



**EARNINGS CONFERENCE CALL**  
**February 24, 2022**

# DISCUSSION AGENDA

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▶ 2021 Operations Updates

▶ Results Highlights

▶ Operating and Financial Statistics

▶ 2022 Outlook

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# Operations Updates



## Store Network Expansion

- Opened 10 new branches
- 9 depots and 1 Home Essentials
- 73 branches by yearend

- ✓ Metro Manila and nearby provinces placed in a bubble labeled NCR+ in end-March to April, stricter quarantine measures in place
- ✓ NCR+ and other areas with elevated Covid-19 cases were placed under ECQ or some form of stricter mobility restrictions from August 6 to October 15
- ✓ Continuous elevated number of Covid-19 cases for most of the 3rd quarter
- ✓ Rolled out the free vaccination program for all employees and their family members nationwide starting in July 2021
- ✓ Sustained downtrend in COVID-19 cases and continuous progress in the vaccination campaign enabled the government to ease restrictions from Oct 16
- ✓ All stores remained open through all the quarantine/alert levels



## Omnichannel Enhancements

- Launched a new and improved e-commerce site in end-May, 2021
- Opened two LazMall shops
- Partnered with Kohler as the fulfilment partner for their E-shop
- Partnered with third-party delivery service for omnichannel deliveries



- Included in the PSEI on October 11, 2021

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# **FOURTH QUARTER 2021 RESULTS**

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# 4Q2021 Results Highlights

## Financial Highlights

- ✓ Php 7.465B Net Sales
- ✓ 9.1% y-o-y Net Sales growth
- ✓ Php 692 Million NIAT
- ✓ 22.8% y-o-y NIAT growth
- ✓ 38.1% GPM
- ✓ 15.7% EBITDAM
- ✓ 12.3% EBITM

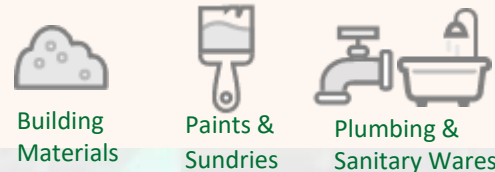
## Comparable Sales Summary

- 0.8% SSSG
- 9.9% Transaction Count
- 12.0% Ticket Size

## Total Sales Mix

50.1%  
In-house & exclusive contribution

Product categories performing better than average growth



## Opened 4 new stores

- Tagum, Davao del Norte
- San Fernando Pampanga
- Dauis, Bohol
- Malaybalay, Bukidnon



