

## **WILCON DEPOT 2021 NET INCOME UP 76.8% YOY TO P2.561B**

- *Net sales up 21.6% year-on-year to P27.513 billion*
- *Year-on-year comparable sales growth of 12.1%*
- *Gross profit margin increased to 37.3%*

Wilcon Depot, Inc. (Wilcon/Company) today reported net income of P2.561 billion, up 76.8% or P1.113 billion year-on-year driven mainly by the increase in net sales and the expansion of gross profit margin partly offset by the increase in operating expenses.

“We delivered stronger quarter-on-quarter performance for the fourth quarter, which raised our net income for the year higher than initially expected. As a result of our earnings turnaround in 2021, our board of directors approved on February 23, 2022 the declaration of a P0.21/share dividends comprising of regular dividends of P0.15/share and special dividends of P0.06/share. This represents a 75.0% increase over last year’s dividends of P0.12/share,” Ms. Lorraine Belo-Cincochan, Wilcon’s President and CEO, said.

Ms. Belo-Cincochan added that the Company has completely deployed its IPO funds in the first quarter of 2021. Capital expenditure for the year amounted to P2.161 billion, spent mostly on the construction of new branches and warehouses, majority of which were financed by internally generated funds. “We are planning to add a minimum of eight (8) stores in 2022 in line with our target to have 100 branches by the end of 2025. Should the Covid-19 situation continue to improve during the year, we are expecting private construction to normalize and our annual sales growth to stabilize and return to pre-pandemic trend,” Ms. Belo-Cincochan said in closing.

### **Full Year 2021**

Wilcon’s full year 2021 net sales reached P27.513 billion, up 21.6% or P4.884 billion year-on-year traced mainly to the increase in comparable sales which grew 12.1% for the year driven largely by the improved sales performance of stores in Luzon which remained operational despite the prolonged surge of Covid-19 cases. At the outset of the pandemic in March, 2020, Luzon, where 76% of Wilcon’s branches were located then, was placed under lockdown, requiring all branches in the region to be closed for two months.

The Company was able to open ten (10) stores for the year, nine (9) depots and one (1) smaller format, Home Essentials.

The depot format stores accounted for 97.4% of total net sales amounting to P26.792 billion, driving company-wide total sales growth at 22.1% year-on-year and comparable sales growth at 12.3%. The Home Essentials contributed 1.9% of total net sales amounting to P530 million with a total and comparable sales growth of 3.8% versus the prior year. Project sales comprised the remaining 0.7% of total net sales, growing 7.9% year-on-year.

Gross profit rose 32.0% or P2.494 billion year-on-year to total P10.276 billion driven primarily by the increase in sales volume and the expansion of gross profit margin by 296 basis points to 37.3% for the year. The gross profit margin rate improvement is traced mainly to changes in the product mix within the exclusive and in-house brands, which resulted in a higher overall margin for the class, partly offset by the drop in their contribution to total net sales to 49.5% for the year.

The rise in the volume of business of existing stores and the addition of ten (10) new branches increased operating expenses including lease-related interest expense, by 16.8% or P1.035 billion year-on-year to amount to P7.202 billion for 2021.

Meanwhile, net other income representing mainly rental income and other income from trade and other suppliers declined by 15.3% or P58 million to close at P322 million for the year as the increase in rental income and other trade-related other income was offset by the decline in rent concession from lessors. There was a one-off rent waiver granted by lessors in 2020 following the temporary closure of stores in Luzon, which was recognized under other income. Interest income also declined to P29 million as the IPO funds were completely deployed in the first quarter of 2021.

Income tax expense for the year totaled P863 million, up 43.6% or P262 million year-on-year in view of the higher taxable income and the one-off revaluation of the deferred tax liability in relation to the reduction of the income tax rate from 30% to 25% partly offset by the reduction in the tax rate.

Capital expenditure for the year totaled P2.161 billion, mainly spent on construction of new stores and warehouses.

#### **Fourth Quarter 2021**

Wilcon posted net income of P692 million, up 22.8% or P129 million year-on-year driven mainly by the gross profit margin expansion. Total net sales rose 9.1% or P625 million year-on-year to reach P7.465 billion for the quarter, while comparable sales remained approximately flat at a growth rate of only 0.8% due mainly to the base effect and mobility restrictions extending up to mid-October.

