



Wilcon Depot, Inc.

Nine Months 2018 Performance Report

December 2018



Discussion Agenda

WILCON

DEPOT

1 Company Overview

2 Strategy Overview

3 Financial Results

4 Outlook



SECTION 1

Company Overview



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing

Leader in the home improvement and construction supply retail space in the Philippines; 41 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

Store Formats

WILCON **DEPOT**

DEPOT



HOME ESSENTIALS



No. of stores

43

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



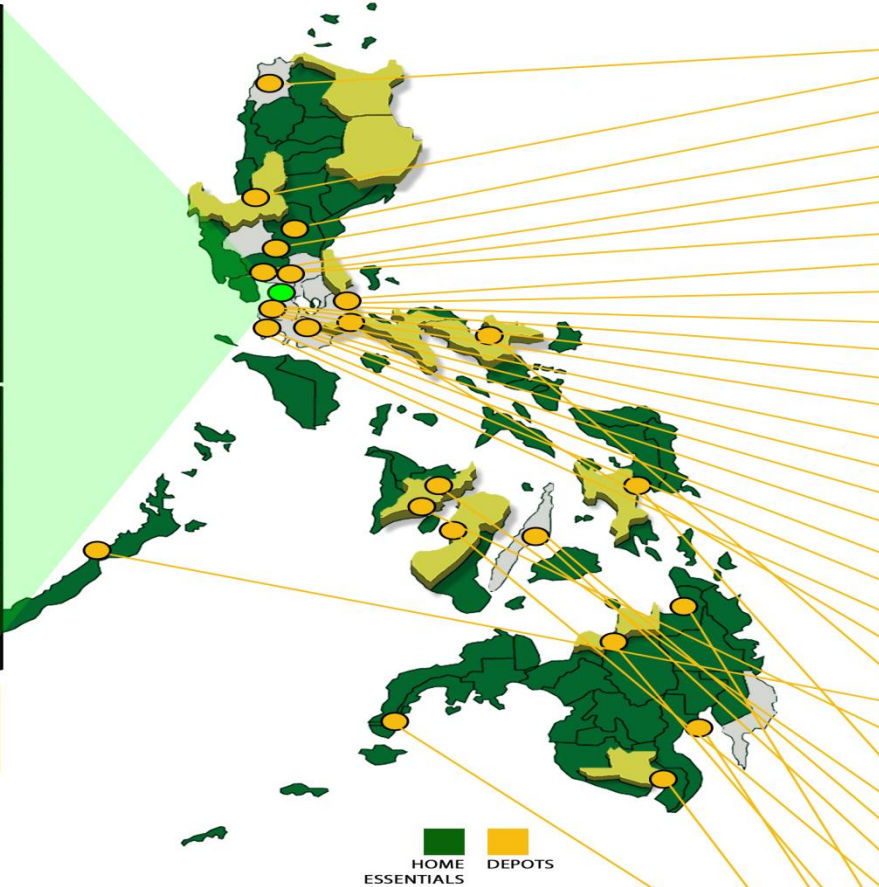
Wilcon operates 51* stores strategically located in dominant markets and in fast-growing cities nationwide.

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



* as of December 2018



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	ZAMBOANGA
34	GENERAL SANTOS