# 4th Quarter 2021

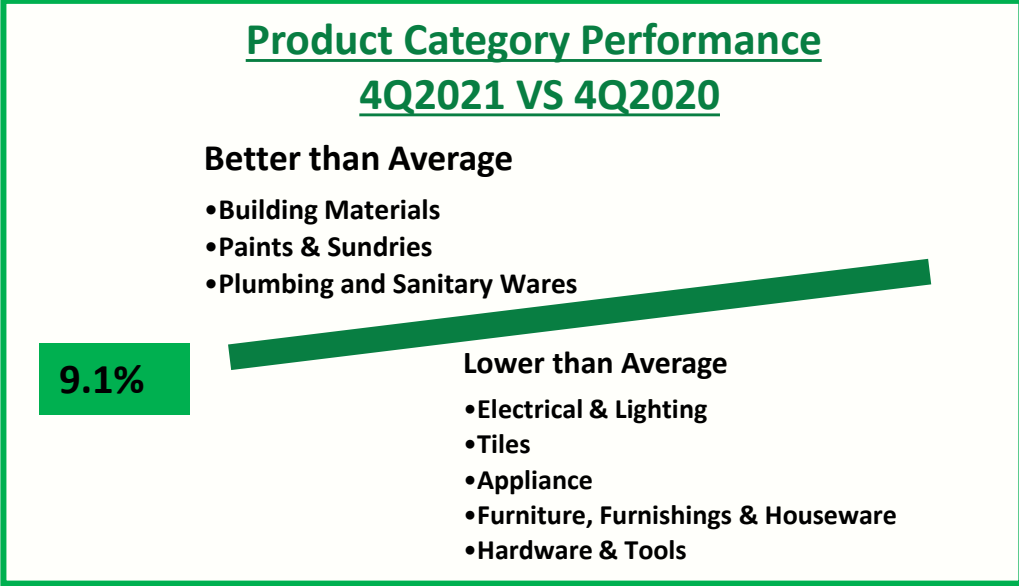
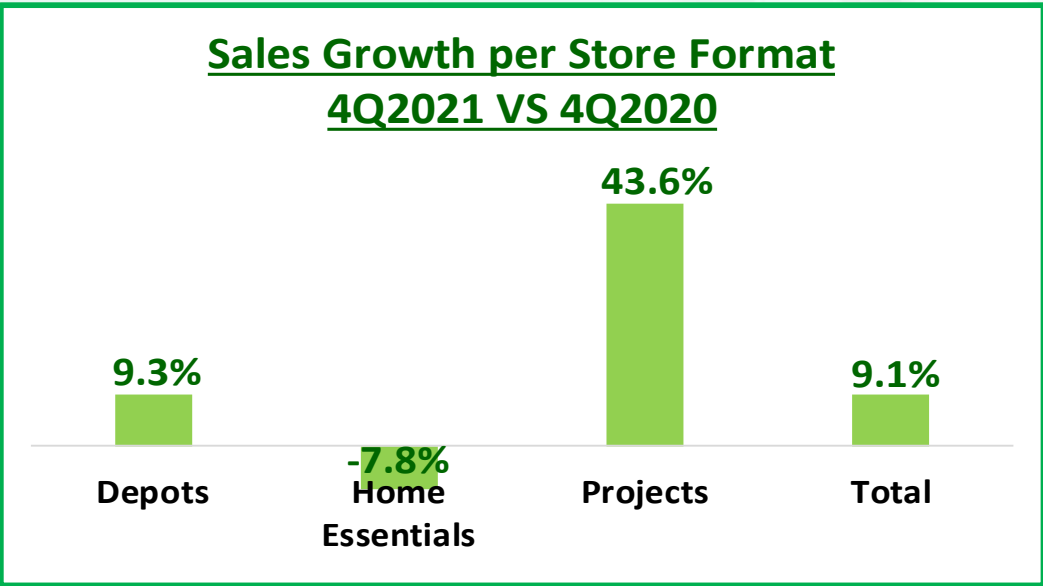
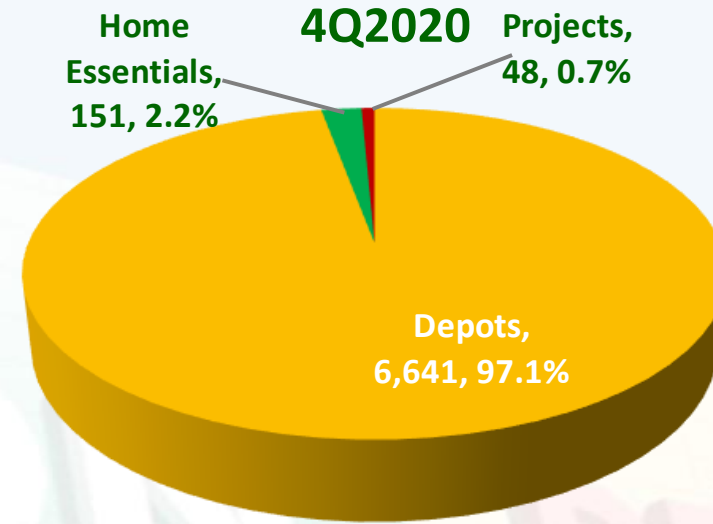
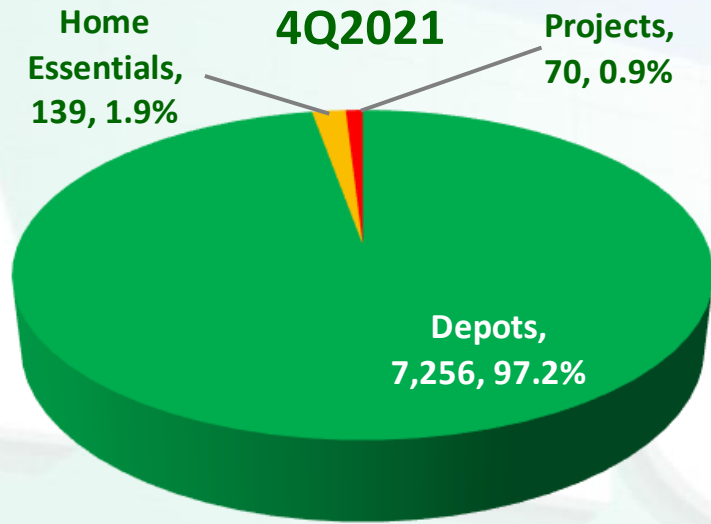
GPM rate increased  
to 38.1%

Lease-related  
expense

(In Php MM)	4Q2021	% Sales	4Q2020	% Sales	% Growth
<b>Net Sales</b>	<b>7,465</b>	<b>100.0</b>	<b>6,840</b>	<b>100.0</b>	<b>9.1</b>
Cost of Sales	-4,621	-61.9	-4,494	-65.7	2.8
<b>Gross Income</b>	<b>2,844</b>	<b>38.1</b>	<b>2,346</b>	<b>34.3</b>	<b>21.2</b>
Operating Expenses	-1,914	-25.6	-1,625	-23.8	17.8
Interest Exp (Lease Liab)	-117	-1.6	-112	-1.6	4.5
Other Income - Net	104	1.4	184	2.7	-43.7
<b>Income from Operations</b>	<b>917</b>	<b>12.3</b>	<b>792</b>	<b>11.6</b>	<b>15.7</b>
Non PFRS16 Depreciation & Amortization	253	3.4	196	2.9	28.9
<b>EBITDA - Adjusted</b>	<b>1,170</b>	<b>15.7</b>	<b>989</b>	<b>14.5</b>	<b>18.3</b>
Interest Income	5	0.1	9	0.1	-47.6
<b>Income Before Tax</b>	<b>921</b>	<b>12.4</b>	<b>801</b>	<b>11.7</b>	<b>15.0</b>
Income tax	-229	-3.1	-238	-3.5	-3.5
<b>Net Income</b>	<b>692</b>	<b>9.3</b>	<b>563</b>	<b>8.2</b>	<b>22.8</b>

