

WILCON DEPOT REPORTS ₱604M NET INCOME FOR 1Q 2021, UP 84% YOY

- *Net sales up 19.4% yoy to ₱6.676 billion, comparable sales growth of 9.8%*
- *Gross profit of ₱2.421 billion, up 28.1% yoy, gross profit margin of 36.3%*

Wilcon Depot, Inc. (Wilcon), the country's leading home and finishing construction supply retailer, today reported first quarter 2021 net income of ₱604 million, up 84% or ₱276 million year-on-year. The improvement was at the back of a 19.4% hike in net sales and gross profit margin expansion even as interest and net other income declined and operating expenses increased.

Net sales for the quarter rose 19.4% or ₱1.085 billion to reach ₱6.676 billion with a comparable sales growth of 9.8%. Higher transaction count particularly of stores in Luzon drove the turnaround in comparable sales. All branches remained open despite the re-imposition of the Enhanced Community Quarantine (ECQ) in Metro Manila and nearby provinces starting from the last week of March. During the quarter, two new depots were opened, one in Metro Manila and the other in the Visayas.

"We're happy with our first quarter results and that we were able to achieve this despite the challenges brought about by the recent spike in Covid-19 cases and the reimposition of the ECQ in Metro Manila and nearby provinces. The difference with this year's ECQ is that all our branches remained open although we had shortened our operating hours because of the early curfew. We're grateful to our frontliners and support teams who once again rose to the challenges of operating in even more difficult circumstances to serve our customers. We are still set on opening seven more stores for the year, after the two we opened in January. We now have 65 stores, fulfilling our IPO commitment ahead of schedule. Moving forward, we have placed adequate flexibility in our expansion plans, should market conditions warrant a shift – either it be a pause or an acceleration," said Lorraine Belo-Cincochan, Wilcon's CEO and President.

First Quarter 2021 Results

Of the total net sales, the depot format stores contributed 97.2%, growing by 20.7% or ₱1.113 billion to ₱6.488 billion for the quarter. Comparable sales growth reached 10.7% accounting for 51.7% of the total net sales increase of the format. Sales from the Home Essentials format contributed 2.1% of total net sales with a growth of 2.1% or ₱3 million to close the quarter at ₱140 million. Meanwhile, project sales' contribution accounted for the remaining 0.7% totaling ₱48 million for the quarter.

Gross profit totaling ₱2.421 billion rose by 28.1% or ₱531 million year on year, resulting in a gross profit margin of 36.3%. Gross profit margin jumped 190 bps versus full year 2020 and 250 bps year on year, traced mainly to the increase in the blended margin of the exclusive and in-house brands, which reversed the impact of the drop in its contribution to total sales from 50.9% to 49.5%.

Operating expenses increased to ₱1.552 billion, up 8.3% or ₱119 million, attributed mainly to expansion-related expenses. Including interest expense of ₱116 million, which pertains to interest on lease liability, operating expenses totaled ₱1.668 billion, up 8.7% or ₱133 million year on year.

Rent income increased to ₱15 million from the prior year's ₱6 million but net other income declined from ₱69 million to ₱45 million due mainly to lower delivery fee income and reimbursable expenses from suppliers. Thus, income from operations improved by 88.8% or ₱383 million to reach ₱814 million for the quarter.

Meanwhile, interest income slid to ₱8 million from ₱27 million as the IPO proceeds were fully deployed during the quarter.

The company already applied the new corporate income tax rate of 25% in the first quarter. Income tax expense jumped 68.4% or ₱88 million to end at ₱218 million for the quarter. The increase was due to the higher taxable income and the recognition of a one-time net tax expense following the revaluation of the tax deferred asset account as the new corporate income tax rate of 25% was applied retroactively from July 1, 2020.

Capital expenditure for the quarter amounted to ₱595 million, mainly for construction of new stores and warehouses.

FINANCIAL HIGHLIGHTS

(In Php MM)	1Q2021	% Sales	1Q2020	% Sales	% Growth
Net Sales	6,676	100.0	5,591	100.0	19.4
Cost of Sales	-4,254	-63.7	-3,700	-66.2	15.0
Gross Income	2,421	36.3	1,891	33.8	28.1
Operating Expenses	-1,552	-23.2	-1,433	-25.6	8.3
Interest Exp (Lease Liab)	-116	-1.7	-102	-1.8	13.9
Other Income - Net	60	0.9	75	1.3	-19.6
Income from Operations	814	12.2	431	7.7	88.8
Interest Income	8	0.1	27	0.5	-68.9
Income Before Tax	822	12.3	458	8.2	79.6
Income tax	-218	-3.3	-129	-2.3	68.4
Net Income	604	9.1	328	5.9	84.0

Balance Sheet	Unaudited March 31, 2021	Audited December 31, 2020
Current Assets	14,482	14,390
Noncurrent Assets	14,223	13,828
Total Assets	28,705	28,218
Current Liabilities	7,828	7,621
Noncurrent Liabilities	5,455	5,287
Total Liabilities	13,283	12,908
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Income	1	1
Retained Earnings	5,948	5,836
Total Equity	15,422	15,310