Luzon ex-Metro Manila – 23 stores

Visayas – 6 stores: 5 depots/ 1 HE

Mindanao – 5 stores

2018 New Store Openings



11 New Stores
- 9 Depots
- 2 Home Essentials



Silang – May 4



General Trias – Nov 23



Libis Home Essentials
Mar 9



Tayabas – Oct 5



Naga – Jun 29



Lipa – Jul 27



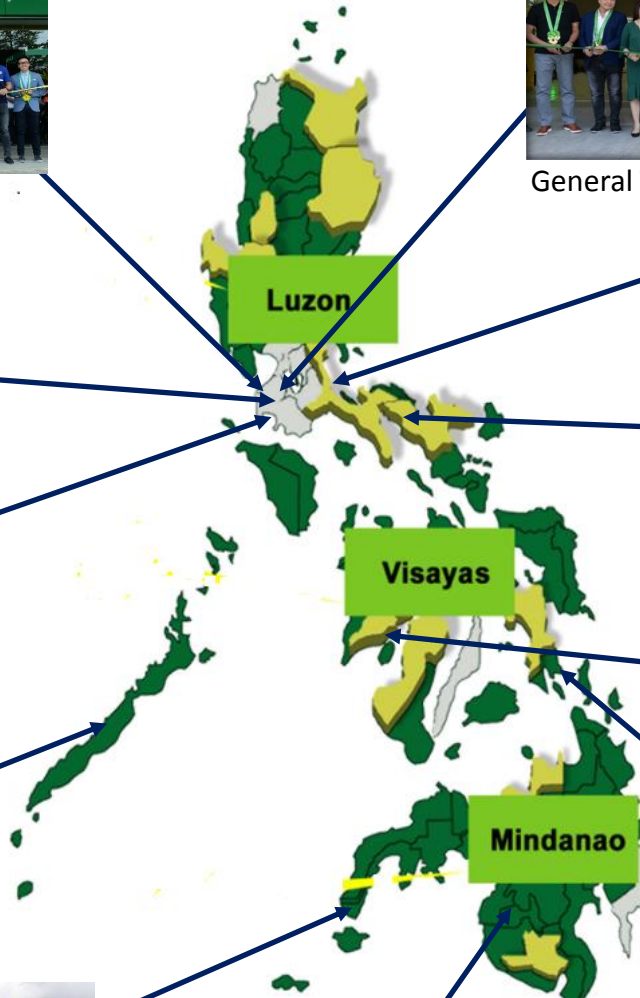
Iloilo Home Essentials
Jun 30



Puerto Princesa - Dec 21



Zamboanga – Aug 10



General Santos – Dec 14



Tacloban – Apr 20

Major Categories and Select Brands



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

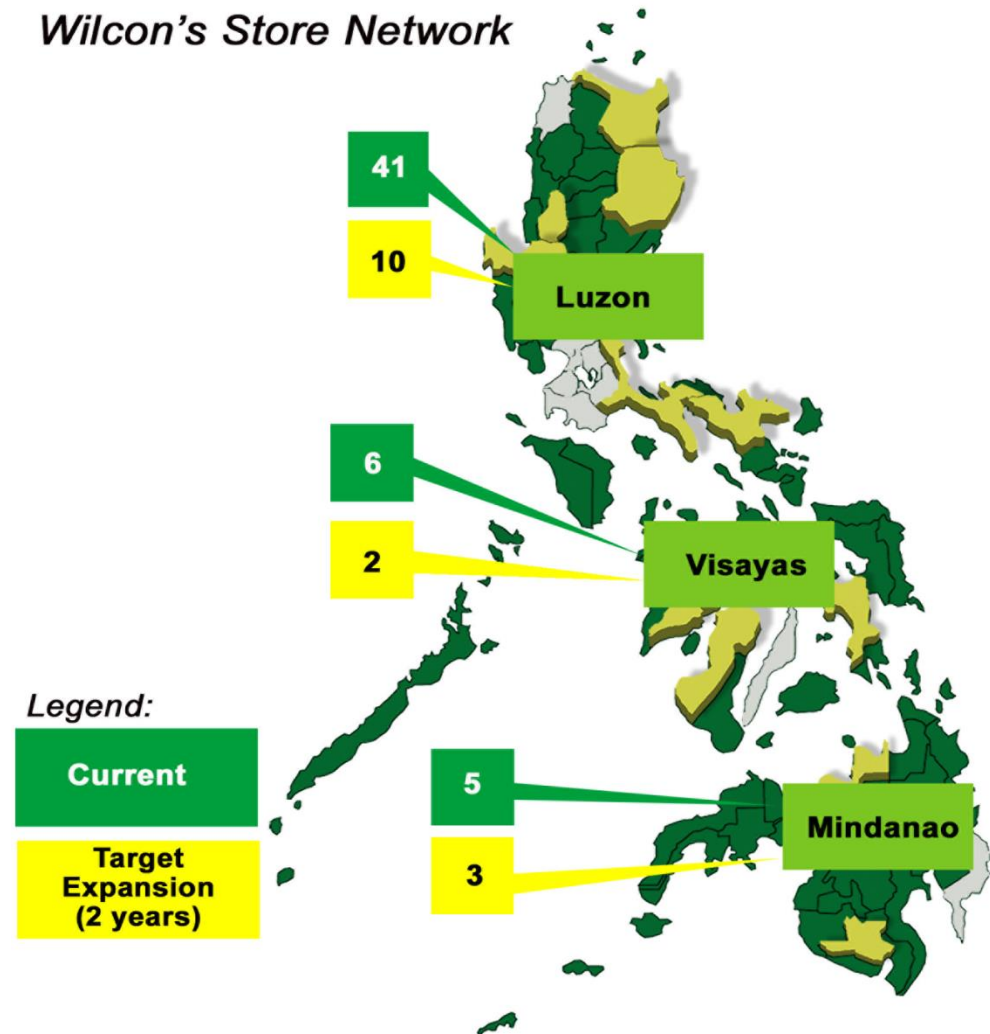
1 Expand Store Network

- ✓ 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, Davao, Iloilo, CDO, Antipolo



