



# Wilcon Depot, Inc.

## Nine Months 2018 Performance Report

January 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

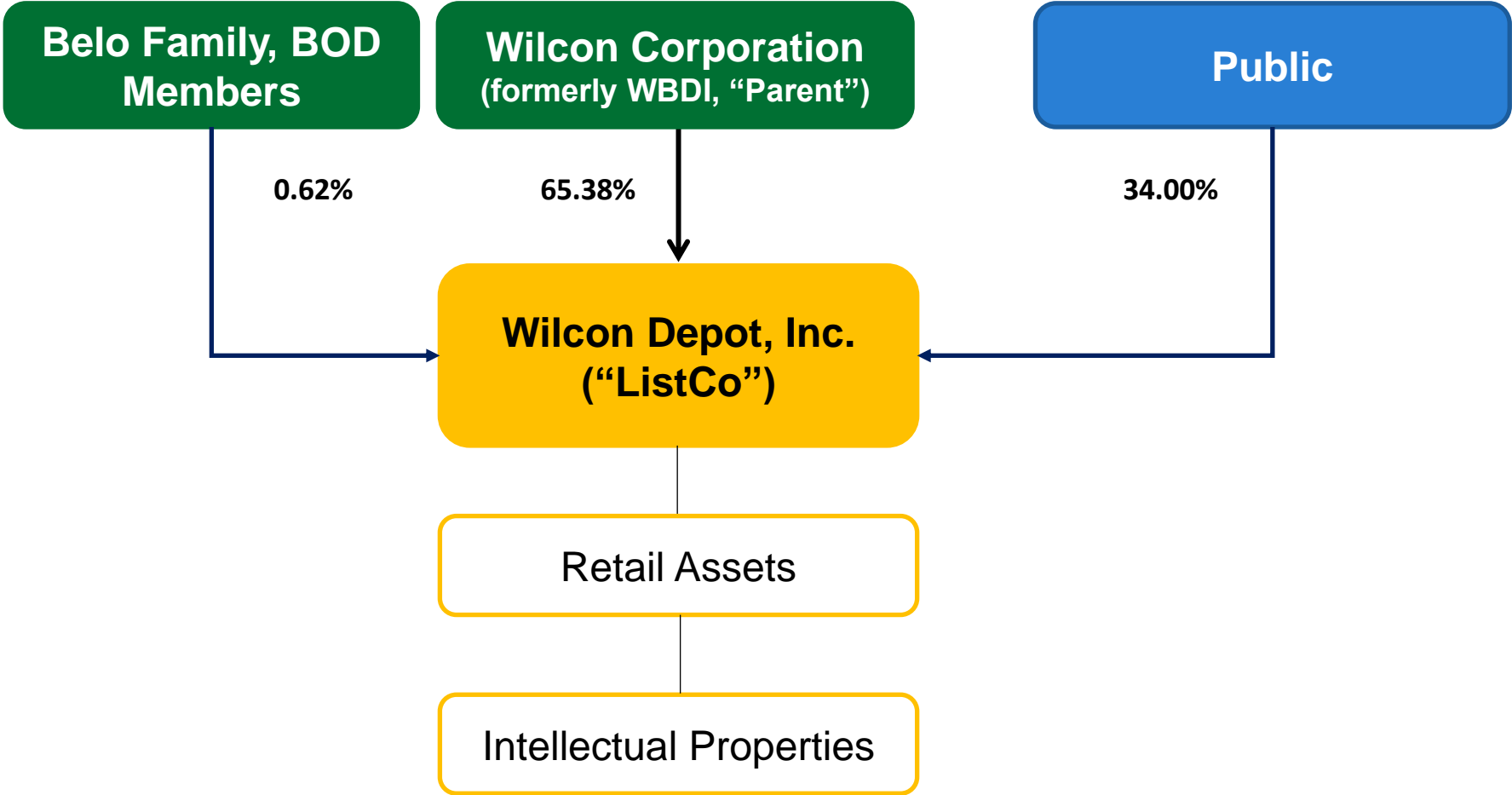
## 2002 - Up

- 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

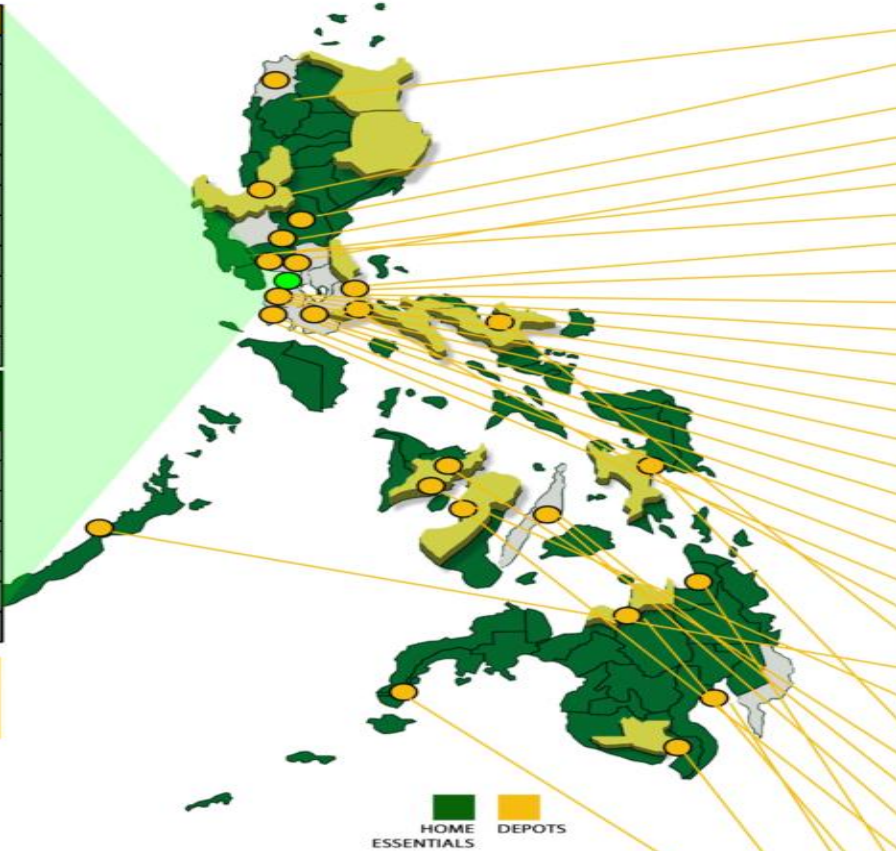


Wilcon operates 52\* stores strategically located in dominant markets and in fast-growing cities nationwide.

