



Wilcon Depot, Inc.

First Half 2019 Performance Report

August 2019



Discussion Agenda

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



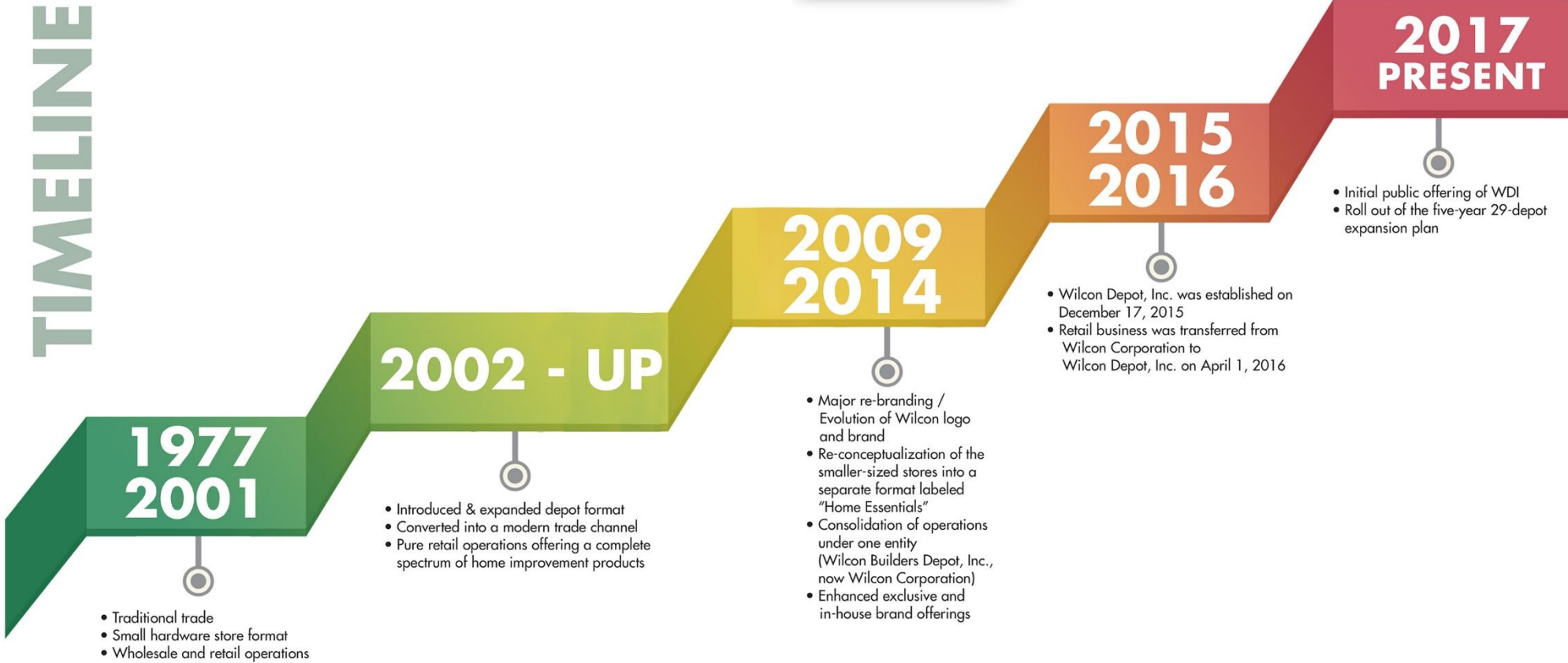


Build anything. We have everything.

