



Wilcon Depot, Inc.

Nine Months 2019 Performance Report



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

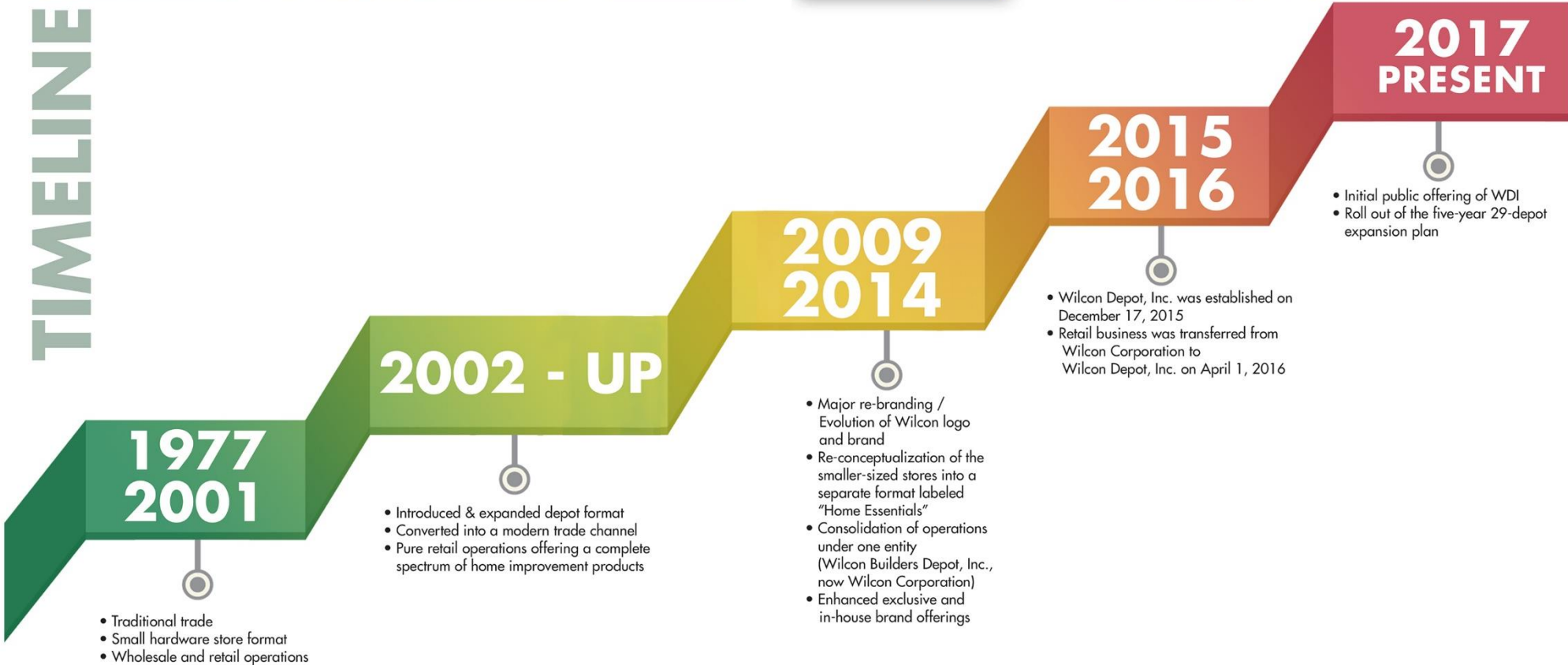




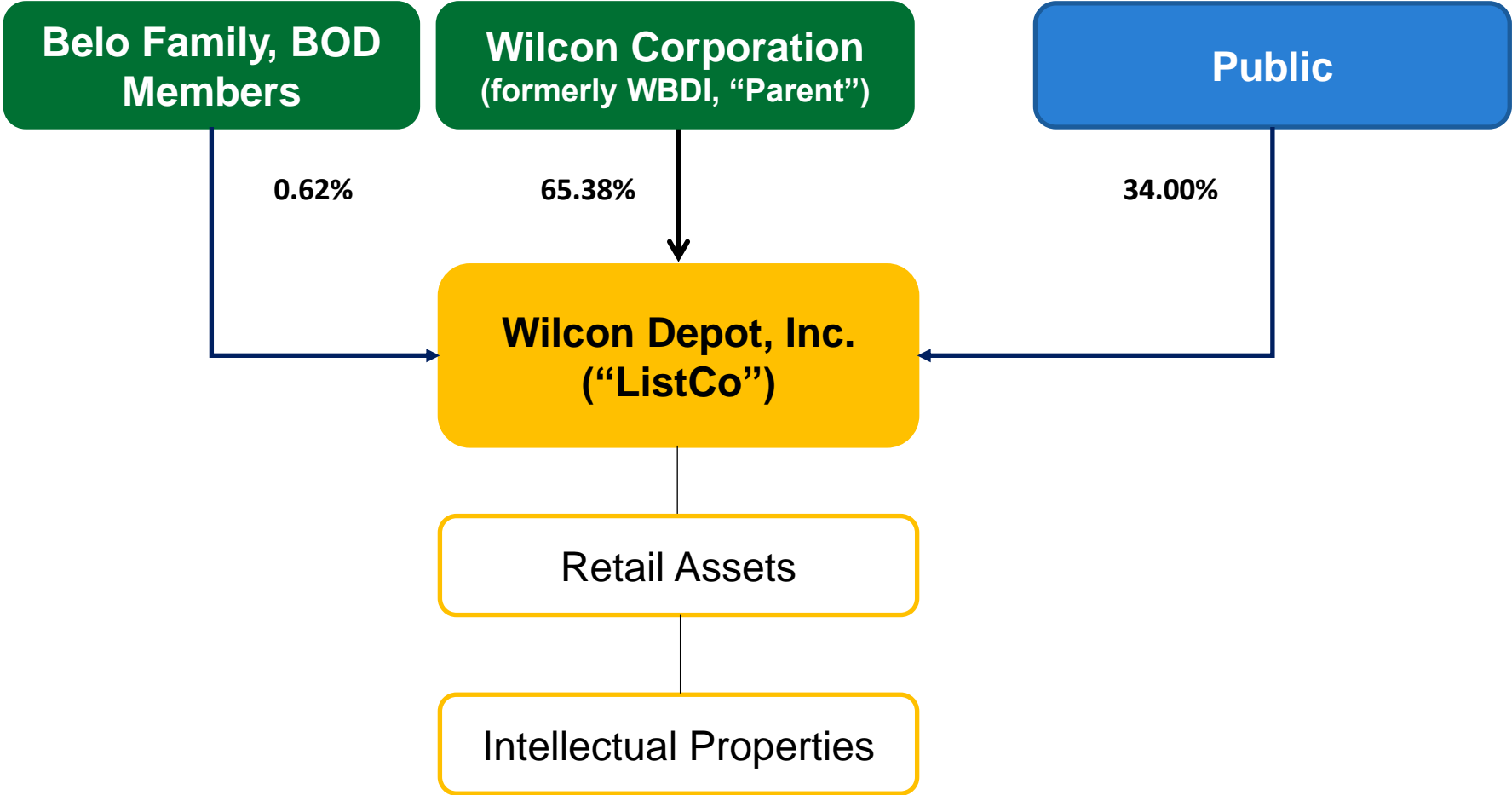
Build anything. We have everything.



