

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

(02) 8634-8387

Tel. No.

PRESS RELEASE

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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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File Number

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Document I.D.

Cashier

STAMPS

Item. 9. Other Events

Please see attached Press Release of Wilcon entitled "*WILCON DEPOT POSTS P1.8B FIRST HALF 2023 NET INCOME*"

SIGNATURES

Registrant Atty. Sheila P. Pasicolan - Camerino
Title Asst. Corporate Secretary/Compliance Officer

Signature



Date

27 July 2023

WILCON DEPOT POSTS P1.8 B FIRST HALF 2023 NET INCOME

- *First half 2023 net sales of P17.152 billion, up 7.6% year-on-year*
- *Gross profit of P6.771 billion, up 9.9% year-on-year,*
- *GPM rate of 39.5%*

Wilcon Depot, Inc., the country's leading home improvement and finishing construction supplies retailer, today reported net income of P1.818 billion for the first half of 2023, down by 2.1% or P38 million year-on-year as total sales growth slowed down while operating expenses growth accelerated, partly offset by gross profit margin expansion and increase in operations-related other income.

Wilcon's President and CEO, Ms. Lorraine Belo-Cincochan, said that, "we had a slower growth in the second quarter mainly due to the decline in foot traffic in our old stores. We have a high base since there was pent up demand for the same period last year as we just came out of the Omicron surge plus there was a slowdown in private construction especially in April with its consecutive long weekends. Historically, months with longer holiday stretches were periods with relatively lower sales since construction projects are usually also paused to save on labor cost or homeowners go on holiday themselves. While our sales still grew modestly in the 2nd quarter, this was not enough to cover the increases in our fixed costs, which comprises the bulk of our opex." She added that despite a seeming softening of demand this year in the home improvement sector, Wilcon remains committed to its expansion plan. "We are still pursuing our expansion plans at our current pace. We want to be ready and conveniently within reach by our customers when demand picks up. We have opened four new stores so far and tomorrow we are opening another depot. We still have seven ongoing construction projects, not including several that are in the planning or permitting stage, which are set to be opened next year," Ms. Belo-Cincochan further said.

1st Half 2023 Results Highlights

Net sales for the half amounted to P17.152 billion, 7.6% or P1.21 billion higher year-on-year. The increase was mainly driven by the contribution of new stores as comparable sales growth was flattish at -0.2% for the half. Comparable ticket size expanded by 4.3% offset by the drop in transaction count by 4.3%.

Four (4) new stores were added during the half while two bottom-dwelling, smaller format branches were closed, ending the half with 85 stores. The depot format accounted for 97% of net sales, the home essentials format 2% and the remaining 1% by project sales.

Gross profit increased by 9.9% or P612 million to total P6.771 billion driven mainly by the expansion in gross profit margin from 38.6% to 39.5% year-on-year. In-house and exclusive brands' margin increased enough to overturn the impact of the slight drop in contribution to net sales from 51.1% to 50.7%.

Operating expenses including lease-related interest expense increased 21.4% or P825 million year-on-year to close at P4.677 billion. Expansion-related expenses primarily drove the increase particularly depreciation and amortization and manpower expenses. Eleven stores were opened from the third quarter of last year to end-June this year.

Other income jumped 93.7% or P151 million to close at P313 million for the half traced mainly to the rebate received from a trade supplier for a promotional activity in the first quarter plus the increase in the usual rent and other income from suppliers and delivery fees from customers.

As a result of the flat comparable sales growth coupled with the increase in operating expenses, net income for the half dipped to P1.818 billion, lower by 2.1% or P38 million year-on-year.

2nd Quarter 2023 Results Highlights

Net sales for the quarter amounted to P8.624 billion, up 4.0% or P334 million year-on-year traced mainly to the contribution of below one-year stores. Slowdown in foot traffic and transaction count in old stores drove company-wide comparable sales (same store sales growth) to decline 3.4% year-on-year. Comparable transaction count dropped by 7.4% while comparable ticket size still grew by 4.4%.

Two stores were opened during the quarter, one depot in Luzon and one smaller format in Mindanao.

Gross profit increased by 5.6% or P181 million in the 2nd quarter to settle at P3.408 billion, attributed mainly to the expansion in gross profit margin from 38.9% to 39.5%.

Operating expenses including lease-related interest expense likewise grew by 20.2% or P397 million year-on-year to total P2.364 billion. The increase is mainly attributable to expansion-related expenses.

Rent and net other income closed higher by 23.1% or P18 million totaling P95 million for the quarter due mainly to the increase in supplier support for marketing and promotional expenses.

In view of the decline in comparable sales and the increase in operating expenses, net income for the quarter slid by 14.9% or P150 million year-on-year.

Cash dividends of P1.517 billion were distributed in April 2023.

FINANCIAL HIGHLIGHTS

(In Php MM)	1H2023	% Sales	% Growth y-o-y	2Q2023	% Sales	% Growth y-o-y
Net Sales	17,152	100.0	7.6	8,624	100.0	4.0
Cost of Sales	-10,381	-60.5	6.1	-5,217	-60.5	3.0
Gross Income	6,771	39.5	9.9	3,408	39.5	5.6
Operating Expenses	-4,367	-25.5	21.1	-2,207	-25.6	19.9
Interest Exp (Lease Liab)	-310	-1.8	26.0	-156	-1.8	23.3
Other Income - Net	313	1.8	93.7	95	1.1	23.1
Income from Operations	2,407	14.0	-2.5	1,139	13.2	-14.8
Non PFRS16 Depreciation & Amortization	628	3.7	16.9	319	3.7	16.9
EBITDA -Adjusted	3,035	17.7	1.0	1,458	16.9	-9.4
Non-operating other income	13	0.1	115.1	1	0.0	61.4
Income Before Tax	2,420	14.1	-2.2	1,141	13.2	-14.9
Income tax	-602	-3.5	-2.5	-285	-3.3	-14.8
Net Income	1,818	10.6	-2.1	856	9.9	-14.9

Balance Sheet	Unaudited June 30, 2023	Audited December 31, 2022
Current Assets	17,367	17,385
Noncurrent Assets	19,407	18,258
Total Assets	36,774	35,643
Current Liabilities	8,026	7,659
Noncurrent Liabilities	7,904	7,441
Total Liabilities	15,930	15,100
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Income	177	177
Retained Earnings	11,193	10,893
Total Equity	20,844	20,543

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.