# Total Net Sales Breakdown -4Q2021

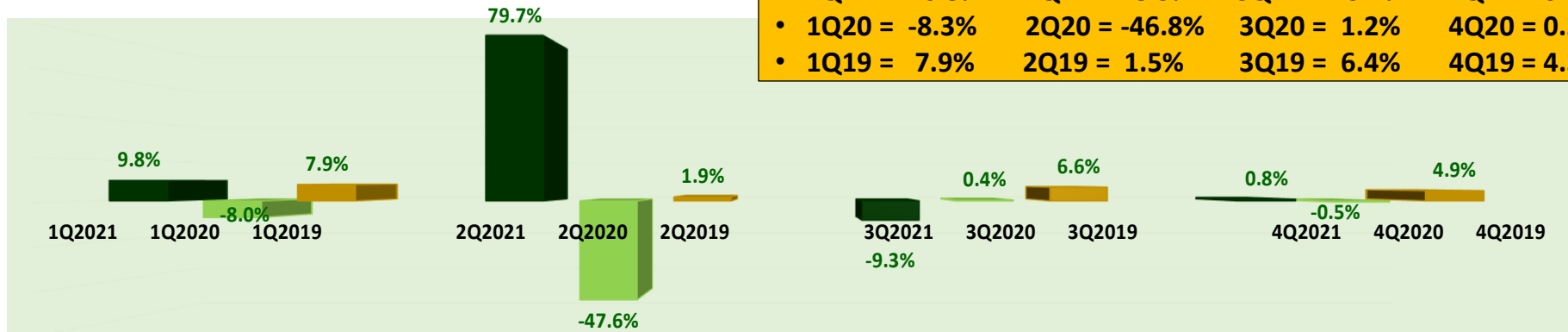
Php Millions





# Comparable Sales Summary

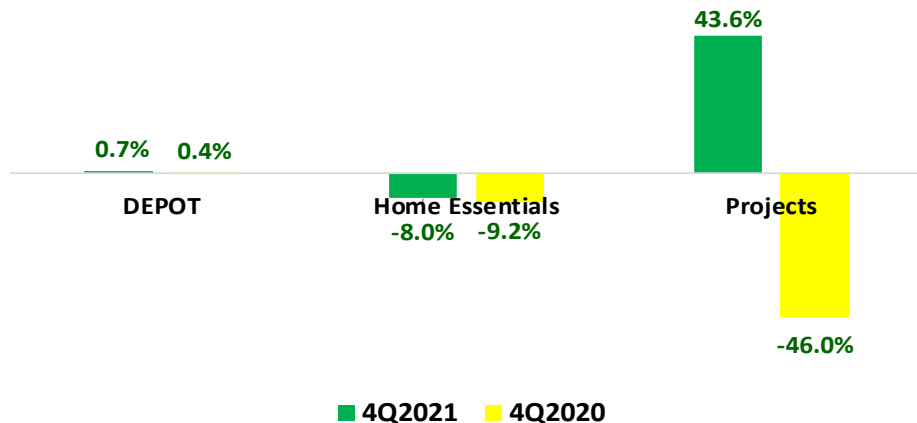
## Quarterly Trend



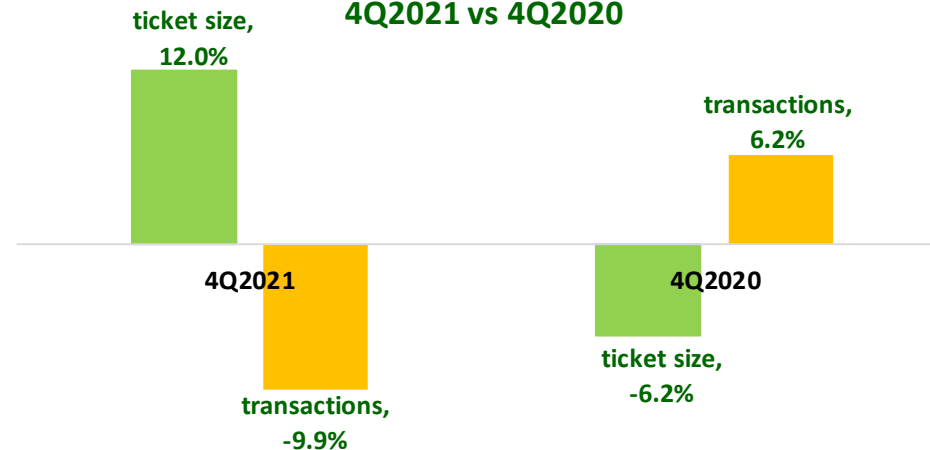
## SSSG Excluding Inst'l/ Projects Sales

- 1Q21 = 10.5%    2Q21 = 78.9%    3Q21 = -9.2%    4Q21 = 0.5%
- 1Q20 = -8.3%    2Q20 = -46.8%    3Q20 = 1.2%    4Q20 = 0.2%
- 1Q19 = 7.9%    2Q19 = 1.5%    3Q19 = 6.4%    4Q19 = 4.3%

## Comparable Sales per Format 4Q2021 vs 4Q2020



## Comparable Ticket Size and Number of Transactions 4Q2021 vs 4Q2020





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# **TWELVE-MONTH 2021 RESULTS**

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# FY2021 Results Highlights

## Financial Highlights

- ✓ Php 27.513B Net Sales
- ✓ 21.6% y-o-y Net Sales growth
- ✓ Php 2.561B NIAT
- ✓ 76.8% y-o-y NIAT growth
- ✓ 37.3% GPM
- ✓ 15.8% EBITDAM
- ✓ 12.3% EBITM

