



D.M. Wenceslao & Associates
Delivers 24% Net Income Growth to P2.37 billion in 2019

Paranaque City, Philippines, February 20, 2020 — D.M. Wenceslao & Associates, Incorporated (PSE: DMW) reports net profit attributable to equity holders of P2.37 billion in 2019, 24% higher than the prior year on strong revenue growth and focused cost management. Operating profit expanded 65% to P2.27 billion. Cash flow from operating activities rose to P3.83 billion from P1.05 billion.

Revenues grew 63% year-over-year to P3.51 billion, mainly driven by sales of land and condominium units. Revenues from recurring income streams were up 3% to P1.96 billion or 56% of total revenues. In particular, revenues from leasing of land increased 1% to P979.1 million, rentals of buildings increased 4% to P793.5 million and other revenues related to leasing increased 7% to P186.2 million. Revenues from land sales were P935.9 million compared to P1.3 million in the prior year, and residential sales were P547.7 million compared to P119.4 million.

“I am pleased with our 2019 results, concluding another successful year marked by strong revenue and earnings growth as well as cash flow generation, said Delfin Angelo “Buds” C. Wenceslao, chief executive officer. “During the year, we delivered our first residential project, started construction on two commercial properties and reached different stages of development for our ongoing projects which will begin contributing meaningfully to earnings in 2020 and beyond.”

As of December 31, 2019, the Company’s land holdings, completed properties and pipeline development projects in Aseana City totaled 569,359 sq.m. and are valued at approximately P209.8 billion, according to Colliers. Total leasable gross floor area aggregated to 89,914 sq.m., leased land area was 158,079 sq.m. and land reserves totaled 303,836 sq.m.

“In 2020, we are stepping up execution of business strategies necessary for sustainable growth. These are to: plan, complete and operate our projects on schedule, within budget and within quality standards; pursue new product lines, geographies and partnerships profitably; develop our brand identity and positioning through quality developments and customer experience; cultivate a skilled and process-oriented team; and achieve double-digit net income growth through improved performance and managed cost strategies.”

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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 250,000 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.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	8	P 5,211,402,211	P 7,549,219,648
Receivables - net	9	2,176,743,945	2,322,517,894
Contract asset	10	249,012,950	166,652,337
Land and land development costs	11	2,012,493,650	2,162,209,345
Property development costs	10	770,229,413	711,411,174
Other current assets	12	2,890,457,327	1,854,411,290
		13,310,339,496	14,766,421,688
TOTAL Current Assets			
NON-CURRENT ASSETS			
Receivables	9	3,209,017,185	2,488,826,277
Investments in associates and joint ventures	13	61,871,150	55,834,465
Property and equipment - net	14	218,468,457	130,657,585
Right of use assets		158,198,478	-
Investment properties - net	15	13,035,993,608	11,448,382,530
Deferred tax assets - net	24	170,935,989	47,941,716
Other non-current assets	16	1,111,335,736	723,588,366
		17,965,820,603	14,895,230,939
TOTAL Non-current Assets			
INVESTMENT IN JOINT VENTURE HELD FOR TERMINATION			
	13	-	127,062,953
TOTAL ASSETS			
		P 31,276,160,099	P 29,788,715,580

