



# Wilcon Depot, Inc.

## First Half 2019 Performance Report

October 2019



# Discussion Agenda

WILCON

DEPOT

**1** Company Overview

**2** Strategy Overview

**3** Financial Results

**4** Outlook



## SECTION 1

# Company Overview



home  
interior



building  
materials



doors &  
mouldings



tiles



paints &  
sundries



plumbing

Leader in the home improvement and construction supply retail space in the Philippines; 42 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



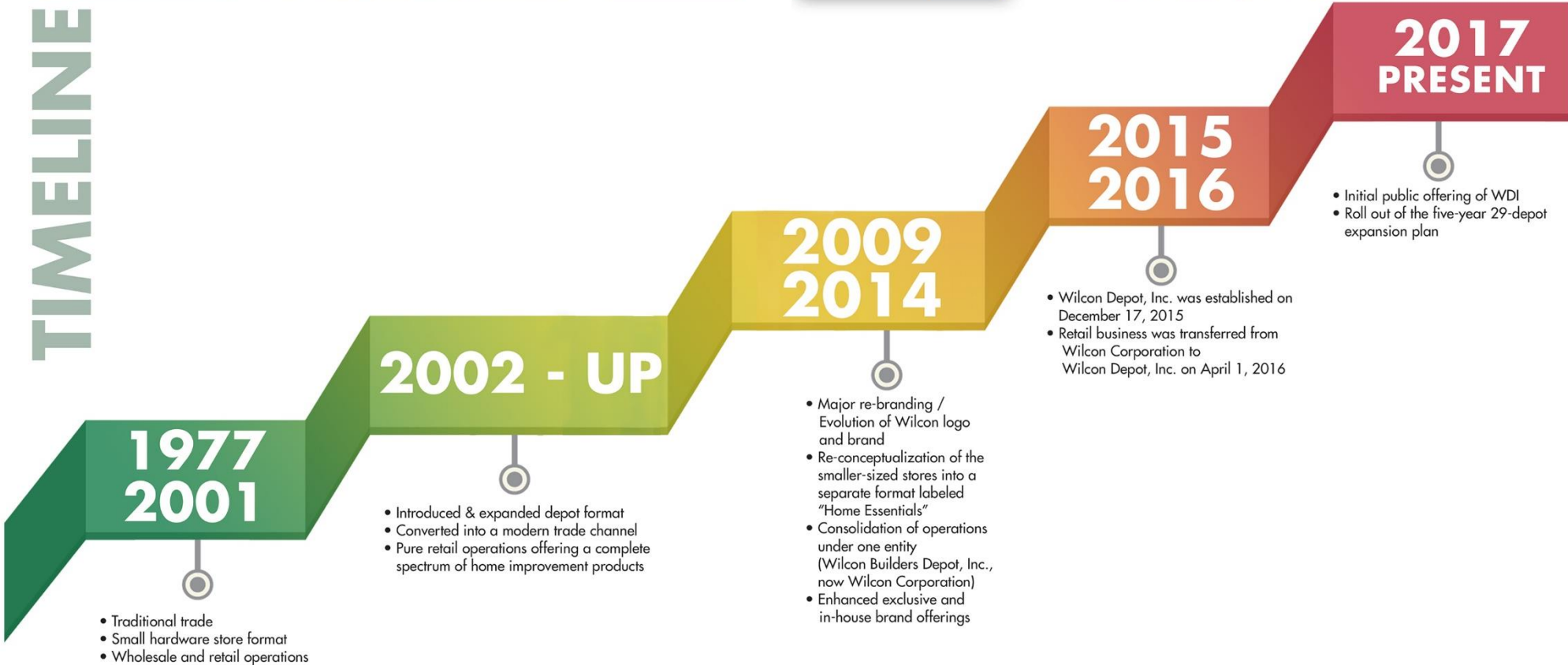




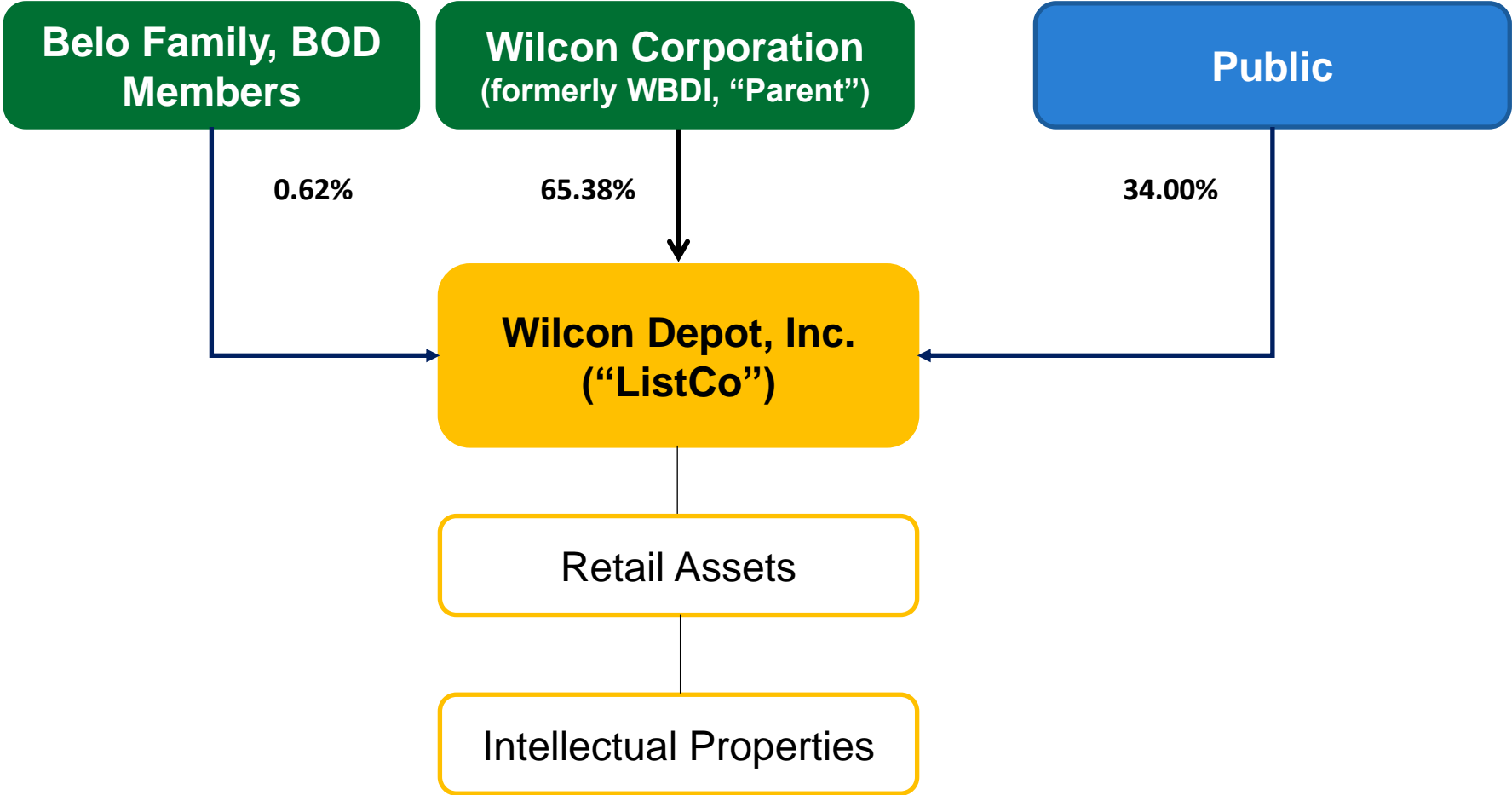
Build anything. We have everything.