Depot-format stores contributed 97.2% of total net sales amounting to P7.256 billion, growing by 9.3% or P616 million year-on-year, mainly driven by new store sales as comparable sales remained steady at 0.7% growth. Three (3) new depots were opened during the quarter.

Home Essentials stores contributed P139 million or 1.9% to total net sales, declining by 7.8% or P12 million year-on-year with comparable sales sliding by 8.0%. One new Home Essentials branch was opened in Central Luzon during the quarter. Project sales increased 43.6% or P21 million totaling P70 million for the quarter.

Gross profit rose 21.2% or P498 million to reach P2.844 billion with a gross profit margin of 38.1%, 381 basis points higher than the fourth quarter 2020 as exclusive and in-house brands started its climb back up contributing 50.1% from the below 50.0% levels in the preceding three quarters and the 49.8% contribution for the same period in 2020.

Operating expenses, including lease-related interest expense, amounted to P2.031 billion, up 16.9% or P294 million year-on-year due mostly to expansion-related expenses.

Net other income meanwhile dropped 43.7% or P80 million as increases in rental and trade-related net other income were offset by the drop in rent concession. In 2020, lessors granted a one-time rent waiver, which was recognized in full in the fourth quarter under other income. Interest income continued to drop totaling P5 million for the quarter as investible funds were continuously deployed to finance capital expenditure and working capital requirements.

Income tax expense meanwhile declined 3.5% or P8 million to P229 million as the drop in income tax rate from 30% to 25% is higher than the increase in taxable income.

### **FINANCIAL HIGHLIGHTS**

(In Php MM)	12M2021	% Sales	% Growth y-o-y	4Q2021	% Sales	% Growth y-o-y
<b>Net Sales</b>	<b>27,513</b>	<b>100.0</b>	<b>21.6</b>	<b>7,465</b>	<b>100.0</b>	<b>9.1</b>
Cost of Sales	-17,238	-62.7	16.1	-4,621	-61.9	2.8
<b>Gross Income</b>	<b>10,276</b>	<b>37.3</b>	<b>32.0</b>	<b>2,844</b>	<b>38.1</b>	<b>21.2</b>
Operating Expenses	-6,732	-24.5	17.3	-1,914	-25.6	17.8
Interest Exp (Lease Liab)	-470	-1.7	9.6	-117	-1.6	4.5
Other Income - Net	322	1.2	-15.3	104	1.4	-43.7
<b>Income from Operations</b>	<b>3,396</b>	<b>12.3</b>	<b>70.2</b>	<b>917</b>	<b>12.3</b>	<b>15.7</b>
Non PFRS16 Depreciation & Amortization	943	3.4	34.9	253	3.4	28.9
<b>EBITDA -Adjusted</b>	<b>4,339</b>	<b>15.8</b>	<b>61.1</b>	<b>1,170</b>	<b>15.7</b>	<b>18.3</b>
Interest Income	29	0.1	-47.7	5	0.1	-47.6
<b>Income Before Tax</b>	<b>3,425</b>	<b>12.4</b>	<b>67.1</b>	<b>921</b>	<b>12.4</b>	<b>15.0</b>
Income tax	-863	-3.1	43.6	-229	-3.1	-3.5
<b>Net Income</b>	<b>2,561</b>	<b>9.3</b>	<b>76.8</b>	<b>692</b>	<b>9.3</b>	<b>22.8</b>

<b>Balance Sheet</b>	Audited December 31, 2021	Audited December 31, 2020
Current Assets	17,189	14,390
Noncurrent Assets	15,149	13,828
<b>Total Assets</b>	<b>32,337</b>	<b>28,218</b>
Current Liabilities	8,880	7,621
Noncurrent Liabilities	5,979	5,287
<b>Total Liabilities</b>	<b>14,859</b>	<b>12,908</b>
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Income	100	1
Retained Earnings	7,905	5,836
<b>Total Equity</b>	<b>17,478</b>	<b>15,310</b>

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