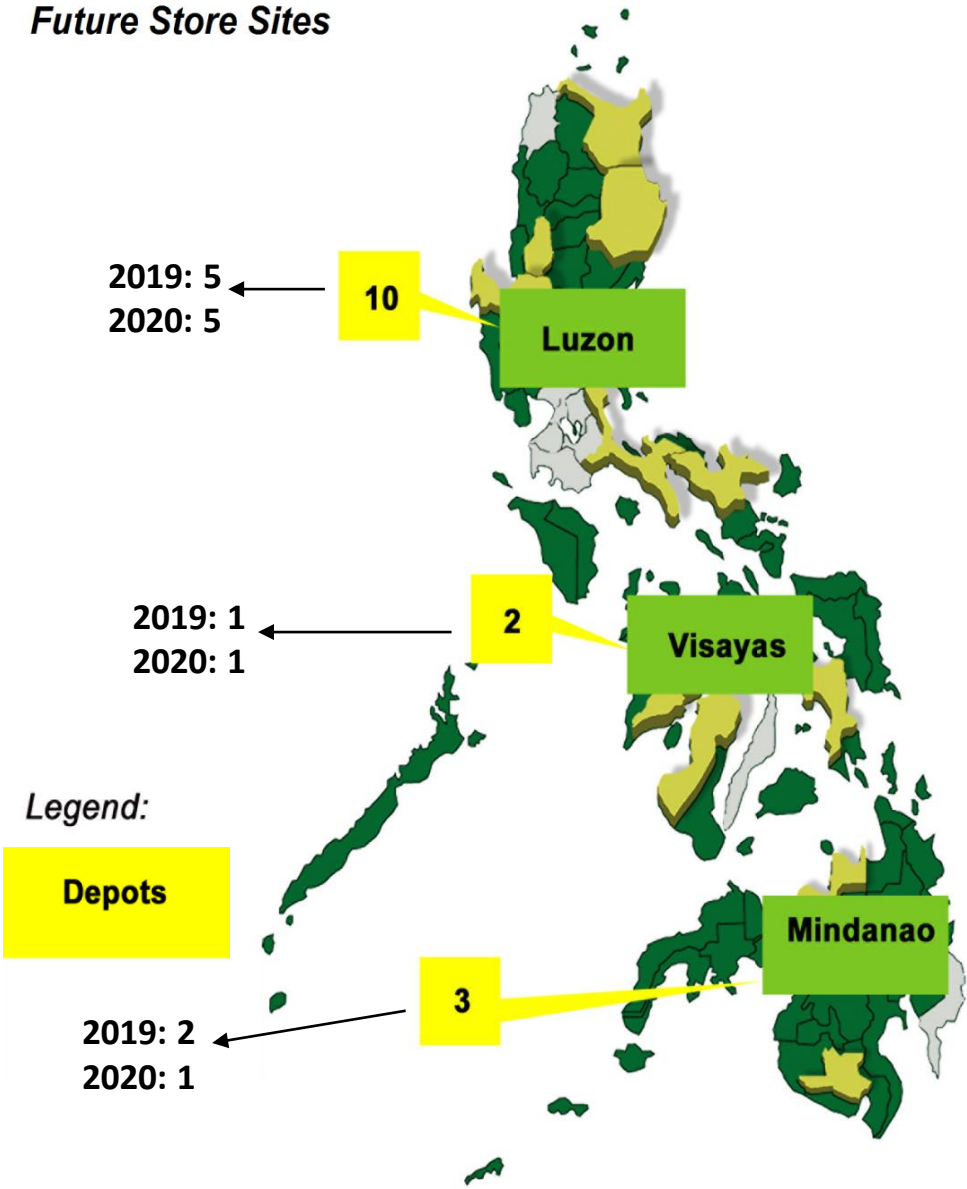
# Outlook



# 2019 - 2020 Store Expansion Plan

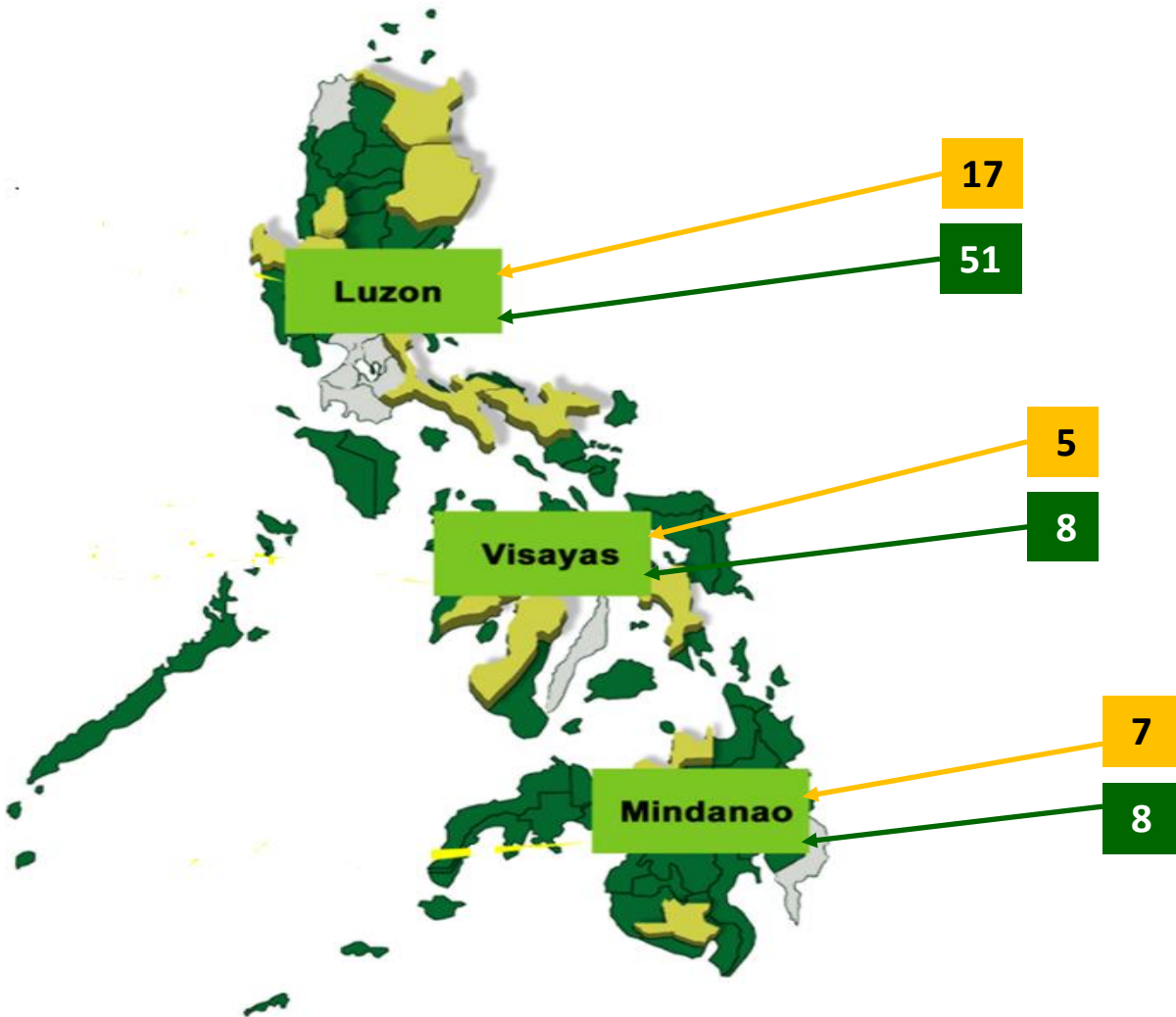


## Future Store Sites



	2019
IH	Panacan, Davao – Jan 25 Sta. Barbara, Iloilo Opol, CDO Sto. Tomas, Batangas Antipolo City
2H	Calumpit, Bulacan Tuguegarao Commonwealth
<b>New, 2019</b>	<b>8</b>
2018 Balance	51
<b>Total, end 2019</b>	<b>59</b>

