



**18th Annual CITIC CLSA
ASEAN FORUM 2022
March 08-09, 2022**

DISCUSSION AGENDA

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- ▶ First Quarter 2022 Situationer
 - ▶ 2021 Operations Highlights
 - ▶ 2021 Financial Results Highlights
 - ▶ Operating and Financial Statistics
 - ▶ 2022 Outlook

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1st Quarter 2022 Updates



PH fully vaccinates 54 million Filipinos

By CNN Philippines Staff
Published Jan 14, 2022 10:48:02 PM

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Metro Manila (CNN Philippines, January 14) — Two weeks after its original target, the Philippine government finally achieved its end-2021 goal of fully vaccinating 54 million people against COVID-19.

The National Task Force against COVID-19 said 54,457,863 people already received full protection against the coronavirus, which represents 70.60% of the country's target population of around 77 million - which the government aims to fully immunize by the first quarter of 2022, and reach 90 million by the end of the second quarter.

TRANSPORTATION IN PHOTOS: Metro Manila under Alert Level 1

Written by CNN Philippines Life Staff
Updated Mar 4, 2022 4:58:35 PM



Health Undersecretary Maria Rosario Vergara said that Alert Level 1 is closer to "living with the virus" but Filipinos should still remain vigilant. Photo by J.C. JAVIER

Good Balita

LOWEST COVID-19 ALERT LEVEL 1 IN EFFECT OVER 38 AREAS IN PHILIPPINES

By The Good News Pilipinas Team - March 1, 2022



ALERT LEVEL MARCH 1-15, 2022

ALERT LEVEL 1

| | | |
|-------------------------|----------------------|---------------------|
| NATIONAL CAPITAL REGION | ISABELA | ROMBLON |
| ABRA | QUIRINO | NAGA CITY |
| APAYAO | ANGELES CITY | CATANDUANES |
| BAGUIO CITY | AURORA | AKLAN |
| KALINGA | BATAAN | BACOLOD CITY |
| DAGUPAN CITY | BULACAN | CAPIZ |
| ILOCOS NORTE | OLONGAPO CITY | GUIMARAS |
| ILOCOS SUR | PAMPANGA | SIQUIJOR |
| LA UNION | TARLAC | BILIRAN |
| PANGASINAN | CAVITE | ZAMBOANGA CITY |
| BATANES | LAGUNA | CAGAYAN DE ORO CITY |
| CAGAYAN | MARINDUQUE | CAMIGUIN |
| CITY OF SANTIAGO | PUERTO PRINCESA CITY | DAVAO CITY |

NCR and 38 areas in the Philippines under Alert Level 1. PCOO Twitter.

- ✓ Metro Manila and most of the country experienced another surge with record number of Covid-19 cases per day the first three weeks of January.
- ✓ Number of cases started to decline towards the end of January.
- ✓ The continued drop in new COVID-19 cases led to the easing of restrictions. Currently at Alert Level 1, the lowest or closest to pre-pandemic normal.
- ✓ PH fully vaccinates 54 million Filipinos representing 70.6% of the country's target population of around 77 million – which the government aims to fully immunize by the first quarter of 2022.
- ✓ All stores remained open through all the quarantine/alert levels.

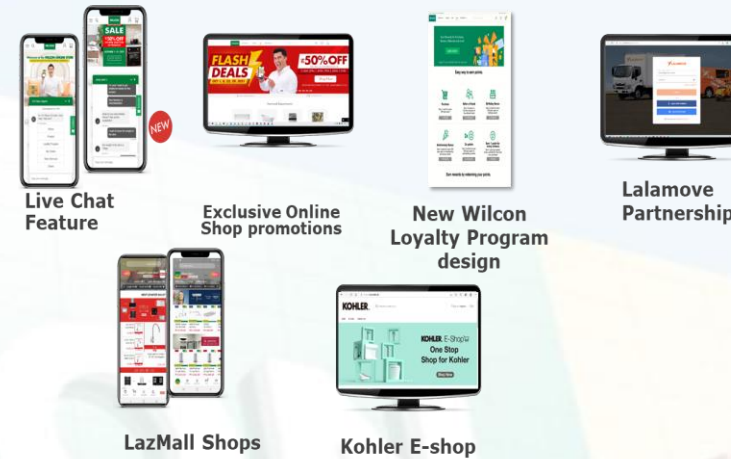
2021 Operations Updates



Store Network Expansion

- Opened 10 new branches
- 9 depots and 1 Home Essentials
- 73 branches by yearend
- Total GFA as of December 31, 2021- 622,935 SQM