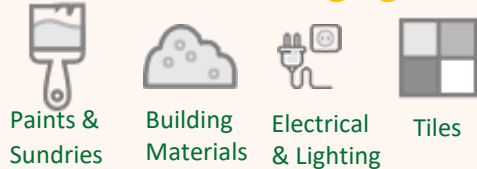
## Comparable Sales Summary

- 12.1% SSSG
- 4.7% Transaction Count
- 7.0% Ticket Size

## Total Sales Mix

49.5%  
In-house & exclusive contribution

Product categories performing better than average growth



**Php 2.161B CAPEX**

**Opened 10 new stores**

- Makato, Aklan
- Commonwealth
- Ormoc, Leyte
- Cordon, Isabela
- Sorsogon City
- Pila, Laguna
- Tagum, Davao
- San Fernando, Pampanga - HE
- Dauis, Bohol
- Malaybalay, Bukidnon





# For Year 2021

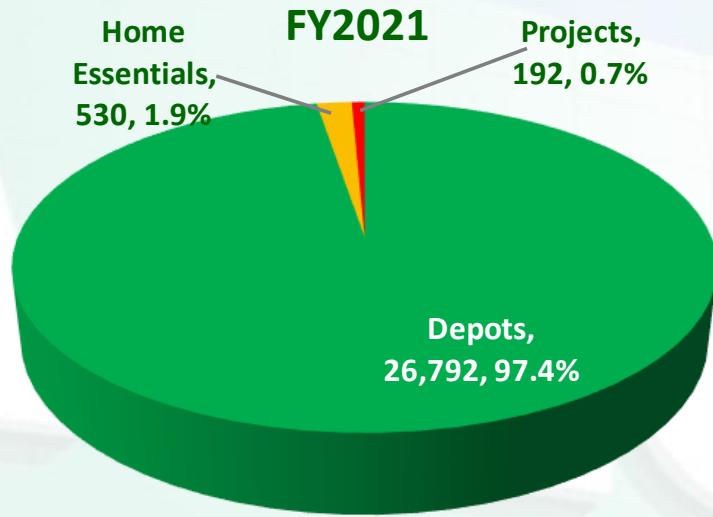
GPM rate increased  
to 37.3%

Lease-related  
expense

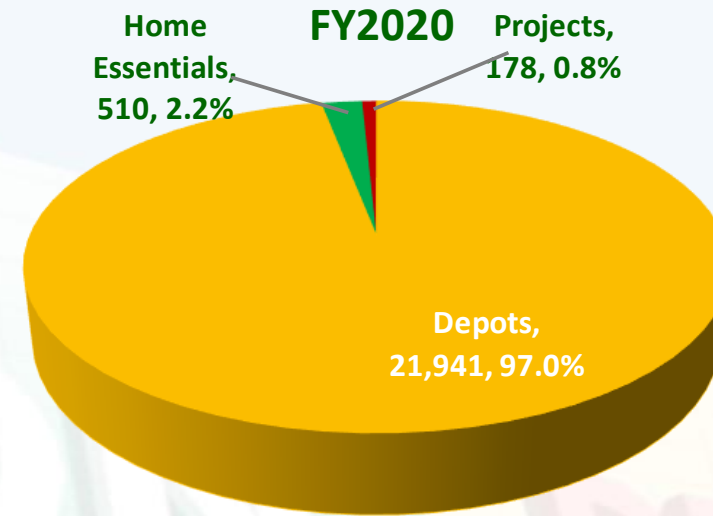
(In Php MM)	FY2021	% Sales	FY2020	% Sales	% Growth
<b>Net Sales</b>	<b>27,513</b>	<b>100.0</b>	<b>22,629</b>	<b>100.0</b>	<b>21.6</b>
Cost of Sales	-17,238	-62.7	-14,847	-65.6	16.1
<b>Gross Income</b>	<b>10,276</b>	<b>37.3</b>	<b>7,782</b>	<b>34.4</b>	<b>32.0</b>
Operating Expenses	-6,732	-24.5	-5,738	-25.4	17.3
Interest Exp (Lease Liab)	-470	-1.7	-429	-1.9	9.6
Other Income - Net	322	1.2	380	1.7	-15.3
<b>Income from Operations</b>	<b>3,396</b>	<b>12.3</b>	<b>1,995</b>	<b>8.8</b>	<b>70.2</b>
Non PFRS16 Depreciation & Amortization	943	3.4	699	3.1	34.9
<b>EBITDA - Adjusted</b>	<b>4,339</b>	<b>15.8</b>	<b>2,694</b>	<b>11.9</b>	<b>61.1</b>
Interest Income	29	0.1	55	0.2	-47.7
<b>Income Before Tax</b>	<b>3,425</b>	<b>12.4</b>	<b>2,050</b>	<b>9.1</b>	<b>67.1</b>
Income tax	-863	-3.1	-601	-2.7	43.6
<b>Net Income</b>	<b>2,561</b>	<b>9.3</b>	<b>1,449</b>	<b>6.4</b>	<b>76.8</b>