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

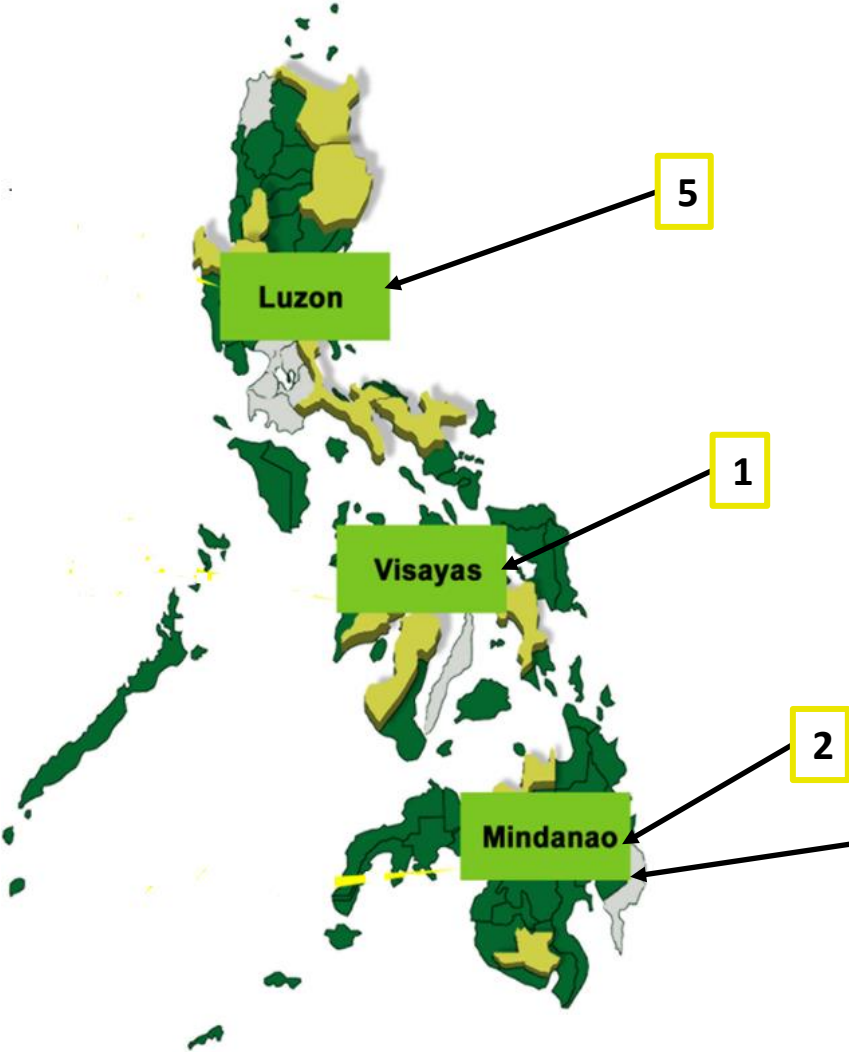
Mindanao –  
6 stores

\* as of January 25, 2019





# 2019 Planned New Branches



Panacan, Davao  
Jan 25

# 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

WILCON

DEPOT

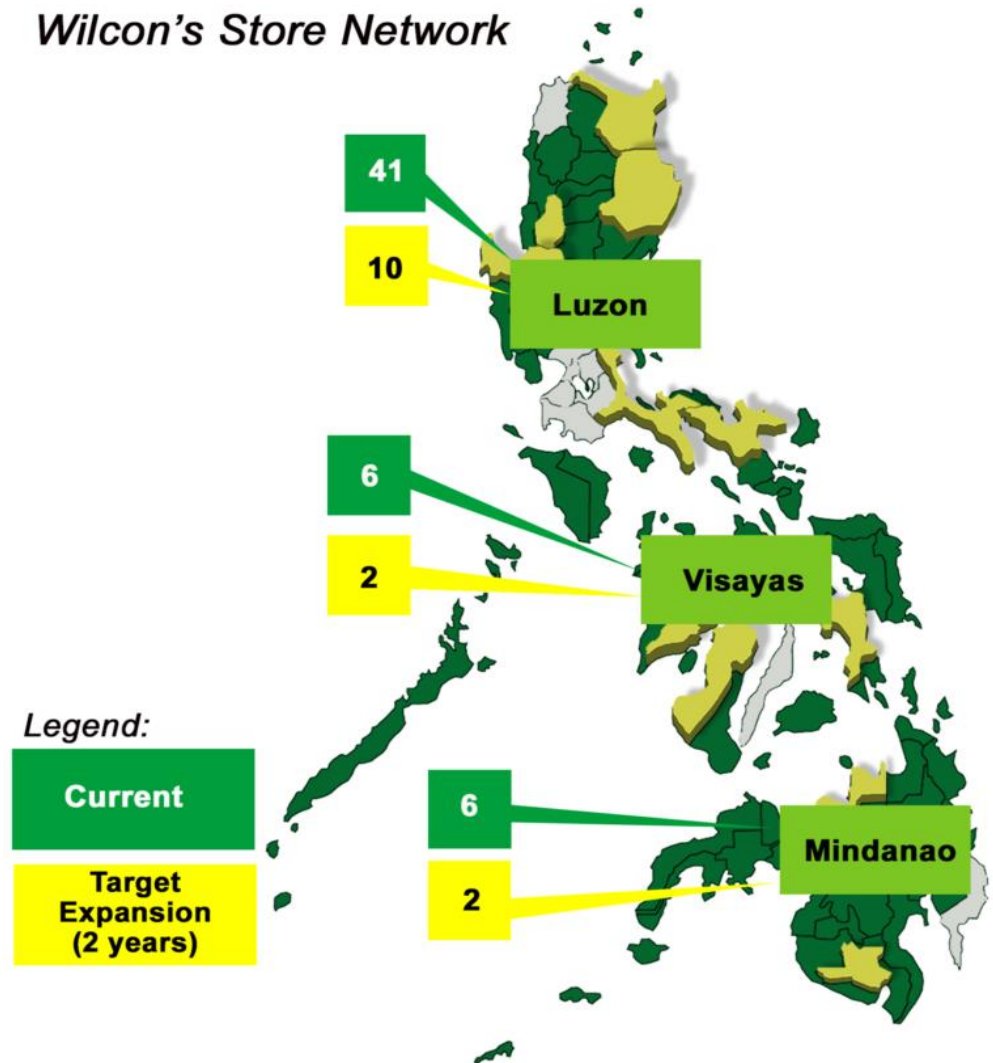
## 1 Expand Store Network

- ✓ 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



## 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)

**WILCON**

**DEPOT**

Net Sales up 17.9%

GPM expanded to  
31.3%

EBIT margin  
increased to 12.6%

