

WILCON DEPOT, INC. HOLDS ANNUAL STOCKHOLDERS' MEETING

Wilcon Depot, Inc. (PSE:WLCON) held its Annual Stockholders' Meeting on June 17, 2019 at the Crowne Plaza Hotel. At the meeting, the shareholders ratified all acts and resolutions of the board of directors and management during 2018 and adopted the 2018 financial statements of the company. The shareholders re-elected all the incumbent directors and likewise re-appointed Reyes, Tacandong and Co. as its external auditor. The re-elected members of the board are: Bertram Lim, Chairman and Independent Director; three other Independent Directors, Ricardo Pascua, Rolando Narciso and Delfin Warren; and Executive Directors, Lorraine Belo-Cincochan, Mark Andrew Belo and Careen Belo.

Wilcon Depot President and CEO, Lorraine Belo-Cincochan, presented the performance of the company for 2018 and reiterated the company's growth strategy for 2019 and onwards of expanding its store network and continually offer new and better-value products.

According to Ms. Belo-Cincochan, Wilcon Depot had another outstanding year in 2018. Wilcon Depot's net income rose to ₱1.835 billion or ₱0.45 per share, a 32.5% year-on-year hike. This increase was driven by the net sales growth of 18.6% to ₱21.041 billion with a comparable sales growth of 8.0%; gross profit increase of 25.4% for a gross profit margin of 31.4%; and the hike in interest and other income to ₱359 million from ₱185 million the prior year. Meanwhile, operating expenses spiked 22.9% to ₱4.421 billion due to the overall increase in the volume of business and the frontloaded expenses of new stores. Owing to the good performance of the company in 2017, dividends of ₱0.11 cents per share were paid out in 2018.

Ms. Belo-Cincochan also said, "the company opened nine depots in 2018. Some of the new stores are in new locations such as Naga, Tacloban and Puerto Princesa. Four branches were opened in the CALABARZON region during the year. Wilcon closed the year with 51 stores."

Ms. Belo-Cincochan also mentioned that Wilcon Depot is still targeting to reach 65 stores by the end of 2020 and eight (8) new depots are planned to be opened for 2019,

of which two (2) have already been opened so far. All the new stores will be located outside Metro Manila.

In the press conference held right after the meeting, Wilcon Depot's Chairman Emeritus also mentioned that the company is now targeting to reach 100 stores nationwide as the next phase of its expansion plan, after it reaches its 65th branch by the end of 2020. Considering the pace of our new store openings since 2017, by 2025 we may already reach this target barring any major hurdles beyond our control. "We are still in the process of completing our scoping for possible sites", Mr. Belo added.

Wilcon Depot's COO, Ms. Rosemarie Ong, when asked to comment on how she sees the company's 2019 performance given its favorable results in the first quarter, said, that Wilcon's board and management are pleased by the performance of the Company in the first quarter. In its first quarter results disclosure, Wilcon Depot reported a 21.9% growth in sales and 18.2% hike in earnings. Ms. Ong added, "However, for our full year guidance, we are only looking at a high teens topline growth and low teens earnings growth since we are coming off a high base and will be negatively impacted by changes in accounting standards, specifically the PFRS 16." Ms. Ong further elaborated, "As you may glean from our past results, our performance is affected by the number of our operating days and the timing of long holidays. This year, the long Easter break fell in April while last year it was in March so a slowdown in our growth trajectory is to be expected this second quarter because of the combined effects of a high base and lesser number of operating days. Also, the full impact on expenses of our investments in growth such as renovations, extensions and additional distribution centers and warehouses plus the adoption of PFRS 16 will only be reflected in the second half of this year." In closing, Ms. Ong and Mr. Belo said that they remain bullish of Wilcon Depot's prospects in the coming years and that's why they expanded the growth horizon to 100 branches since there are markets still unserved by Wilcon Depot's brand of excellent service and quality product offerings.