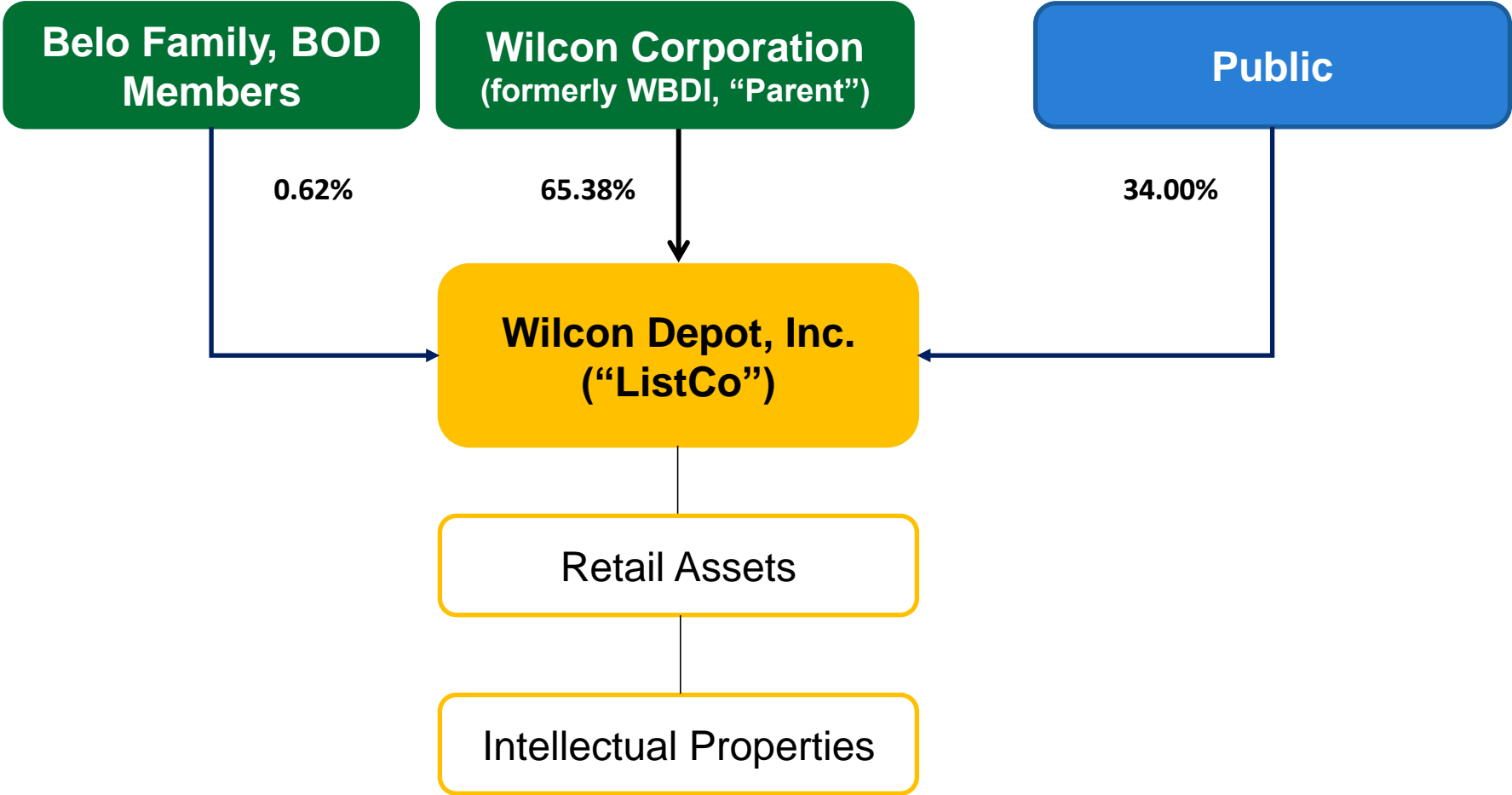


DPZ	7.99	7.13
LR	4.26	4.26
LTO	16.00	16.08
MAC	3.77	3.85
MARC	1.72	1.74
MAXS	26.40	26.75
MST	87.75	79.95
MCP	8.00	6.73
MED	8.65	0.66
MEF	3.45	3.39
MER	275.80	274.64
ME	0.3000	0.2444
MPI	6.20	6.0
MRS	0.3000	0.217
MROE	3.50	3.9
MWC	31.80	31.1
MWDE	17.52	17.7
W	2.2	2.2
W	8	8

TIMELINE



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

47

7

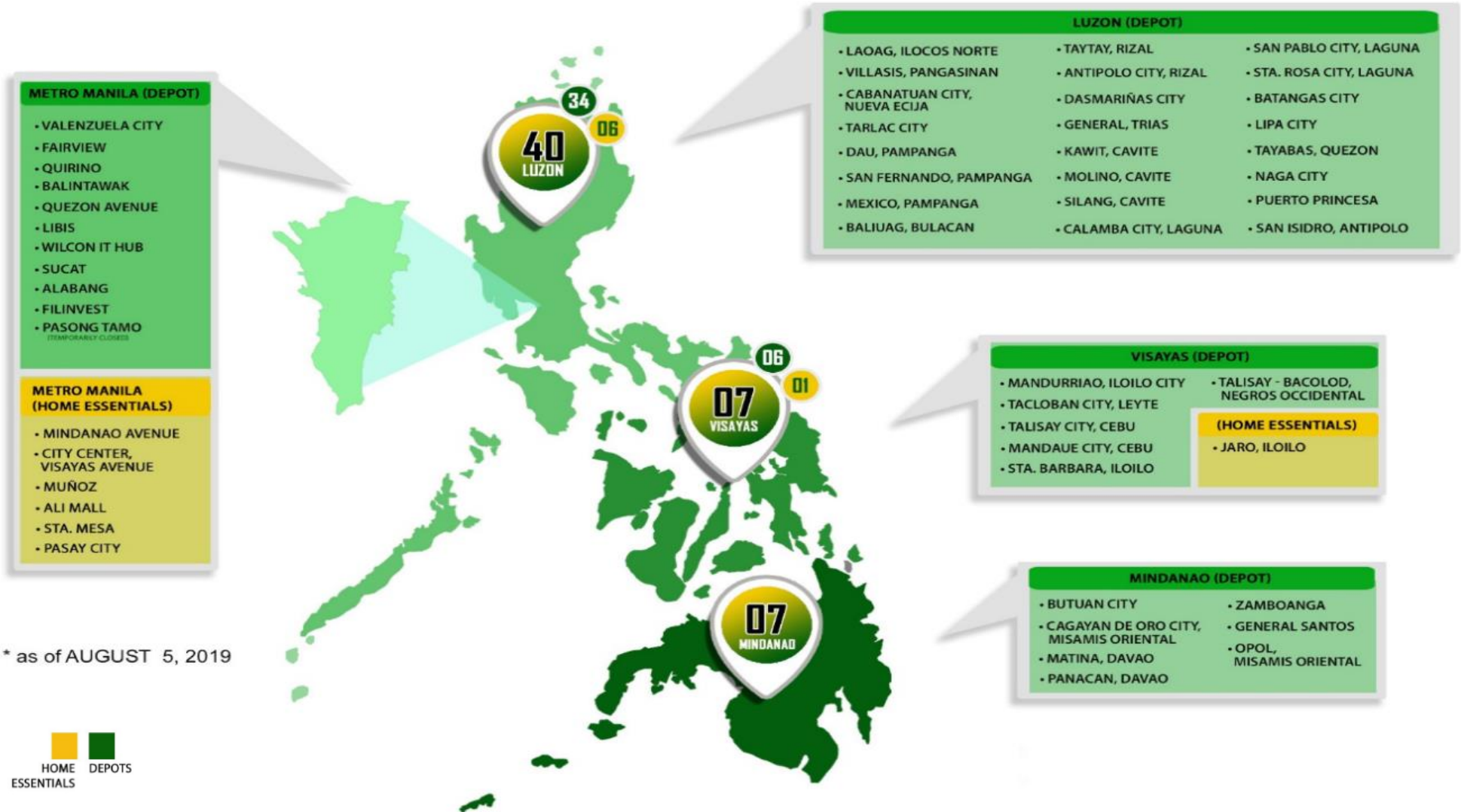
Gross Floor Area

- 2,800 sqm to 16,100 sqm, with an average gross floor area of 8,906 sqm

- 740 sqm to 2,800 sqm, with an average gross floor area of 1,445 sqm

Store Network & Presence

Wilcon operates 54* stores strategically located in dominant markets and in fast-growing cities nationwide.