TIMELINE



Wilcon Group: Corporate Structure



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

Store Formats

WILCON

DEPOT

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

WILCON

DEPOT

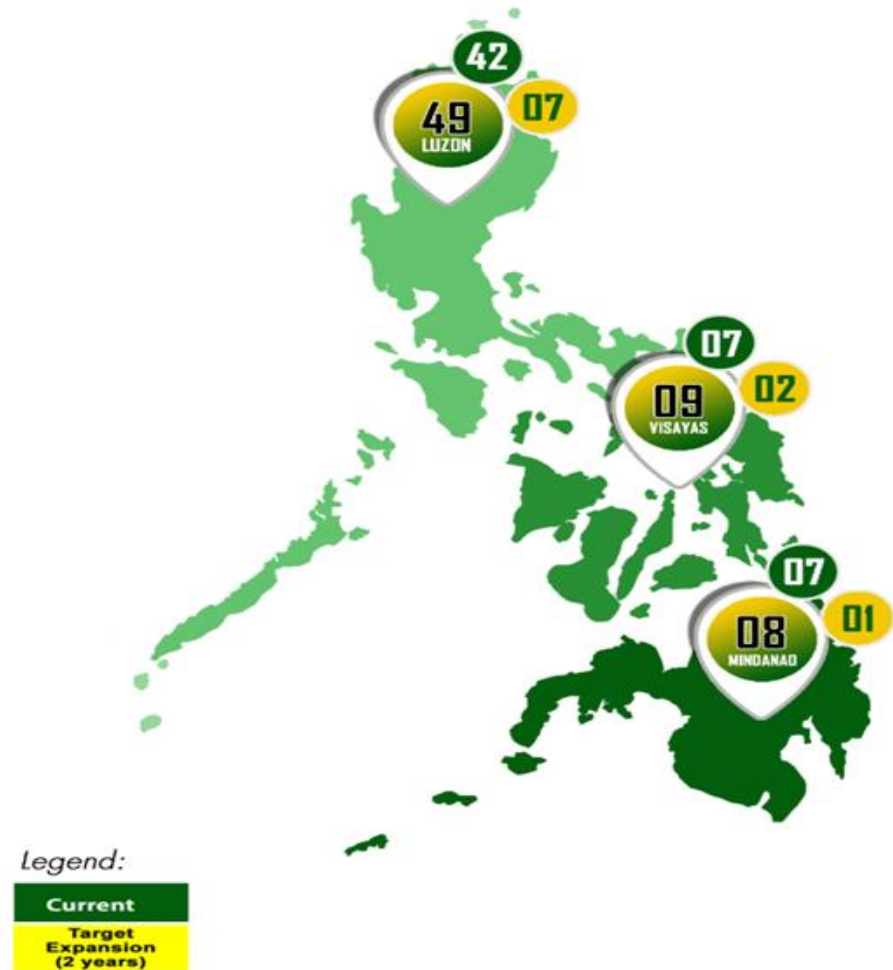
1 Expand Store Network

- ✓ Solidify presence in existing markets
- ✓ Expand foothold in fast-growing cities with focus on Visayas and Mindanao regions
- ✓ Target to open 29 depot branches 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.



BUILD BIG IDEAS WITH US

SHOP ONLINE

[CLICK HERE](#)



- ✓ 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



home
interior



building
materials



doors &
mouldings



tiles



paints &
sundries



plumbing

SECTION 3

Financial Results

Results Highlights

9M2019

- Net income grew 11.1% y-o-y to ₱1.544 billion for a net margin of 8.6% driven by:
 - Net sales up 17.4% to ₱18 billion with a comparable sales growth of 5.4%
 - Gross profit margin increased to 32.8% from 31.3% in 9M18
- Product mix improved to 49.2% 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 11.1% to P1.544 B

(9M2019)

WILCON

DEPOT

| (In PHP MM) | 9M19 | % Sales | 9M18 | % Sales | % Growth |
|--------------------------|---------------|--------------|---------------|--------------|-------------|
| Net Sales | 18,035 | 100.0 | 15,359 | 100.0 | 17.4 |
| Cost of Sales | -12,123 | -67.2 | -10,551 | -68.7 | 14.9 |
| Gross Income | 5,912 | 32.8 | 4,808 | 31.3 | 23.0 |
| Operating Expenses | -3,910 | -21.7 | -3,145 | -20.5 | 24.3 |
| Other Income | 211 | 1.2 | 128 | 0.8 | 64.8 |
| Interest Income | 119 | 0.7 | 139 | 0.9 | -13.9 |
| Interest Expense | -208 | -1.2 | -2 | 0.0 | 8,764.0 |
| Income Before Tax | 2,124 | 11.8 | 1,927 | 12.5 | 10.2 |
| Income tax | -580 | -3.2 | -537 | -3.5 | 8.0 |
| Net Income | 1,544 | 8.6 | 1,390 | 9.0 | 11.1 |

