

# COVER SHEET

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**S.E.C Registration No.**

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(Company's Full name)

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(Principal Office)

**Atty. Sheila Pasicolan - Camerino**

Contact Person

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Tel. No.

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**FORM TYPE**

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Secondary License, (if applicable type)

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Dept. requiring this doc

N/A

Amended Articles number

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Total stockholders

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Domestic

Foreign

To be accomplished by SEC personnel concerned

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Document I.D.

Cashier

<p><b>STAMPS</b></p>
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## **WILCON POSTS P1.0 BILLION SECOND QUARTER 2022 NET INCOME**

- 2Q net sales up 22.8% yoy to P8.29 billion
- Comparable sales growth of 15.0% for 2Q
- P3.226 billion gross profit for 2Q, GPM rate of 38.9%

Wilcon Depot, Inc., the Philippines' leading home improvement and finishing construction supplies retailer, today reported its second quarter and first half 2022 operating and financial results. "We built on our strong first quarter start and delivered our best quarter net sales and earnings so far, this second quarter. We maintained our strategic focus and remained committed to deliver the widest array of home improvement and finishing construction products and consistent excellent customer service despite the continued operating and supply chain challenges," said Lorraine Belo-Cincochan, president and CEO.

### **Second Quarter 2022**

Net income reached P1.006 billion, up 56.4% or P363 million year-on-year for the quarter. The jump is attributable to higher volume of business and to the gross profit margin expansion partly offset by the increase in operating expenses.

There were less pandemic-related disruptions during the quarter versus the same period last year, hence, comparable sales grew 15.0%. Meanwhile, net sales rose higher at 22.8% or P1.540 billion to P8.290 billion as the company continued with its store network expansion. Two new depots were added during the quarter, both in Luzon, bringing to 76 the total number of branches at the close of the period.

Gross profit increased by 29.4% or P734 million year-on-year to P3.226 billion due mainly to the increase in the contribution of higher margin products. Exclusive and in-house brands contributed 51% of total sales from 49% during the same period last year.

Operating expenses including lease-related interest expense likewise grew by 14.4% or P247 million year-on-year to total P1.967 billion in view mainly of the increase in the volume of business from both old and new stores and inflation.

Rent and net other income closed higher by 5.3% or P4 million totaling P77 million for the quarter due mainly to the increased volume of business. Non-operating income mainly from interest on placements totaled P3 million, down from the prior year's P8 million as internally generated funds were used for capital expenditure and dividend distribution. Cash dividends of P819 million were distributed to stockholders in April 2022.

### **First Half 2022**

In parallel, first half net income reached P1.856 billion, up 49% or P609 million year-on-year driven mainly by higher net sales and gross profit margin partly offset by increased operating expenses.

Net sales for the half totaled P15.942 billion, up 18.7% or P2.516 billion year-on-year due mainly to the growth in comparable sales of 11.8% and the contribution of new stores. Three new depots were opened during the half, all in Luzon. Sales from depot format stores accounted for 97.5% of the total at P15.538 billion and hence driving company-wide results. Home Essentials format stores accounted for 1.8% and

project sales the remaining 0.7%. As the expansion plan is presently focused on the depot format, the percentage share to total net sales of the Home Essentials' sales and of Project sales are not expected to substantially grow in the short to medium term.

Gross profit grew by 25.3% or P1.244 billion to reach P6.158 billion for the half traced mainly to the increased contribution of higher margin products and the expansion of the gross profit margin rates of both the exclusives including in-house brands and the non-exclusive brands. In-house and exclusive brands' contribution increased from 49.3% to 51.1% for the half.

Operating expenses including lease-related interest expense totaled P3.852 billion for the half, up 13.7% or P464 million year-on-year due mainly to expansion-related expenses, higher volume of business and inflation.

Rent and net other income totaled P161 million, up 21.9% or P29 million year-on-year due to increased collection and higher volume of business. Non-operating interest income and forex gain dropped to P6 million from P18 million due primarily to lower investible funds. Capital expenditure for the half amounted to P1.347 billion.

Ms. Belo-Cincochan added, "We are on track to meet our expansion target of eight new depots for the year. This July, we opened one depot in Ilocos Sur and one Home Essentials in Tagaytay. We will be opening four more depots this second half. With the improving performance of stores in areas that were more frequently disrupted by mobility restrictions last year, we expect our net sales to grow by at least high teens and our comparable sales by high-single digit to low teens for the full year 2022".

## **FINANCIAL HIGHLIGHTS**

(In Php MM)	1H2022	% Sales	% Growth y-o-y	2Q2022	% Sales	% Growth y-o-y
<b>Net Sales</b>	<b>15,942</b>	<b>100.0</b>	<b>18.7</b>	<b>8,290</b>	<b>100.0</b>	<b>22.8</b>
Cost of Sales	-9,784	-61.4	14.9	-5,064	-61.1	18.9
<b>Gross Income</b>	<b>6,158</b>	<b>38.6</b>	<b>25.3</b>	<b>3,226</b>	<b>38.9</b>	<b>29.4</b>
Operating Expenses	-3,606	-22.6	14.3	-1,840	-22.2	14.8
Interest Exp (Lease Liab)	-246	-1.5	5.5	-127	-1.5	8.7
Other Income - Net	161	1.0	21.9	77	0.9	5.3
<b>Income from Operations</b>	<b>2,467</b>	<b>15.5</b>	<b>48.7</b>	<b>1,337</b>	<b>16.1</b>	<b>57.9</b>
Non PFRS16 Depreciation & Amortization	537	3.4	20.5	273	3.3	19.0
<b>EBITDA -Adjusted</b>	<b>3,005</b>	<b>18.8</b>	<b>42.8</b>	<b>1,610</b>	<b>19.4</b>	<b>49.6</b>
Non-operating other income	6	0.0	-66.4	3	0.0	-61.9
<b>Income Before Tax</b>	<b>2,473</b>	<b>15.5</b>	<b>47.5</b>	<b>1,340</b>	<b>16.2</b>	<b>56.8</b>
Income tax	-617	-3.9	43.8	-334	-4.0	58.1
<b>Net Income</b>	<b>1,856</b>	<b>11.6</b>	<b>48.8</b>	<b>1,006</b>	<b>12.1</b>	<b>56.4</b>

<b>Balance Sheet</b>	Unaudited June 30, 2022	Audited December 31, 2021
Current Assets	16,214	17,189
Noncurrent Assets	17,621	15,149
<b>Total Assets</b>	<b>33,834</b>	<b>32,337</b>
Current Liabilities	7,971	8,880
Noncurrent Liabilities	7,390	5,979
<b>Total Liabilities</b>	<b>15,361</b>	<b>14,859</b>
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Income	100	100
Retained Earnings	8,900	7,905
<b>Total Equity</b>	<b>18,474</b>	<b>17,478</b>

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.