As of December 2018

Wilcon's Store Network



Key Growth Strategies

WILCON DEPOT

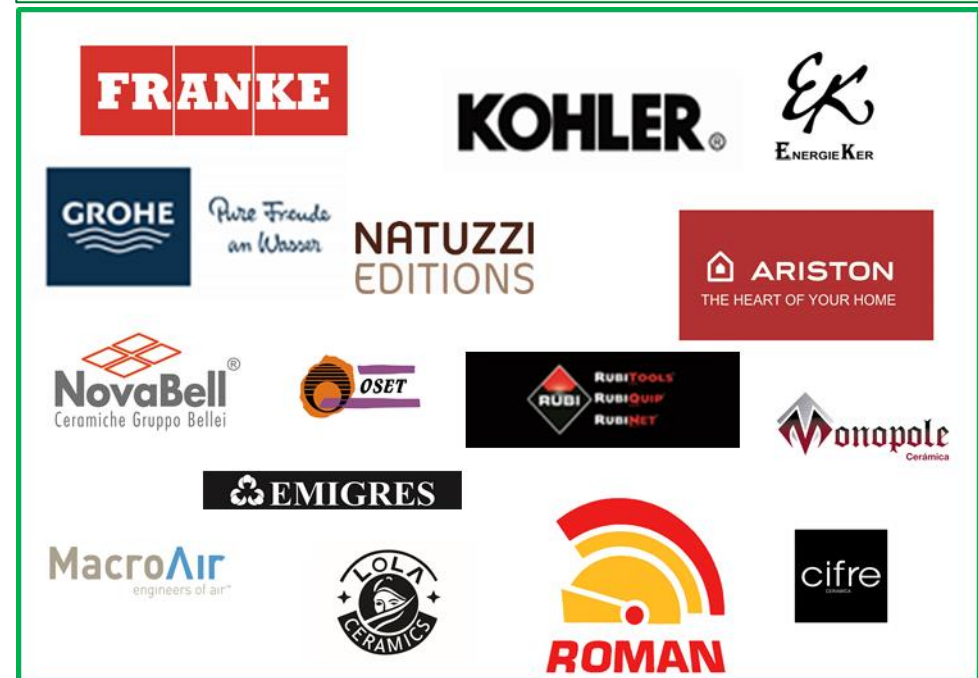
2 Focus on continuous expansion of in-house and exclusive brands

- ✓ 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 Nine-Month Period ended September 30, 2018

- Net Income grew 24.3% year-on-year to **P1.390 billion** for a net margin of 9.0% driven by:
 - Net Sales growth of 17.9% year-on-year to **P15.359 billion** with a comparable sales growth of 8.2%
 - Gross profit margin expansion to 31.3% as gross profit rose 22.5% year-on-year to reach **P4.808 billion** due mainly to effective product mix strategy
- Continuous new store roll out, seven (7) stores opened, with five (5) depots and two (2) “Home Essentials” (smaller format); four (4)* more depots are scheduled to be opened in the fourth quarter for a total store count of 51 at the end of 2018
 - *all four (4) stores opened in 4Q18
- Target product mix achieved at 46.6% contribution to total net sales of in-house and exclusive brands with the continued sales growth of existing brands and introduction and ramp up of new products in select categories such as appliance, houseware and building materials

Net Income grew 24.3% to P1.39 B

(Nine Months ended Sep 30, 2018)

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Net Sales up 17.9%

GPM expanded to
31.3%

EBIT margin
increased to 12.6%

(In PHP MM)	9M18	% Sales	9M17	% Sales	% Growth
NET SALES	15,359	100.0	13,027	100.0	17.9
COST OF SALES	10,551	68.7	9,101	69.9	15.9
GROSS INCOME	4,808	31.3	3,926	30.1	22.5
OPERATING EXPENSES	-3,145	-20.5	-2,611	-20.0	20.5
OTHER INCOME – NET	266	1.7	163	1.3	63.2
EBIT	1,929	12.6	1,479	11.4	30.5
INTEREST EXPENSE	-2	-0.0	-20	-0.1	-88.0
INCOME BEFORE TAX	1,927	12.5	1,459	11.2	32.1
INCOME TAX	537	3.5	341	2.6	57.4
NET INCOME	1,390	9.0	1,118	8.6	24.3
Depreciation	107	0.7	74	0.6	44.2
EBITDA	2,036	13.3	1,553	11.9	31.1

Net Income grew 33.8% to P475 M

(Third Quarter 2018)

WILCON

DEPOT

Net Sales up 17.8%

GPM expanded to
31.3%

EBIT margin
increased to 12.3%

(In PHP MM)	3Q18	% Sales	3Q17	% Sales	% Growth
NET SALES	5,358	100.0	4,549	100.0	17.8
COST OF SALES	3,679	68.7	3,180	69.9	15.7
GROSS INCOME	1,679	31.3	1,369	30.1	22.7
OPERATING EXPENSES	-1,105	-20.6	-938	-20.6	17.9
OTHER INCOME – NET	84	1.6	70	1.5	21.1
EBIT	658	12.3	501	11.0	31.4
INTEREST EXPENSE	0	0.0	-4	-0.1	-100
INCOME BEFORE TAX	658	12.3	497	10.9	32.4
INCOME TAX	183	3.4	142	3.1	28.9
NET INCOME	475	8.9	355	7.8	33.8
Depreciation	43	0.8	27	0.6	58.9
EBITDA	701	13.1	528	11.6	32.8

