



# Analysts' Briefing Wilcon Depot, Inc.

December 2017



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# Discussion Agenda

WILCON

DEPOT

**1** Company Overview

**2** Strategy Overview

**3** Financial Results

**4** Outlook



**SECTION 1**

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# Overview of Wilcon Depot, Inc.



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing



Leader in the home improvement and construction supply retail space in the Philippines; 40 years in operation

One-stop shop offering the complete spectrum of home improvement products

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

Exclusively carries a number of renowned international and local brands

Revolutionized the construction-supply industry by enhancing customer shopping experience





# Brief Background

WILCON

DEPOT

5

Initial Public Offering of WDI



2017

4

Establishment of WDI and transfer of retail operations from WC to WDI



2015-2016

3

Major re-branding; consolidation of operations under one entity (WBDI, now WC); enhanced exclusive and in-house brand offerings



2009-2014

2



2002-up

1

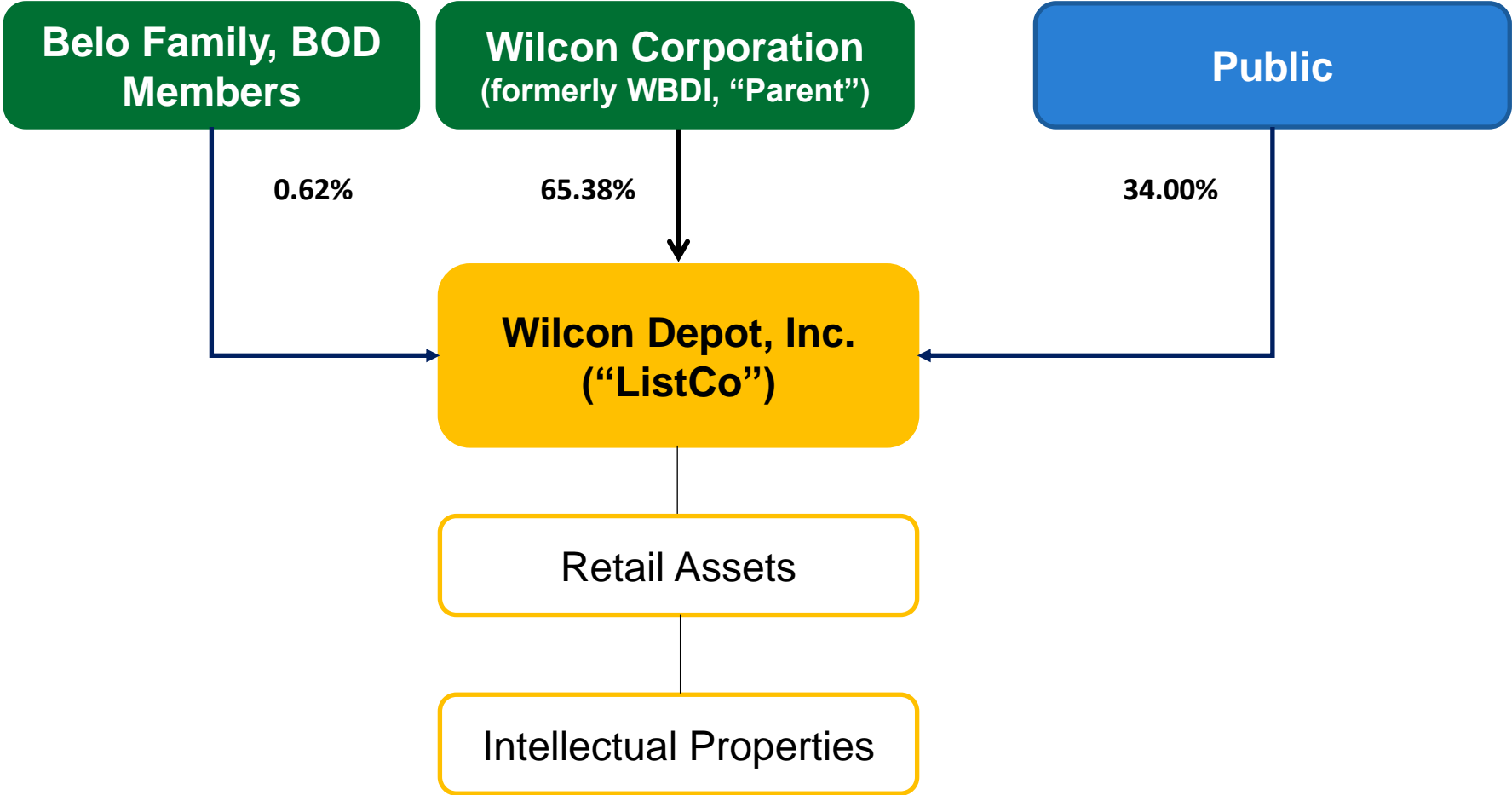


1977-2001

Introduced & expanded depot format stores; pure retail operations offering a complete spectrum of home improvement products; modern trade