# Total Net Sales Breakdown - FY2021

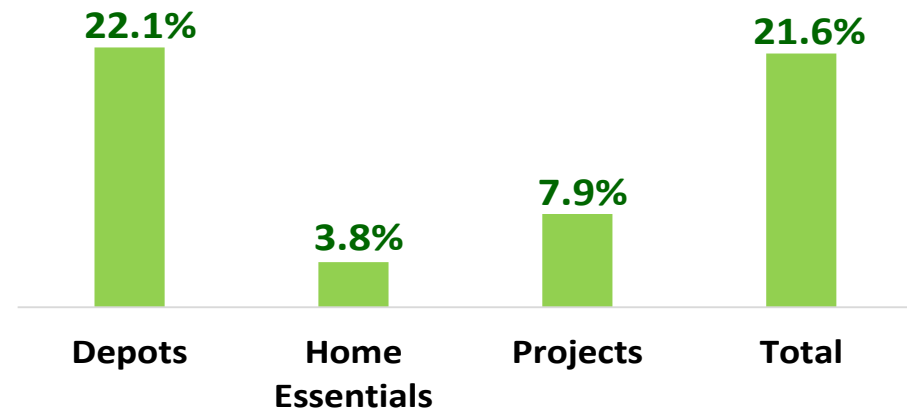
Php Millions



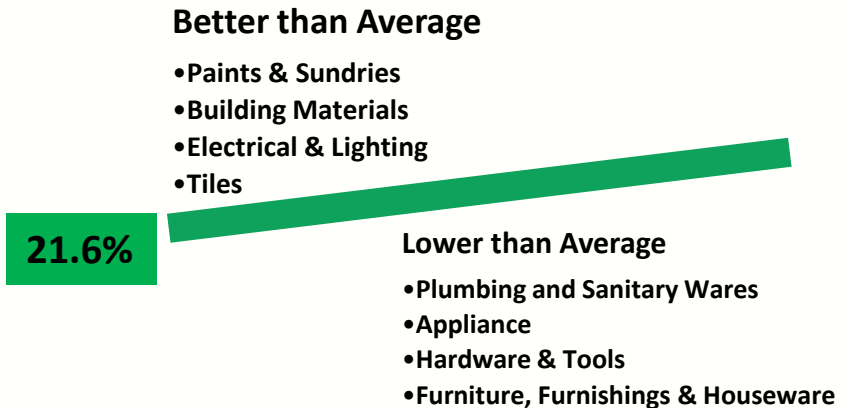
21.6% ↑



## Sales Growth per Store Format FY2021 VS FY2020



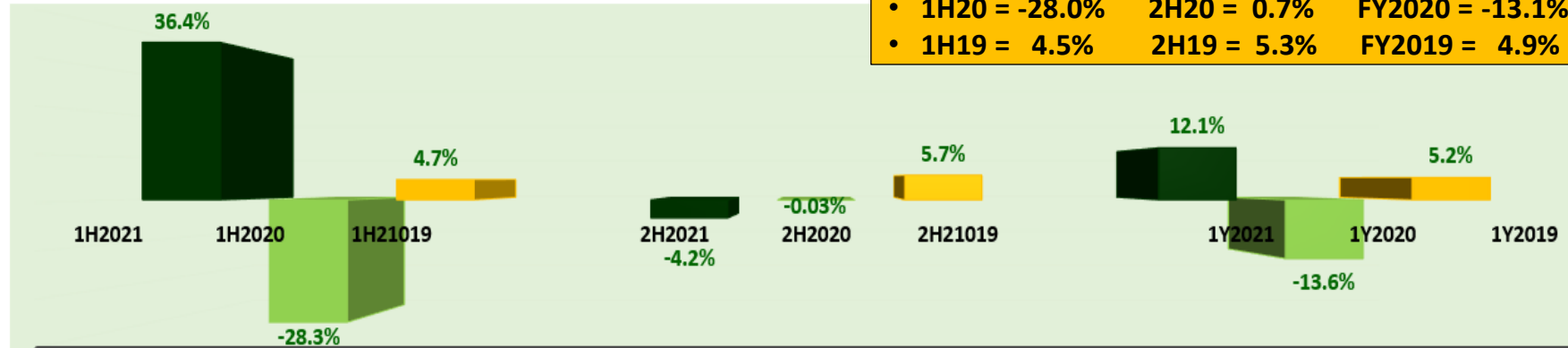
## Product Category Performance FY2021 VS FY2020