- ✓ 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

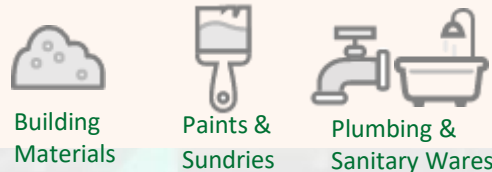
Comparable Sales Summary

- 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

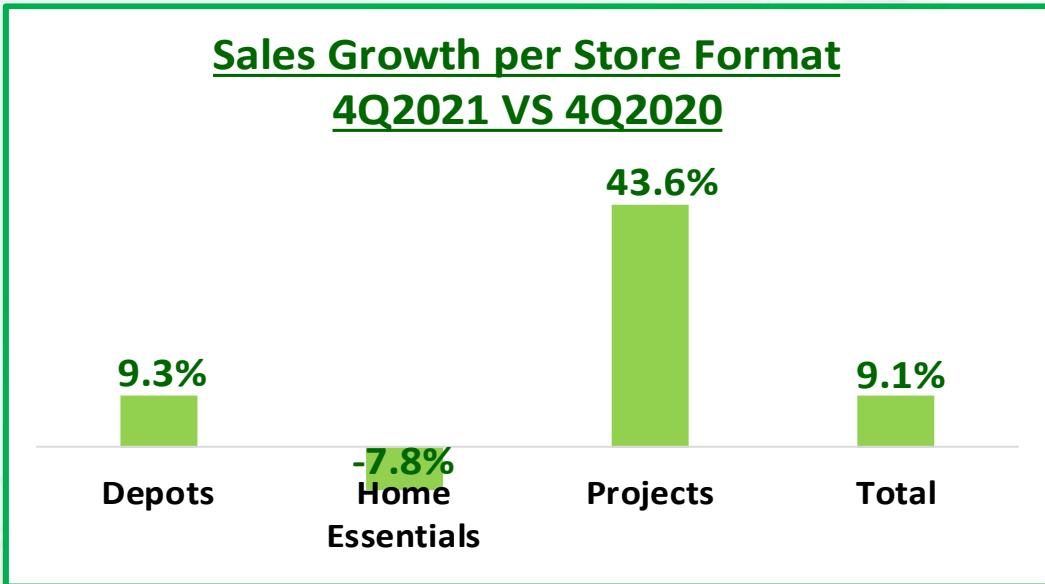
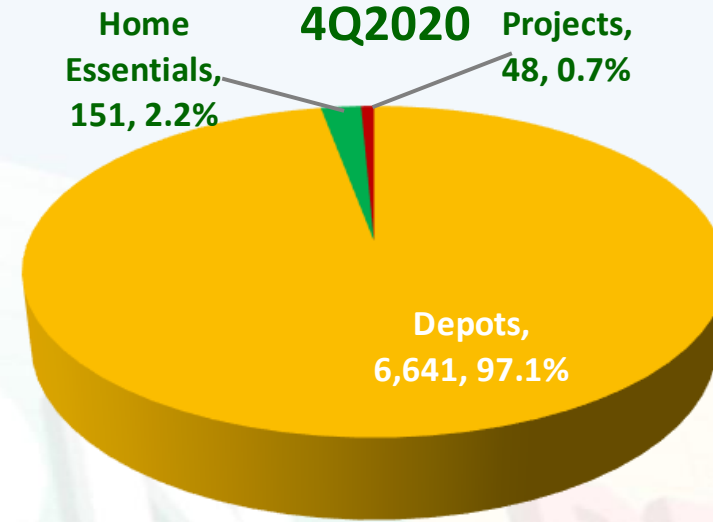
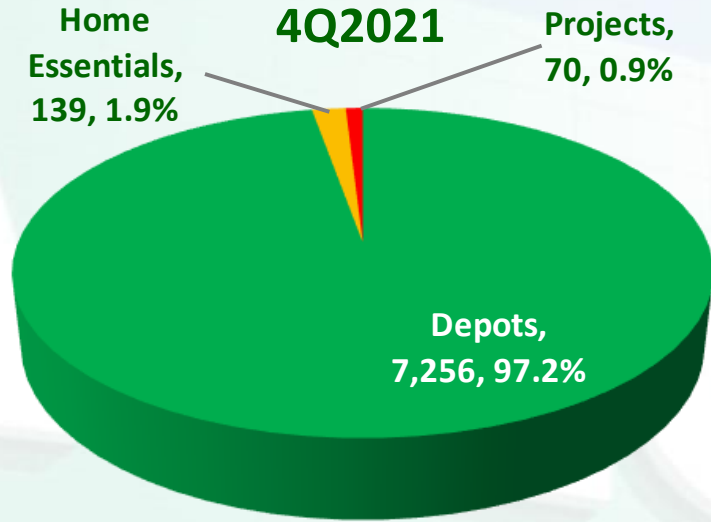
GPM rate increased
to 38.1%