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

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

# Balance Sheet

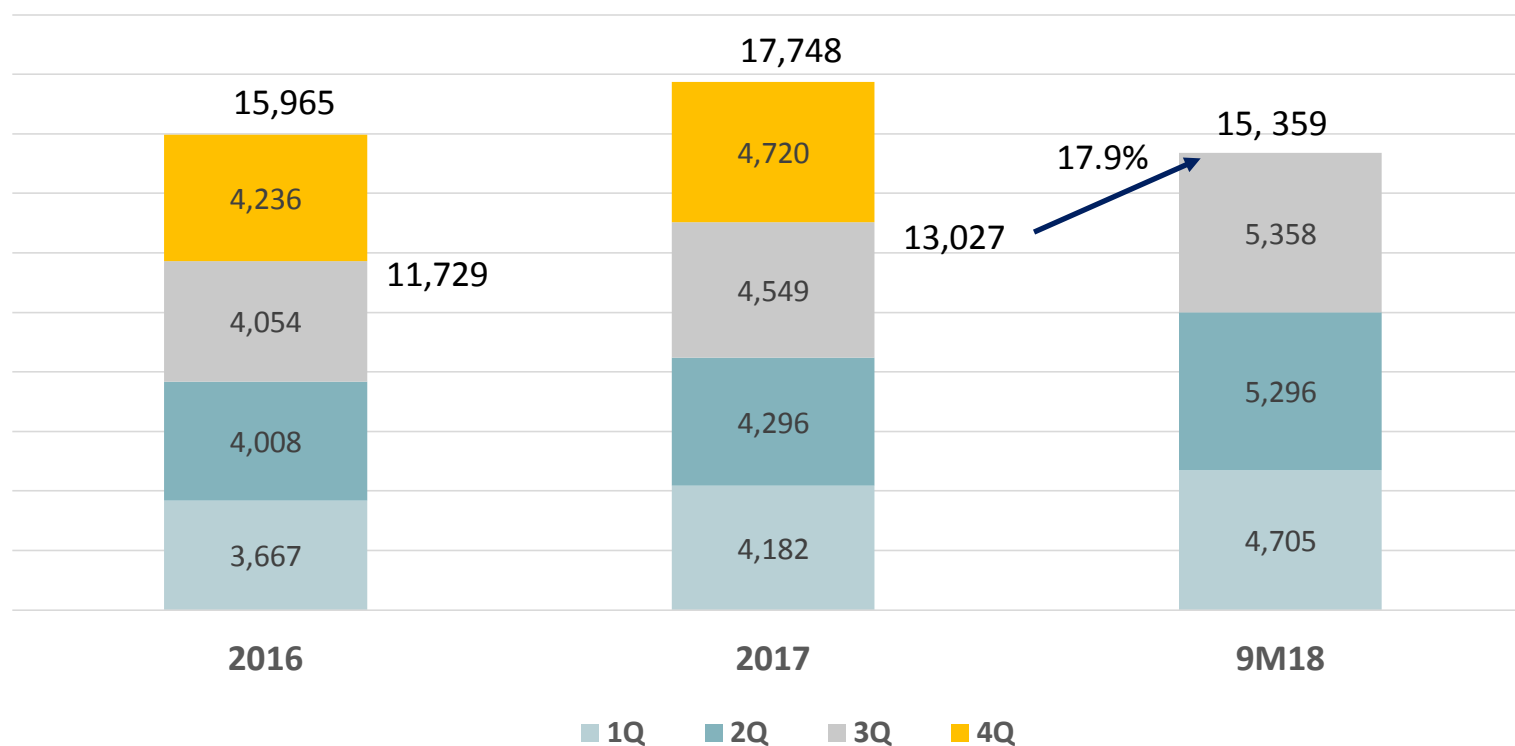
(In Php MM)

	Unaudited Sept 30, 2018	Audited Dec 31, 2017
Current Assets	11,165	11,748
Noncurrent Assets*	5,535	4,277
<b>Total Assets</b>	<b>16,700</b>	<b>16,024</b>
Current Liabilities	3,803	3,725
Noncurrent Liabilities	125	381
<b>Total Liabilities</b>	<b>3,928</b>	<b>4,106</b>
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
<b>Total Equity</b>	<b>12,772</b>	<b>11,918</b>
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