* as of AUGUST 5, 2019



Major Categories and Select Brands



Plumbing and Sanitary

Tiles / Flooring

Building Materials

Furniture, Furnishing & Houseware

Paints

Hardware and Tools

Electrical and Lighting

Appliances



home
interior



building
materials



doors &
mouldings



tiles



paints &
sundries



plumbing

SECTION 2

Strategy Overview

Key Growth Strategies

WILCON

DEPOT

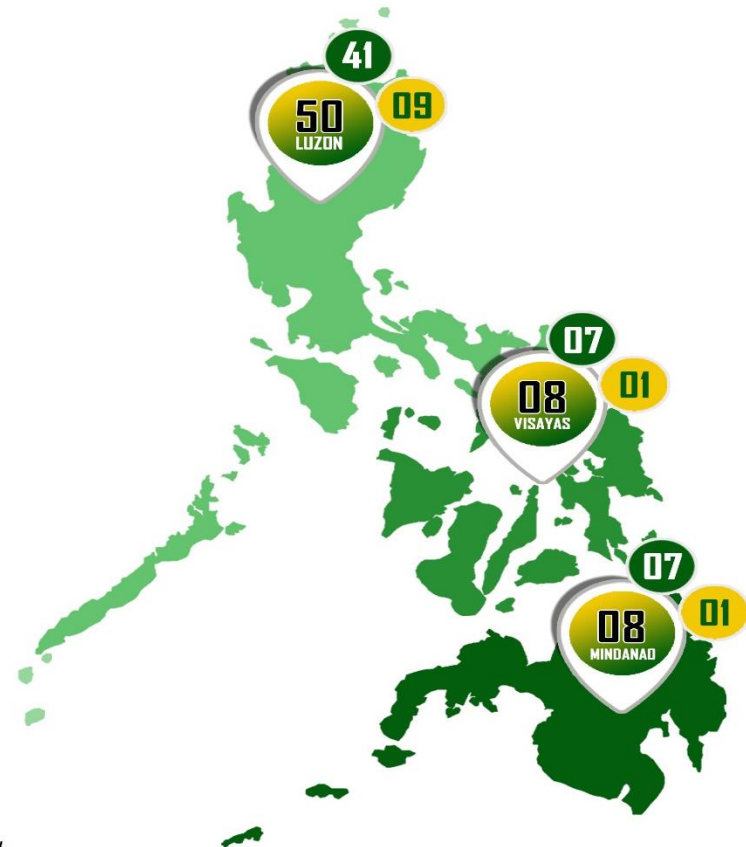
1 Expand Store Network

- ✓ 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)



As of July 2019

Wilcon's Store Network



Legend:

Current

Target Expansion
(2 years)

WILCON

DEPOT

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

WILCON DEPOT

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

First Half 2019

- Net income grew 8.8% y-o-y to ₱995 million for a net margin of 8.4% driven by:
 - Net sales hiked 17.8% y-o-y to ₱11.778 billion with a comparable sales growth of 4.7%
 - Gross profit margin improved to 32.4% from 31.3% in 1H18
- Product mix improved to 49.0% exceeding the target contribution for the year of 48.0%
- Annual cash dividends increased by 45.4% to P0.16 per share from P0.11 per share in 2018

Net Income grew 8.8% to P995 M

(First Half 2019)

WILCON

DEPOT

Net Sales up 17.8%

GPM expanded to
32.4%

(In PHP MM)	1H19	% Sales	1H18	% Sales	% Growth
NET SALES	11,778	100.0	10,001	100.0	17.8
COST OF SALES	-7,965	(67.6)	-6,873	(68.7)	15.9
GROSS INCOME	3,813	32.4	3,128	31.3	21.9
OPERATING EXPENSES	-2,523	(21.4)	-2,039	(20.4)	23.7
OTHER INCOME	140	1.2	92	0.9	51.2
INTEREST INCOME	84	0.7	90	0.9	(6.8)
INTEREST EXPENSE	-123	(1.0)	-2	(0.0)	5,139.4
INCOME BEFORE TAX	1,390	11.8	1,269	12.7	9.6
INCOME TAX	396	3.4	354	3.5	11.7
NET INCOME	995	8.4	914	9.1	8.8

Net Income grew 1.1% to P511 M

(2nd Quarter 2019)

WILCON

DEPOT

Net Sales up 14.1%

GPM expanded to
32.7%

(In PHP MM)	2Q19	% Sales	2Q18	% Sales	% Growth
NET SALES	6,044	100.0	5,296	100.0	14.1
COST OF SALES	-4,065	(67.3)	-3,640	(68.7)	11.7
GROSS INCOME	1,979	32.7	1,656	31.3	19.5
OPERATING EXPENSES	-1,327	(21.9)	-1,049	(19.8)	26.5
OTHER INCOME	81	1.3	50	1.0	59.8
INTEREST INCOME	34	0.6	45	0.9	(25.5)
INTEREST EXPENSE	-70	(1.2)	-1	(0.0)	9,764.4
INCOME BEFORE TAX	697	11.5	703	13.3	(0.7)
INCOME TAX	186	3.1	197	3.7	(5.5)
NET INCOME	511	8.5	505	9.5	1.1

Balance Sheet

(In Php MM)