Lease-related
expense

| (In Php MM) | 4Q2021 | % Sales | 4Q2020 | % Sales | % Growth |
|--|--------------|--------------|--------------|--------------|-------------|
| Net Sales | 7,465 | 100.0 | 6,840 | 100.0 | 9.1 |
| Cost of Sales | -4,621 | -61.9 | -4,494 | -65.7 | 2.8 |
| Gross Income | 2,844 | 38.1 | 2,346 | 34.3 | 21.2 |
| 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 |
| Income from Operations | 917 | 12.3 | 792 | 11.6 | 15.7 |
| Non PFRS16 Depreciation & Amortization | 253 | 3.4 | 196 | 2.9 | 28.9 |
| EBITDA - Adjusted | 1,170 | 15.7 | 989 | 14.5 | 18.3 |
| Interest Income | 5 | 0.1 | 9 | 0.1 | -47.6 |
| Income Before Tax | 921 | 12.4 | 801 | 11.7 | 15.0 |
| Income tax | -229 | -3.1 | -238 | -3.5 | -3.5 |
| Net Income | 692 | 9.3 | 563 | 8.2 | 22.8 |

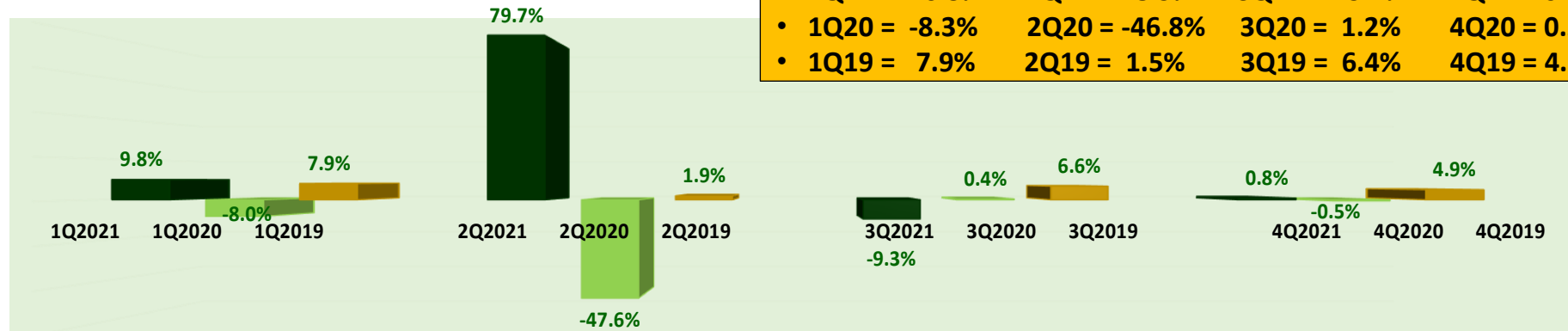
Total Net Sales Breakdown -4Q2021

Php Millions



Comparable Sales Summary

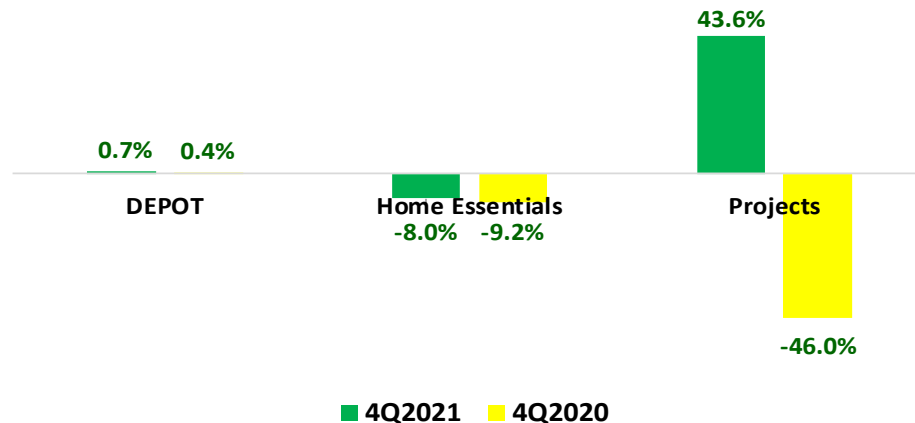
Quarterly Trend



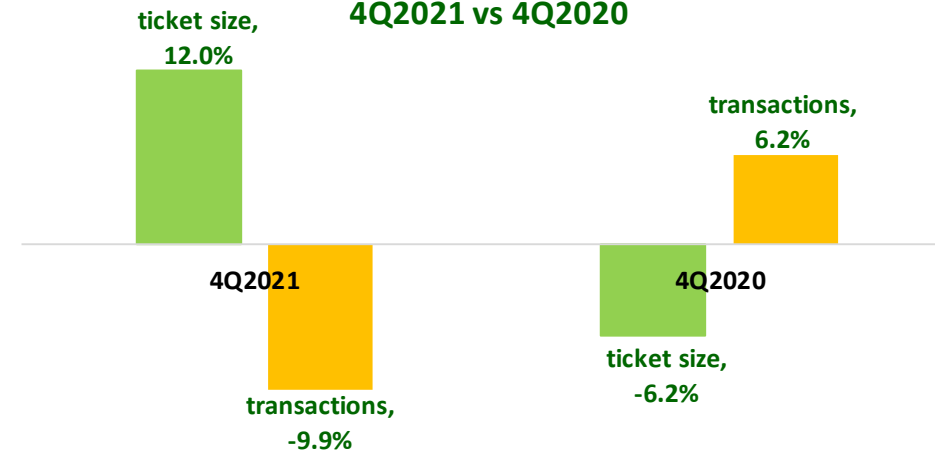
SSSG Excluding Inst'l/ Projects Sales