TIMELINE



# Wilcon Group: Corporate Structure



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

# Store Formats

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## DEPOT



## HOME ESSENTIALS



### No. of stores

49

7

### Gross Floor Area

- 2,800 sqm to 16,100 sqm, with an average gross floor area of 9,195 sqm

- 740 sqm to 2,800 sqm, with an average gross floor area of 1,445 sqm

# Store Network & Presence

Wilcon operates 56\* stores strategically located in dominant markets and in fast-growing cities nationwide.





# Major Categories and Select Brands



### Plumbing and Sanitary

### Tiles / Flooring

### Building Materials

### Furniture, Furnishing & Houseware

### Paints

### Hardware and Tools

### Electrical and Lighting

### Appliances



## SECTION 2

# Strategy Overview



home interior



building materials



doors & mouldings



tiles



paints & sundries



plumbing

# Key Growth Strategies

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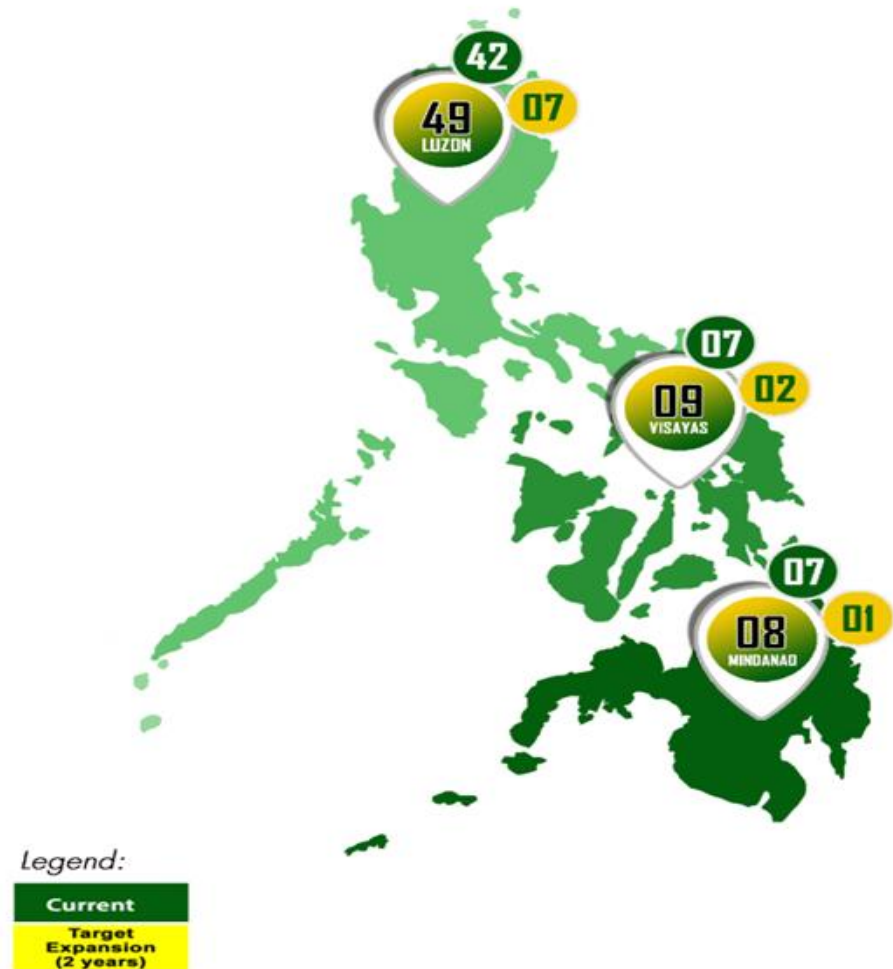
## 1 Expand Store Network

- ✓ Solidify presence in existing markets
- ✓ Expand foothold in fast-growing cities with focus on Visayas and Mindanao regions
- ✓ Target to open 29 depot branches from 2017 to 2021 (accelerated to 2020)



As of October 2019

### Wilcon's Store Network



# Key Growth Strategies

WILCON

DEPOT

## 2 Focus on continuous expansion 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



Philippines' Leading Home Improvement and Construction Supply Retailer Wilcon Depot has won the International Award for Excellence in Customer Service from the Federation of Asia-Pacific Retailers Association. Photo shows (L-R): Wilcon SEVP-Chief Operating Officer Rosemarie Bosch-Ong, Wilcon President and CEO Lorraine Belo-Cincochan, and Wilcon VP for Human Resources Grace Tiong accepting the award during the 19th Asia Pacific Retailers Conference and Exhibition (APRCE) in Chongqing, China last September 7, 2019.



