



D.M. Wenceslao & Associates
Net Income Up 17% to P1.1 billion in 1H 2019

Paranaque City, Philippines, July 30, 2019 — D.M. Wenceslao & Associates, Incorporated (PSE: DMW) reports net income attributable to equity holders of P1,122.2 million for the first six months of 2019, up 17% from the same period in 2018. Net income margin was 90% from 89% last year.

Revenues expanded to P1,262.2 million, up 17% year-over-year, led by strong contribution from the residential segment. Of the total revenues, P983.4 million or 78% were recurring income, including rentals from land, building and other revenues such as common use service area fees. By business segment, leasing of land increased 3% to P497.4 million. Rentals of buildings and other revenues related to leasing grew 12% and 9% to P392.5 million and P93.4 million, respectively. Sale of residential condominium units rose six times to P266.7 million. Leasing of land, building and sale of condominium units represented 39%, 31% and 21% of the Company's total revenues, respectively.

“Second quarter was a record quarter for our residential business driven by higher percentage of residential project completion and ongoing pre-selling activities,” said Delfin Angelo “Buds” C. Wenceslao, chief executive officer. During the quarter, DMW topped off Pixel Residences, its first residential development which was fully pre-sold in June 2017 and is expected to be completed by end-2019. The Company also launched the third tower of MidPark Towers after the project reached 90% take-up of the units launched in November 2018. As of July 31, total pre-sales of MidPark Towers have surpassed P4.8 billion from P4.3 billion reported in early June.

“Our commitment to continued growth is reflected in the ongoing trend in our capital expenditures. As of June 30, we have deployed P1,168.7 million or 15% of our net proceeds from the initial public offering primarily for pipeline project development,” Wenceslao added.

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ABOUT D.M. WENCESLAO & ASSOCIATES, INCORPORATED

DMW is an integrated property developer with expertise in land reclamation, construction and real estate development. It is the master developer and primary owner of Aseana City, a development project with a total land area of 107.5 hectares located along the coastal waters of Manila Bay. Since 1965, DMW has reclaimed more than 2.4 million square meters of land, leased or developed 245,000 square meters of land and buildings, and completed over 140 construction and infrastructure projects including large, complex government developments throughout the Philippines. For further information, visit dmwai.com or contact iro@dmwai.com

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND DECEMBER 31, 2018
(Amounts in Philippine Pesos)

	Notes	June 30, 2019 (UNAUDITED)	December 31 2018 (AUDITED)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	7	P 9,112,383,149	P 7,549,219,648
Receivables - net	8	2,251,496,080	2,322,517,894
Contract asset		433,737,083	166,652,337
Land and land development costs	10	2,193,040,192	2,162,209,345
Property development costs	9	772,657,677	711,411,174
Other current assets	11	540,236,963	1,854,411,290
		15,303,551,144	14,766,421,688
TOTAL Current Assets			
NON-CURRENT ASSETS			
Receivables	8	2,907,039,878	2,488,826,277
Investments in associates and joint ventures	12	62,637,634	55,834,465
Property and equipment - net	13	126,381,193	130,657,585
Investment properties - net	14	12,246,184,305	11,448,382,530
Deferred tax assets - net		120,459,560	47,941,716
Other non-current assets	15	698,831,164	723,588,366
		16,161,533,734	14,895,230,939
TOTAL Non-current Assets			
INVESTMENT IN JOINT VENTURE HELD FOR TERMINATION			
		127,062,953	127,062,953
TOTAL ASSETS			
		P 31,592,147,831	P 29,788,715,580