- 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

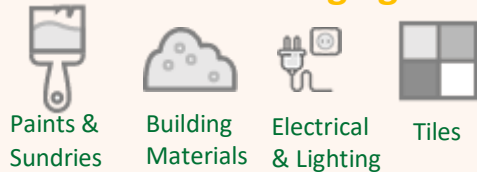
Comparable Sales Summary

- 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

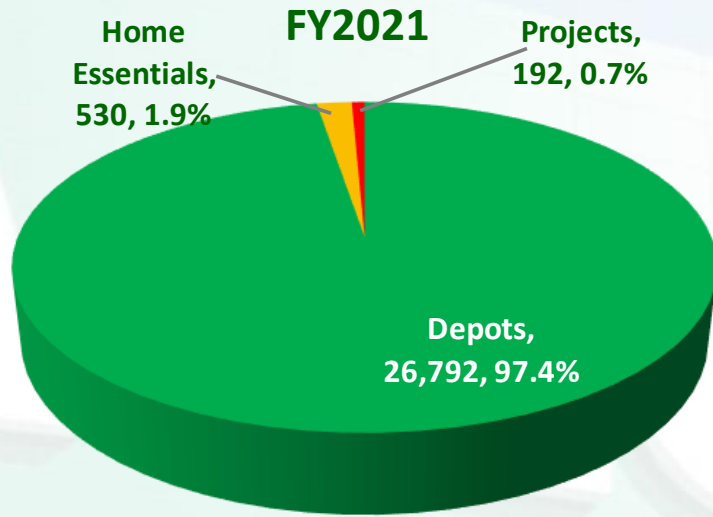
GPM rate increased
to 37.3%

Lease-related
expense

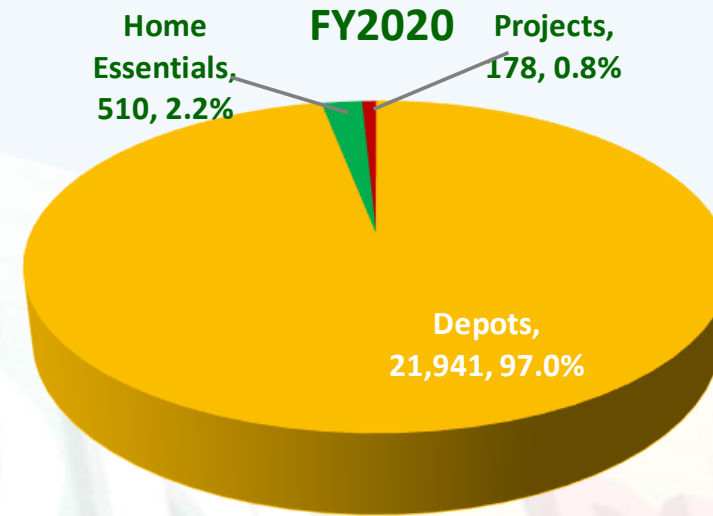
| (In Php MM) | FY2021 | % Sales | FY2020 | % Sales | % Growth |
|--|---------------|--------------|---------------|--------------|-------------|
| Net Sales | 27,513 | 100.0 | 22,629 | 100.0 | 21.6 |
| Cost of Sales | -17,238 | -62.7 | -14,847 | -65.6 | 16.1 |
| Gross Income | 10,276 | 37.3 | 7,782 | 34.4 | 32.0 |
| 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 |
| Income from Operations | 3,396 | 12.3 | 1,995 | 8.8 | 70.2 |
| Non PFRS16 Depreciation & Amortization | 943 | 3.4 | 699 | 3.1 | 34.9 |
| EBITDA - Adjusted | 4,339 | 15.8 | 2,694 | 11.9 | 61.1 |
| Interest Income | 29 | 0.1 | 55 | 0.2 | -47.7 |
| Income Before Tax | 3,425 | 12.4 | 2,050 | 9.1 | 67.1 |
| Income tax | -863 | -3.1 | -601 | -2.7 | 43.6 |
| Net Income | 2,561 | 9.3 | 1,449 | 6.4 | 76.8 |