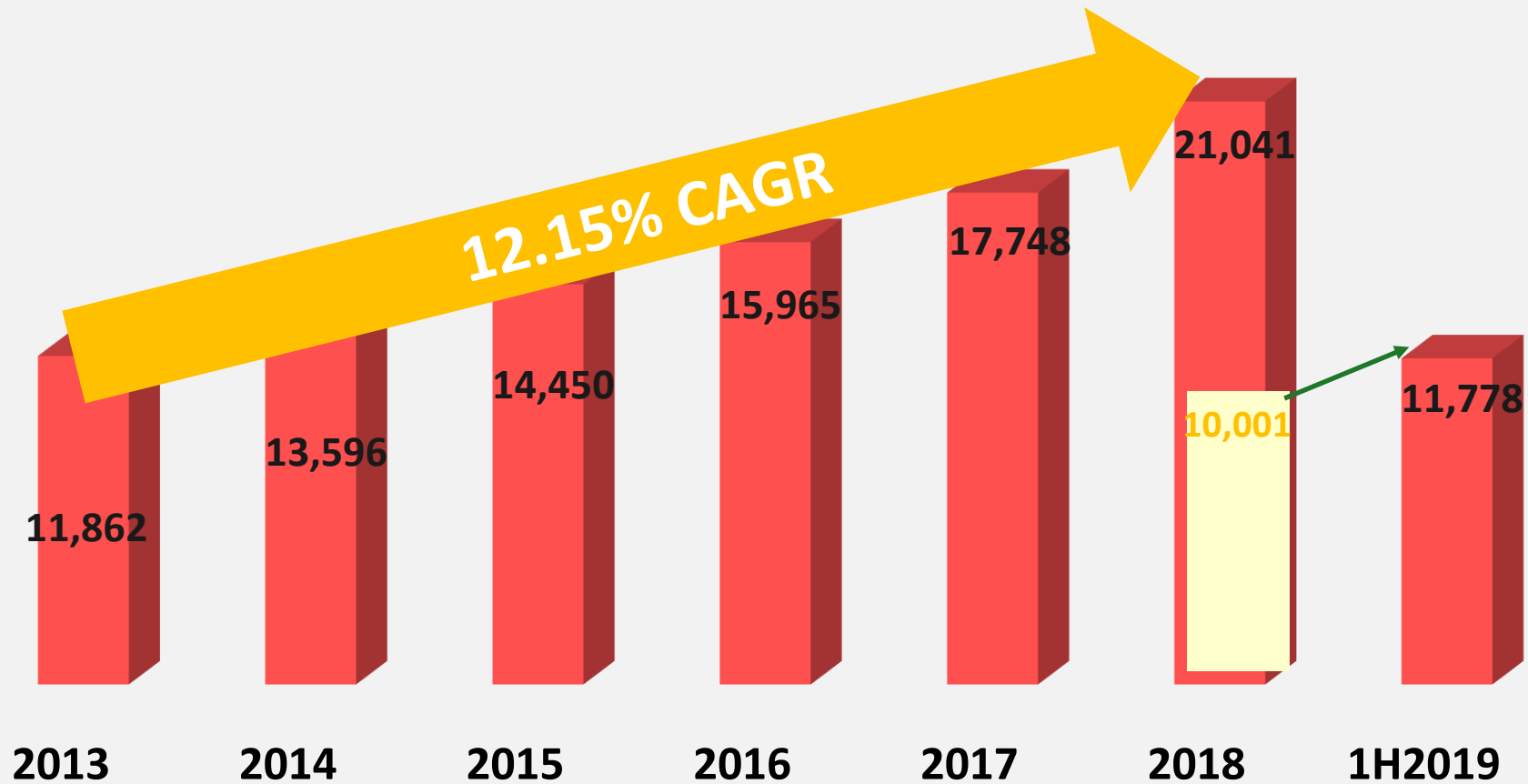
	Unaudited Jun 30, 2019	Audited Dec 31, 2018
Current Assets	10,400	11,123
Noncurrent Assets	11,848	6,379
Total Assets	22,248	17,502
Current Liabilities	5,420	4,171
Noncurrent Liabilities	3,231	118
Total Liabilities	8,651	4,290
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Loss	128	83
Retained Earnings	3,995	3,656
Total Equity	13,596	13,212
CURRENT RATIO	1.92	2.67
QUICK RATIO	0.39	0.75
DEBT-TO-EQUITY RATIO	0.64	0.32
RETURN ON ASSET	4.5%	10.5%
RETURN ON EQUITY	7.3%	13.9%

Healthy Sales Growth

WILCON

DEPOT

SALES

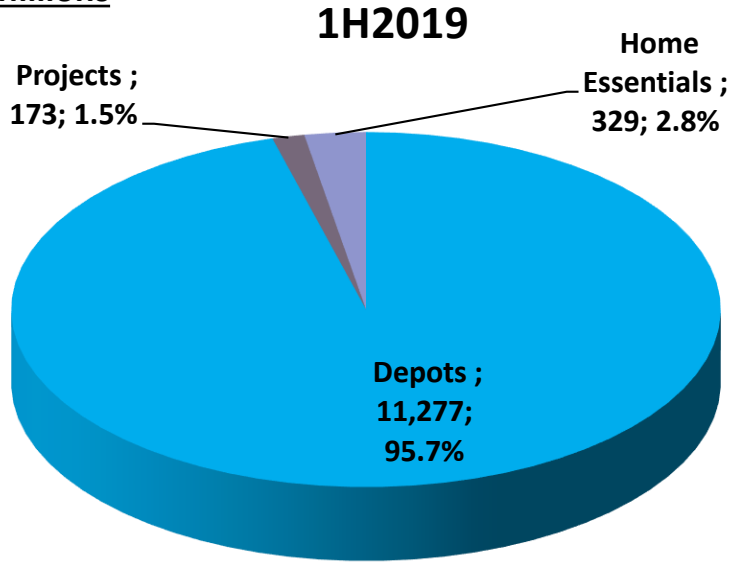


Note: 2013 to 2015 – Pro-forma/Reviewed / 2016 – In-house Pro-forma / 2017 – Actual/Audited
Commercial operations under WDI commenced April 1, 2016