Net Sales up 17.4%

GPM expanded to 32.8%

Net Income grew 15.5% to P549 M

(3rd Quarter 2019)

WILCON

DEPOT

Net Sales up 16.8%

GPM expanded to 33.5%

| (In PHP MM) | 3Q19 | % Sales | 3Q18 | % Sales | % Growth |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 6,257 | 100.0 | 5,358 | 100.0 | 16.8 |
| Cost of Sales | -4,158 | -66.5 | -3,679 | -68.7 | 13.0 |
| Gross Income | 2,099 | 33.5 | 1,679 | 31.3 | 25.0 |
| Operating Expenses | -1,387 | -22.2 | -1,105 | -20.6 | 25.5 |
| Other Income | 71 | 1.1 | 36 | 0.7 | 100.2 |
| Interest Income | 36 | 0.6 | 49 | 0.9 | -27.0 |
| Interest Expense | -85 | -1.4 | -0 | -0.0 | 42,293,765.4 |
| Income Before Tax | 734 | 11.7 | 658 | 12.3 | 11.5 |
| Income tax | -185 | -2.9 | -183 | -3.4 | 0.9 |
| Net Income | 549 | 8.8 | 475 | 8.9 | 15.5 |

Balance Sheet

(In Php MM)

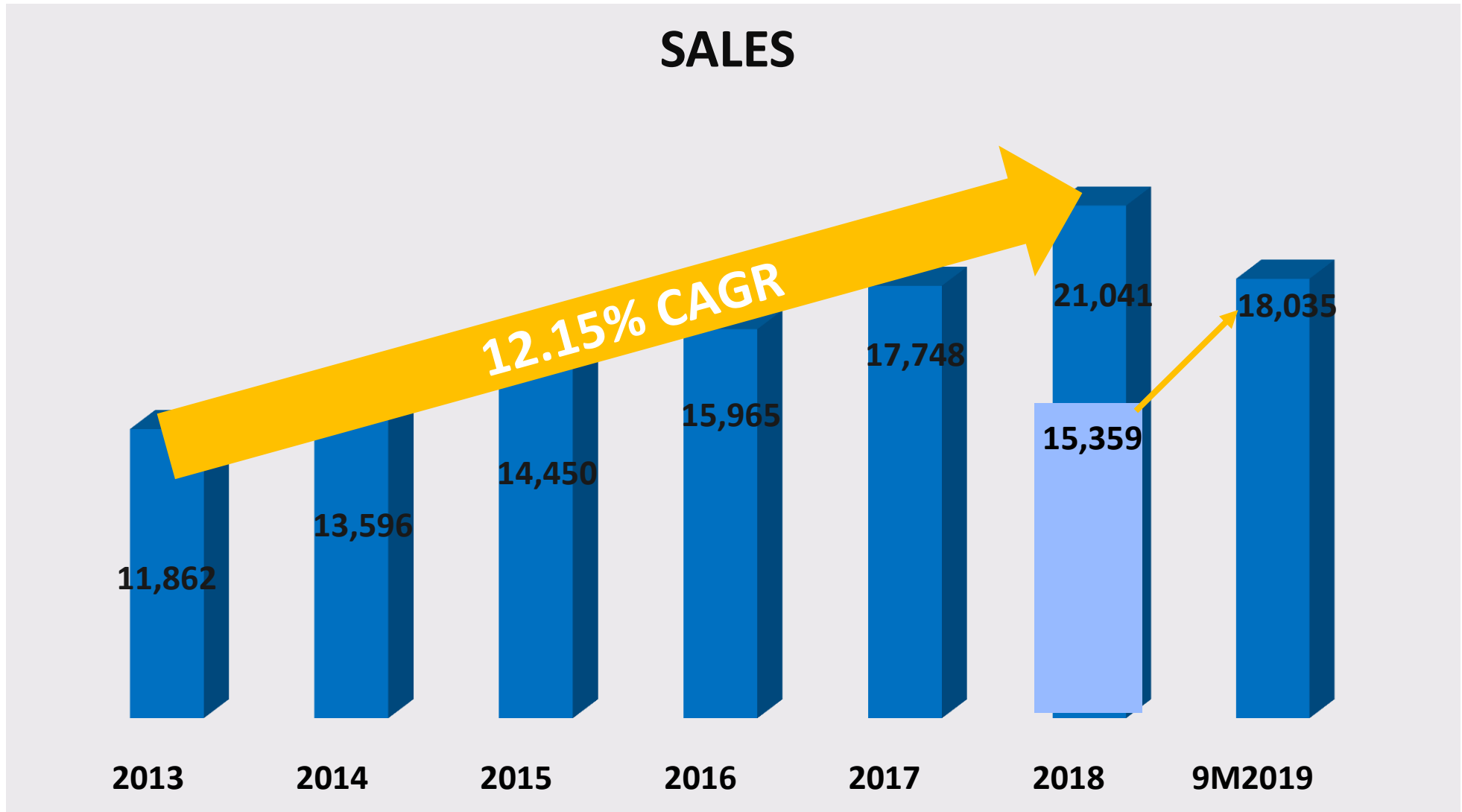
WILCON **DEPOT**

| | Unaudited Sep 30, 2019 | Audited Dec 31, 2018 |
|----------------------------|------------------------|----------------------|
| Current Assets | 14,122 | 11,123 |
| Noncurrent Assets | 10,202 | 6,379 |
| Total Assets | 24,324 | 17,502 |
| Current Liabilities | 6,404 | 4,171 |
| Noncurrent Liabilities | 3,717 | 118 |
| Total Liabilities | 10,122 | 4,290 |
| Capital Stock | 4,100 | 4,100 |
| Additional Paid-in Capital | 5,374 | 5,374 |
| Other Comprehensive Loss | 185 | 83 |
| Retained Earnings | 4,544 | 3,656 |
| Total Equity | 14,202 | 13,212 |
| Current ratio | 2.1 | 2.67 |
| Quick ratio | 0.77 | 0.75 |
| Debt to equity ratio | 0.71 | 0.32 |
| Return on asset | 6.3% | 10.5% |
| Return on equity | 10.9% | 13.9% |

