**WILCON DEPOT POSTS A SOLID P1.835 B NET INCOME FOR 2018**

* Net Income grew 32.5% y-o-y to P1.835 billion or P0.45 per share for a net margin of 8.7%
* 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 as gross profit rose 25.4% y-o-y

Wilcon Depot, Inc. (PSE:WLCON) reported a net income of P1.835 billion or P0.45 per share from net sales of P21.041 billion for the full year 2018 for a net margin of 8.7%. This represents a 32.5% or P450 million jump from the full year 2017 net income of P1.385 billion or P0.37 per share with a net margin of 7.8%.

Wilcon was able to sustain and build on its 2018 nine-month performance, generating P446 million in net earnings in the fourth quarter, up 66.6% or P178 million year-on-year.

Net sales for 2018 of P21.041 billion grew 18.6% or P3.294 billion year-on-year, split between a strong comparable sales growth of 8.0% and the opening and ramp up of new stores, which accounted for 56.7% or P1.869 billion of the total growth. For the fourth quarter, net sales of P5.682 billion increased by 20.4% or P962 million year-on-year with comparable sales growth improving to 7.4% from the third quarter’s 6.3%. Four new depots were opened in the fourth quarter, bringing to eleven (11) the total number of new stores opened during the year with nine depots and two smaller-format Home Essentials. Wilcon closed the year with 51 stores.

Depots contributed the bulk or 95.8% of total net sales with a same store sales growth (sssg) of 9.5% for the year. The smaller format Home Essentials’ 2018 sssg reached 9.7%, contributing 2.9% of total net sales, while sales to large projects contributed the remaining 1.3%.

Gross profit for the year amounted to P6.603 billion for a margin of 31.4%, up 25.4% or P1.337 billion year-on-year. The gross margin expansion was sustained as the target product mix was exceeded with in-house and exclusive brands contributing 46.9% of total net sales for the year and by increased volume-related discounts from non-exclusive brands.

Operating expenses grew 29.5% or P291 million in the fourth quarter to close total opex at P4.421 billion for the year, up 22.9% or P825 million year-on-year. Increases in salaries, rent, utilities and trucking expenses accounted for the majority of the total hike in opex due primarily to the new store openings.

Net other income from merchandise and other suppliers amounted to P164 million in 2018 compared to P70 million in 2017. The hike is traceable mainly to the increased volume of business and marketing activities. Interest income also improved from P116 million in 2017 to P194 million at the close of the year.

In closing, Ms. Lorraine Belo-Cincochan, CEO of the company said, “Wilcon will continue with its store network expansion with a planned eight new depots to be opened in 2019. We are also looking to expand existing stores with potential for higher growth. We are set to open an additional distribution center this 2019 and expanding our main distribution center to accommodate the increased volume of business. We continue to look for probable areas for expansion beyond our committed 29 new depots when we went public as we remain bullish on the growth potential of the economy in general and the consequent expansion of our target market.”

**FINANCIAL HIGHLIGHTS:**

(In Million PHP)

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

|  |  |  |
| --- | --- | --- |
| **Balance Sheet** | **Audited** | **Audited** |
|  | **Dec 31, 2018** | **Dec 31, 2017** |
| Current Assets | 11,368 | 11,748 |
| Noncurrent Assets\* | 6,134 | 4,276 |
| **Total Assets** | **17,502** | **16,024** |
| Current Liabilities | 4,171 | 3,725 |
| Noncurrent Liabilities | 118 | 381 |
| **Total Liabilities** | **4,290** | **4,106** |
| Capital Stock | 4,100 | 4,100 |
| Additional Paid-in Capital | 5,374 | 5,374 |
| Other Comprehensive Income | 83 | 173 |
| Retained Earnings | 3,656 | 2,272 |
| **Total Equity** | **13,212** | **11,918** |