

WILCON DEPOT'S ₱1.247 B 1ST HALF 2021 NET PROFIT UP 254%

- *Net sales jumped 48.5% y-o-y to ₱13.426 B with a comparable sales growth of 36.4%*
- *Gross profit grew 57.4% to ₱4.914 B with a GPM of 36.6%*

Wilcon Depot, Inc. (Wilcon), the country's leading home and finishing construction supply retailer, today reported first half 2021 net income of ₱1.247 billion, up 254.0% or ₱895 million year-on-year. The hike was driven by the increase in the number of transactions, as net sales jumped 48.5% and by the expansion in gross profit margin partly offset by the increase in operating expenses during the half.

2nd Quarter Results

Net income for the quarter rebounded, increasing to ₱643 million from a mere ₱24 million in the same period last year due mainly to the recovery in net sales and gross profit margin expansion. All branches remained open during the "NCR plus bubble" quarantine, which lasted for around half of the quarter. This new quarantine scheme allowed businesses to remain open but with tighter restrictions within the bubble.

Wilcon generated ₱6.751 billion of net sales in the 2nd quarter, up 95.7% or ₱3.301 billion year-on-year driven by the increase in the number of transactions especially of branches in Luzon. Comparable sales also grew 79.7% and two new stores were added during the quarter. Wilcon has now 67 branches nationwide.

Gross profit for the quarter amounted to ₱2.493 billion, up 102.5% or ₱1.262 billion year-on-year. The increase was driven by higher sales and gross profit margin rate, which expanded to 36.9% during the quarter. Operating expenses, including lease-related interest expense, meanwhile increased by 35.0% or ₱446 million to ₱1.720 billion attributable mainly to the increase in the volume of business. This also resulted in the recovery of other income as rental income and net other income grew 23.2% or ₱14 million to tally at ₱73 million. Interest income of ₱8 million dropped by 32.6% or ₱4 million for the quarter. The reduction in income tax rate from 30% to 25% partly offset the increase in income tax expense, which totaled ₱212 million, due to the higher taxable income.

1st Half Results

The ₱643 million 2nd quarter net income with the ₱604 million generated in the 1st quarter, boosted earnings of ₱1.247 billion for the half by 254.0% or ₱895 million year-on-year. Net sales for the half amounted to ₱13.426 billion, an increase of 48.5% or ₱4.386 billion year-on-year. Comparable sales grew by 36.4%, attributed mainly to the increase in the number of transactions particularly in branches located in Luzon, which unlike in 2020, remained open this year under the NCR plus bubble quarantine scheme. Four new stores were opened during the half.

The depots, accounting for 97.3% of total net sales, grew by 49.6% to ₱13.068 billion with a comparable sales growth of 37.1%. The smaller format, Home Essentials, with net sales of ₱267 million for the half, accounting for 2.0% of total net sales, posted a 24.2% net sales growth. Project sales of ₱91 million, accounting for 0.7% of the total, meanwhile recorded a 2.1% growth year-on-year.

Gross profit grew by 57.4% or ₱1.792 billion year-on-year to ₱4.914 billion for the period with a gross profit margin rate of 36.6%. The gross profit margin expansion of 210 basis points is traced mainly to changes in product mix within the exclusive and in-house brands classification, which resulted in a higher overall margin for the class, partly offset by the drop in their contribution to total net sales to 49.4% from 51.2% in the same period in 2020.

Operating expenses, including lease-related interest expense, jumped 20.6% or ₱579 million to ₱3.388 billion as a result mainly of the increased volume of business especially of Luzon branches in the second quarter and expansion-related expenses. Rent and net other income tallied flat for the half at ₱134 million versus the ₱135 million generated in the first half of 2020.

Interest income meanwhile, in view of the lower investible funds with the complete deployment of the IPO funds, dropped by 57.4% to ₱17 million for the half. Income tax expense in view of the higher taxable income and the one-time expense charged in the 1st quarter following the re-valuation of the deferred tax assets balance as of end-2020 was partly offset by the drop in income tax rate from 30% to 25%. Capital expenditure for the first half amounted to ₱1.155 billion, the bulk of which was spent for the construction of new stores.

Lorraine Belo-Cincochan, Wilcon’s CEO and President said, “We’re pleased that we were able to sustain our first quarter results despite a quite difficult April, which was the height of the NCR plus quarantine.” She added that the remaining five new stores targeted to open for the year are on track with the fifth new store opening Friday this week, July 30 in Sorsogon in the Bicol region. She also said that the company’s expansion plans will continue both the brick and mortar and in the digital space. Wilcon re-launched its e-commerce site on May 28, 2021.

FINANCIAL HIGHLIGHTS

| (In Php MM) | 1H2021 | % Sales | 1H2020 | % Sales | % Growth |
|-------------------------------|---------------|--------------|--------------|--------------|--------------|
| Net Sales | 13,426 | 100.0 | 9,040 | 100.0 | 48.5 |
| Cost of Sales | -8,512 | -63.4 | -5,918 | -65.5 | 43.8 |
| Gross Income | 4,914 | 36.6 | 3,122 | 34.5 | 57.4 |
| Operating Expenses | -3,155 | -23.5 | -2,602 | -28.8 | 21.2 |
| Interest Exp (Lease Liab) | -233 | -1.7 | -206 | -2.3 | 13.0 |
| Other Income - Net | 134 | 1.0 | 135 | 1.5 | -0.7 |
| Income from Operations | 1,660 | 12.4 | 448 | 5.0 | 270.9 |
| Interest Income | 17 | 0.1 | 39 | 0.4 | -57.4 |
| Income Before Tax | 1,677 | 12.5 | 487 | 5.4 | 244.6 |
| Income tax | -429 | -3.2 | -134 | -1.5 | 219.7 |
| Net Income | 1,247 | 9.3 | 352 | 3.9 | 254.0 |

| Balance Sheet | Unaudited June 30, 2021 | Audited December 31, 2020 |
|----------------------|-------------------------|---------------------------|
| Current Assets | 15,175 | 14,390 |
| Noncurrent Assets | 14,589 | 13,828 |

| | | |
|--------------------------|---------------|---------------|
| Total Assets | 29,764 | 28,218 |
| Current Liabilities | 8,008 | 7,621 |
| Noncurrent Liabilities | 5,691 | 5,287 |
| Total Liabilities | 13,699 | 12,908 |
| Total Equity | 16,065 | 15,310 |