Balance Sheet

(In Php MM)

WILCON

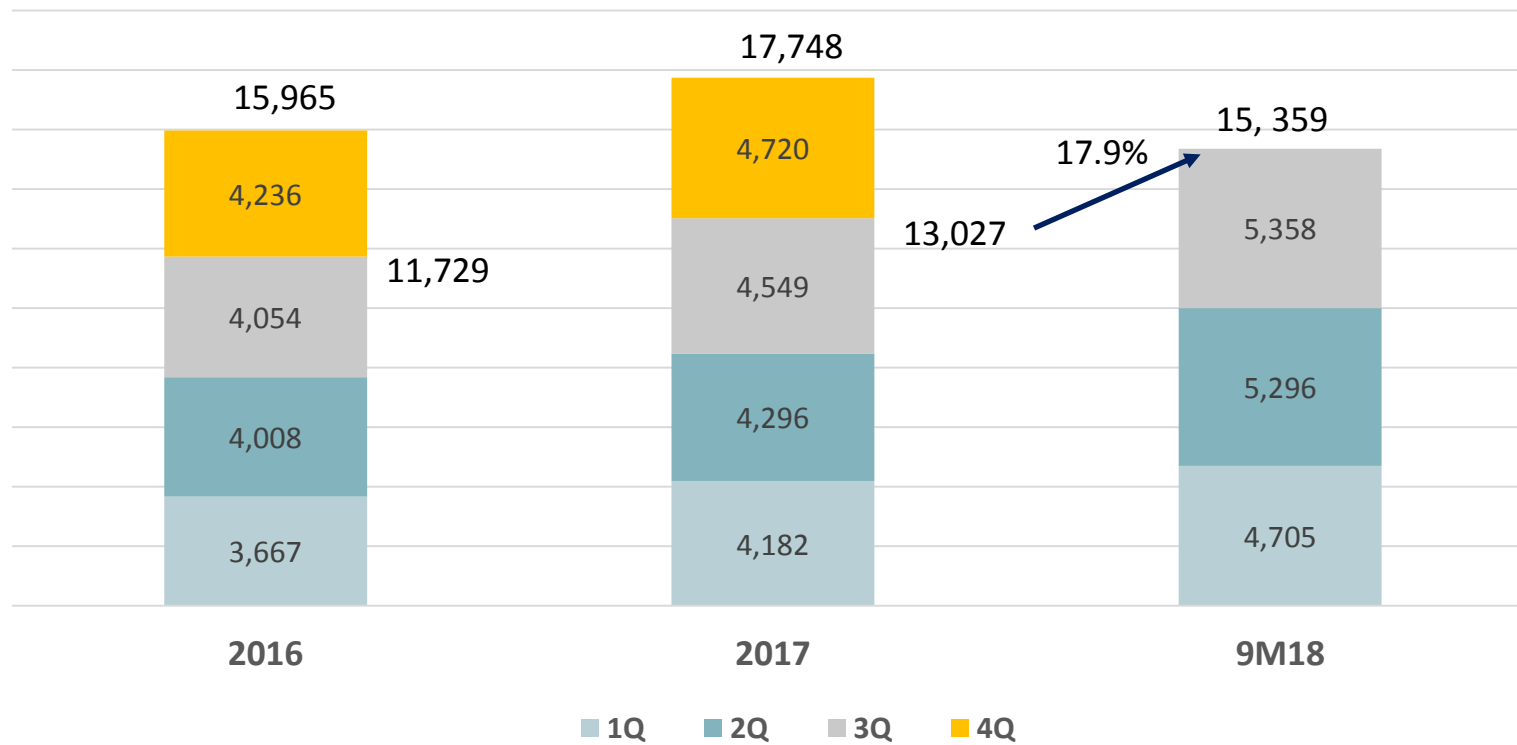
DEPOT

	Unaudited Sept 30, 2018	Audited Dec 31, 2017
Current Assets	11,165	11,748
Noncurrent Assets*	5,535	4,277
Total Assets	16,700	16,024
Current Liabilities	3,803	3,725
Noncurrent Liabilities	125	381
Total Liabilities	3,928	4,106
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Loss	88	173
Retained Earnings	3,210	2,272
Total Equity	12,772	11,918
CURRENT RATIO	2.94	3.15
QUICK RATIO	0.86	1.12
DEBT-TO-EQUITY RATIO	0.31	0.34
RETURN ON ASSET	8%	9%
RETURN ON EQUITY	11%	12%