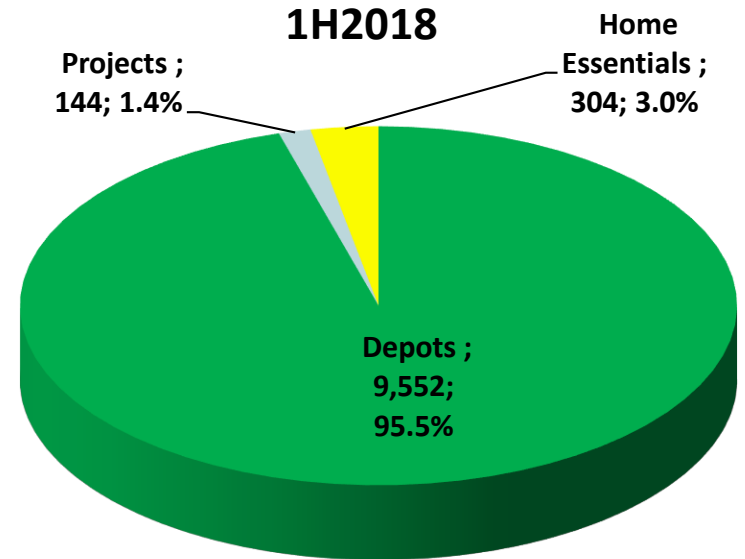
Total Net Sales Breakdown



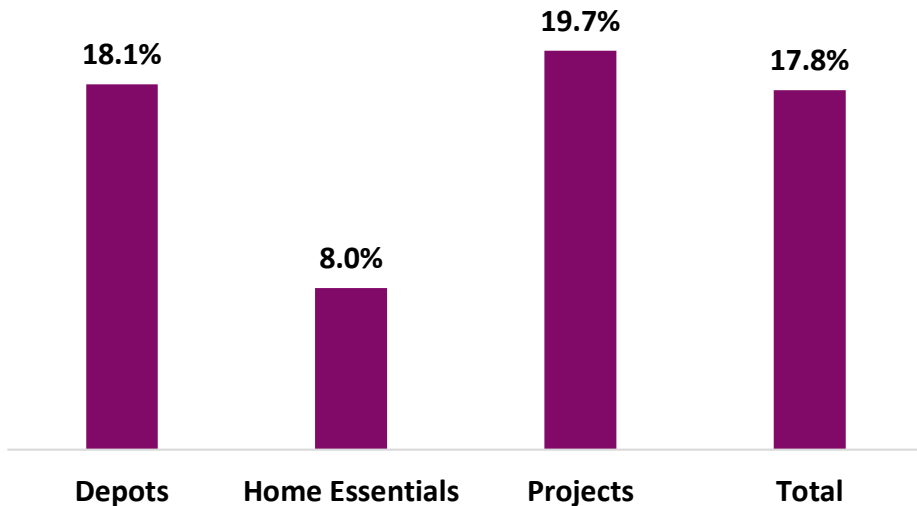
PhP Millions



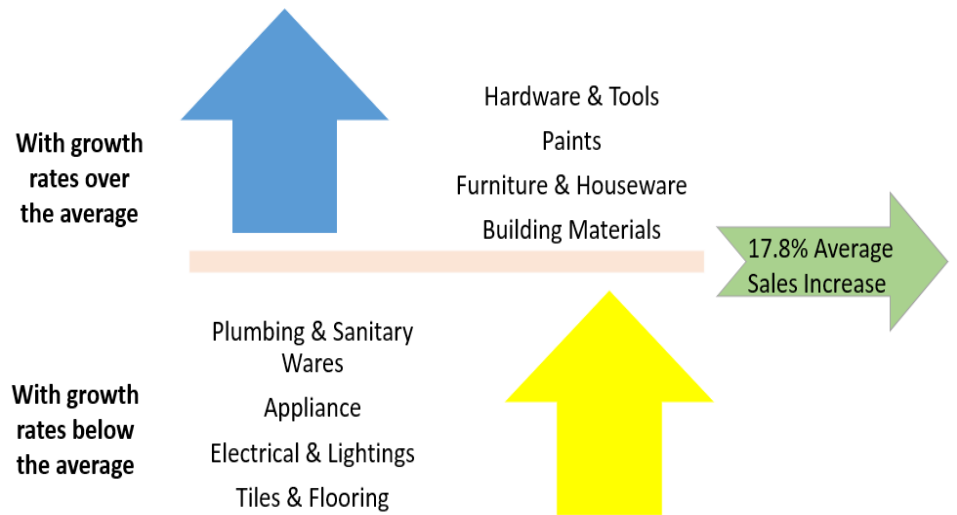
17.8% ↑



Sales Growth per Store Format 1H19 vs 1H18



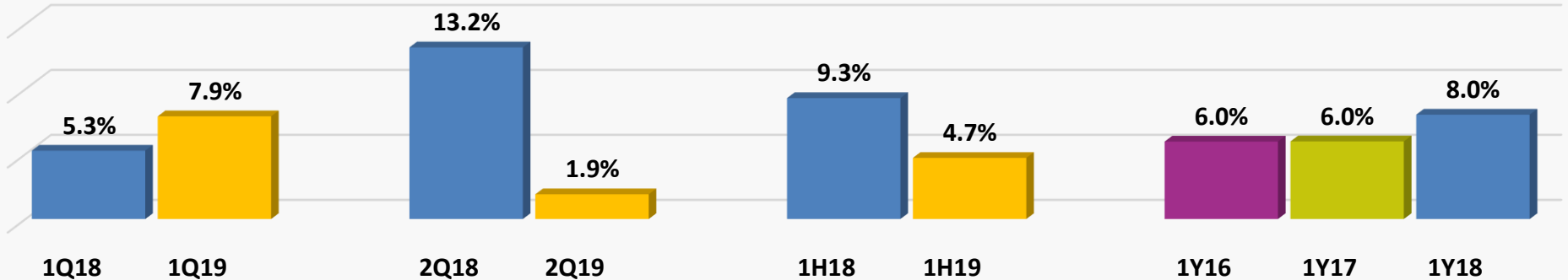
Product Category Performance 1H19 VS 1H18