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- ✓ 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 construction and home improvement



## SECTION 3

# Financial Results



home  
interior



building  
materials



doors &  
mouldings



tiles



paints &  
sundries



plumbing

# Results Highlights

## First Half 2019

- Net income grew 8.8% y-o-y to ₱995 million for a net margin of 8.4% driven by:
  - Net sales hiked 17.8% y-o-y to ₱11.778 billion with a comparable sales growth of 4.7%
  - Gross profit margin improved to 32.4% from 31.3% in 1H18
- Product mix improved to 49.0% exceeding the target contribution for the year of 48.0%
- Annual cash dividends increased by 45.4% to P0.16 per share from P0.11 per share in 2018



# Net Income grew 8.8% to P995 M

(First Half 2019)

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Net Sales up 17.8%

GPM expanded to  
32.4%

(In PHP MM)	1H19	% Sales	1H18	% Sales	% Growth
<b>NET SALES</b>	<b>11,778</b>	<b>100.0</b>	<b>10,001</b>	<b>100.0</b>	<b>17.8</b>
COST OF SALES	-7,965	(67.6)	-6,873	(68.7)	15.9
<b>GROSS INCOME</b>	<b>3,813</b>	<b>32.4</b>	<b>3,128</b>	<b>31.3</b>	<b>21.9</b>
OPERATING EXPENSES	-2,523	(21.4)	-2,039	(20.4)	23.7
OTHER INCOME	140	1.2	92	0.9	51.2
INTEREST INCOME	84	0.7	90	0.9	(6.8)
INTEREST EXPENSE	-123	(1.0)	-2	(0.0)	5,139.4
<b>INCOME BEFORE TAX</b>	<b>1,390</b>	<b>11.8</b>	<b>1,269</b>	<b>12.7</b>	<b>9.6</b>
INCOME TAX	396	3.4	354	3.5	11.7
<b>NET INCOME</b>	<b>995</b>	<b>8.4</b>	<b>914</b>	<b>9.1</b>	<b>8.8</b>

# Net Income grew 1.1% to P511 M

(2<sup>nd</sup> Quarter 2019)

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Net Sales up 14.1%

GPM expanded to  
32.7%

(In PHP MM)	2Q19	% Sales	2Q18	% Sales	% Growth
<b>NET SALES</b>	<b>6,044</b>	<b>100.0</b>	5,296	<b>100.0</b>	<b>14.1</b>
COST OF SALES	-4,065	(67.3)	-3,640	(68.7)	11.7
<b>GROSS INCOME</b>	<b>1,979</b>	<b>32.7</b>	<b>1,656</b>	<b>31.3</b>	<b>19.5</b>
OPERATING EXPENSES	-1,327	(21.9)	-1,049	(19.8)	26.5
OTHER INCOME	81	1.3	50	1.0	59.8
INTEREST INCOME	34	0.6	45	0.9	(25.5)
INTEREST EXPENSE	-70	(1.2)	-1	(0.0)	9,764.4
<b>INCOME BEFORE TAX</b>	<b>697</b>	<b>11.5</b>	<b>703</b>	<b>13.3</b>	<b>(0.7)</b>
INCOME TAX	186	3.1	197	3.7	(5.5)
<b>NET INCOME</b>	<b>511</b>	<b>8.5</b>	<b>505</b>	<b>9.5</b>	<b>1.1</b>

# Balance Sheet

(In Php MM)

**WILCON** **DEPOT**

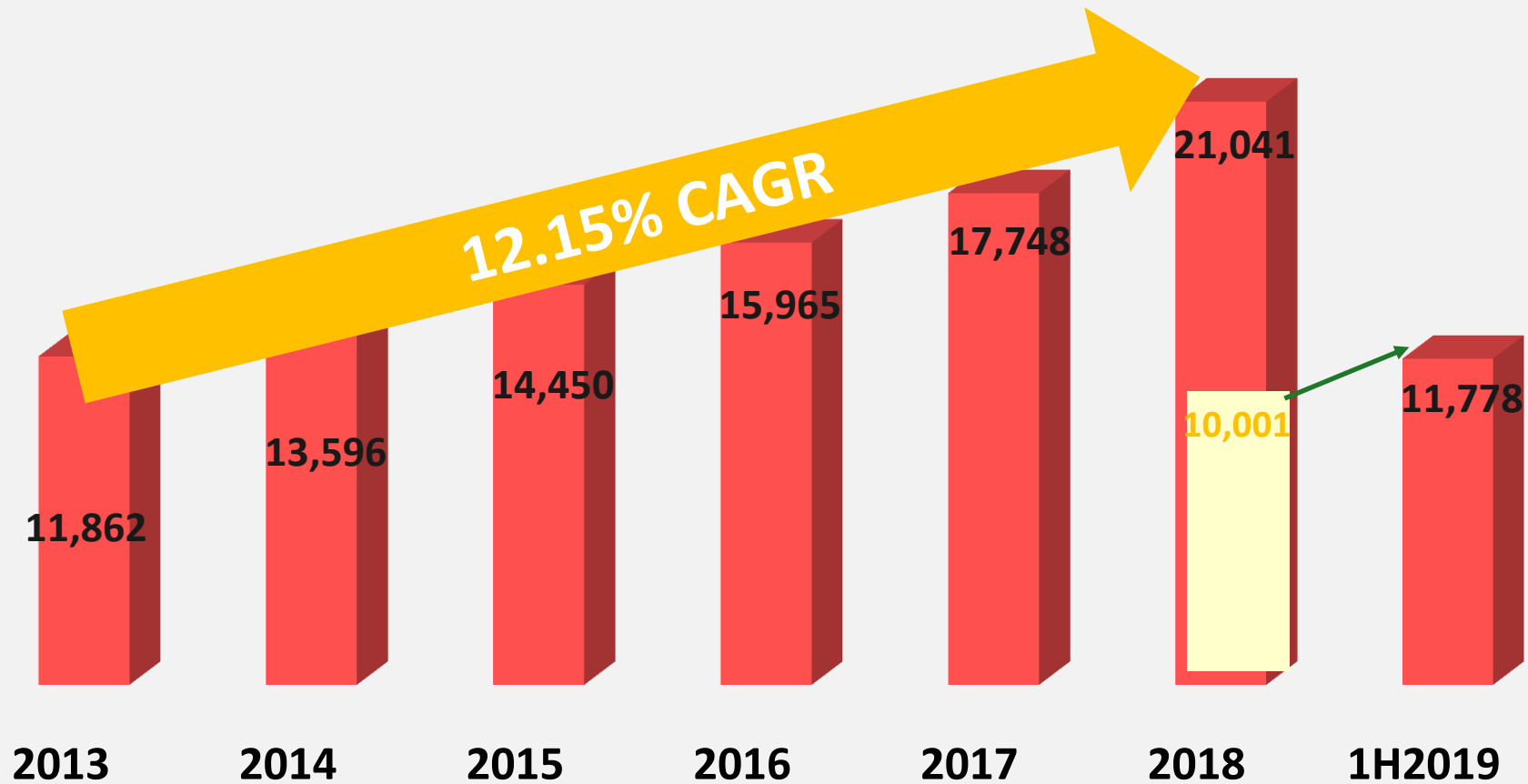
	Unaudited Jun 30, 2019	Audited Dec 31, 2018
Current Assets	10,400	11,123
Noncurrent Assets	11,848	6,379
<b>Total Assets</b>	<b>22,248</b>	<b>17,502</b>
Current Liabilities	5,420	4,171
Noncurrent Liabilities	3,231	118
<b>Total Liabilities</b>	<b>8,651</b>	<b>4,290</b>
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Loss	128	83
Retained Earnings	3,995	3,656
<b>Total Equity</b>	<b>13,596</b>	<b>13,212</b>
CURRENT RATIO	1.92	2.67
QUICK RATIO	0.39	0.75
DEBT-TO-EQUITY RATIO	0.64	0.32
RETURN ON ASSET	4.5%	10.5%
RETURN ON EQUITY	7.3%	13.9%