# Comparable Sales Summary

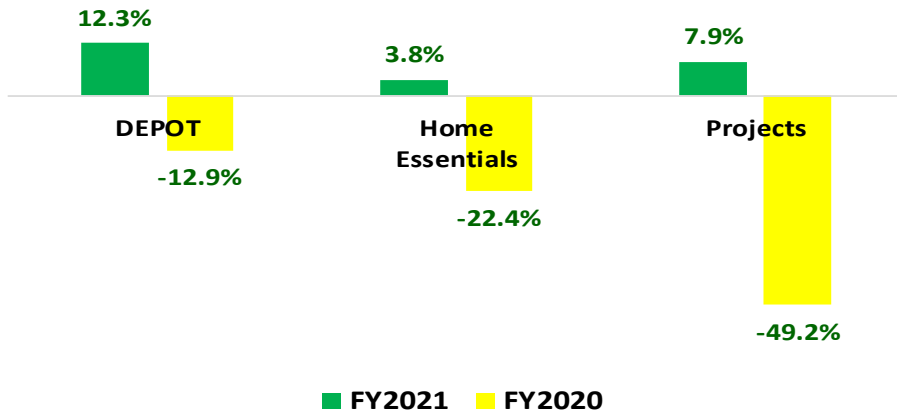
## Semi-annual and Annual Trend



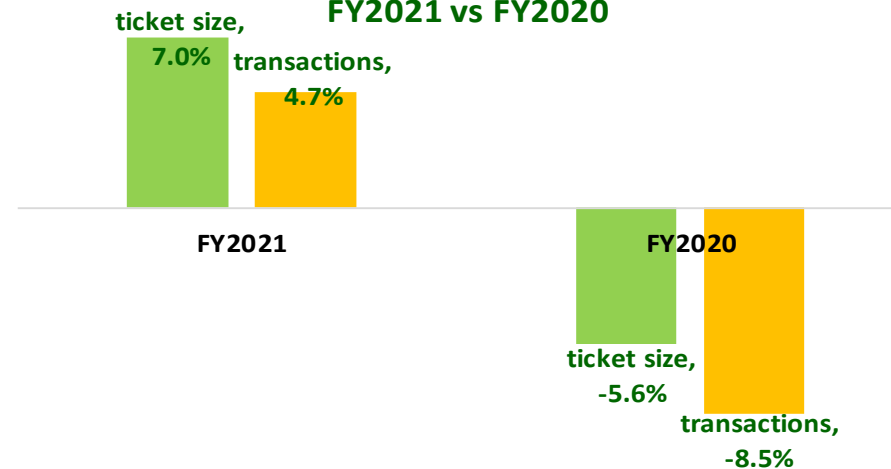
**SSSG Excluding Inst'l/ Projects Sales**

- 1H21 = 36.8%    2H21 = -4.3%    FY2021 = 12.1%
- 1H20 = -28.0%    2H20 = 0.7%    FY2020 = -13.1%
- 1H19 = 4.5%    2H19 = 5.3%    FY2019 = 4.9%

## Comparable Sales per Format FY2021 vs FY2020



## Comparable Ticket Size and Number of Transactions FY2021 vs FY2020



# Balance Sheet

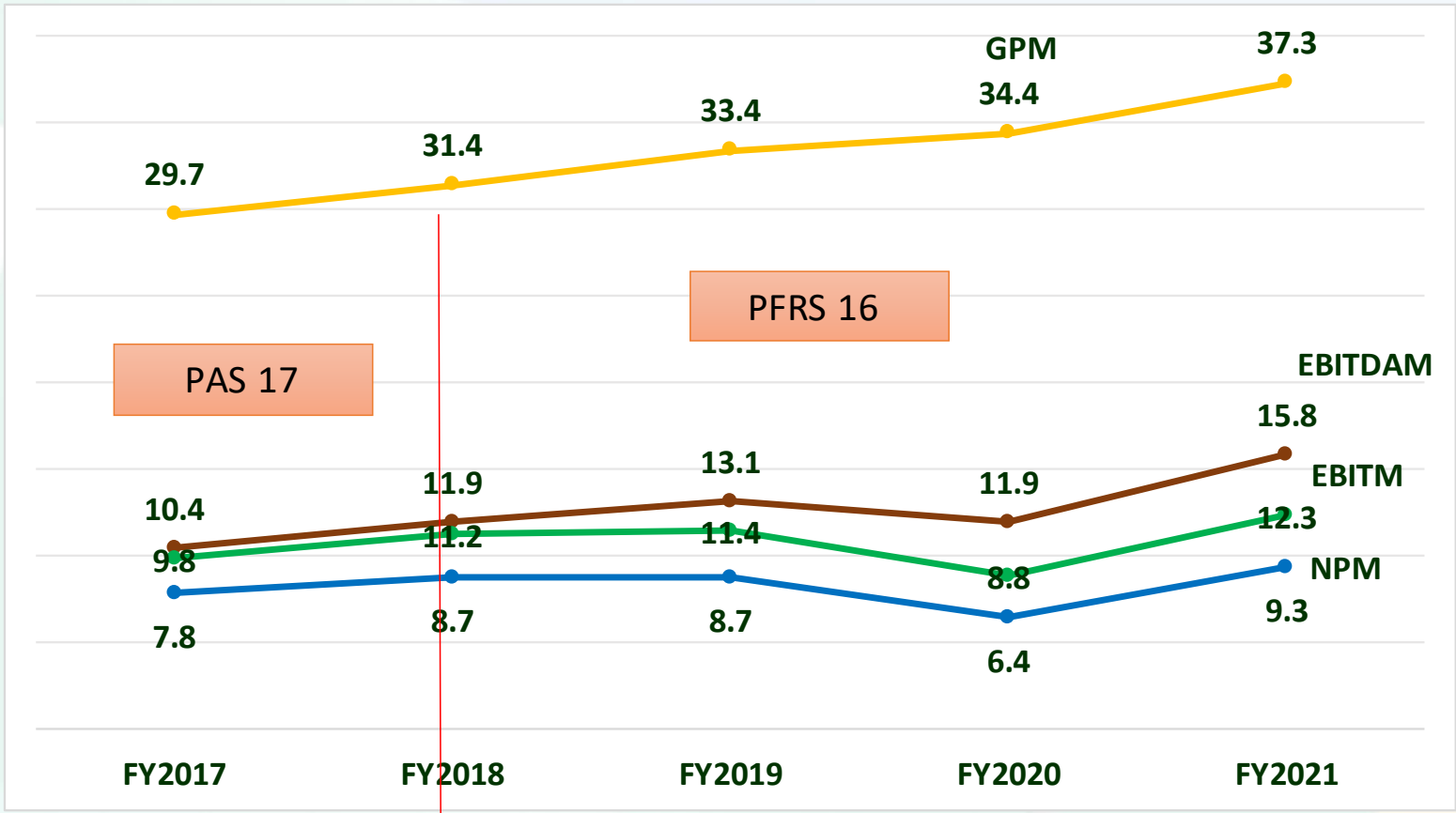
(In Php MM)	Audited Dec 31, 2021	Audited Dec 31, 2020
Current Assets	17,189	14,390
Noncurrent Assets	15,149	13,828
<b>Total Assets</b>	<b>32,337</b>	<b>28,218</b>
Current Liabilities	8,880	7,621
Noncurrent Liabilities	5,979	5,287
<b>Total Liabilities</b>	<b>14,859</b>	<b>12,908</b>
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Loss	100	1
Retained Earnings	7,905	5,836
<b>Total Equity</b>	<b>17,478</b>	<b>15,310</b>
Current ratio	1.94	1.89
Quick ratio	0.50	0.66
Debt to equity ratio	0.85	0.84
Return on asset	7.9%	5.1%
Return on equity	14.7%	9.5%