Traditional trade; wholesale & retail operations

# Wilcon Group: Corporate Structure

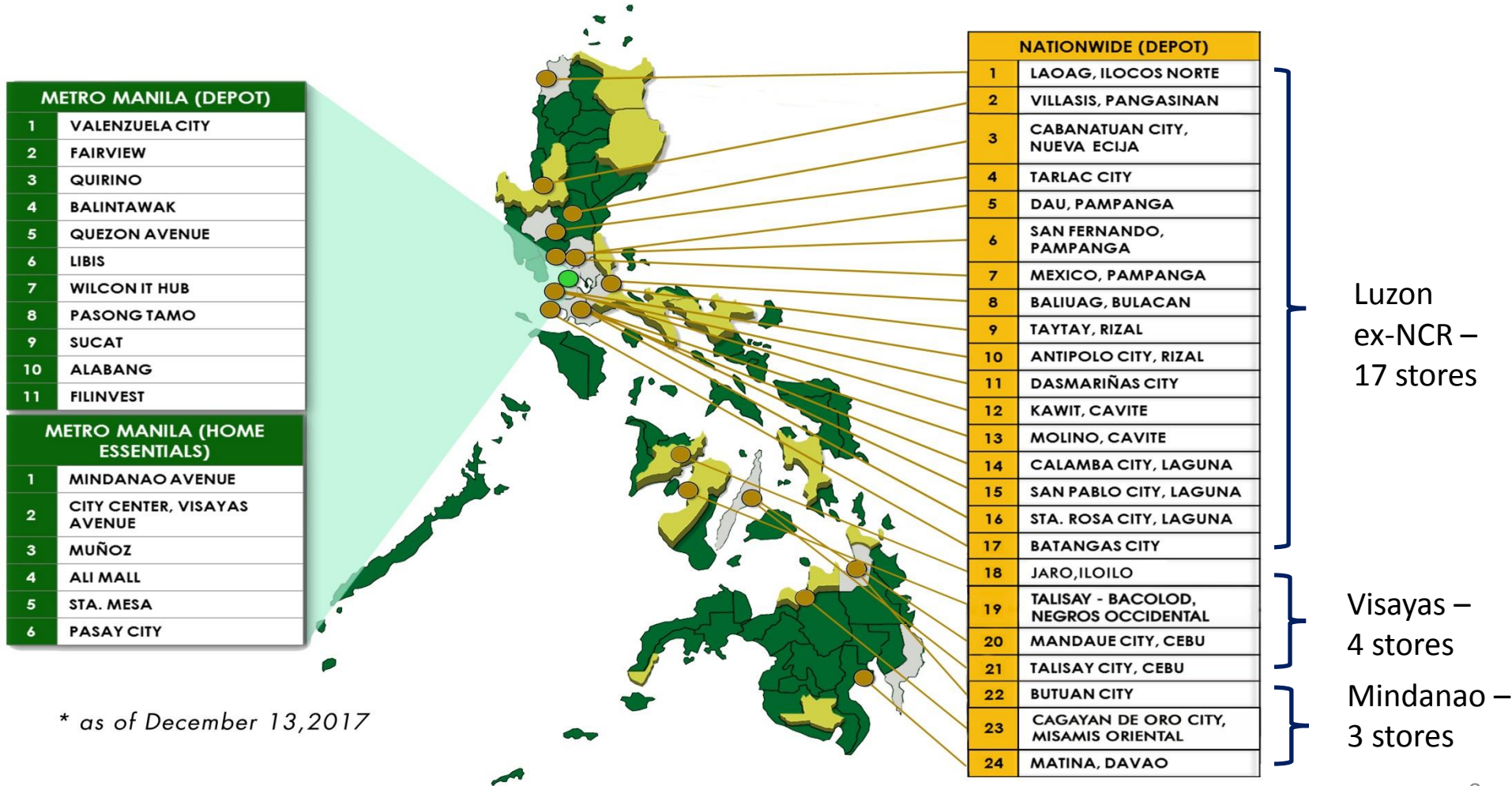


➤ The retail business was transferred to the ListCo on April 1, 2016 from the parent.

# Store Network & Presence



Wilcon operates 41\* stores strategically located in dominant markets and in fast-growing cities nationwide.