# Healthy Sales Growth

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## SALES



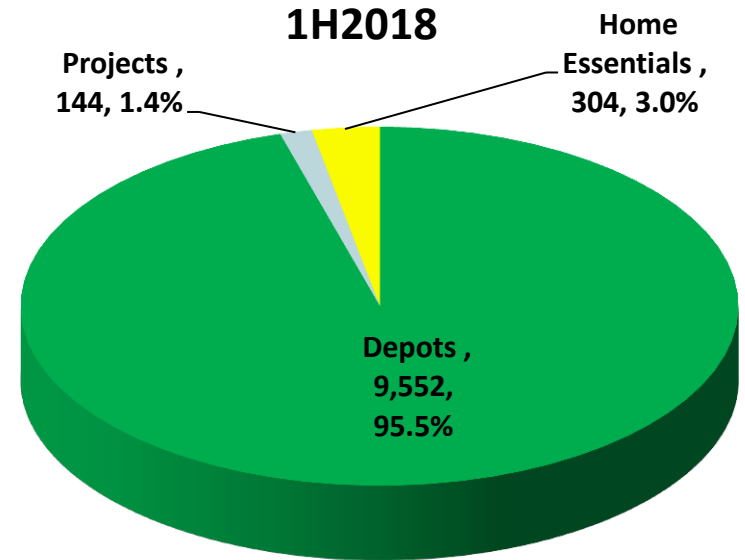
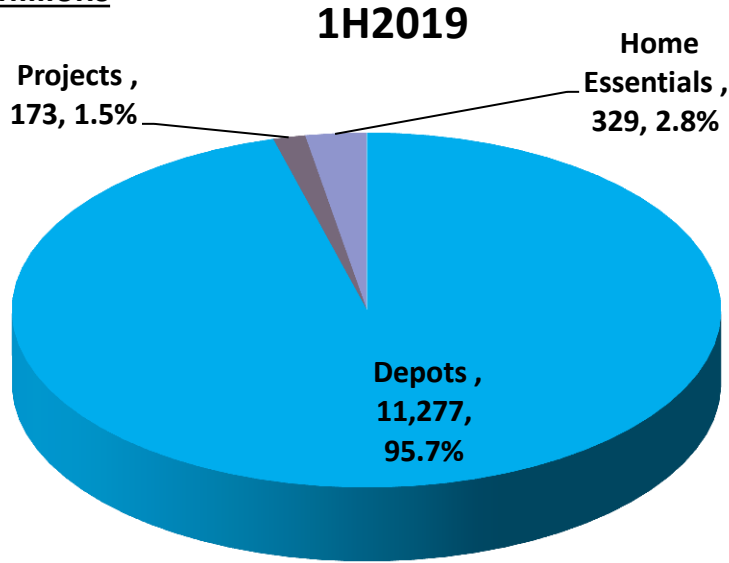
Note: 2013 to 2015 – Pro-forma/Reviewed / 2016 – In-house Pro-forma / 2017 – Actual/Audited  
Commercial operations under WDI commenced April 1, 2016



