

## **WILCON DEPOT DELIVERS RECORD P3.85B 2022 NET INCOME**

- *Net sales up 22.0% year-on-year to P33.571 billion, comparable sales grew 14.2%*
- *Gross profit grew 27.7% year-on-year to P13.126 billion, GPM of 39.1%*
- *Net income jumped 50.2% year-on-year to P3.848 billion*

Wilcon Depot, Inc. (WDI), the Philippines' leading home improvement and finishing construction supplies retailer today reported its fourth quarter and full year 2022 operating and financial results.

"Wilcon delivered a strong fourth quarter performance to cap off a record year for us. We generated P888 million in net income for the quarter, a growth of 28.3% year-on-year, which brought our full year net income to P3.848 billion, up 50.2% over our 2021 net income", said Ms. Lorraine Belo-Cincochan, Wilcon's President and CEO.

"Our net sales grew 22.0% year-on-year, mainly driven by the turnaround of our older stores with our comparable sales growth hitting 14.2% for 2022. There was marked increase in private construction activities toward the end of the first quarter up to the end of the year despite strong inflationary pressures. Our results also reflected our resilience and adaptability in coping with the myriad challenges of operating in a pandemic-disrupted environment. We seized the country's overall economic recovery with our timely investments in inventory, our people and in process improvements. This enabled us to continuously serve the requirements of our customers and provide them with our usual excellent customer experience", added Ms. Belo-Cincochan.

Ms. Belo-Cincochan also announced that the Company's board of directors in their meeting on February 22, 2023, approved the distribution of cash dividends amounting to P1.517 billion, equivalent to P0.37/share, consisting of P0.23/share regular and P0.14/share special dividends.

### **Fourth Quarter 2022**

Net income hiked 28.3% or P196 million year-on-year to reach P888 million, driven by higher sales and expansion of gross profit margin, partly offset by the increase in operating expenses.

Net sales of P8.848 billion grew 18.5% or P1.383 billion year-on-year, attributable mainly to the continued recovery of old stores particularly Metro Manila branches, which were impacted the most by pandemic-related restrictions in 2021. Hence, comparable sales growth for the quarter reached 10.4%. Three branches were opened during the quarter, still all in Luzon.

Gross profit rose 23.4% or P665 million year-on-year to total P3.509 billion at the close of the quarter, traced mainly to the expansion of the gross margin rate to 39.7%. The higher margin exclusive and in-house brands increased its contribution from 50.1% to 51.3% year-on-year.

Operating expenses including the lease-related interest expense rose by 20.2% or P410 million to amount to P2.441 billion at the close of the quarter, attributed mainly to increased business volume from both the store network expansion and recovery of old stores. Excluding non-operating income of P6 million, net other income of P107 million grew by a modest 3.6% year-on-year.

## **Full Year 2022**

Net income reached P3.848 billion for the year, up 50.2% or P1.287 billion year-on-year driven mainly by the increase in sales and gross margin rate expansion partly offset by the increase in operating expenses.

Net sales increased by 22.0% or P6.057 billion attributed mainly to the increased business volume with the resumption of private construction upon the full opening of the economy from pandemic-related restrictions after the Covid-19 Omicron variant surge ebbed toward the end of the first quarter. Comparable sales grew 14.2% with Metro Manila stores contributing the most to the increase. The remainder of the increase was contributed by below one year sales from stores opened in 2021 and 2022. Wilcon opened ten stores during the year, all in Luzon. Nine depots and one Home Essentials were opened, bringing to 83 the total number of branches by the end of 2022.

Net sales from depot format stores comprised the majority, accounting for 97.2% of total net sales, the smaller format Home Essentials contributed 1.9% and project sales the remaining 0.9%.

Gross profit grew by 27.7% or P2.85 billion year-on-year with the expansion of the gross margin rate by 175 basis points to 39.1% for the year. The expansion in the gross margin rate was traced mainly to the increased contribution of the higher-margin in-house and exclusive brands from 49.5% in 2021 to 51.1% in 2022.

Operating expenses, in view of the increased volume of business and continuing store network expansion, hiked 17.0% or P1.222 billion to settle at P8.424 billion. Top contributing accounts include depreciation and amortization, utilities, manpower and trucking.

Net other income, excluding non-operating interest income of P17 million, likewise increased by 26.2% or P84 million, correspondingly traced to the increased volume of business.

Continuous investments in store network expansion, additional warehouse buildings in the main distribution center, store and transportation equipment, IT infrastructure and software, and renovations resulted in a total capital expenditure of P2.643 billion for the year.

## FINANCIAL HIGHLIGHTS

(In Php MM)	12M2022	% Sales	% Growth y-o-y	4Q2022	% Sales	% Growth y-o-y
<b>Net Sales</b>	<b>33,571</b>	<b>100.0</b>	<b>22.0</b>	<b>8,848</b>	<b>100.0</b>	<b>18.5</b>
Cost of Sales	-20,445	-60.9	18.6	-5,339	-60.3	15.5
<b>Gross Income</b>	<b>13,126</b>	<b>39.1</b>	<b>27.7</b>	<b>3,509</b>	<b>39.7</b>	<b>23.4</b>
Operating Expenses	-7,879	-23.5	17.1	-2,291	-25.9	19.7
Interest Exp (Lease Liab)	-544	-1.6	15.8	-150	-1.7	27.3
Other Income - Net	406	1.2	26.2	107	1.2	3.6
<b>Income from Operations</b>	<b>5,108</b>	<b>15.2</b>	<b>50.4</b>	<b>1,175</b>	<b>13.3</b>	<b>28.2</b>
Non PFRS16 Depreciation & Amortization	1,148	3.4	21.7	321	3.6	26.7
<b>EBITDA -Adjusted</b>	<b>6,256</b>	<b>18.6</b>	<b>44.2</b>	<b>1,496</b>	<b>16.9</b>	<b>27.9</b>
Non-operating other income	17	0.1	-40.9	6	0.1	41.3
<b>Income Before Tax</b>	<b>5,125</b>	<b>15.3</b>	<b>49.7</b>	<b>1,182</b>	<b>13.4</b>	<b>28.3</b>
Income tax	-1,277	-3.8	47.9	-294	-3.3	28.2
<b>Net Income</b>	<b>3,848</b>	<b>11.5</b>	<b>50.2</b>	<b>888</b>	<b>10.0</b>	<b>28.3</b>

<b>Balance Sheet</b>	Audited December 31, 2022	Audited December 31, 2021
Current Assets	17,385	17,189
Noncurrent Assets	18,258	15,149
<b>Total Assets</b>	<b>35,643</b>	<b>32,337</b>
Current Liabilities	7,659	8,880
Noncurrent Liabilities	7,441	5,979
<b>Total Liabilities</b>	<b>15,100</b>	<b>14,859</b>
Capital Stock	4,100	4,100
Additional Paid-in Capital	5,374	5,374
Other Comprehensive Income	177	100
Retained Earnings	10,893	7,905
<b>Total Equity</b>	<b>20,543</b>	<b>17,478</b>

The above contains statements about future events and expectations that constitute “forward-looking statements.” These forward-looking statements include words or phrases such as the Company or its management “believes”, “expects”, “anticipates”, “intends”, “may”, “plans”, “foresees”, “targets”, “aims” “would”, “could” or other words or phrases of similar import. Similarly, statements that describe the Company's objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward looking statements are made based on management’s current expectations or beliefs as well as assumptions made by, and information currently available to, management. These forward-looking statements speak only as at the date of this presentation and nothing contained in this presentation is or should be relied upon as a promise, warranty or representation as to the future. The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.