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

Healthy Sales Growth

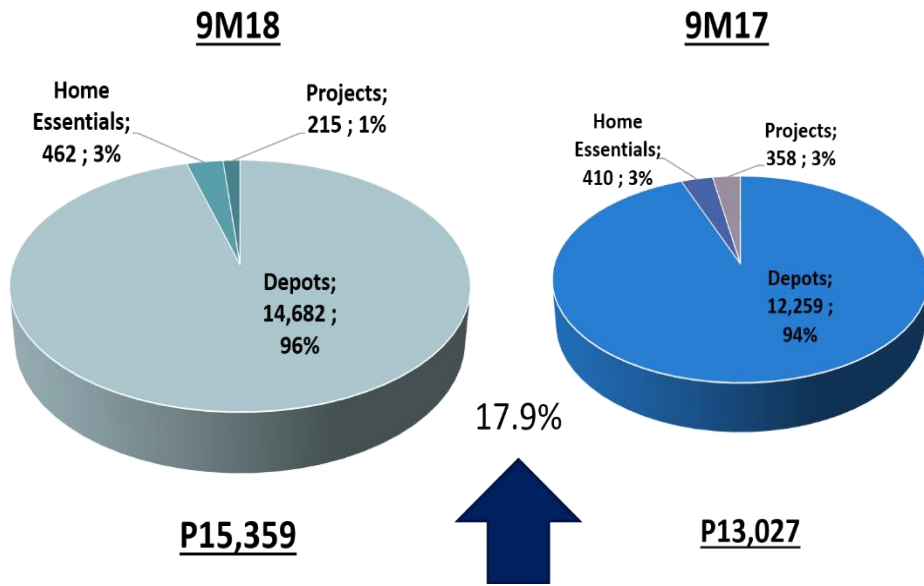
Net Sales



Total Net Sales Breakdown



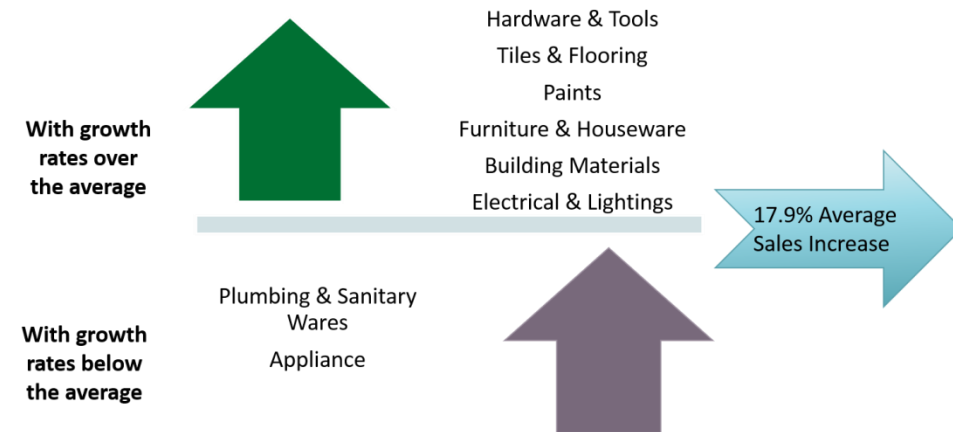
Amounts in PhP Millions



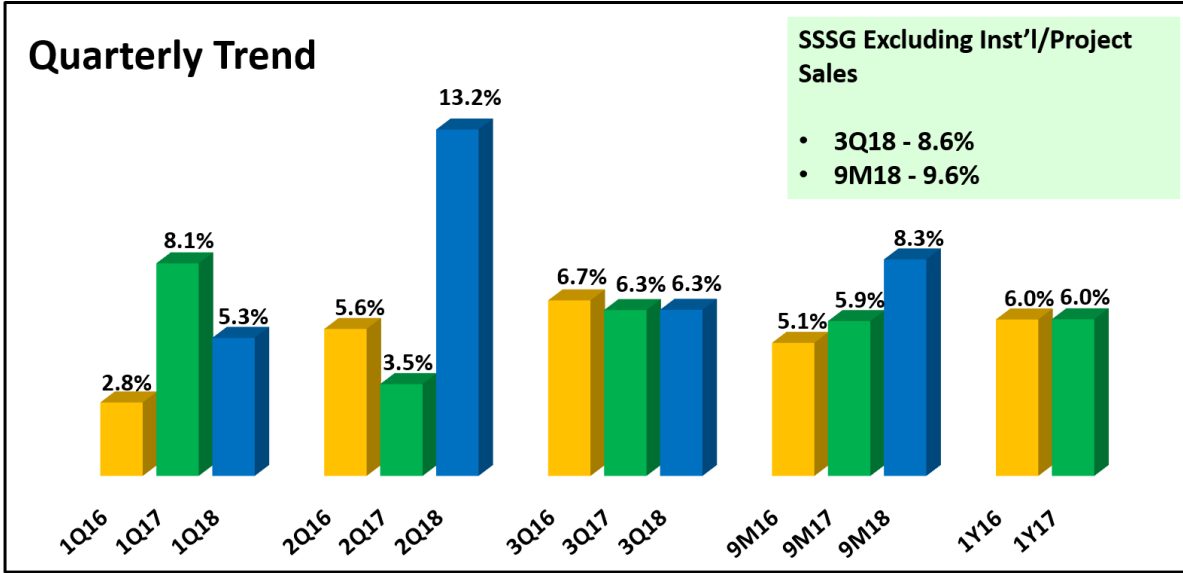
TRANSACTIONS / TICKET

2018 vs 2017	9M	% Var	3Q	% Var
Sales (Php Millions)	15,359	17.9	5,358	17.8