\* as of December 13, 2017





## SECTION 2

# Strategy Overview



home  
interior



building  
materials



doors &  
mouldings



tiles



paints &  
sundries



plumbing

# Key Growth Strategies

WILCON

DEPOT

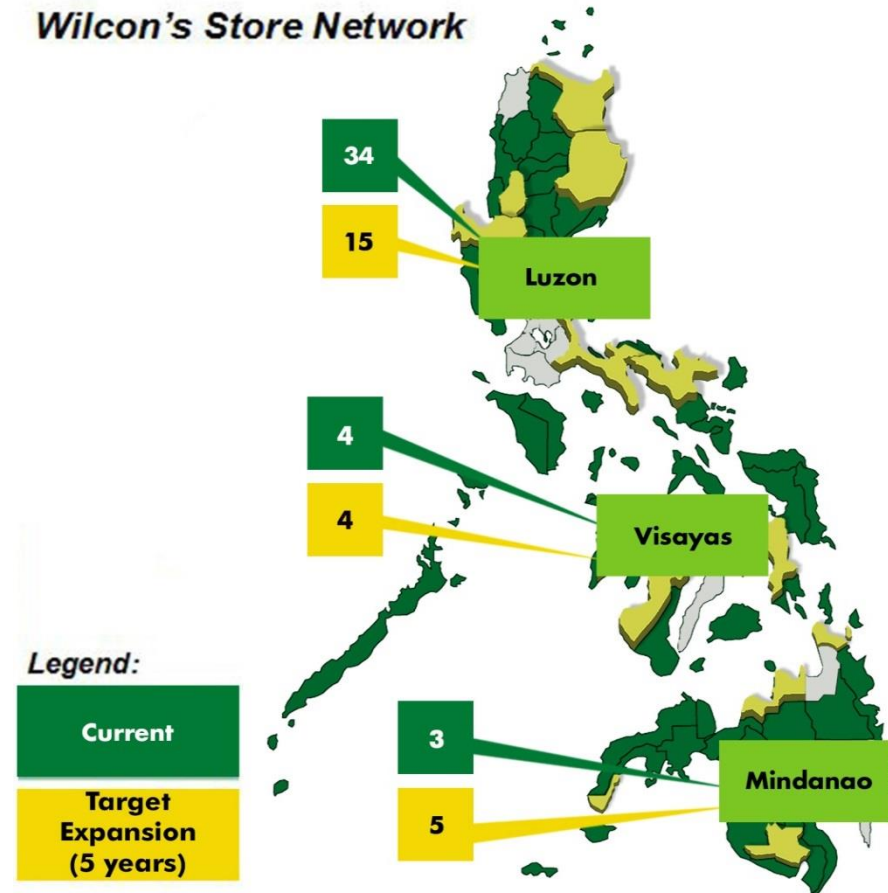
## 1 Expand Store Network

- ✓ Solidify presence in existing markets
- ✓ Expand foothold in fast-growing cities with focus on Visayas and Mindanao regions
- ✓ Target to open 29 depot branches in the next 5 years (2017 to 2021, 24 to go)
- ✓ Target locations include Cavite, Zamboanga, Bicol, Batangas, Davao, General Santos



As of December, 2017

### Wilcon's Store Network



# Key Growth Strategies

WILCON

DEPOT

## 2 Focus on continuous introduction of in-house and exclusive brands

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

### In-house brands



### Select Exclusive brands





# Key Growth Strategies

WILCON DEPOT

## 3 Continually improve store layouts and product offering

- ✓ Improve and renovate existing stores to enhance overall shopping experience.
- ✓ Remodel store layouts by optimizing and/or expanding the sales floor areas of existing stores to improve visitor traffic





# Key Growth Strategies



## 4 Further strengthen and increase brand awareness and visibility



### News



### NEWS

**Wilcon shares almost double value in five months**  
 Wilcon founder William Tan Belo shares why he's bullish about the local construction business



- ✓ Tap various media outlets such as radio, newspapers, billboards, and social media to enhance customer's awareness
- ✓ Use brand ambassadors to represent the Company's products and brands
- ✓ Actively participate in industry associations and trade conventions related to the construction and home improvement





**SECTION 3**

**Financial Highlights**



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing

# Income Statement Highlights

WILCON

DEPOT

## 3Q 2017

In Php MM

	3Q 2017	% of Sales	3Q 2016	% of Sales	% Growth
<b>NET SALES</b>	<b>4,549</b>	<b>100.0</b>	4,054	100.0	12.2
COST OF SALES	<b>3,180</b>	<b>69.9</b>	3,141	77.5	1.3
<b>GROSS INCOME</b>	<b>1,369</b>	<b>30.1</b>	914	22.5	49.9
OPERATING EXPENSES	<b>-938</b>	<b>20.6</b>	-780	19.2	20.2
<b>OPTNG INC BEF OTHER INCOME</b>	<b>432</b>	<b>9.5</b>	133	3.3	223.6
OTHER INCOME - Net	<b>70</b>	<b>1.5</b>	20	0.5	239.9
<b>EBIT</b>	<b>501</b>	<b>11.0</b>	154	3.8	225.8
INTEREST EXPENSE	<b>-4</b>	<b>0.1</b>	-10	0.2	-60.5
<b>INCOME BEFORE TAX</b>	<b>497</b>	<b>10.9</b>	144	3.5	245.7
INCOME TAX	<b>142</b>	<b>3.1</b>	8	0.2	1,678.8
<b>NET INCOME</b>	<b>355</b>	<b>7.8</b>	136	3.4	161.5
Depreciation	<b>27</b>	<b>0.6</b>	22	0.5	24.4
<b>EBITDA</b>	<b>528</b>	<b>11.6</b>	176	4.3	200.8