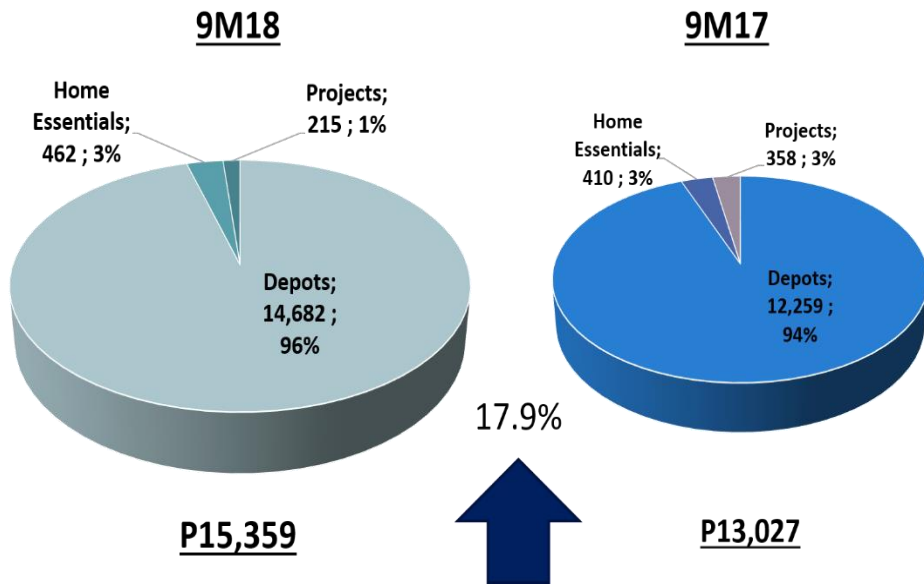


Note: 2016 – In-house Pro-forma  
 Commercial operations under WDI commenced April 1, 2016