Average Ticket Size (Php)	3,959	5.8	3,926	2.8
Sales Transactions ('000)	3,880	11.5	1,365	14.6

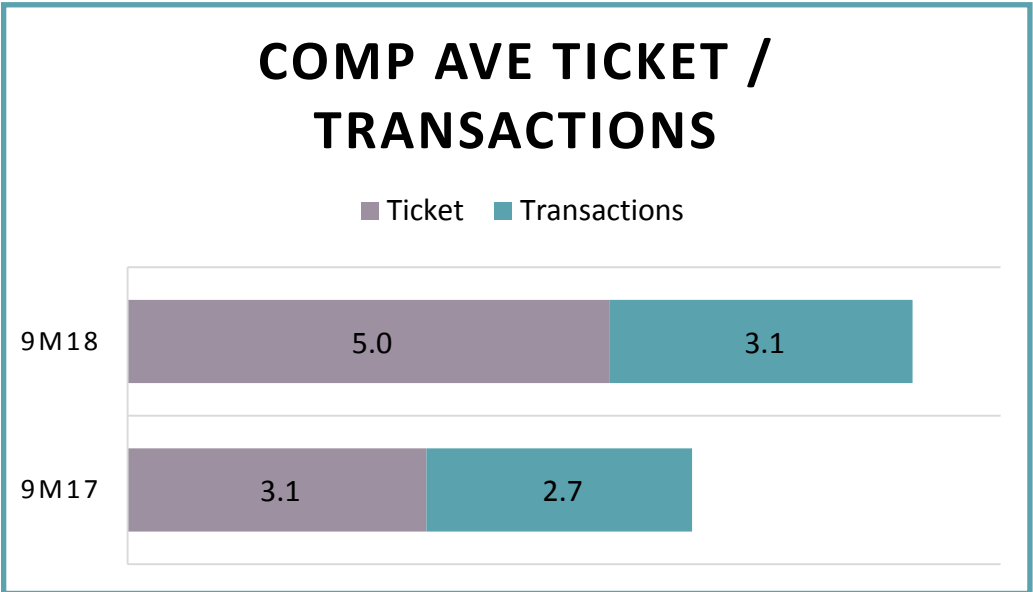
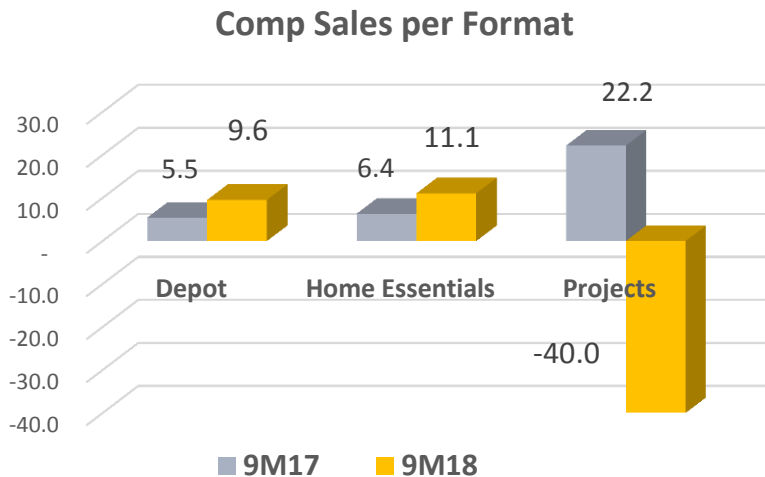
PRODUCT CATEGORY PERFORMANCE 9M18 VS 9M17



Comparable Sales Summary



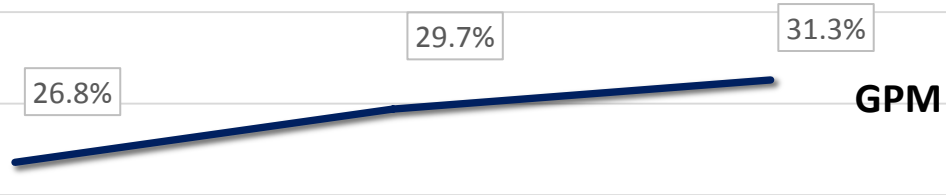
Note: 2016 – In-house Pro-forma
Commercial operations under WDI commenced April 1, 2016