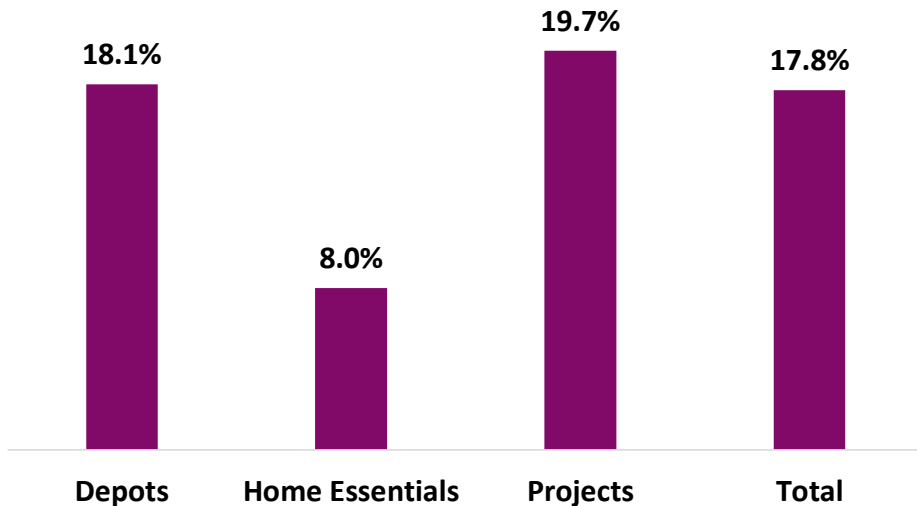
# Total Net Sales Breakdown



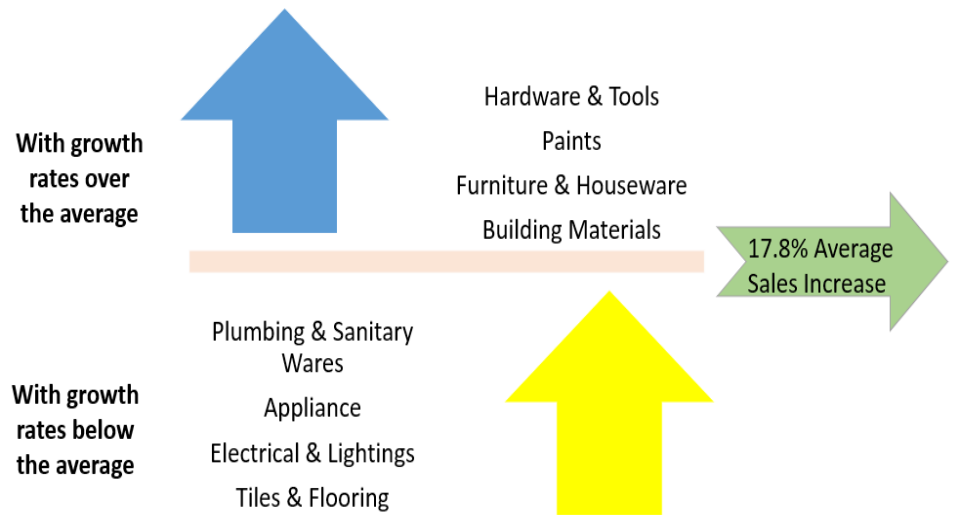
PhP Millions



## Sales Growth per Store Format 1H19 vs 1H18



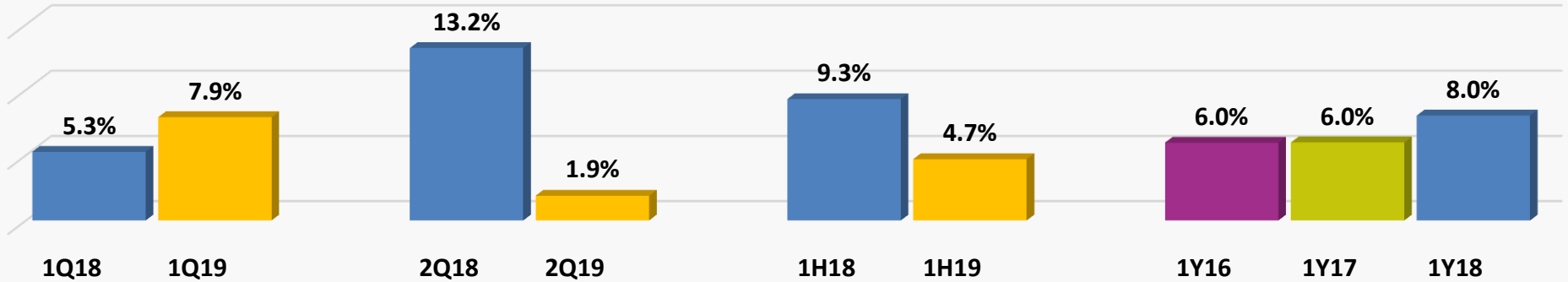
## Product Category Performance 1H19 VS 1H18