# 2017 - 2020 Planned New Branches



**Total Planned New Depot Stores - 29**

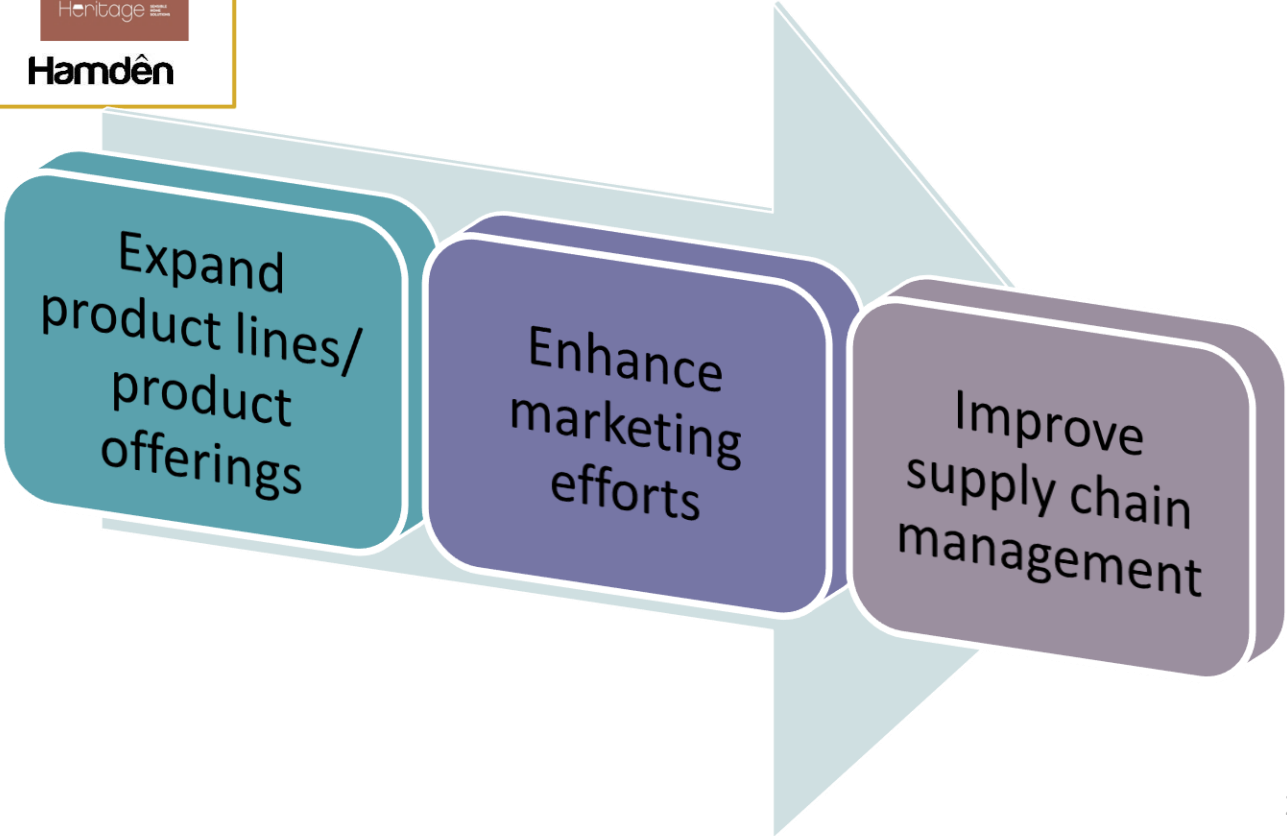
**Total number of stores in 2020 - 67**

From January 2017 to January 2019, seventeen (17) new stores were opened, fifteen (15) depots and two (2) smaller format Home Essentials.

# Continue to 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 HOME ESSENTIALS Heritage	<b>Tiles / Flooring</b> Arte CERAMICHE SOL CERAMICA VERONA TILES PICASSO ROMANTIC	<b>Hardware &amp; Tools</b> DIRECT HARDWARE
<b>Electrical and Lighting</b> ALPHALUX KAZE	<b>Building Materials</b> WOODLAND FOREST PRODUCTS SOLUTHERM	<b>Appliances</b> Heritage Hamden	



# Disclaimer

This presentation does not constitute a prospectus or any kind of offering memorandum in whole or in part. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company. There shall be no sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to any qualification under the securities laws of such state or jurisdiction. This presentation has not been and will not be reviewed or approved by any statutory or regulatory authority or any stock exchange in the Philippines or elsewhere. Prospective investors should undertake their own assessment with regard to their investment and they should obtain independent advice on any such investment's suitability, inherent risks and merits and any tax, legal and accounting implications which it may have for them.

This presentation contains statements about future events and expectations that constitute "forward-looking statements." These forward-looking statements include words or phrases such as the Company or its management "believes", "expects", "anticipates", "intends", "may", "plans", "foresees", "targets", "aims" "would", "could" or other words or phrases of similar import. Similarly, statements that describe the Company's objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward looking statements are made based on management's current expectations or beliefs as well as assumptions made by, and information currently available to, management. These forward-looking statements speak only as at the date of this presentation and nothing contained in this presentation is or should be relied upon as a promise, warranty or representation as to the future.

This presentation and the contents hereof are restricted for only the intended recipient(s). This presentation and the contents hereof should not be (i) forwarded or delivered or transmitted in any manner whatsoever, to any other person other than the intended recipient(s); or (ii) reproduced in any manner whatsoever. Any forwarding, distribution or reproduction of this presentation in whole or in part is unauthorized. This presentation must not be distributed to the press or any media organization.

Neither the Company nor its advisor, nor any of their respective affiliates, shareholders, directors, employees, agents or advisers makes any expressed or implied representations or warranties as to the accuracy and completeness of the information contained herein or any other information (whether communicated in written or oral form) and each of the foregoing parties expressly disclaim any and all responsibility and liability of any kind (including any contractual, non-contractual, or third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party's reliance or use of such information. The information in this presentation has not been independently verified. The information and opinions in this presentation are subject to change without notice, and no obligation is assumed by the Company nor its advisor, nor any of their respective affiliates, shareholders, directors, employees, agents or advisers to provide the recipient(s) with access to any additional information.