Healthy Sales Growth

WILCON

DEPOT

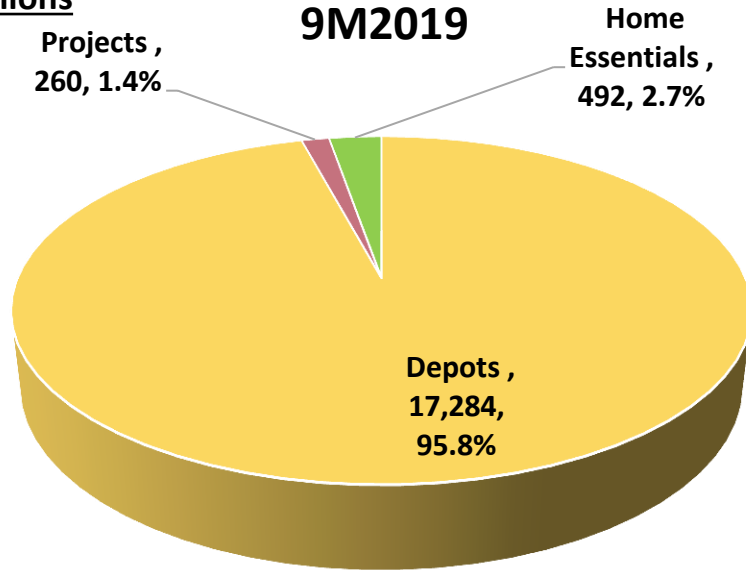


Note: 2013 to 2015 – Pro-forma/Reviewed / 2016 – In-house Pro-forma / 2017 – Actual/Audited
Commercial operations under WDI commenced April 1, 2016