# Comparable Sales Summary



## Quarterly Trend

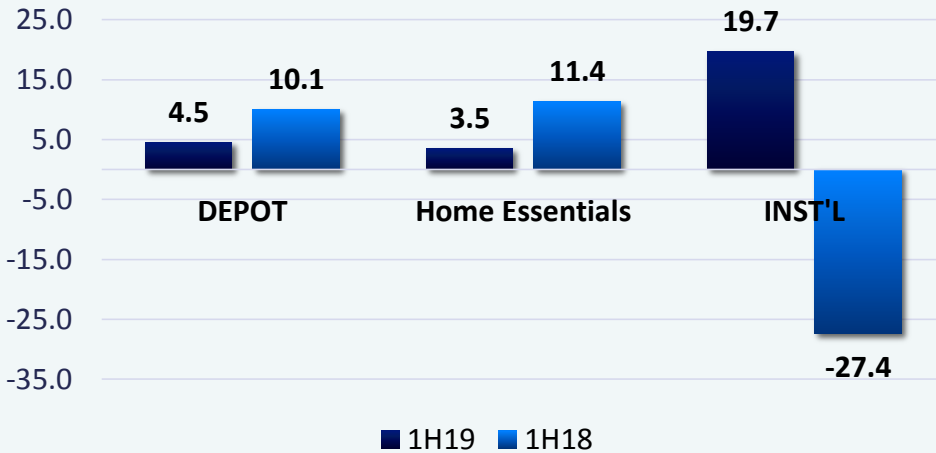


**SSSG Excluding Inst'l/ Projects Sales**

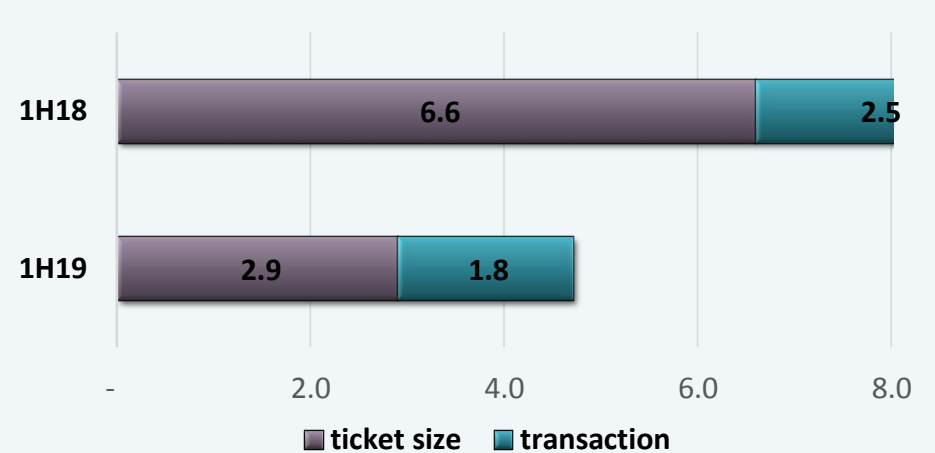
- 2Q18 – 13.3%
- 2Q19 – 1.5%

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

## Comparable Sales per Format 1H19 VS 1H18



## Comparable Ave Ticket/ Transactions

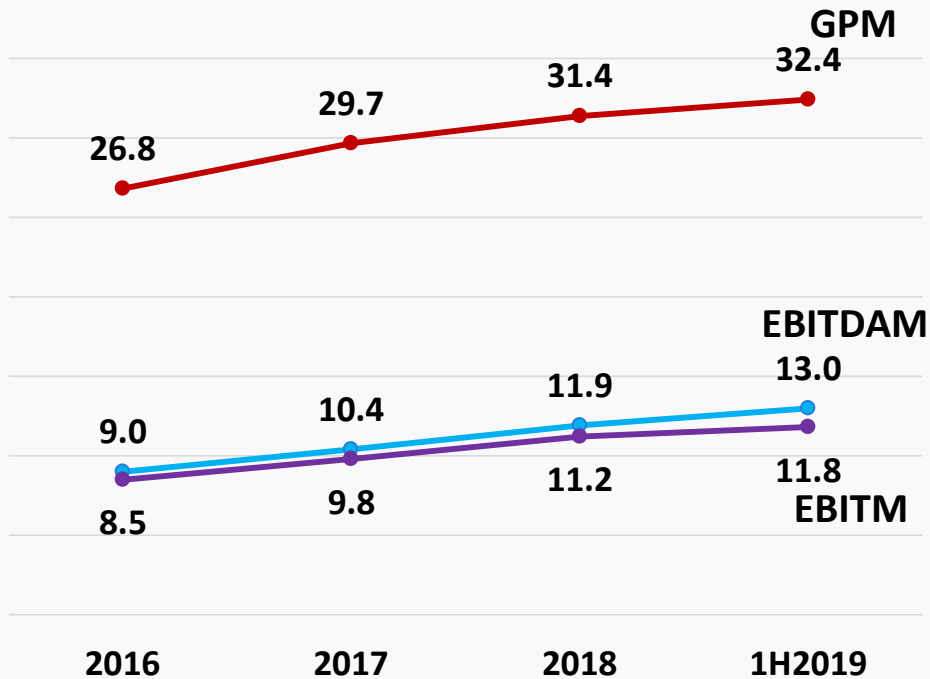


# Improving Margins

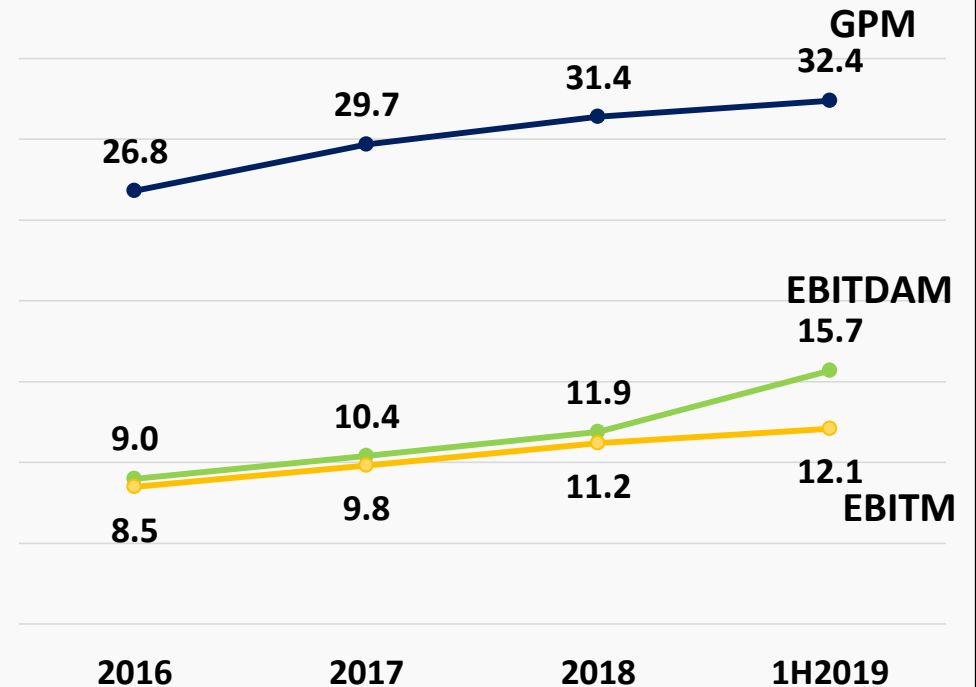
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### Philippine Accounting Standards 17 - Leases