# Income Statement Highlights

WILCON

DEPOT

## 9M 2017

In Php MM

	9M 2017	% of Sales	9M* 2016	% of Sales	% Growth
<b>NET SALES</b>	<b>13,027</b>	<b>100.0</b>	8,062	100.0	61.6
<b>COST OF SALES</b>	<b>9,101</b>	<b>69.9</b>	6,175	76.6	47.4
<b>GROSS INCOME</b>	<b>3,926</b>	<b>30.1</b>	1,888	23.4	108.0
<b>OPERATING EXPENSES</b>	<b>-2,611</b>	<b>20.0</b>	-1,538	19.1	69.8
<b>OPTNG INC BEF OTHER INCOME</b>	<b>1,315</b>	<b>10.1</b>	350	4.3	275.6
<b>OTHER INCOME - Net</b>	<b>163</b>	<b>1.3</b>	31	0.4	420.6
<b>EBIT</b>	<b>1,479</b>	<b>11.4</b>	382	4.7	287.5
<b>INTEREST EXPENSE</b>	<b>-20</b>	<b>0.1</b>	-21	0.3	-6.4
<b>INCOME BEFORE TAX</b>	<b>1,459</b>	<b>11.2</b>	361	4.5	304.5
<b>INCOME TAX</b>	<b>341</b>	<b>2.6</b>	-66	-0.8	-618.1
<b>NET INCOME</b>	<b>1,118</b>	<b>8.6</b>	427	5.3	162.0
Depreciation	74	0.6	41	0.5	80.5
<b>EBITDA</b>	<b>1,553</b>	<b>11.9</b>	423	5.2	267.4

\*Commercial operations commenced April 1, 2016. The retail business operated under the Parent prior to April 1, 2016

# Balance Sheet Highlights

WILCON

DEPOT

In Php MM

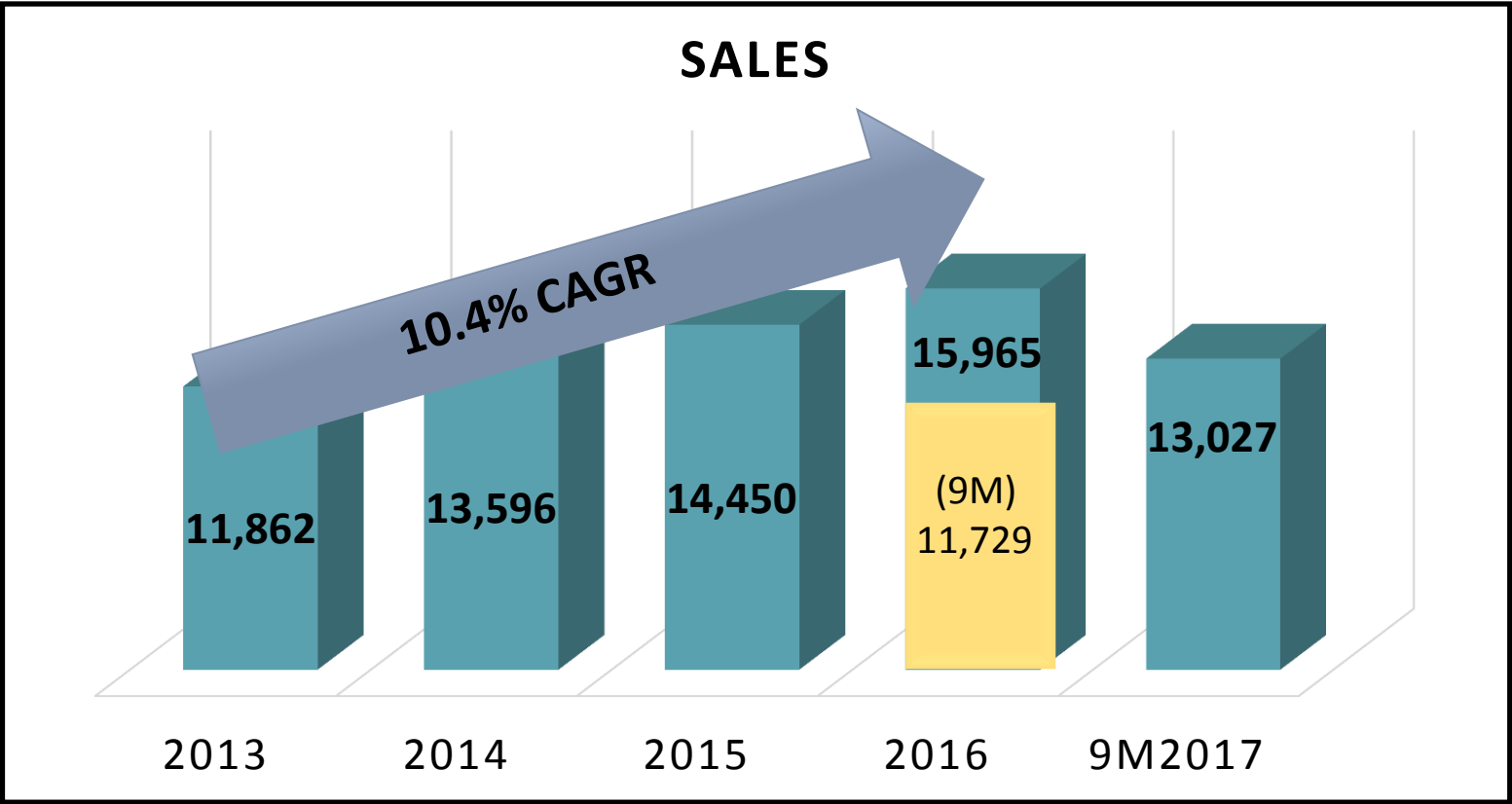
	Unaudited September 30, 2017	Audited December 31, 2016
Current Assets	12,193	8,406
Noncurrent Assets*	4,138	737
<b>Total Assets</b>	<b>16,331</b>	<b>9,144</b>
Current Liabilities	4,095	4,497
Noncurrent Liabilities	726	1,064
<b>Total Liabilities</b>	<b>4,821</b>	<b>5,561</b>
Capital Stock	4,100	2,706
Additional Paid-in Capital	5,374	-
Other Comprehensive Loss	32	-10
Retained Earnings	2,004	886
<b>Total Equity</b>	<b>11,510</b>	<b>3,582</b>
Current Ratio	2.98:1	1.87:1
Quick Ratio	0.99:1	0.24:1
Debt to Equity	0.42:1	1.55:1
Return on Equity	9.71%	24.75%