# FY2021 CAPEX Investment

Capex Breakdown	FY2021 Actual Spent
Expansion-related (new stores, renovations, eqpt, warehouses, etc)	2,008
Solar Panel Project	106
IT Infrastructure and Projects	47
<b>Total CAPEX</b> <i>(in millions Php)</i>	<b>2,161</b>

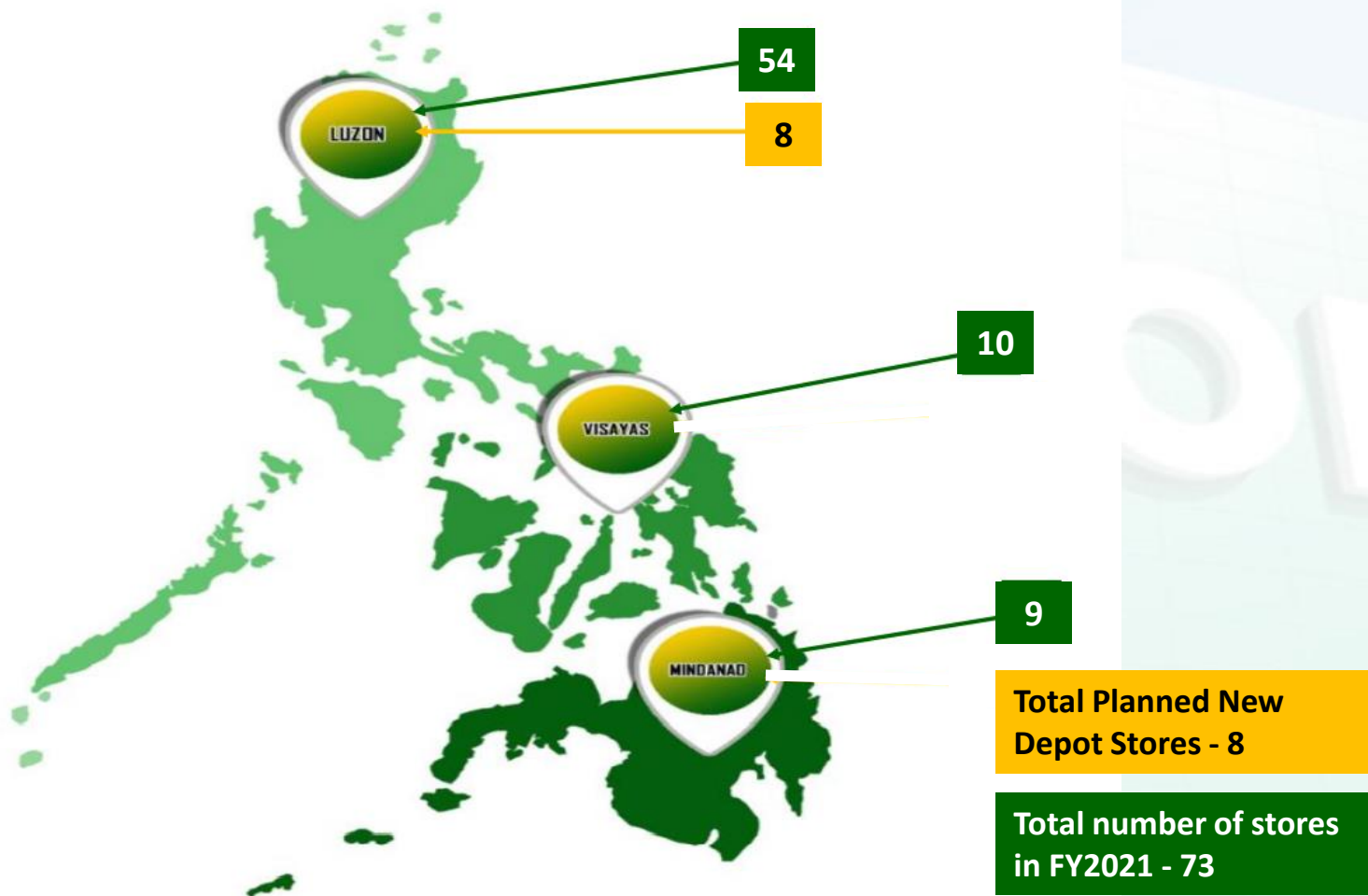
# Margins



Note: ROU depreciation and interest expense charged on lease liability were considered as rent expense for 2019, 2020 and 2021.