	Notes	<u>2019</u>	<u>2018</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Loans and borrowings	17	P 114,670,000	P 1,417,170,000
Trade and other payables	18	1,704,763,273	1,125,151,170
Contract liability	10	554,735,131	210,459,821
Advances from a co-joint venturer	13	1,000,000,000	1,000,000,000
Advances from and due to related parties	25	4,351,734,322	4,611,174,814
Deposits and advances	19	1,097,274,022	793,551,597
Lease liability		<u>1,143,202</u>	<u>-</u>
Total Current Liabilities		<u>8,824,319,950</u>	<u>9,157,507,402</u>
NON-CURRENT LIABILITIES			
Loans and borrowings	17	397,050,000	511,750,000
Deposits and advances	19	452,607,619	504,858,972
Deferred tax liabilities - net	24	902,261,528	720,976,913
Lease liability		163,240,510	-
Retirement benefit obligation	23	<u>3,497,504</u>	<u>27,643,914</u>
Total Non-current Liabilities		<u>1,918,657,161</u>	<u>1,765,229,799</u>
Total Liabilities		<u>10,742,977,111</u>	<u>10,922,737,201</u>
EQUITY			
Equity attributable to owners of the parent company			
Capital stock	27	3,395,864,100	3,395,864,100
Additional paid-in capital	27	6,964,649,807	6,964,649,807
Revaluation reserves - net	27	(8,143,620)	(28,524,335)
Other reserves	2, 27	(275,974,845)	(275,974,845)
Retained earnings	27	<u>9,910,340,665</u>	<u>8,141,450,177</u>
Total equity attributable to owners of the parent company		19,986,736,107	18,197,464,904
Noncontrolling interest	2	<u>546,446,881</u>	<u>668,513,475</u>
Total Equity		<u>20,533,182,988</u>	<u>18,865,978,379</u>
TOTAL LIABILITIES AND EQUITY		<u>P 31,276,160,099</u>	<u>P 29,788,715,580</u>

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES				
Rentals:				
Land	4, 15, 25, 28	P 979,051,345	P 965,248,664	P 919,417,814
Building	4, 15, 25, 28	793,491,115	762,108,933	429,701,872
Other revenues	2	<u>186,239,052</u>	<u>173,841,016</u>	<u>91,687,180</u>
		1,958,781,512	1,901,198,613	1,440,806,866
Construction contracts	2	71,107,851	130,524,057	202,132,945
Sale of condominium units	2	547,652,588	119,351,066	47,116,581
Land sales	2	<u>935,850,000</u>	<u>1,252,800</u>	<u>1,088,290,000</u>
		<u>3,513,391,951</u>	<u>2,152,326,536</u>	<u>2,778,346,392</u>
COSTS OF SERVICES AND SALES				
Rentals	22			
Rentals	20	279,369,911	212,361,243	135,749,456
Sale of condominium units	2, 10, 20	314,461,056	72,875,718	30,332,254
Construction contracts	20	45,901,447	61,508,781	132,234,603
Land sales	11	<u>66,743,881</u>	<u>40,078</u>	<u>141,520,283</u>
		<u>706,476,295</u>	<u>346,785,820</u>	<u>439,836,596</u>
GROSS PROFIT		<u>2,806,915,656</u>	<u>1,805,540,716</u>	<u>2,338,509,796</u>
OTHER OPERATING INCOME (EXPENSES)				
General and administrative	22	(465,644,184)	(477,827,022)	(412,273,915)
Selling	22	(128,823,478)	(64,902,124)	(61,304,238)
Other operating income	21	<u>54,255,794</u>	<u>109,524,290</u>	<u>293,514,031</u>
		<u>(540,211,868)</u>	<u>(433,204,856)</u>	<u>(180,064,122)</u>
OPERATING PROFIT		<u>2,266,703,788</u>	<u>1,372,335,860</u>	<u>2,158,445,674</u>
OTHER INCOME (CHARGES)				
Finance costs	17, 21, 23	(94,166,912)	(69,851,542)	(72,107,089)
Finance income	8, 21	297,160,379	69,523,005	7,163,743
Share in net earnings (losses) of associates and joint ventures	13	6,036,680	6,307,878	(992,977)
Dividend income		1,470,004	-	-
Other income	4, 13, 21	<u>850,000,000</u>	<u>1,200,000,000</u>	<u>-</u>
		<u>1,060,500,151</u>	<u>1,205,979,341</u>	<u>(65,936,323)</u>
PROFIT BEFORE TAX		3,327,203,939	2,578,315,201	2,092,509,351
TAX EXPENSE	24	<u>1,075,233,429</u>	<u>657,518,863</u>	<u>534,720,719</u>
NET PROFIT		<u>P 2,251,970,510</u>	<u>P 1,920,796,338</u>	<u>P 1,557,788,632</u>
Net profit attributable to:				
Equity holders of the parent company		P 2,374,037,104	P 1,911,245,490	P 1,558,462,597
Noncontrolling interest		<u>(122,066,594)</u>	<u>9,550,848</u>	<u>(673,965)</u>
		<u>P 2,251,970,510</u>	<u>P 1,920,796,338</u>	<u>P 1,557,788,632</u>
Earnings Per Share - Basic and Diluted	26	<u>P 0.699</u>	<u>P 0.625</u>	<u>P 0.574</u>