\*Includes AFS assets of P3.0B comprising of RTBs and representing part of the IPO proceeds

# Total Sales Summary



## Healthy sales growth



Note: 2013 to 2015 – Pro-forma/Reviewed / 2016 – In-house Pro-forma / 2017 – Actual/Reviewed  
Commercial operations under WDI commenced April 1, 2016



# Total Sales Summary

WILCON

DEPOT

## 2017 vs 2016

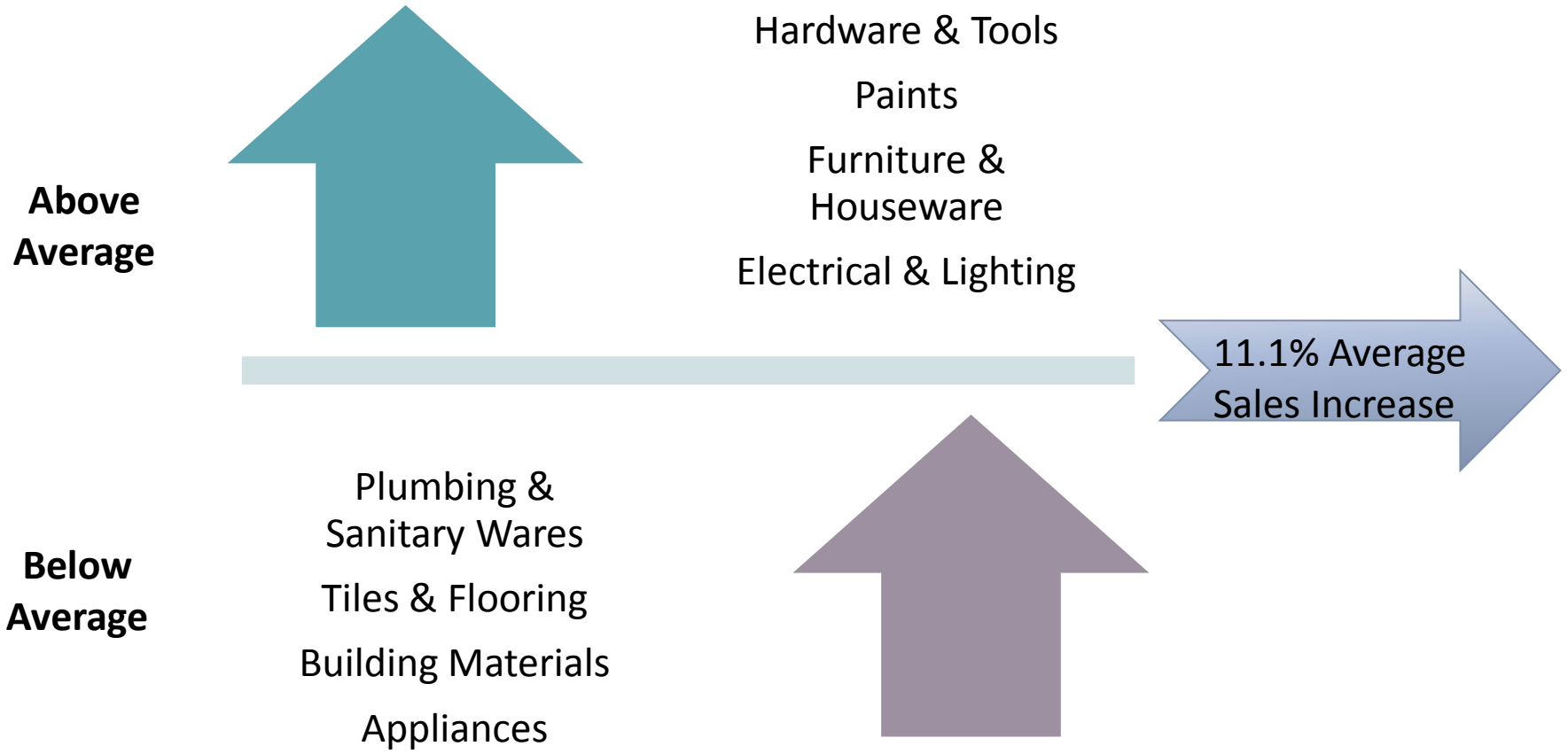
	9M	% Var	3Q	% Var
Sales (Php Millions)	13,027	11.1	4,549	12.2
Average Ticket Size (Php)	3,742	2.4	3,820	4.0
Sales Transactions ('000)	3,481	8.5	1,191	7.9