Total Net Sales Breakdown - FY2021

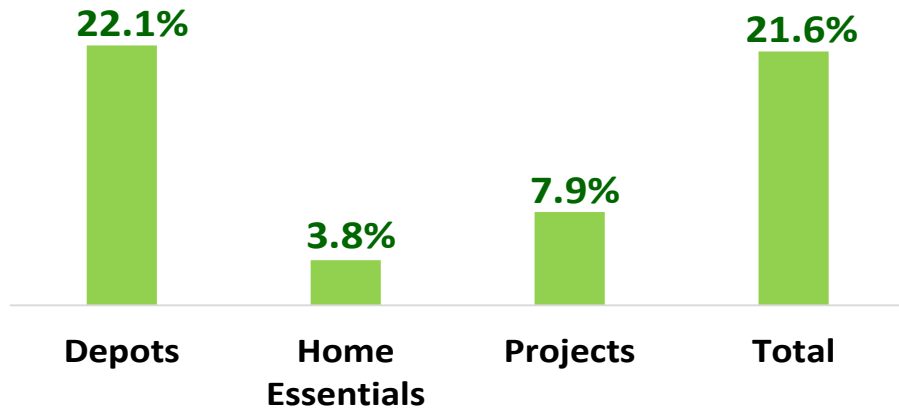
Php Millions



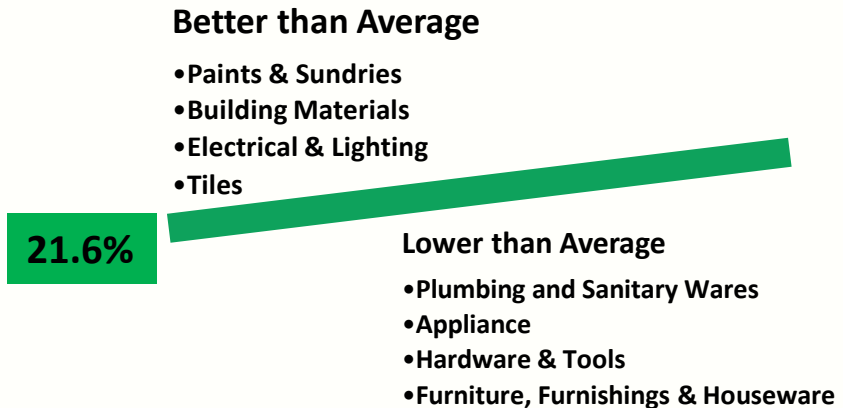
21.6% ↑



Sales Growth per Store Format FY2021 VS FY2020

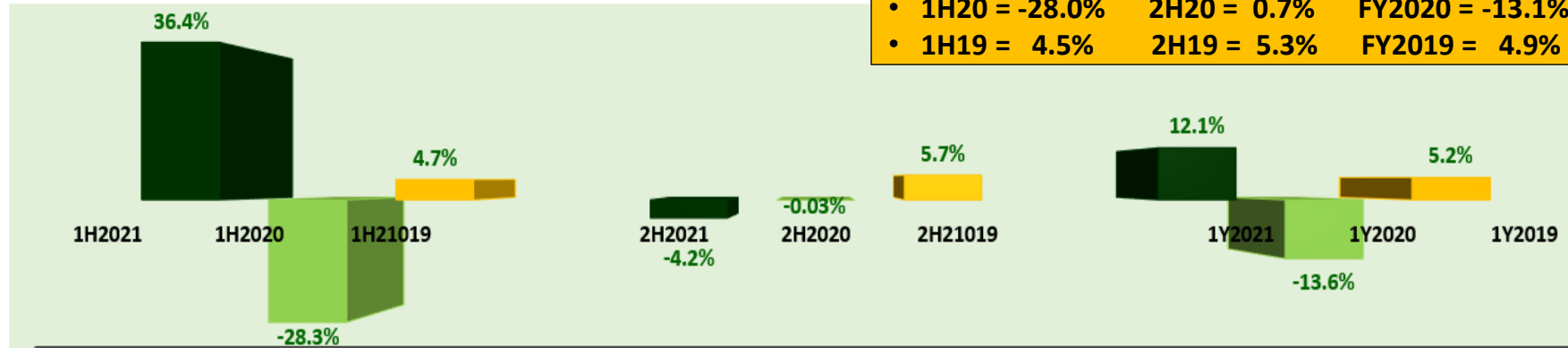


Product Category Performance FY2021 VS FY2020

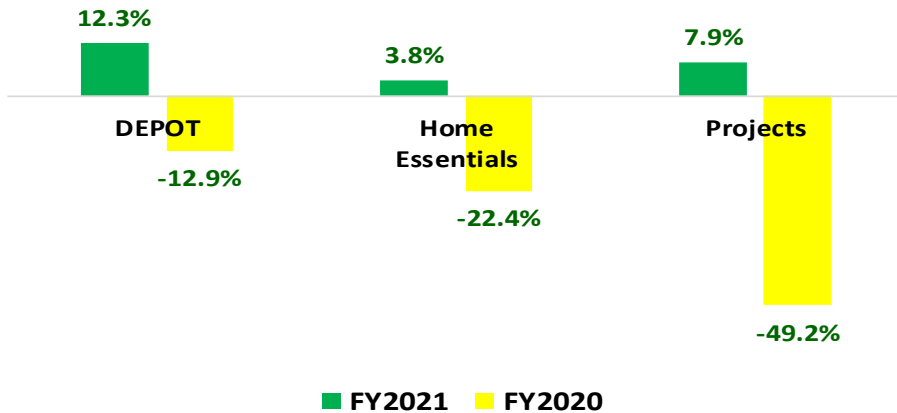


Comparable Sales Summary

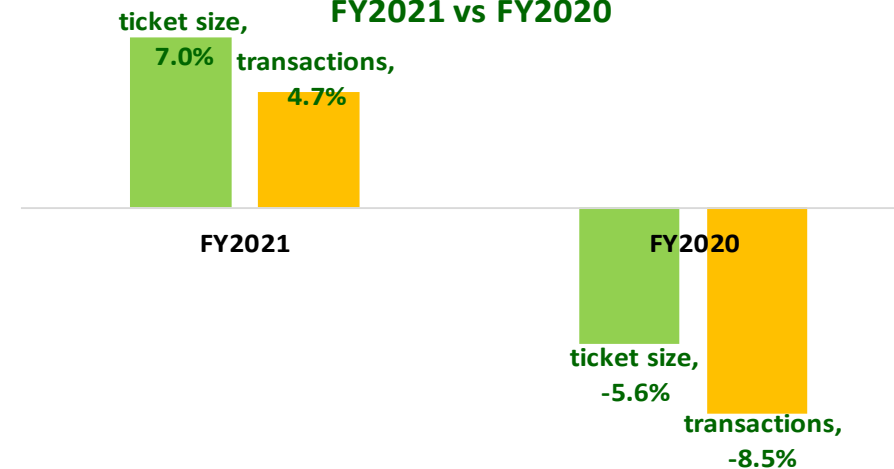
Semi-annual and Annual Trend



Comparable Sales per Format FY2021 vs FY2020