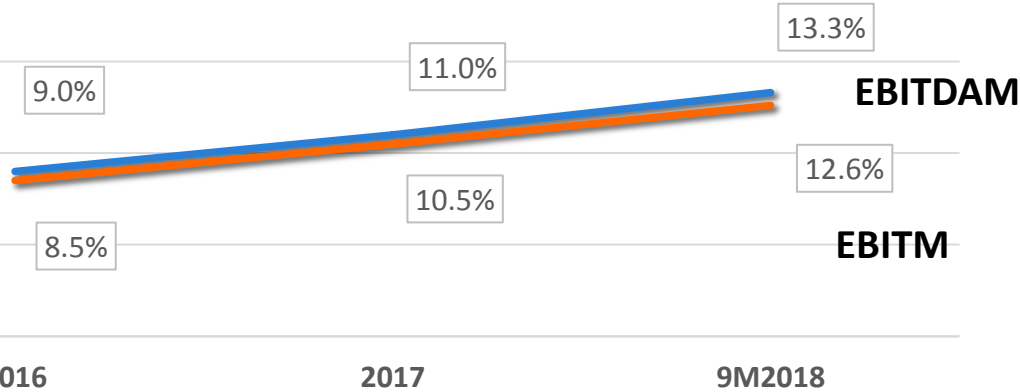
Improving Margins

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Effective product mix strategy:
Expansion of contribution to net sales to 46.6% of the higher-margin in-house and exclusive brands



- Faster than expected ramp up of most of the stores opened in 2017 and 1H18
- Marketing initiatives
- Volume discounts and incentives
- Partly offset by higher opex attendant to increased volume of business



