

WILCON POSTS P1.87B NINE-MONTH NET INCOME FOR 2021

- 9-month net income grew 111.1% year-on-year to P1.870 B
- 9-month net sales of P20.048 B rose 27.0% year-on-year
- 3RD Quarter net income grew 16.7% year-on-year to P622M

Wilcon Depot, Inc. (WILCON) today reported nine-month 2021 net income of P1.870 billion, up 111.1% or P984 million from the same period last year. The increase was driven by higher net sales and gross profit margin partly offset by increased operating expenses.

Net sales for the nine-month period reached P20.048 billion, 27.0% or P4.259 billion higher than the same period last year. Generally uninterrupted operations particularly of stores in Luzon, which resulted in higher number of transactions mainly drove the sales increase. For 2021, the Philippine government placed Metro Manila and nearby provinces on the strictest quarantine level twice but unlike last year, the stores were not required to close. Comparable sales grew 16.9% for the period.

Net sales for the third quarter, on the other hand, slipped 1.9% or P127 million to close at P6.622 billion in view of the almost two months of mobility restrictions as the Philippines recorded the highest number of daily cases, so far since the pandemic started, during this period. Comparable sales dropped by 9.3% in view of the prolonged imposition of quarantine measures and the elevated number of Covid-19 cases versus last year.

A total of six depots were opened during the nine-month period, two of which were opened in the third quarter. To date, seven depots and one Home Essentials have been opened with the last two branches, one Home Essentials and one depot, opening back-to-back on October 15, 2021.

Gross profits for the nine-month and third quarter 2021 periods both grew driven by higher margins of the in-house/exclusive brands since margins particularly of stores farther from Metro Manila expanded as pass-on logistics cost increased. Gross profit for the nine-month period amounted to P7.432 billion for a gross profit margin rate of 37.1%, increasing by 36.7% or P1.996 billion year-on-year. For the third quarter, gross profit reached P2.517 billion for a gross profit margin rate of 38.0%, growing by P203 million or 8.8% versus the same period last year.

Operating expenses, including lease-related interest expense also grew as new stores were continuously opened and the volume of business increased. Operating expenses for the nine-month period increased by 16.7% or P741 million to settle at P5.171 billion while for the third quarter, operating expenses totaled P1.783 billion, up 10% or P162 million year-on-year.

Rent and net other income totaled P218 million and P85 million for the nine-month 2021 and third quarter periods, respectively. For the nine-month 2021 period, rent and net other income grew 11.3% or P22 million, while for the third quarter it grew 37.6% or P23 million. Interest income dropped 47.7% or P22 million for the nine-month 2021 period to close at P24 million due to lower investible funds.

Income tax expense increased by 74.5% or P271 million to P634 million due to higher taxable income and the one-time deferred tax asset adjustment charged to tax expense in the first quarter partly offset by the lower income tax rate of 25% from last year's 30%.

Ms. Lorraine Belo-Cincochan, Wilcon's CEO and President, said that the company will continue with its expansion plans, opening an additional Home Essentials branch for this year on top of the planned nine new depots. She added that the company spent a total of P1.848 billion in capital expenditure as of the end of the third quarter.

"Hopefully, with the easing of restrictions as Covid-19 cases decline, our customers will be able to finish or start their home improvement projects in time for the Christmas holidays. We're looking forward to a better fourth quarter." Ms. Belo-Cincochan said in closing.

FINANCIAL HIGHLIGHTS

(In Php MM)	9M2021	% Sales	% Growth y-o-y	3Q2021	% Sales	% Growth y-o-y
Net Sales	20,048	100.0	27.0	6,622	100.0	-1.9
Cost of Sales	-12,617	-62.9	21.9	-4,104	-62.0	-7.4
Gross Income	7,432	37.1	36.7	2,517	38.0	8.8
Operating Expenses	-4,818	-24.0	17.1	-1,663	-25.1	10.1
Interest Exp (Lease Liab)	-353	-1.8	11.4	-120	-1.8	8.5
Other Income - Net	218	1.1	11.3	85	1.3	37.6
Income from Operations	2,479	12.4	106.2	819	12.4	8.5
Interest Income	24	0.1	-47.7	8	0.1	3.5
Income Before Tax	2,504	12.5	100.4	827	12.5	8.5
Income tax	-634	-3.2	74.5	-205	-3.1	-10.7
Net Income	1,870	9.3	111.1	622	9.4	16.7

Balance Sheet	Unaudited September 30, 2021	Audited December 31, 2020
Current Assets	15,540	14,390
Noncurrent Assets	15,185	13,828
Total Assets	30,726	28,218
Current Liabilities	8,050	7,621
Noncurrent Liabilities	5,988	5,287
Total Liabilities	14,038	12,908
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Income	1	1
Retained Earnings	7,213	5,836
Total Equity	16,687	15,310