Comparable Sales Summary



Quarterly Trend

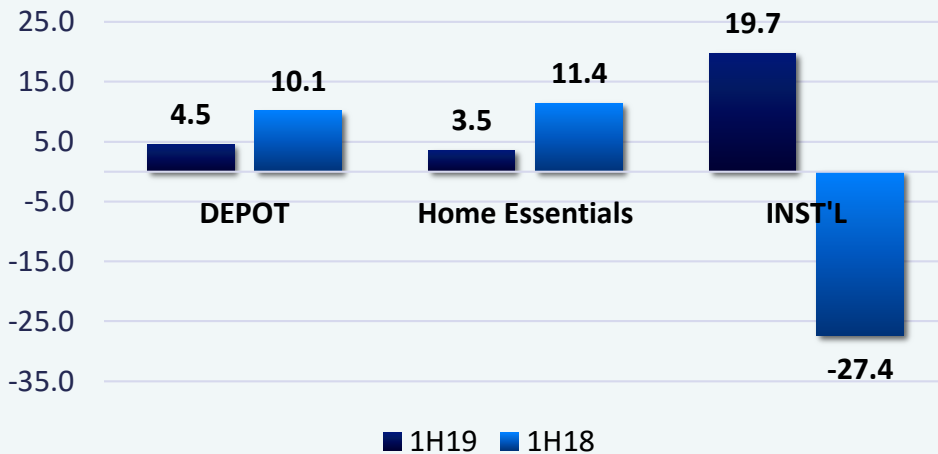


SSSG Excluding Inst'l/ Projects Sales

- 2Q18 – 13.3%
- 2Q19 – 1.5%

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

Comparable Sales per Format 1H19 VS 1H18



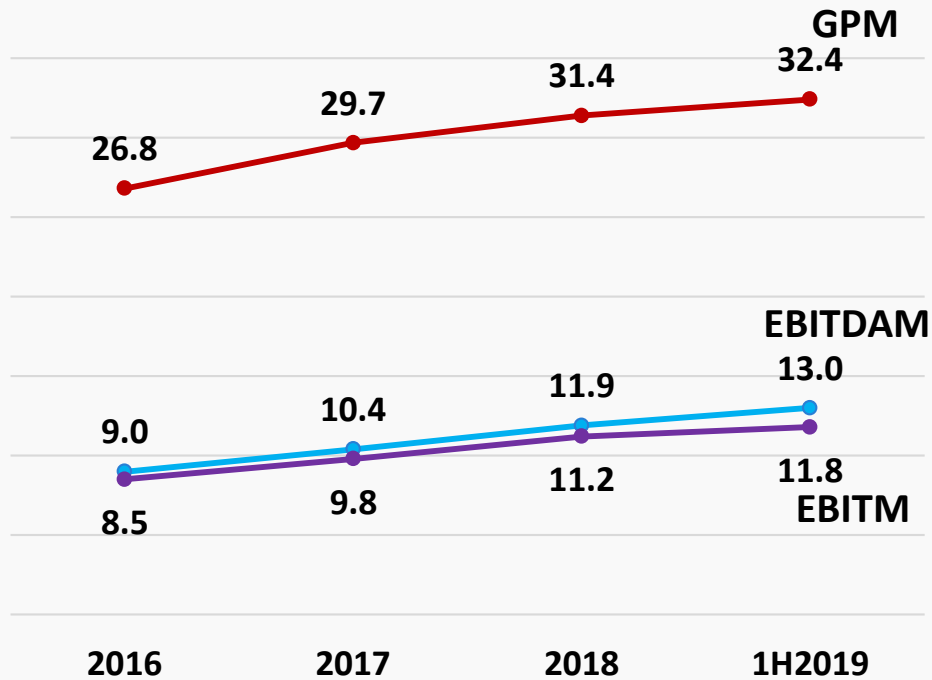
Comparable Ave Ticket/ Transactions



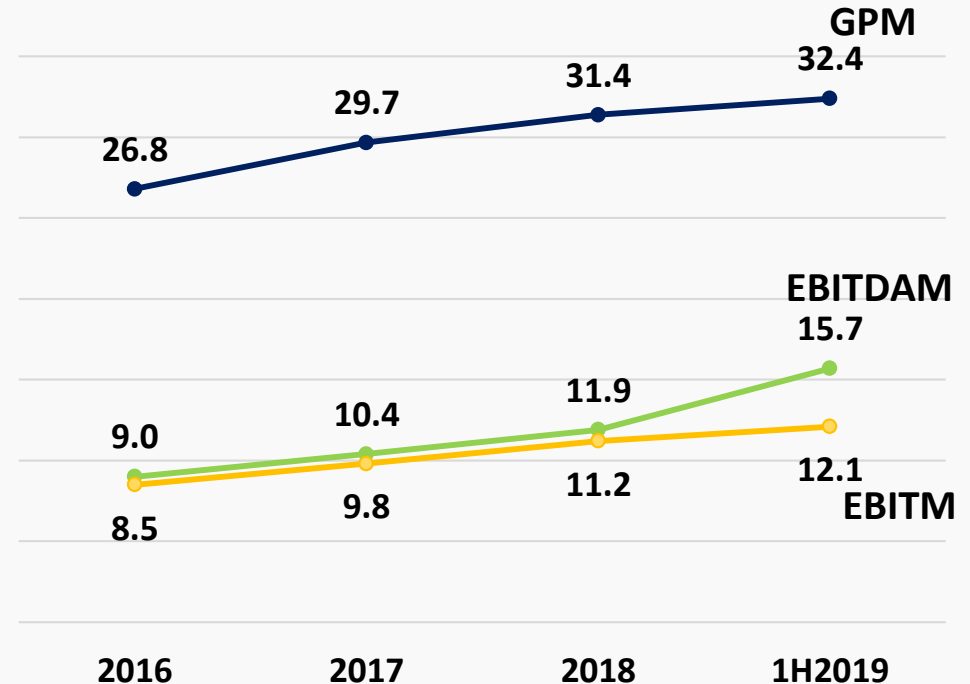
Improving Margins



Philippine Accounting Standards 17 - Leases



Philippine Financial Reporting Standards 16 - Leases (For 1H2019)