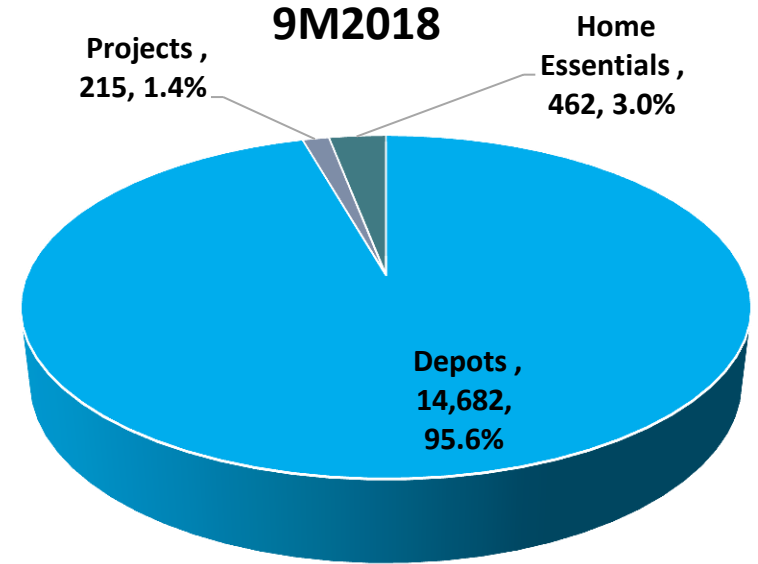
Total Net Sales Breakdown



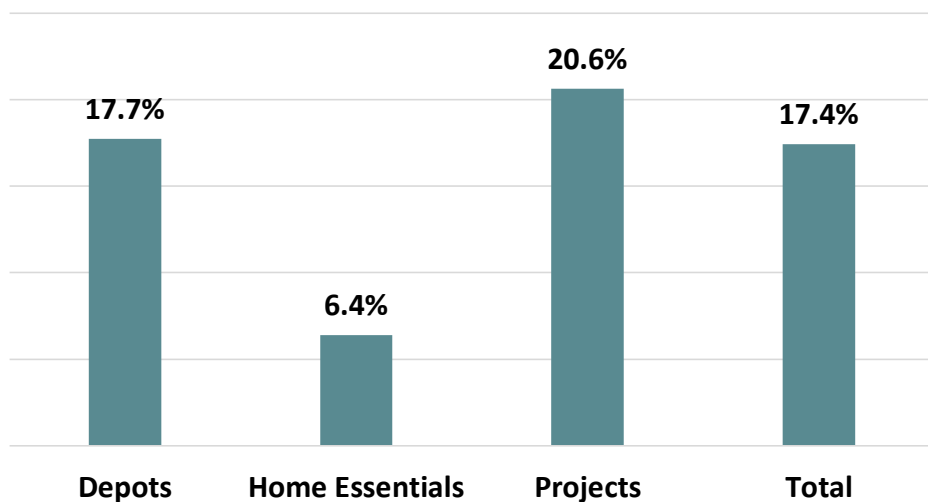
PhP Millions



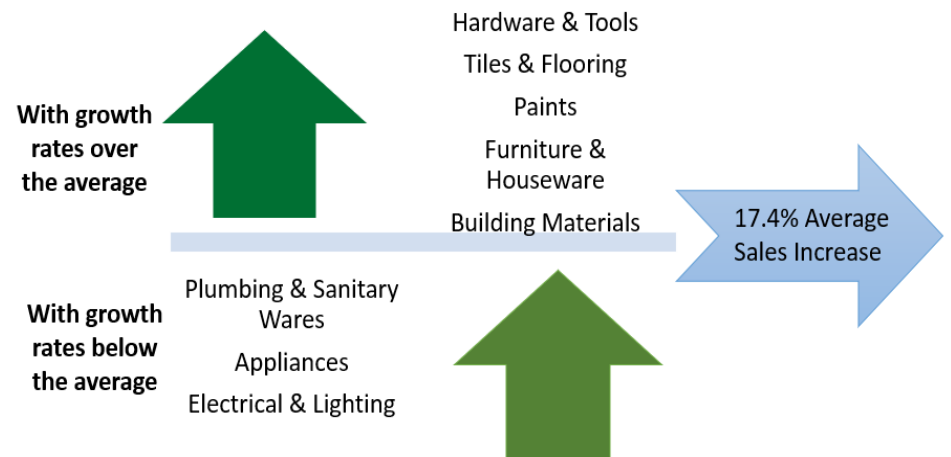
17.4%



Sales Growth per Store Format 9M19 VS 9M18



Product Category Performance 9M19 VS 9M18



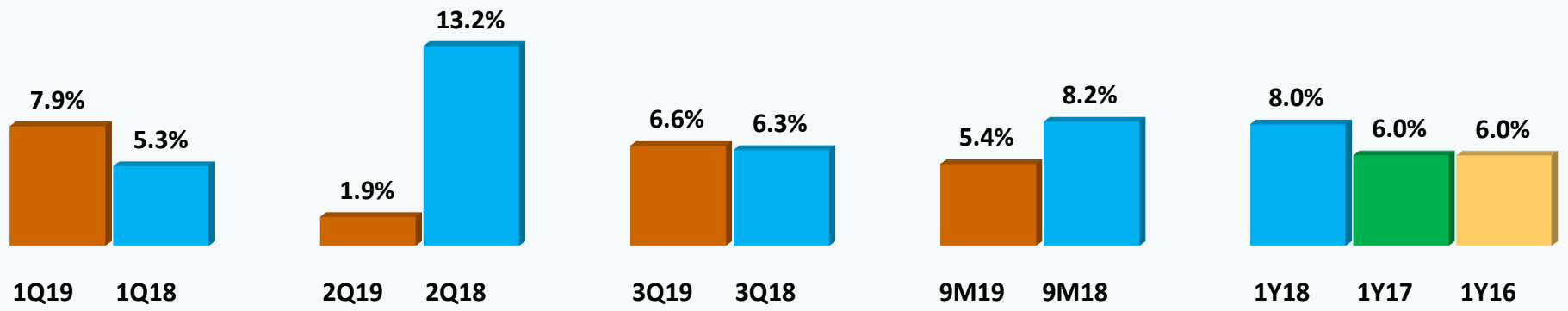
Comparable Sales Summary



Quarterly Trend

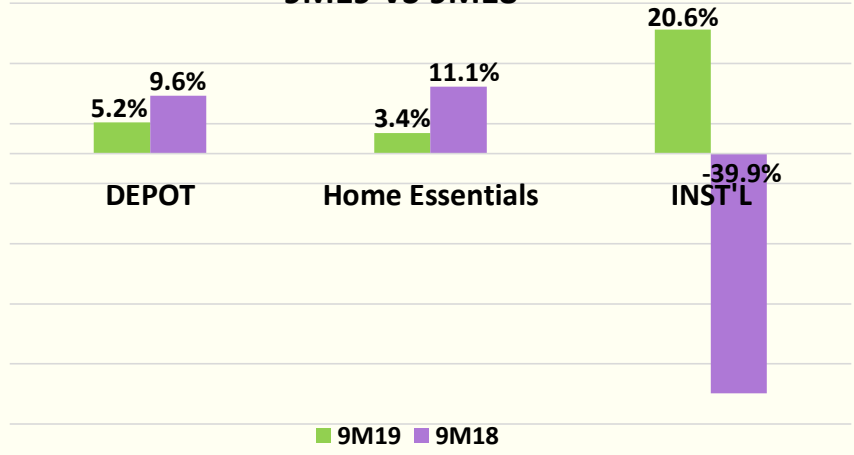
SSSG Excluding Inst'l/ Projects Sales

- 3Q19 – 6.4%
- 3Q18 – 8.6%

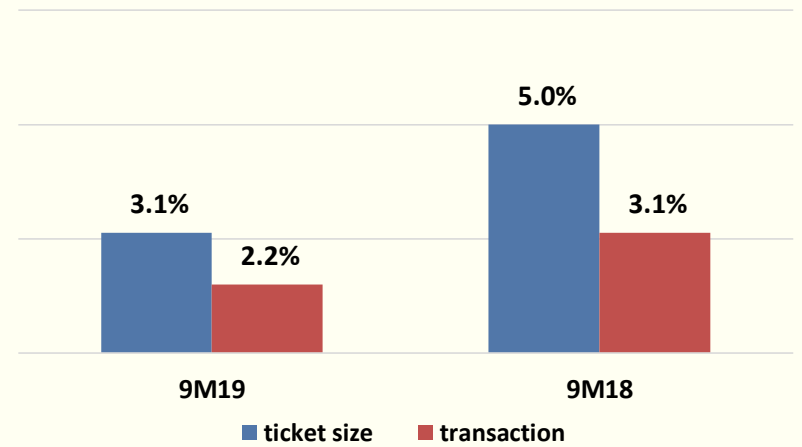


Note: 2016 – In-house Pro-forma
Commercial operations under WDI commenced April 1, 2016