Note: 2016 – In-house Pro-forma / 2017 – Actual/Reviewed  
Commercial operations under WDI commenced April 1, 2016

# Product Category Performance



## 9M17 VS 9M16

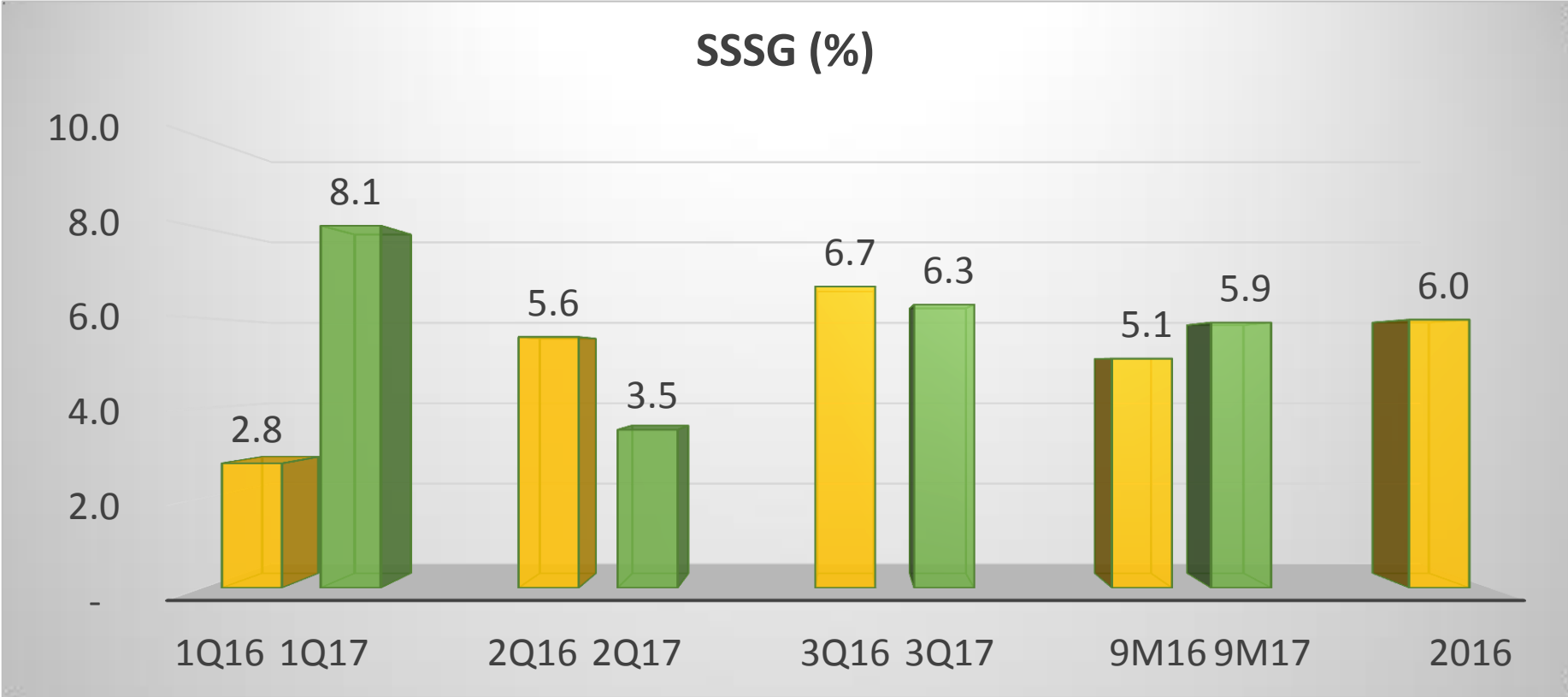


Note: 2016 – In-house Pro-forma / 2017 – Actual/Reviewed  
Commercial operations under WDI commenced April 1, 2016