	Notes	June 30, 2019 (UNAUDITED)	December 31 2018 (AUDITED)
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Loans and borrowings	16	P 1,434,820,000	P 1,417,170,000
Trade and other payables	17	1,250,566,472	1,125,151,170
Contract liability		581,161,671	210,459,821
Advances from a co-joint venturer		1,000,000,000	1,000,000,000
Advances from related parties	22	4,610,542,076	4,611,174,814
Deposits for future stock subscription	2, 27		-
Estimated liability for land development costs		-	-
Deposits and advances	18	932,967,961	793,551,597
Total Current Liabilities		9,810,058,180	9,157,507,402
NON-CURRENT LIABILITIES			
Loans and borrowings	16	474,250,000	511,750,000
Deposits and advances	18	561,864,016	504,858,972
Deferred tax liabilities - net		842,516,594	720,976,913
Retirement benefit obligation		26,651,435	27,643,914
Total Non-current Liabilities		1,905,282,045	1,765,229,799
Total Liabilities		11,715,340,225	10,922,737,201
EQUITY			
Equity attributable to holders of the parent company			
Capital stock	25	3,395,864,100	3,395,864,100
Additional paid-in capital		6,964,649,807	6,964,649,807
Revaluation reserves - net		(28,524,335)	(28,524,335)
Other Reserves		(275,974,845)	(275,974,845)
Retained earnings		9,143,649,753	8,141,450,177
Total equity attributable to holders of the parent company		19,199,664,480	18,197,464,904
Noncontrolling interest		677,143,126	668,513,475
Total Equity		19,876,807,606	18,865,978,379
TOTAL LIABILITIES AND EQUITY		P 31,592,147,831	P 29,788,715,580

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)
(UNAUDITED)

		2019		2018	
	Notes	April 1 to June 30 2019	January 1 to June 30 2019	April 1 to June 30 2018	January 1 to June 30 2018
REVENUES					
Rentals:					
Land	14	P 242,201,704	P 497,444,984	P 236,629,544	P 482,192,981
Building	14	198,970,670	392,489,115	186,293,144	351,900,929
Other revenues		48,326,747	93,439,186	43,715,194	85,900,927
		<u>489,499,121</u>	<u>983,373,285</u>	466,637,882	919,994,837
Construction contracts		10,384,977	12,130,599	52,716,124	114,517,783
Sale of condominium units	9	166,737,451	266,741,449	32,590,663	44,360,821
Land sales	10	-	-	-	1,252,800
		<u>666,621,549</u>	<u>1,262,245,333</u>	551,944,669	1,080,126,241
COSTS OF SERVICES AND SALES					
Rentals	19	66,339,450	128,671,014	50,580,614	98,144,059
Land sales	10	-	-	-	40,079
Construction contracts	19	5,397,079	6,198,788	52,221,417	64,353,627
Sale of condominium units	9	87,561,095	144,947,932	19,507,286	26,846,886
		<u>159,297,624</u>	<u>279,817,734</u>	122,309,317	189,384,651
GROSS PROFIT		<u>507,323,925</u>	<u>982,427,599</u>	429,635,352	890,741,590
OTHER OPERATING INCOME (EXPENSES)					
Operating Income	21	27,866,452	40,825,924	24,987,202	37,112,276
General and administrative		(83,448,679)	(198,214,950)	(79,564,668)	(180,499,021)
Selling		(37,223,751)	(68,263,575)	(24,420,013)	(40,648,435)
		<u>(92,805,978)</u>	<u>(225,652,601)</u>	<u>(78,997,479)</u>	<u>(184,035,180)</u>
OPERATING PROFIT		<u>414,517,947</u>	<u>756,774,998</u>	350,637,873	706,706,410
OTHER INCOME (CHARGES)					
Finance costs	16, 20	(20,995,215)	(41,330,349)	(14,913,585)	(31,372,164)
Finance income	7, 9, 20	73,443,042	145,365,109	2,491,494	6,055,128
Share in net losses of associates and joint ventures		2,520,602	6,803,169	2,030,739	1,946,682
Other income	20	300,000,000	600,000,000	300,000,000	600,000,000
		<u>354,968,429</u>	<u>710,837,929</u>	289,608,648	576,629,646
PROFIT BEFORE TAX		769,486,376	1,467,612,927	640,246,521	1,283,336,056
TAX EXPENSE		<u>149,857,613</u>	<u>336,784,050</u>	145,306,686	319,955,731
NET PROFIT		<u>P 619,628,763</u>	<u>P 1,130,828,877</u>	P 494,939,835	P 963,380,325
Net profit attributable to:					
Equity holders of the parent company		P 615,105,205	P 1,122,199,226	P 491,791,946	P 958,039,177
Noncontrolling interest		4,523,558	8,629,651	3,147,889	5,341,148
		<u>P 619,628,763</u>	<u>P 1,130,828,877</u>	P 494,939,835	P 963,380,325
Earnings Per Share - Basic and Diluted	23	<u>P 0.18</u>	<u>P 0.33</u>	P 0.16	P 0.31

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)
(UNAUDITED)