# Total Net Sales Breakdown



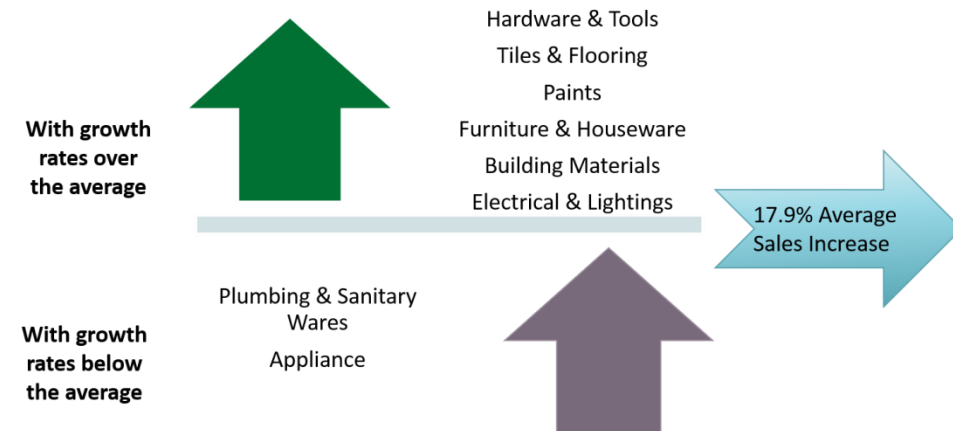
Amounts in PhP Millions



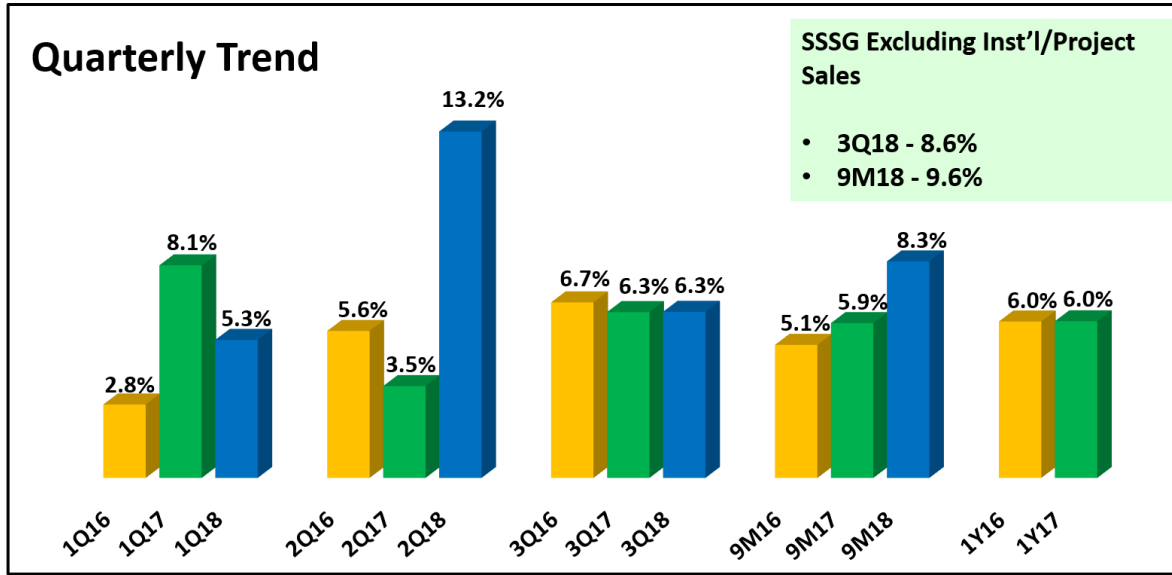
## TRANSACTIONS / TICKET

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

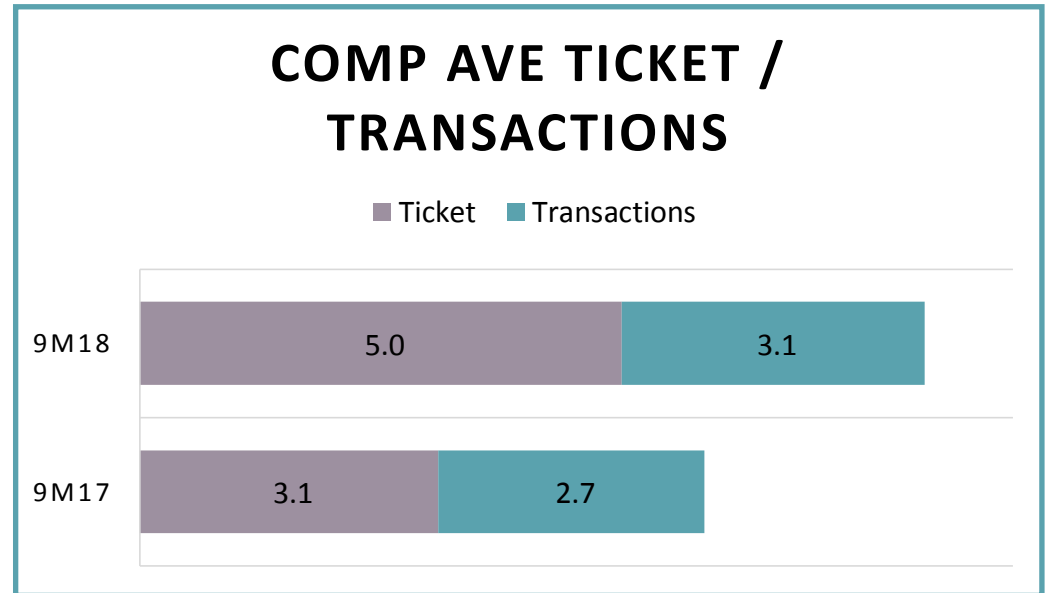
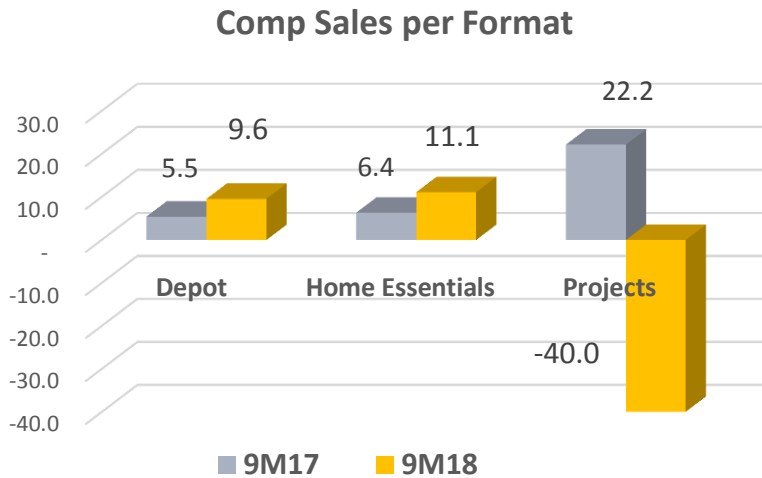
## PRODUCT CATEGORY PERFORMANCE 9M18 VS 9M17