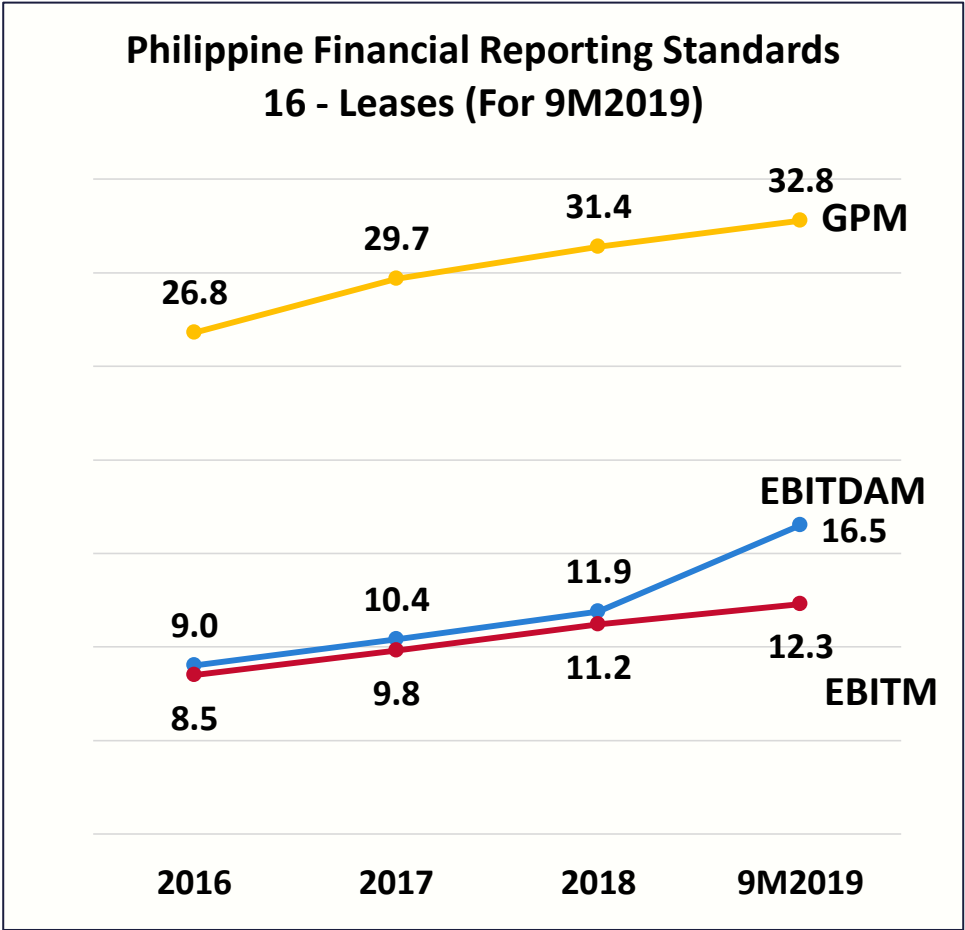
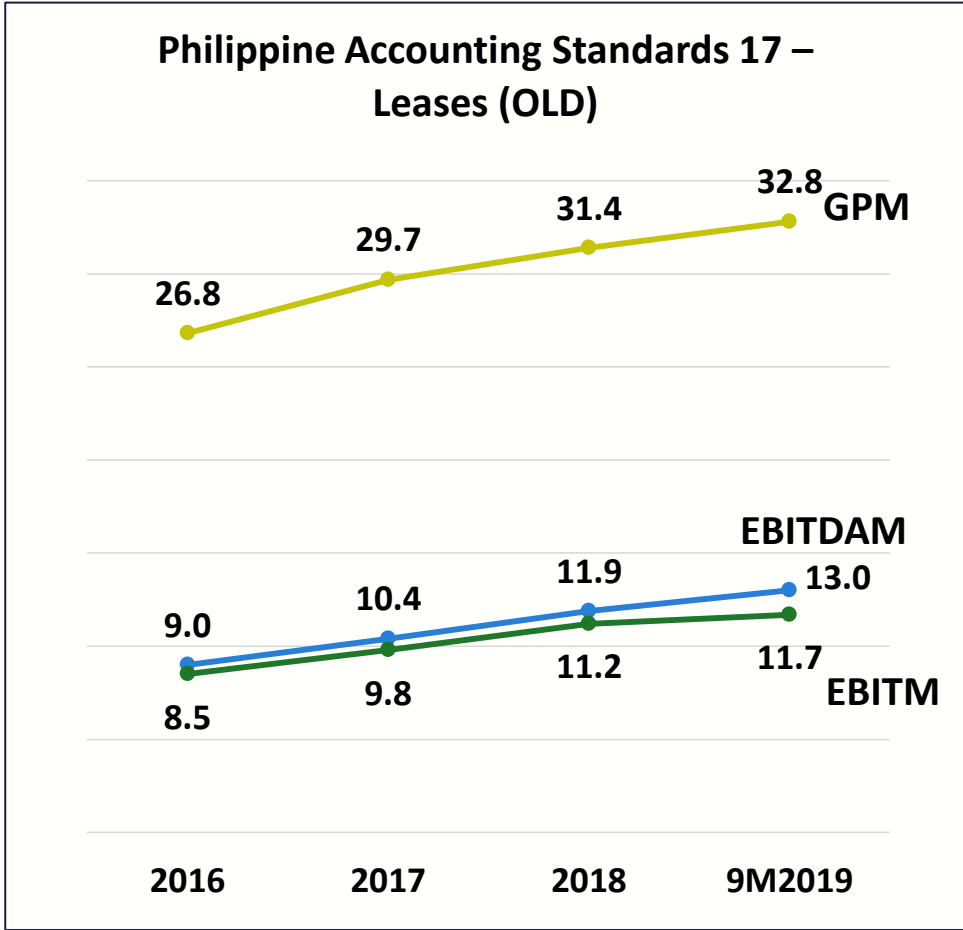
Comparable Sales Growth per Format 9M19 VS 9M18