Note	Attributable to Owners of the Parent Company							Noncontrolling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Revaluation Reserves - Net	Other Reserves	Retained Earnings		Total		
					Unappropriated	Appropriated			
Balance at January 1, 2019	P 3,395,864,100	P 6,964,649,807	(P 28,524,335)	(P 275,974,845)	P 6,941,450,177	P 1,200,000,000	P 18,197,464,904	P 668,513,475	P 18,865,978,379
Subscription during the period							-		-
Issuances during the period	24				(119,999,650)	-	(119,999,650)	-	(119,999,650)
Total comprehensive income for the period					1,122,199,226	-	1,122,199,226	8,629,651	1,130,828,877
Balance at June 30, 2019	24	<u>P 3,395,864,100</u>	<u>P 6,964,649,807</u>	<u>(P 28,524,335)</u>	<u>(P 275,974,845)</u>	<u>P 7,943,649,753</u>	<u>P 1,200,000,000</u>	<u>P 677,143,126</u>	<u>P 19,876,807,606</u>
Balance at January 1, 2018		P 2,716,691,200	0	(P 10,935,176)	(P 275,974,845)	P 5,968,150,683	P 1,200,000,000	P 658,962,627	P 10,256,894,489
As previously reported									
Effects of restatements		-	-	-	-	(937,945,996)	(937,945,996)	-	(937,945,996)
As restated		P 2,716,691,200	-	(P 10,935,176)	(P 275,974,845)	P 5,030,204,687	P 1,200,000,000	P 658,962,627	P 9,318,948,493
Issuances during the year	24	683,110,100	6,954,544,570	-	-	-	7,637,654,670	-	P 7,637,654,670
Total comprehensive income for the year					958,039,177	-	958,039,177	5,341,148	963,380,325
Balance at June 30, 2018	24	<u>P 3,399,801,300</u>	<u>P 6,954,544,570</u>	<u>(P 10,935,176)</u>	<u>(P 275,974,845)</u>	<u>P 5,988,243,864</u>	<u>P 1,200,000,000</u>	<u>P 664,303,775</u>	<u>P 17,919,983,488</u>

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 1,467,612,927	P 1,283,336,056
Adjustments for:			
Depreciation and amortization	13,14	81,481,497	73,762,637
Finance costs	20	41,240,424	30,404,652
Interest income	20	(146,044,229)	(2,692,122)
Share in net losses (earnings) of associates and joint ventures		(6,803,169)	(1,946,682)
Unrealized foreign currency loss - net		679,120	(3,363,006)
Operating profit before working capital changes		<u>1,438,166,570</u>	1,379,501,535
Increase in receivables		(347,191,787)	(434,265,484)
Increase in contract asset		(267,084,746)	(44,360,821)
Increase in land and land development costs		(30,830,847)	(35,539,077)
Increase in property development costs		(61,246,503)	(51,272,993)
Increase in other assets		(61,068,471)	(498,328,932)
Increase in trade and other payables		34,298,506	855,529,558
Increase in contract liability		370,701,850	41,632,035
Increase in deposits and advances		196,421,408	119,531,052
Decrease in retirement benefit obligation		(992,479)	(1,250,156)
Cash generated from operations		<u>1,271,173,501</u>	1,331,176,717
Cash paid for income taxes		(196,645,417)	(150,417,409)
Interest received		<u>146,044,229</u>	2,692,122
Net Cash From Operating Activities		<u>1,220,572,313</u>	1,183,451,430
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in short-term placements	11	1,400,000,000	-
Construction in progress and development costs of investment properties	10, 14	(854,114,508)	(193,547,793)
Additional advances to related parties	22	-	(36,240,801)
Acquisitions of property and equipment	13	(20,892,372)	(20,951,971)
Net Cash From Investing Activities		<u>524,993,120</u>	(250,740,565)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares of stock	25	-	7,637,654,670
Dividend paid	23	(119,999,650)	-
Repayments of interest-bearing loans and borrowings	16	(19,850,000)	(279,044,534)
Finance costs paid	20	(41,240,424)	(30,404,652)
Repayments of advances from related parties	22	(632,738)	(5,898,361)
Net Cash From (Used in) Financing Activities		(181,722,812)	7,322,307,123
Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents	20	(679,120)	3,363,006
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,563,163,501	8,258,380,994
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>7,549,219,648</u>	1,444,538,812
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 9,112,383,149	P 9,702,919,806

See Notes to Consolidated Financial Statements.