home
interior



building
materials



doors &
mouldings



tiles



paints &
sundries



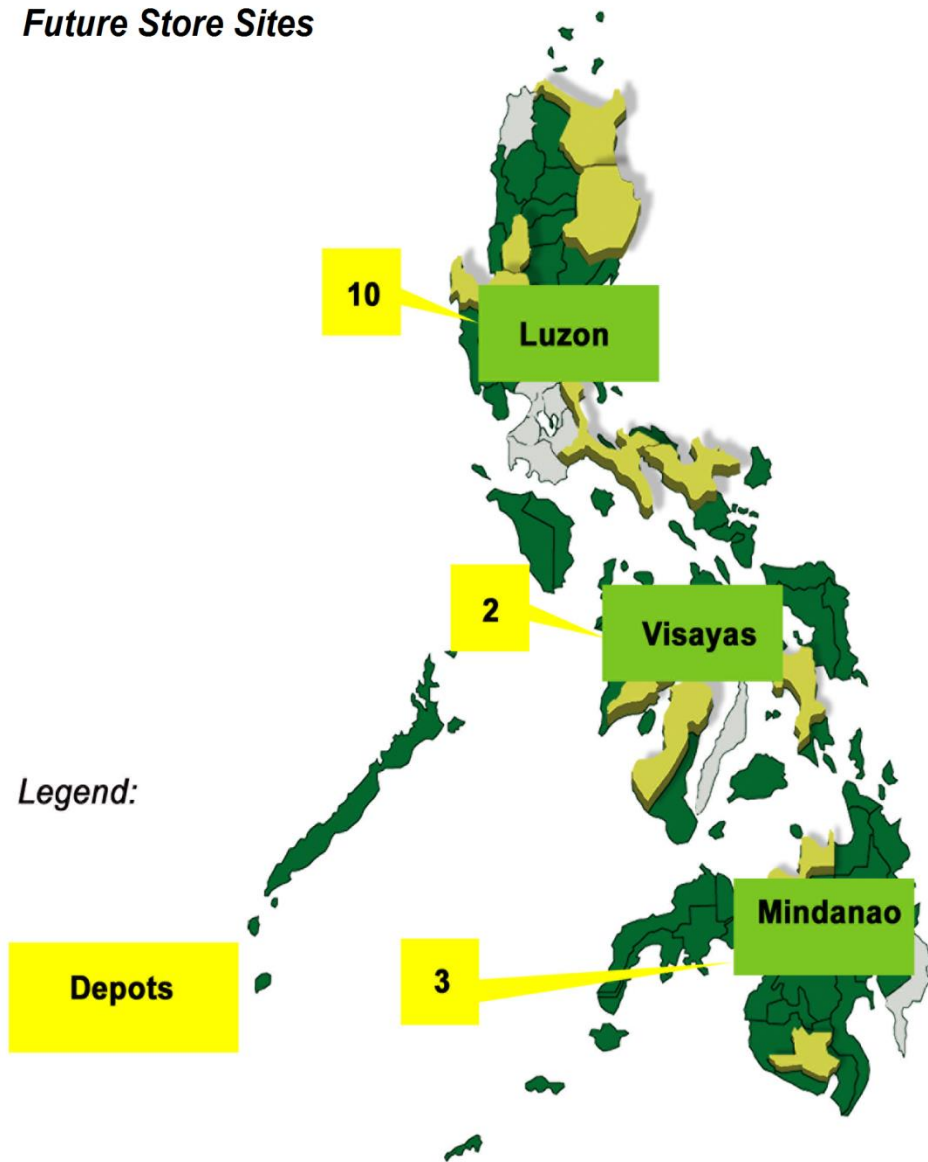
plumbing

Outlook

2019 - 2020 Store Expansion Plan



Future Store Sites

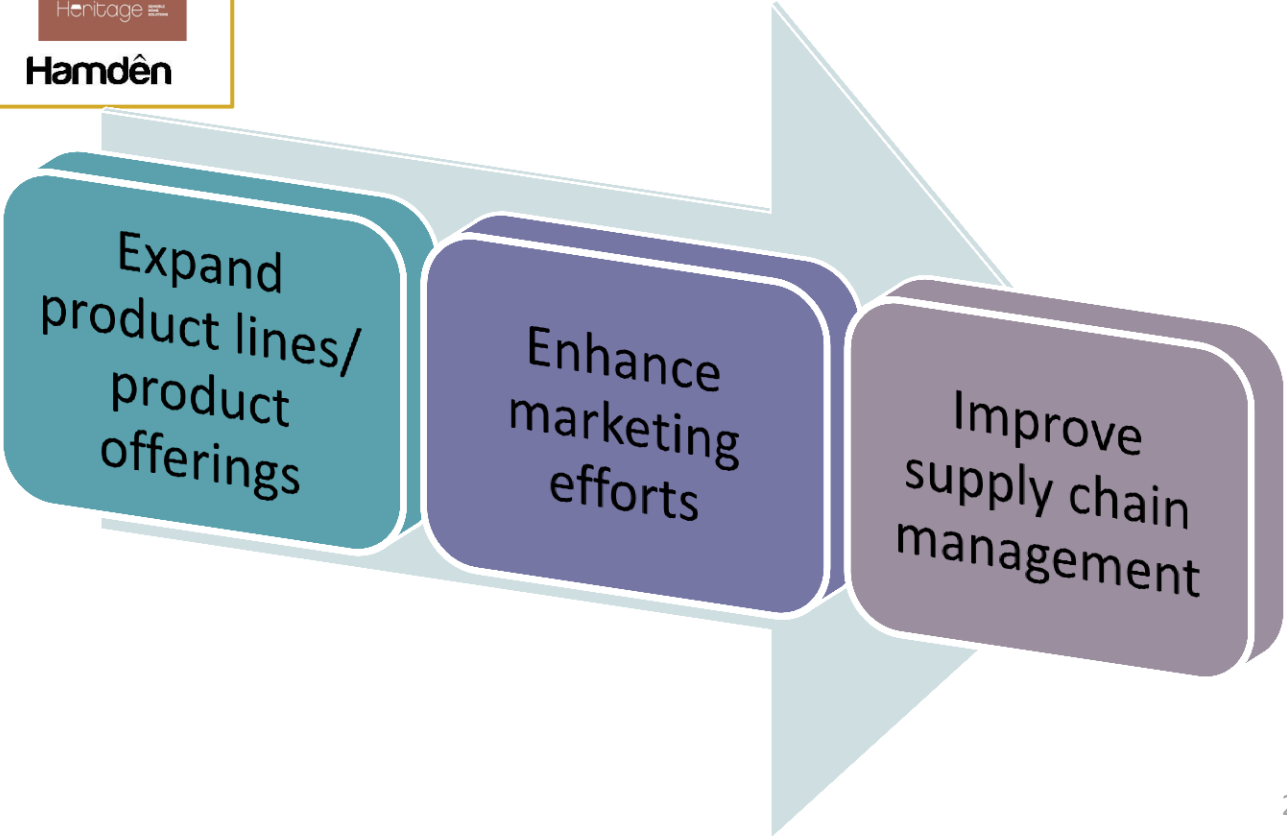


	2019
IH	Panacan, Davao Sta. Barbara, Iloilo Opol, CDO Sto. Tomas, Batangas Antipolo City
2H	Calumpit, Bulacan Tuguegarao Commonwealth
New, 2019	8
2018 Balance	51
Total, end 2019	59

Continue to increase margins thru in-house & exclusive brands expansion



Plumbing and Sanitary SEFA Crown Sink POZZI Käsch	Furniture, Furnishings, & Houseware HEIM HOME ESSENTIALS Heritage	Tiles / Flooring Arte CERAMICHE SOL CERAMICA VERONA TILES PICASSO ROMANTIC	Hardware & Tools DIRECT HARDWARE
Electrical and Lighting ALPHALUX KAZE	Building Materials WOODLAND FOREST PRODUCTS SOLUTHERM	Appliances Heritage Hamden	



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