Comparable Ticket Size and Number of Transactions FY2021 vs FY2020



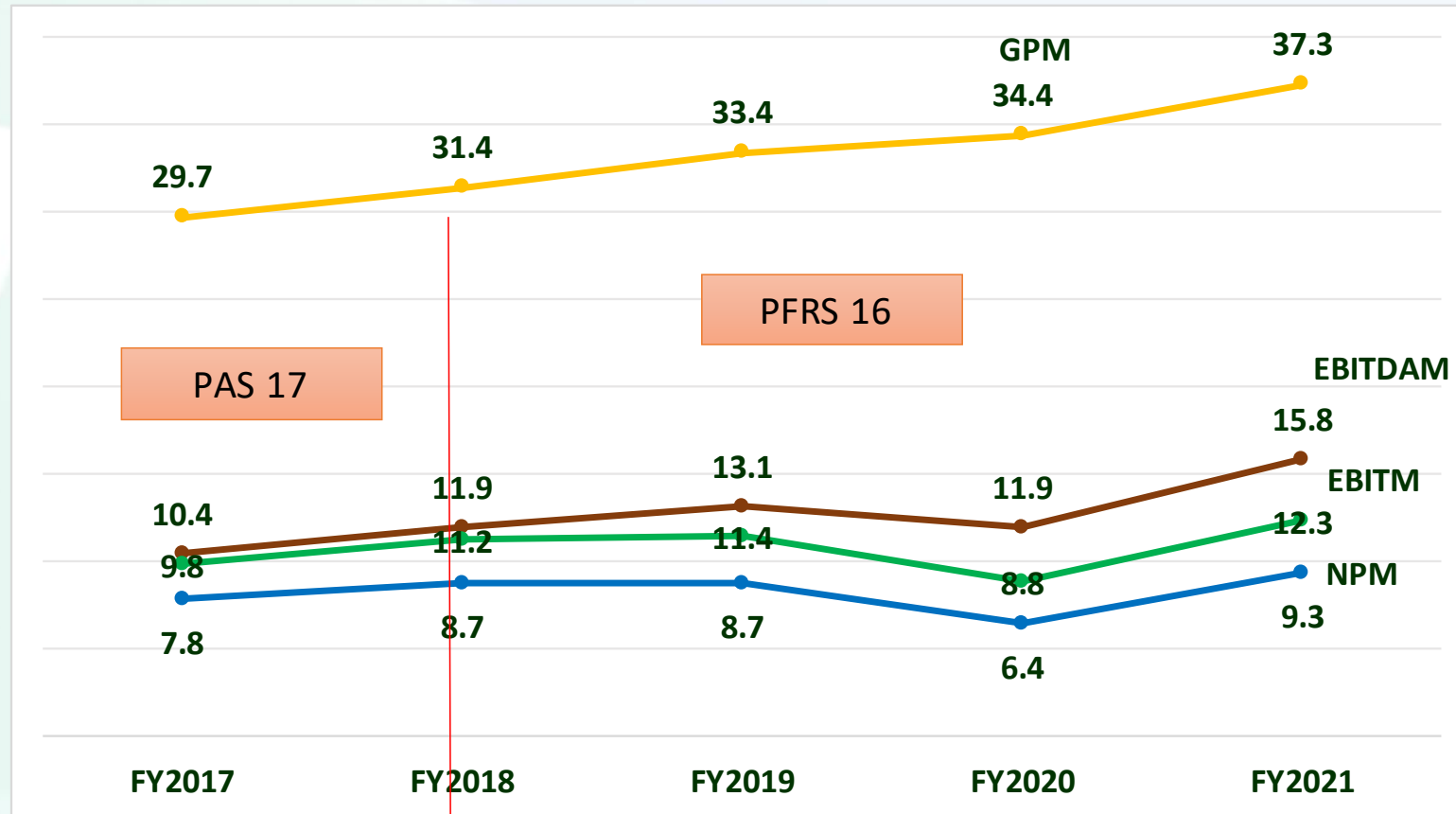
Balance Sheet

| (In Php MM) | Audited Dec 31, 2021 | Audited Dec 31, 2020 |
|----------------------------|----------------------|----------------------|
| Current Assets | 17,189 | 14,390 |
| Noncurrent Assets | 15,149 | 13,828 |
| Total Assets | 32,337 | 28,218 |
| Current Liabilities | 8,880 | 7,621 |
| Noncurrent Liabilities | 5,979 | 5,287 |
| Total Liabilities | 14,859 | 12,908 |