# Comparable Sales Summary



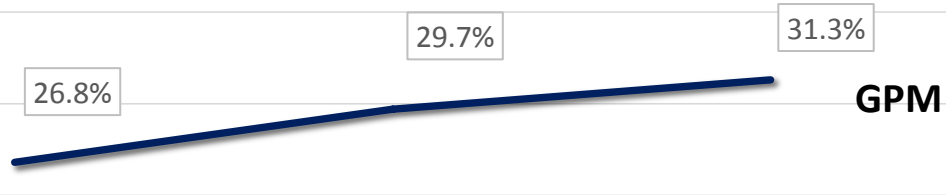
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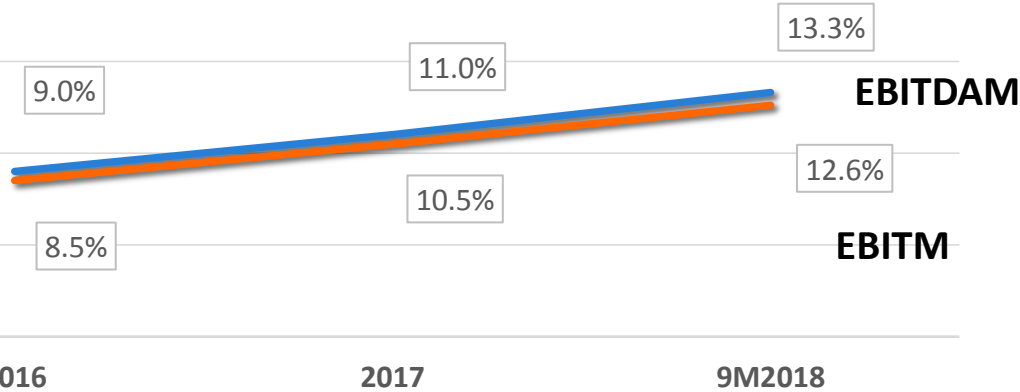
# Improving Margins