# Same Store Sales Summary



## Quarterly Trend



Note: 2015 – Pro-forma/Reviewed / 2016 – In-house Pro-forma / 2017 – Actual/Reviewed  
 Commercial operations under WDI commenced April 1, 2016

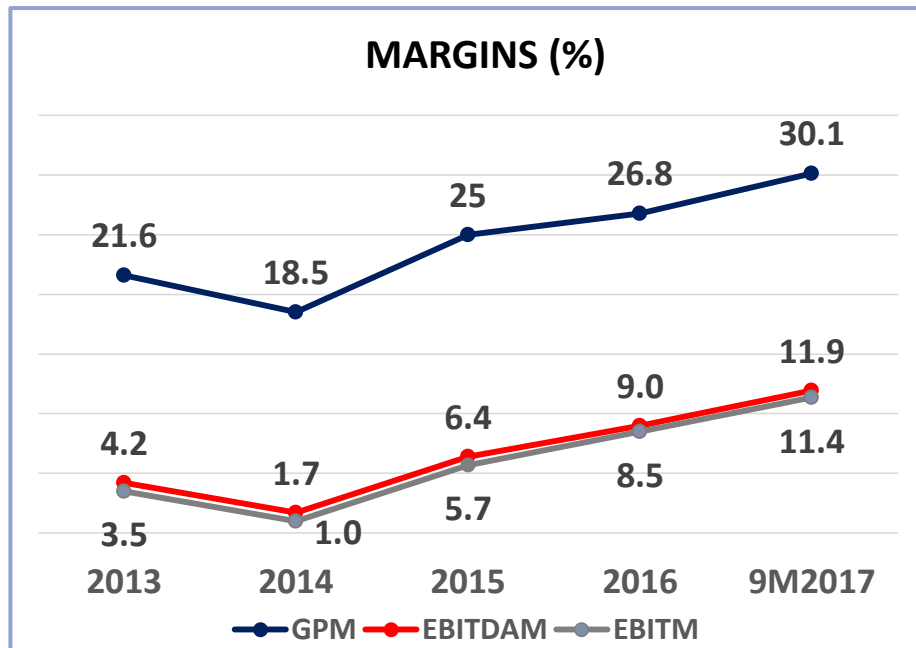
# Operating Margins Summary

WILCON

DEPOT

## Improving margins

### 9M17 VS 9M16



Enhancers

Higher Sales  
Product Mix  
Volume  
discounts and  
incentives/  
rebates

Higher operating  
expenses attendant  
to increasing  
number of stores  
and volume of  
business, e.g., rent,  
utilities, logistics,  
etc.

Limiters

Note: 2013 to 2015 – Pro-forma/Reviewed / 2016 – Actual/Audited / 2017 – Actual/Reviewed.  
Commercial operations under WDI commenced April 1, 2016