| 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 |
| Total Equity | 17,478 | 15,310 |
| 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

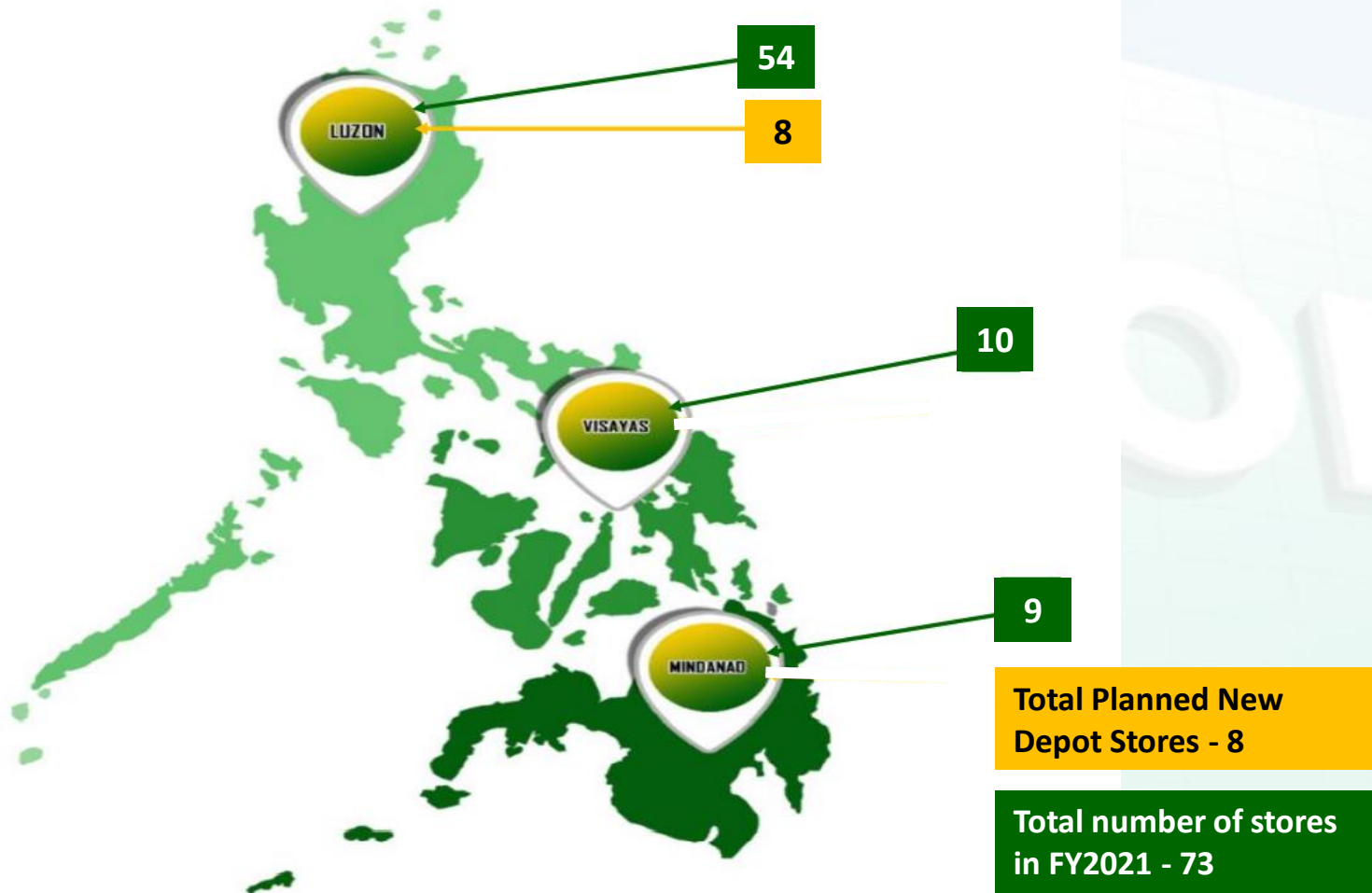
| Capex Breakdown | FY2021 Actual Spent |
|---|---------------------|
| Expansion-related (new stores, renovations, eqpt, warehouses, etc) | 2,008 |
| Solar Panel Project | 106 |
| IT Infrastructure and Projects | 47 |
| Total CAPEX <i>(in millions Php)</i> | 2,161 |