home
interior



building
materials



doors &
mouldings



tiles



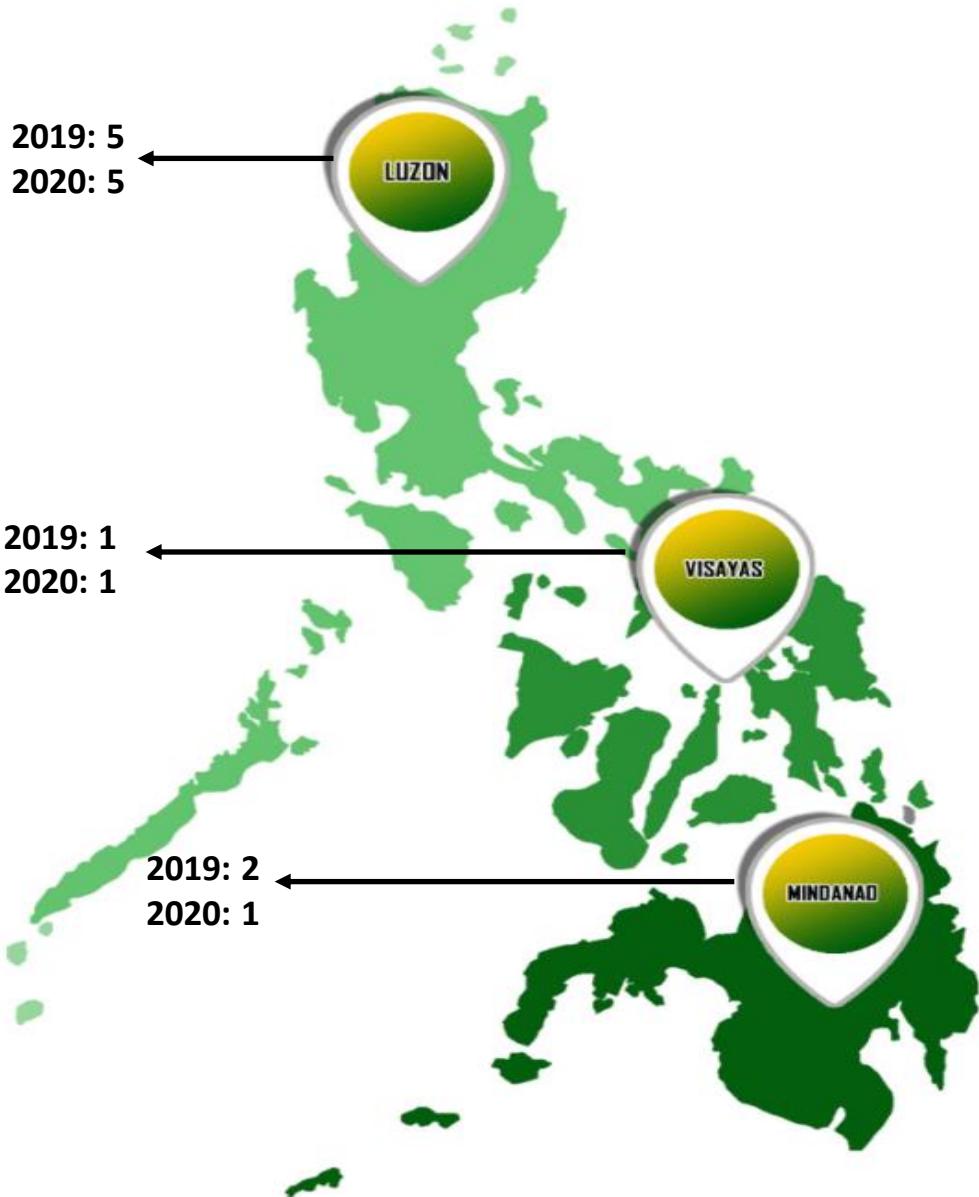
paints &
sundries



plumbing

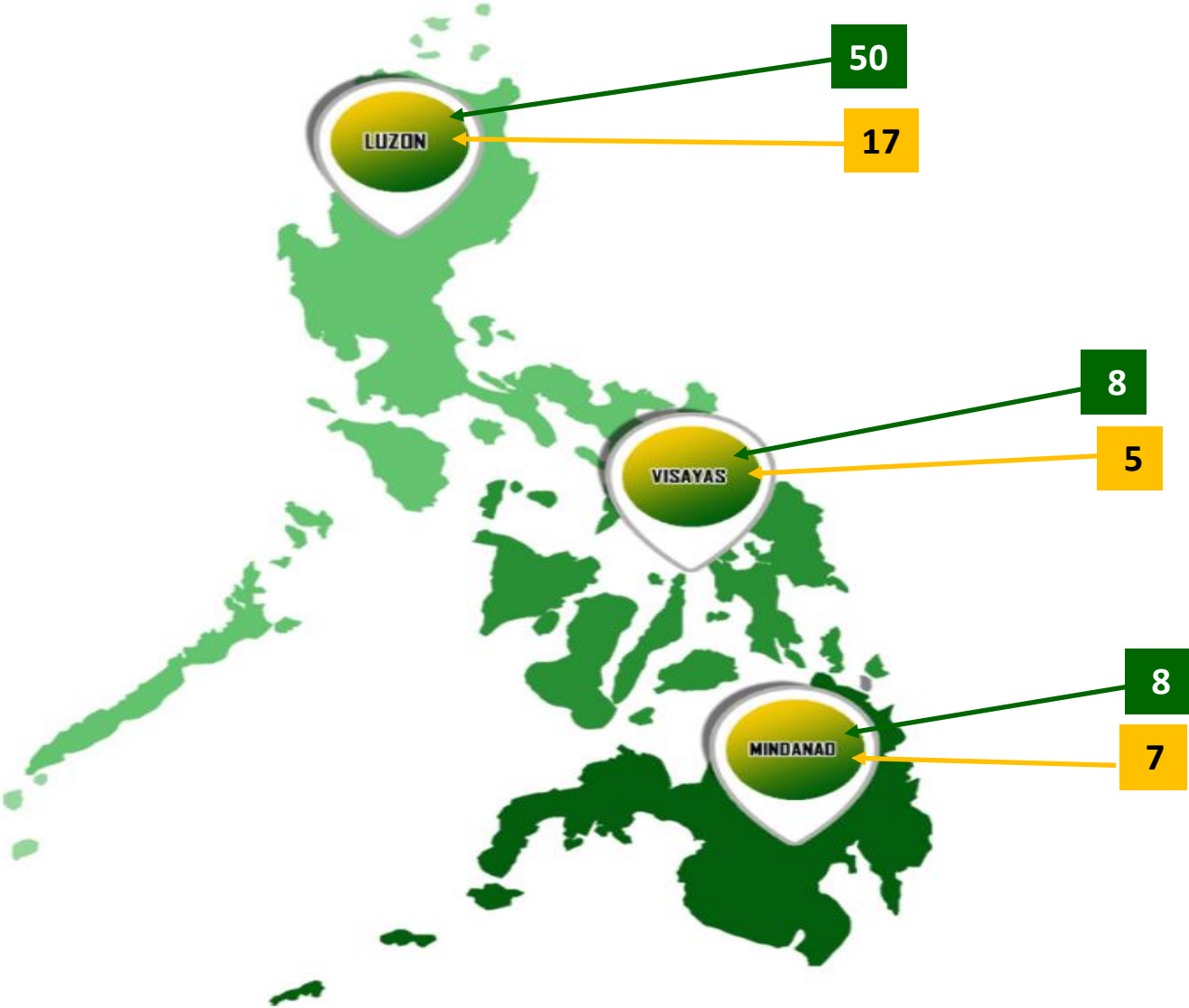
Outlook

2019 - 2020 Store Expansion Plan



	2019
IH	Panacan, Davao – Jan 25
	Sta. Barbara, Iloilo – Apr 26
2H	Opol, CDO – Jul 12
	San Isidro, Antipolo City – Jul 26
	Sto. Tomas, Batangas
	Del Monte, Bulacan
	Iguig, Cagayan Valley
	Daraga, Albay
New, 2019	8
2018 Balance	51