# 2022 Planned New Branches



	2022
<b>Beg. Balance</b>	<b>73</b>
1st Half	Mayamot, Antipolo
	Gapan, Nueva Ecija
	Lemery, Batangas
	Bantay, Ilocos Sur
2nd Half	Calapan, Oriental Mindoro
	Abucay, Bataan
	Bauang, La Union
	San Jose, Nueva Ecija
<b>Total, end</b>	<b>81</b>

# FY2022 CAPEX Budget

Capex Breakdown	FY2022 Budget	% Increase y-o-y
Expansion-related (new stores, renovations, eqpt, warehouses, etc)	3,534	76%
Solar Panel Project	236	123%
IT Infrastructure and Projects	176	274%
<b>Total CAPEX</b> <i>(in millions Php)</i>	<b>3,946</b>	<b>83%</b>



# Continue to increase margins thru In-house & Exclusive brands expansion

<p><b>Plumbing and Sanitary</b></p> <p>POZZI SEFA BIRKË Crown Sink</p>	<p><b>Tiles / Flooring</b></p> <p>SAIGRES SOL CERAMICA Arte CERAMICHE VERONA PICASSO MOSAIC</p>	<p><b>Building Materials</b></p> <p>FOREST PRODUCTS p.tech WOODLAND SOLUTHERM</p>	<p><b>Furniture, Furnishing &amp; Houseware</b></p> <p>HEIM HOME ESSENTIALS Heritage SUN CRUST</p>
<p><b>Hardware and Tools</b></p> <p>HILLS DIRECT HARDWARE ELECTRON</p>	<p><b>Electrical and Lighting</b></p> <p>ALPHALUX KAZE</p>	<p><b>Appliances</b></p> <p>Heritage Hamden</p>	



- Improve supply chain management

- Enhance marketing efforts

- Expand product lines/ product offerings

- ✓ Enhance the Company's ability to provide its customers with value for money products
- ✓ Rationalize product offerings



# Store Lay-out, Features and Customer Experience Enhancements

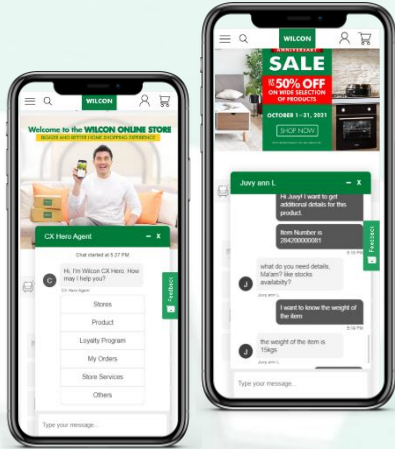
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- Constant innovations in store layout, features and customer experience that add value to our relationship with our customers and consistently differentiate us from competition



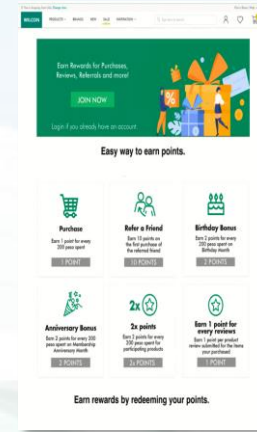
# Omnichannel Initiatives



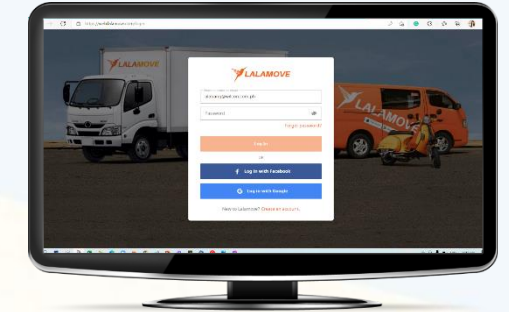
Live Chat Feature



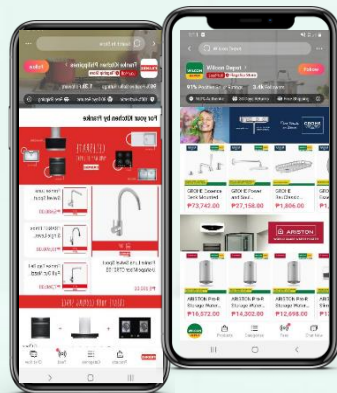
Exclusive Online Shop promotions



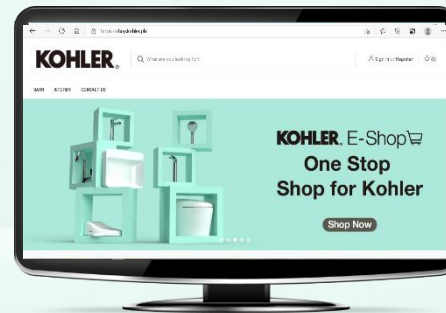
New Wilcon Loyalty Program design



Lalamove Partnership



LazMall Shops



Kohler E-shop



Shopee Mall

# Q & A



**Thank you!**



# Disclaimer

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