### Philippine Financial Reporting Standards 16 - Leases (For 1H2019)





home  
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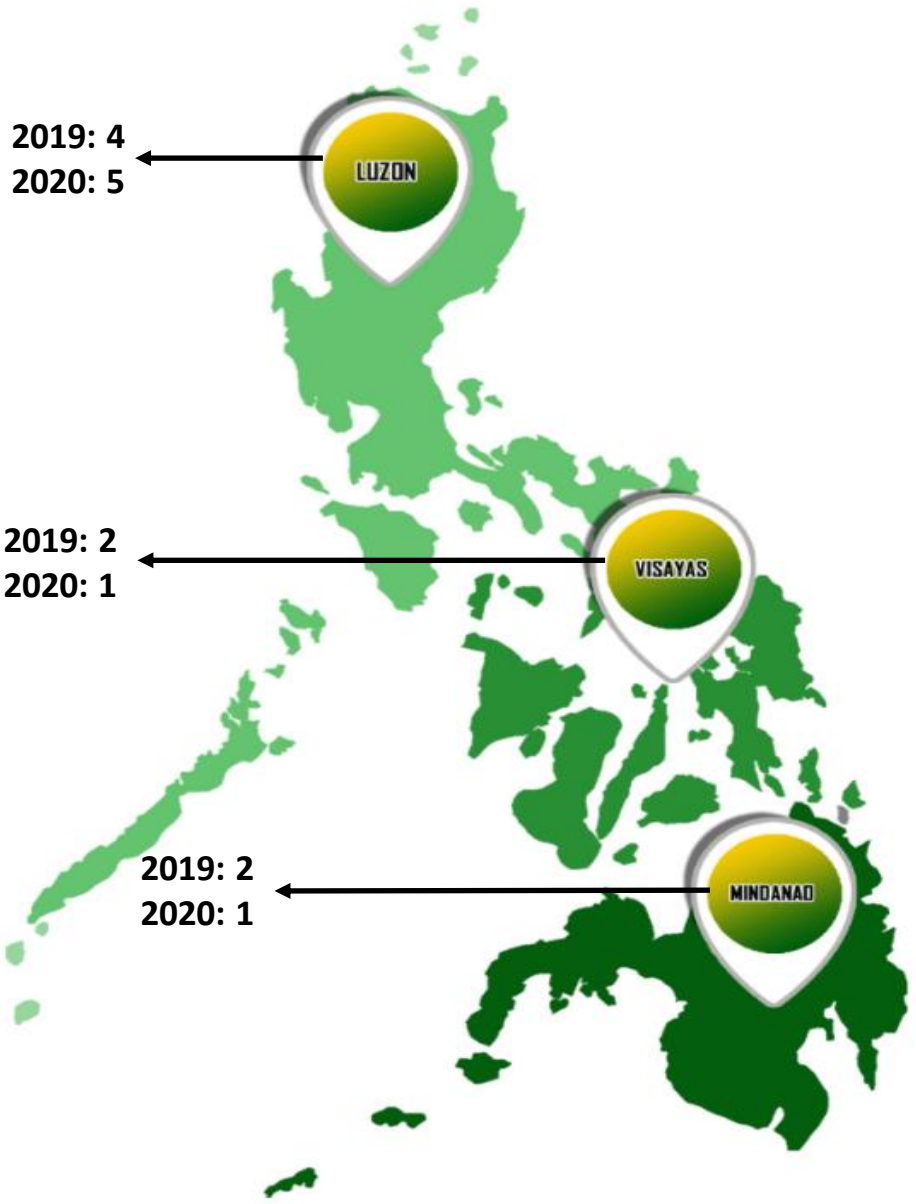
paints &  
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plumbing