Closed	Essentials Libis – Jul 15
Reopening	Pasong Tamo
Total, end 2019	59

2017 - 2020 Planned New Branches



Total Planned New Depot Stores - 29

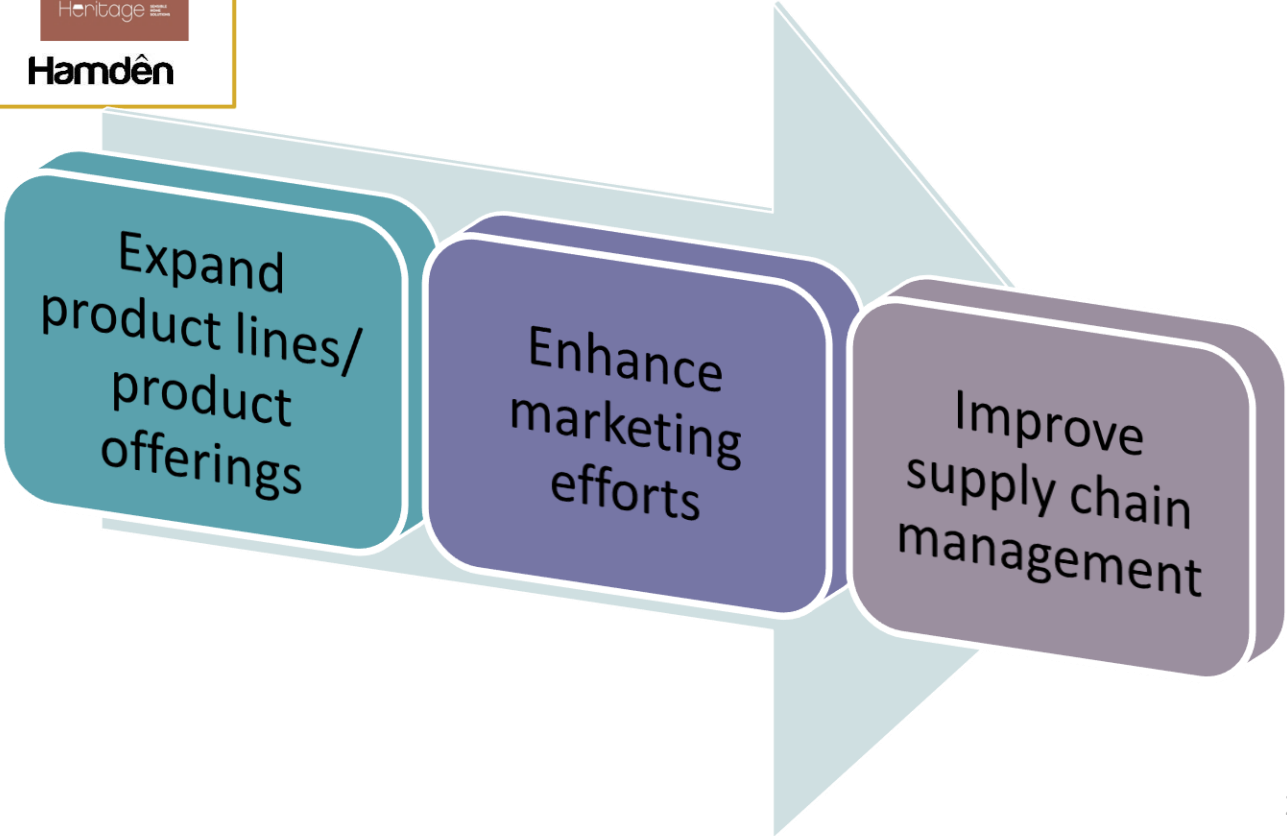
Total number of stores in 2020 - 66

From January 2017 to July 2019, nineteen (19) new stores were opened, eighteen (18) depots and one (1) smaller format Home Essentials.

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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