Comparable Ticket Size and Transactions Growth 9M19 VS 9M18



Improving Margins





home
interior



building
materials



doors &
mouldings



tiles



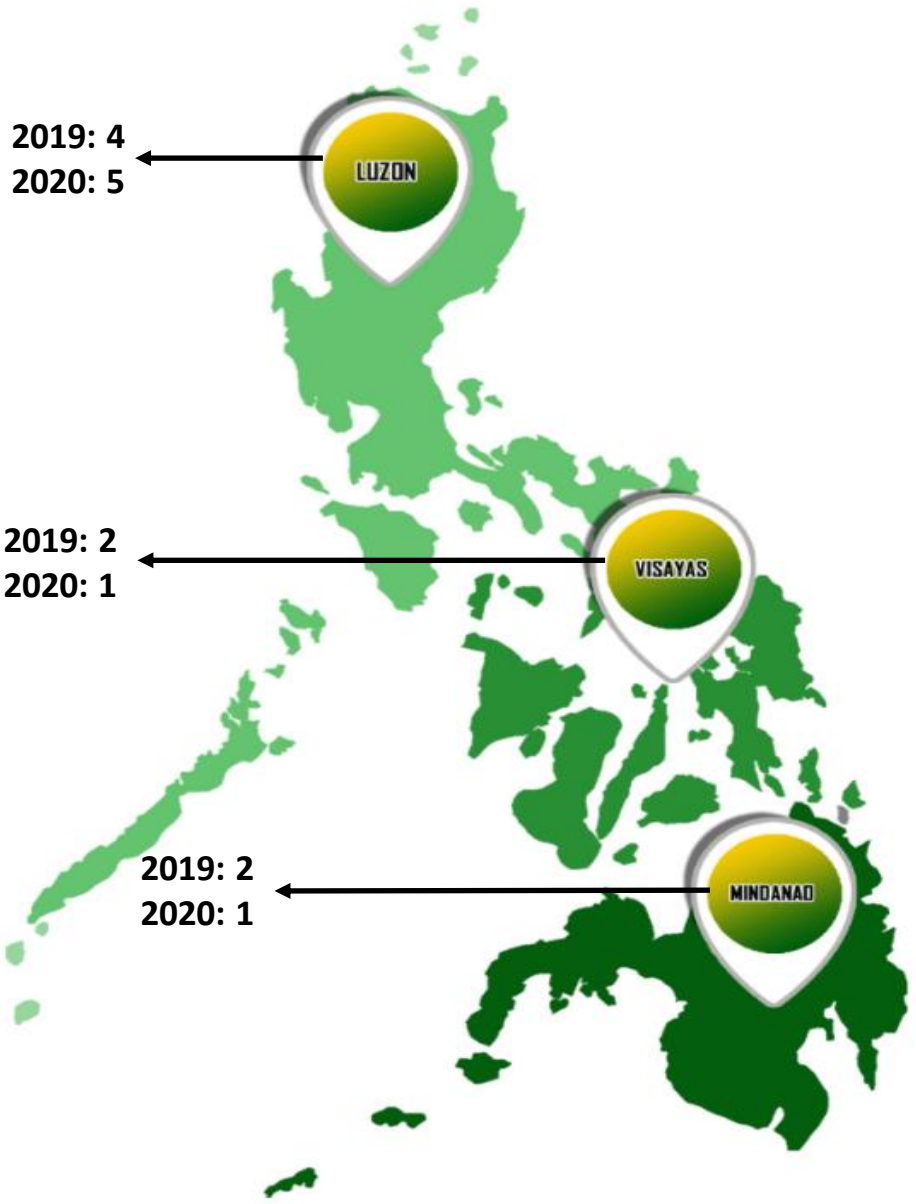
paints &
sundries



plumbing

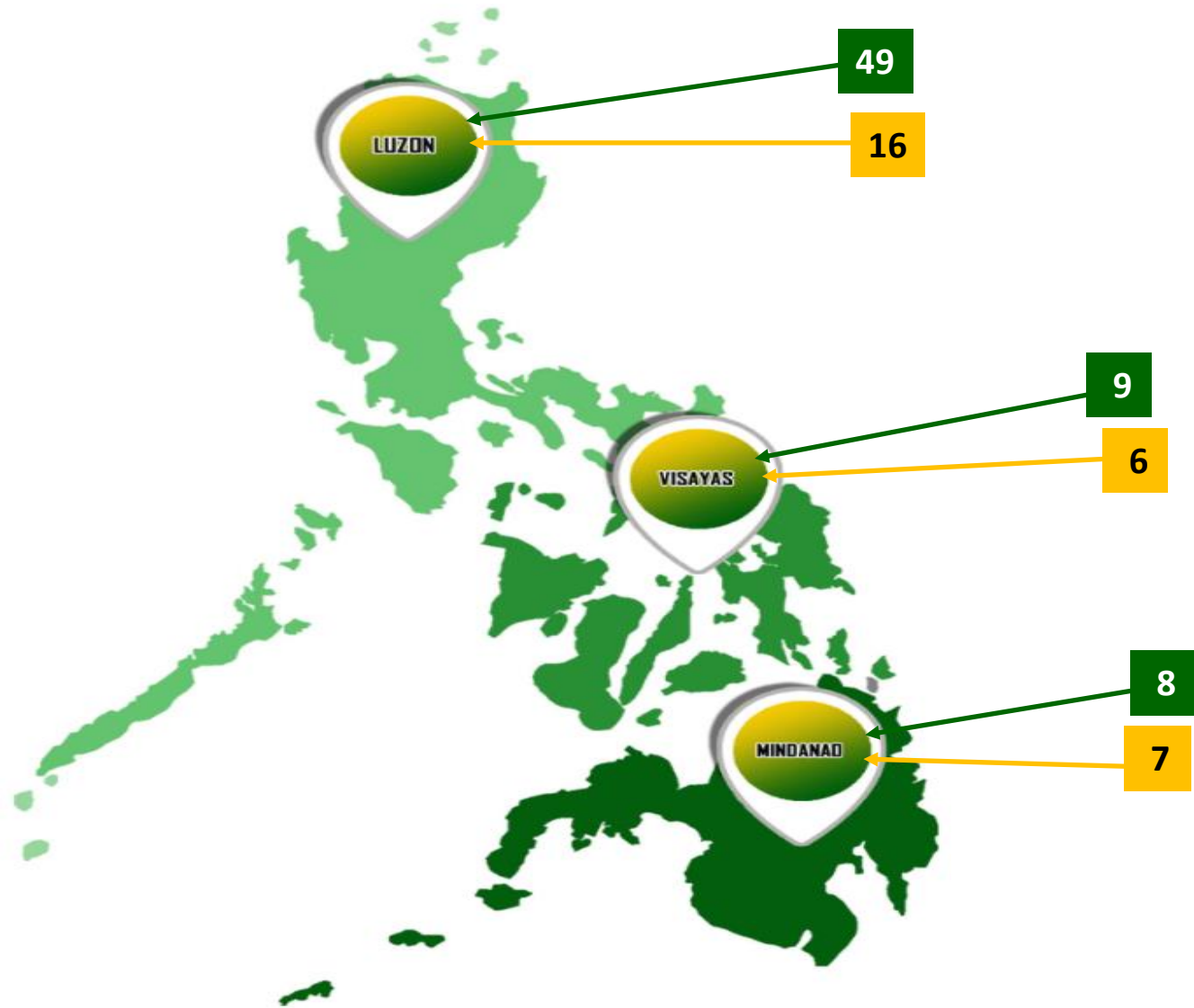
Outlook

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 |
| Total, end 2019 | 59 |

2017 - 2020 Planned New Branches



Total Planned New Depot Stores - 29

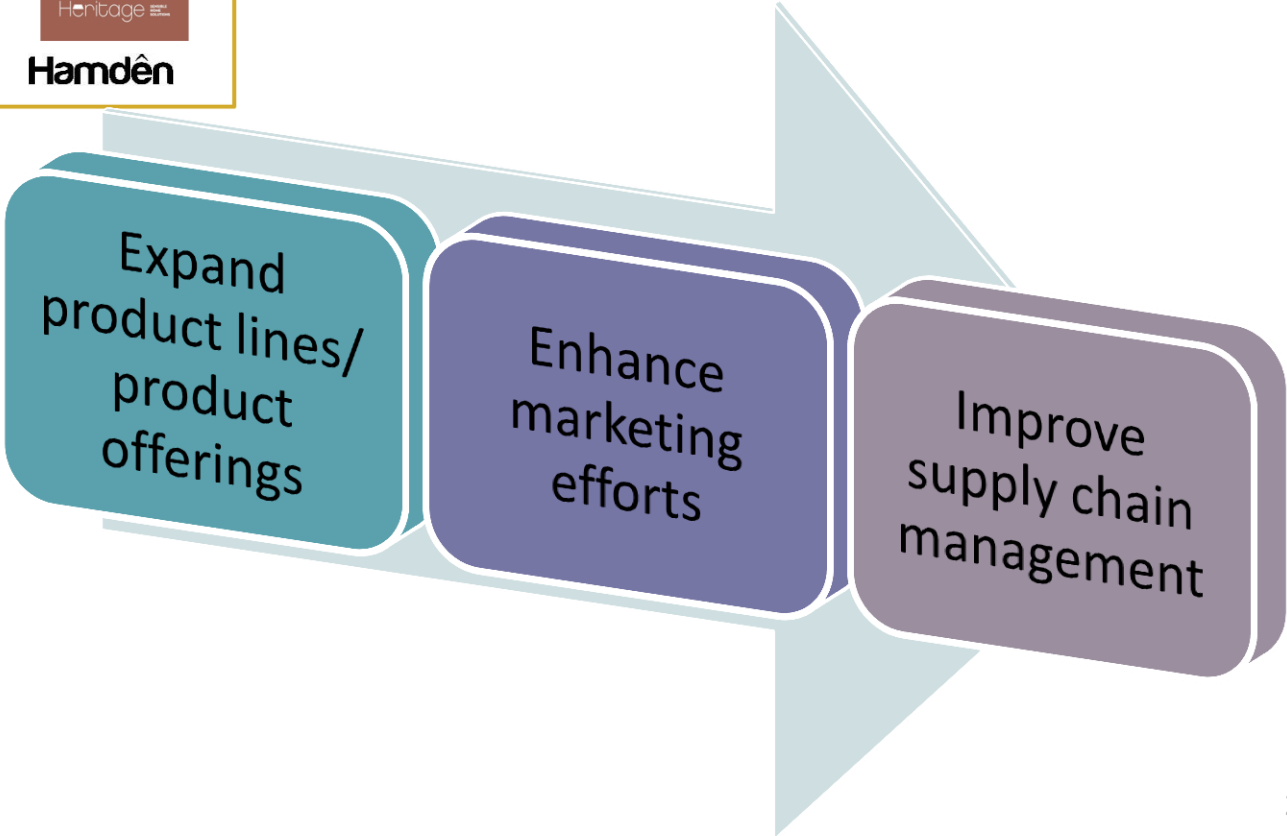
Total number of stores in 2020 - 66

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



| | | | |
|--|--|---|--|
| Plumbing and Sanitary SEFA Crown Sink POZZI Käsch | Furniture, Furnishings, & Houseware HEIM HOME ESSENTIALS Heritage | Tiles / Flooring Arte CERAMICHE SOL CERAMICA VERONA TILES PICASSO ROMANTIC | Hardware & Tools DIRECT HARDWARE |
| Electrical and Lighting ALPHALUX KAZE | Building Materials WOODLAND FOREST PRODUCTS SOLUTHERM | Appliances Heritage Hamden | |



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