# Outlook

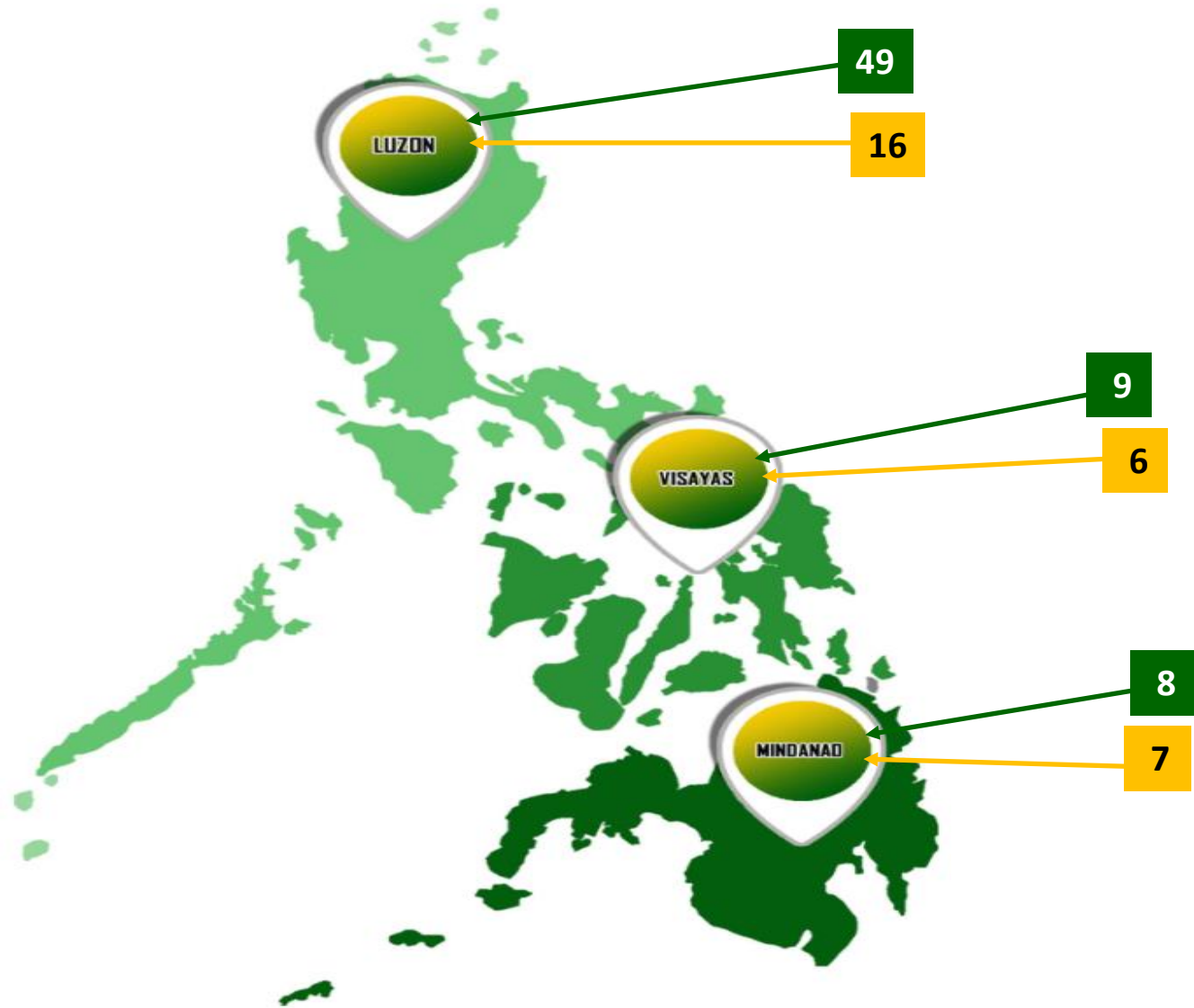
# 2019 - 2020 Store Expansion Plan



	2019
IH	Panacan, Davao – Jan 25
	Sta. Barbara, Iloilo – Apr 26
2H	Opol, CDO – Jul 12
	San Isidro, Antipolo City – Jul 26
	Sto. Tomas City, Batangas – Aug 30
	Daraga, Albay
	Iguig, Cagayan Valley
	Makato, Aklan
New, 2019	8
2018 Balance	51
Closed	Essentials Libis – Jul 15
Reopening	Pasong Tamo – Oct 25
<b>Total, end 2019</b>	<b>59</b>



# 2017 - 2020 Planned New Branches



**Total Planned New Depot Stores - 29**

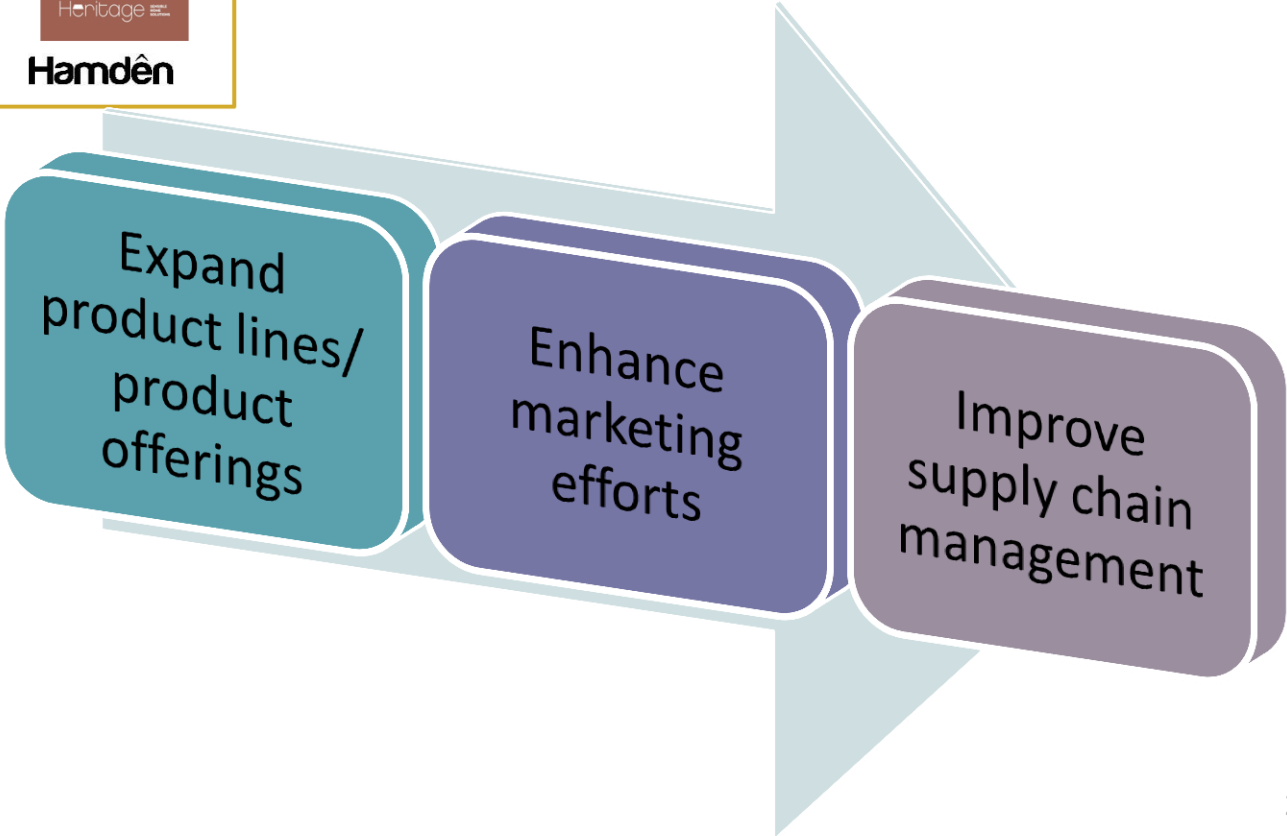
**Total number of stores in 2020 - 66**

From January 2017 to August 2019, twenty (20) new stores were opened, nineteen (19) depots and one (1) smaller format Home Essentials.

# Continue to 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 HOME ESSENTIALS Heritage	<b>Tiles / Flooring</b> Arte CERAMICHE SOL CERAMICA VERONA TILES PICASSO ROMANTIC	<b>Hardware &amp; Tools</b> DIRECT HARDWARE
<b>Electrical and Lighting</b> ALPHALUX KAZE	<b>Building Materials</b> WOODLAND FOREST PRODUCTS SOLUTHERM	<b>Appliances</b> Heritage Hamden	



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