## SECTION 4

# Outlook



home  
interior



building  
materials



doors &  
mouldings



tiles



paints &  
sundries



plumbing

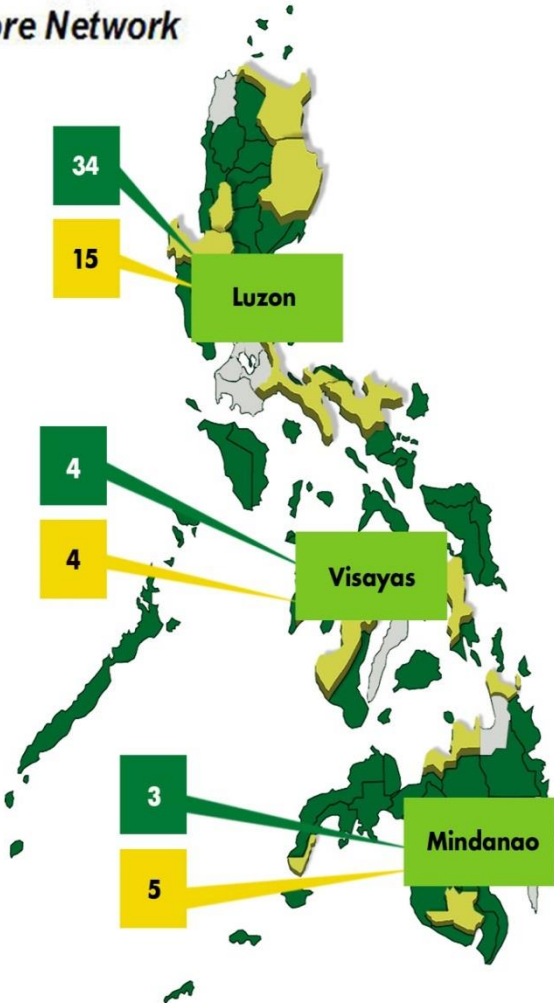


# 2017 and 2018 Store Expansion Plan

**WILCON**

**DEPOT**

*Wilcon's Store Network*



**Legend:**

Current

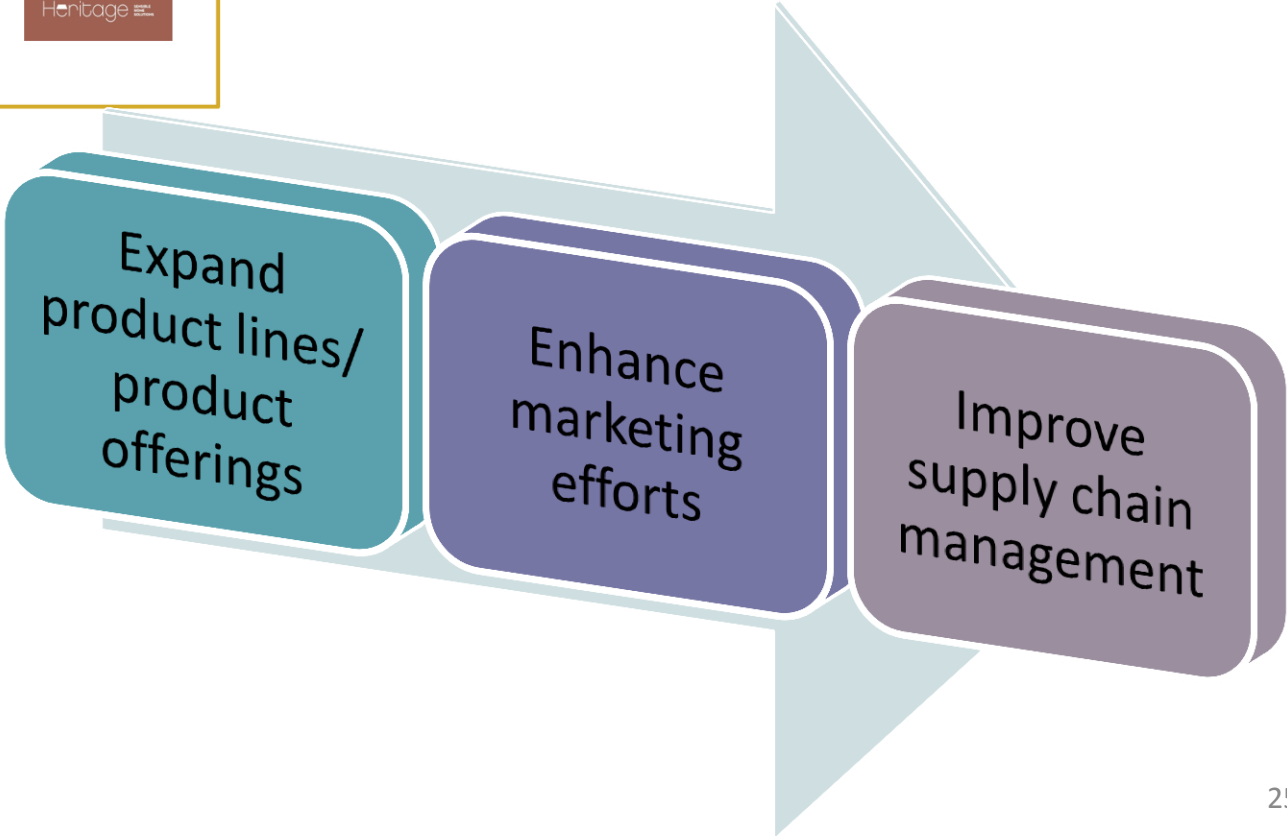
Target  
Expansion  
(5 years)

	2017	2018
IH	Butuan Bacolod	Tacloban Silang Zamboanga Naga Libis (Home Essentials)
2H	CDO Cabanatuan Iloilo	Lipa Davao Tayabas General Santos Puerto Princesa Iloilo (Home Essentials)
New	5	11
Temporary Closure		
- Depot		-1
<b>Total</b>	<b>41</b>	<b>51</b>

# Increase margins thru in-house & exclusive brands expansion



<b>Plumbing and Sanitary</b> SEFA Crown Sink POZZI Käsch	<b>Furniture, Furnishings, &amp; Houseware</b> HEIM Heritage	<b>Tiles / Flooring</b> Arte SOL VERONA PICASSO ROMANTIC	<b>Hardware &amp; Tools</b> DIRECT HARDWARE
<b>Electrical and Lighting</b> ALPHALUX KAZE	<b>Building Materials</b> WOODLAND FOREST SOLUTHERM	<b>Appliances</b> Heritage	



**END OF PRESENTATION**