WILCON

DEPOT



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



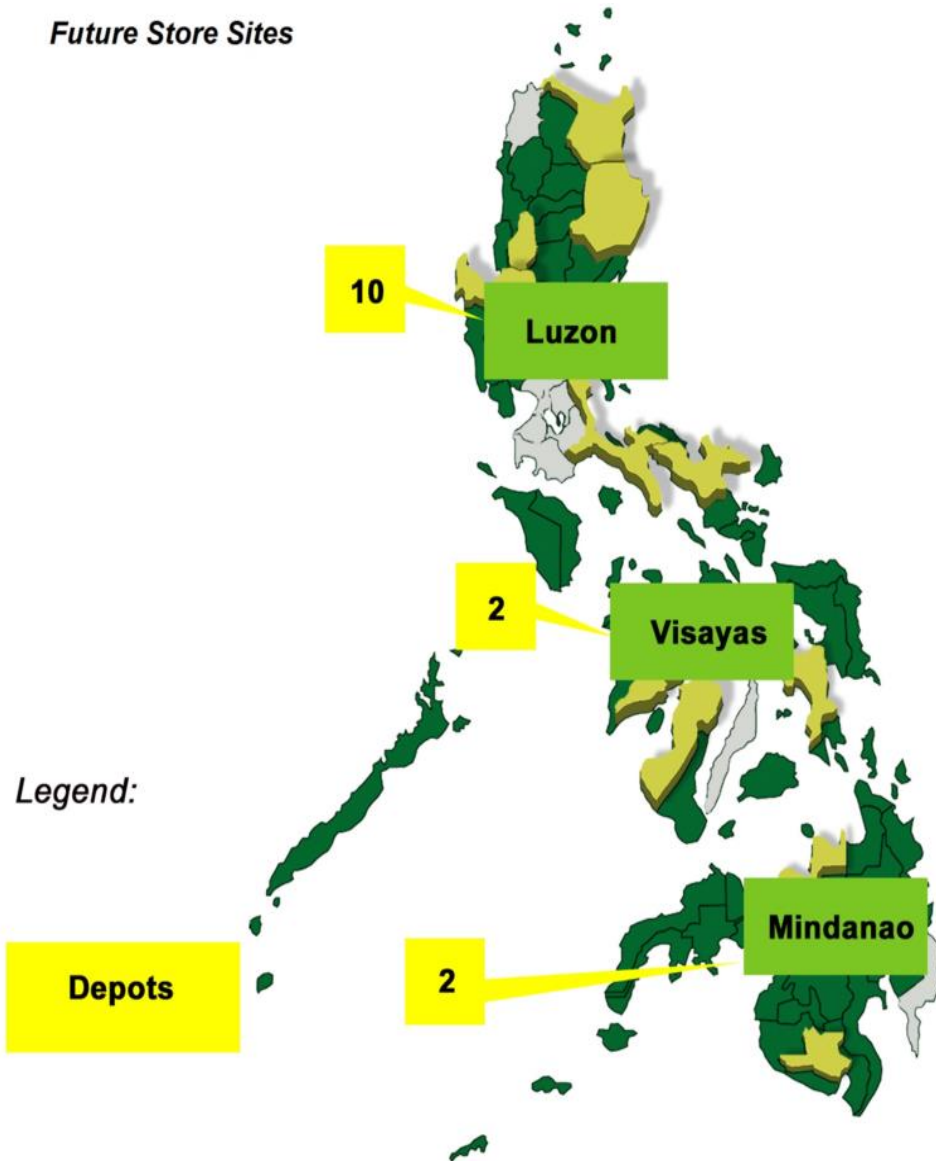
plumbing

# Outlook

# 2019 - 2020 Store Expansion Plan



Future Store Sites

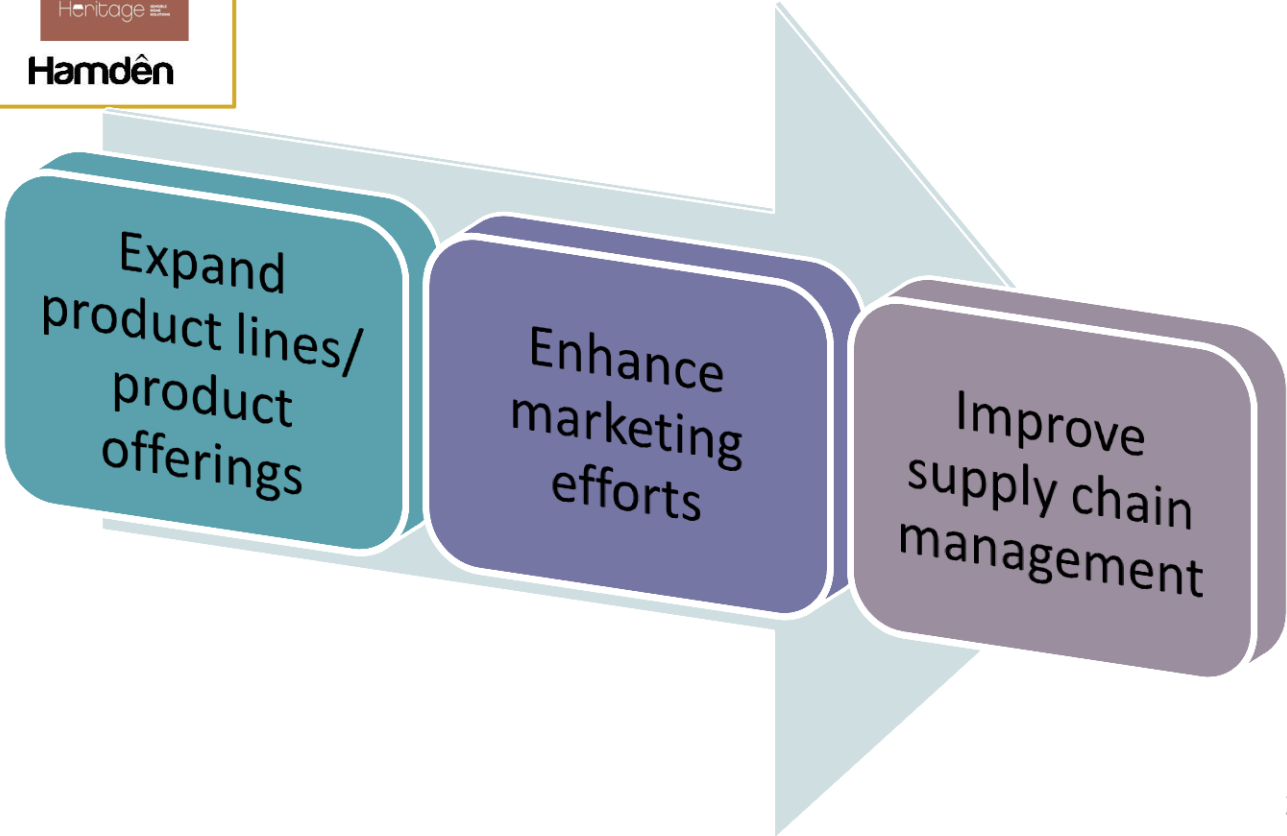


	2019
IH	Panacan, Davao – Jan 25 Sta. Barbara, Iloilo Opol, CDO Sto. Tomas, Batangas Antipolo City
2H	Calumpit, Bulacan Tuguegarao Commonwealth
<b>New, 2019</b>	<b>8</b>
2018 Balance	51
<b>Total, end 2019</b>	<b>59</b>

# 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	



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