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 |
|---------------------|---------------------------|
| Beg. Balance | 73 |
| 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 |
| Total, end | 81 |

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% |
| Total CAPEX <i>(in millions Php)</i> | 3,946 | 83% |

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

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

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



- Improve supply chain management
- Enhance marketing efforts
- Expand product lines/ product offerings

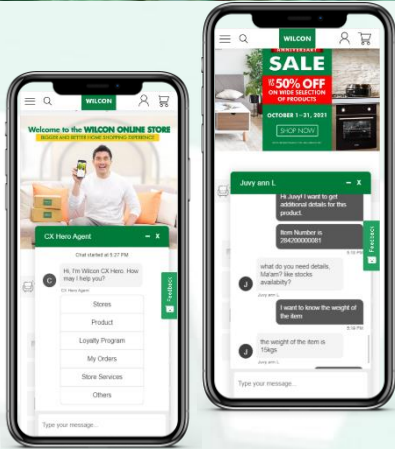
Store Lay-out, Features and Customer Experience Enhancements

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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



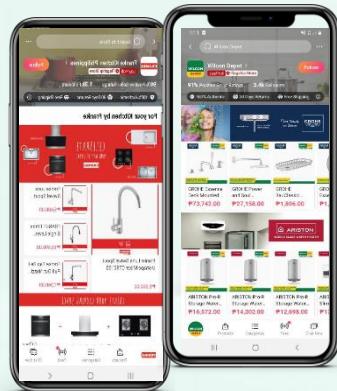
Exclusive Online Shop promotions



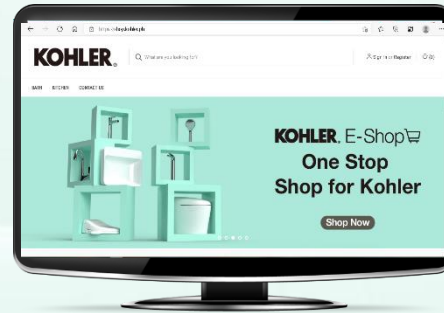
New Wilcon Loyalty Program design



Lalamove Partnership



LazMall Shops



Kohler E-shop



Shopee Mall

Q & A

Thank you!

Disclaimer

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The above contains statements about future events and expectations that constitute “forward-looking statements.” These forward-looking statements include words or phrases such as the Company or its management “believes”, “expects”, “anticipates”, “intends”, “may”, “plans”, “foresees”, “targets”, “aims” “would”, “could” or other words or phrases of similar import. Similarly, statements that describe the Company's objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward looking statements are made based on management’s current expectations or beliefs as well as assumptions made by, and information currently available to, management. These forward-looking statements speak only as at the date of this presentation and nothing contained in this presentation is or should be relied upon as a promise, warranty or representation as to the future. The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

Building Big Ideas

LEADER

Leader in the home improvement and finishing construction supply retail space in the Philippines; 45 years in operation



PIONEER

Revolutionized the construction-supply industry by enhancing customer shopping experience

ONE-STOP SHOP

Offering the complete spectrum of home improvement products



PREFERRED PARTNER

Extensive network of supplier-partners, professional/contractor-customers and wide homeowner customer base

VALUE BRANDS

Strong line-up of quality, value-priced in-house brands



TOP-OF-THE-LINE PRODUCTS

Exclusively carries a number of renowned international and local brands