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
NET PROFIT		P 2,251,970,510	P 1,920,796,338	P 1,557,788,632
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment defined benefit plan	23	27,514,967	(25,441,148)	14,339,519
Tax income (expense)	24	(8,254,490)	7,632,344	(4,301,856)
		19,260,477	(17,808,804)	10,037,663
Fair valuation of financial assets at fair value through other comprehensive income	16, 27	1,120,238	219,645	80,115
Other Comprehensive Income (Loss) – Net of Tax	27	20,380,715	(17,589,159)	10,117,778
TOTAL COMPREHENSIVE INCOME		P 2,272,351,225	P 1,903,207,179	P 1,567,906,410
Total comprehensive income attributable to:				
Equity holders of the parent company		P 2,394,417,819	P 1,893,656,331	P 1,568,580,375
Noncontrolling interest		(122,066,594)	9,550,848	(673,965)
		P 2,272,351,225	P 1,903,207,179	P 1,567,906,410

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

Notes	Capital Stock	Additional Paid-in Capital	Revaluation Reserves - Net	Other Reserves	Retained Earnings		Total	Noncontrolling Interest	Total Equity
					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
Effect of change in ownership					(80,634,966)		(80,634,966)		(80,634,966)
Cash dividend declared	27 -	-	-	-	(524,511,650)	-	(524,511,650)	-	(524,511,650)
Total comprehensive income for the year	-	-	20,380,715	-	2,374,037,104	-	2,394,417,819	(122,066,594)	2,272,351,225
Balance at December 31, 2019	27 <u>P 3,395,864,100</u>	<u>P 6,964,649,807</u>	<u>(P 8,143,620)</u>	<u>(P 275,974,845)</u>	<u>P 8,710,340,665</u>	<u>P 1,200,000,000</u>	<u>P 19,986,736,107</u>	<u>P 546,446,881</u>	<u>P 20,533,182,988</u>
Balance at January 1, 2018	P 2,716,691,200	P -	(P 10,935,176)	(P 275,974,845)	P 5,030,204,687	P 1,200,000,000	P 8,659,985,866	P 658,962,627	P 9,318,948,493
Issuances during the year	27 679,172,900	6,964,649,807	-	-	-	-	7,643,822,707	-	7,643,822,707
Total comprehensive income for the year	-	-	(17,589,159)	-	1,911,245,490	-	1,893,656,331	9,550,848	1,903,207,179
Balance at December 31, 2018	27 <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 6,941,450,177</u>	<u>P 1,200,000,000</u>	<u>P 18,197,464,904</u>	<u>P 668,513,475</u>	<u>P 18,865,978,379</u>
Balance at January 1, 2017	P 1,716,691,200	P -	(P 21,052,954)	(P 275,974,845)	P 4,471,742,090	P 1,200,000,000	P 7,091,405,491	P 659,636,592	P 7,751,042,083
Stock dividends declared	27 1,000,000,000	-	-	-	(1,000,000,000)	-	-	-	-
Total comprehensive income for the year	-	-	10,117,778	-	1,558,462,597	-	1,568,580,375	(673,965)	1,567,906,410
Balance at December 31, 2017	27 <u>P 2,716,691,200</u>	<u>P -</u>	<u>(P 10,935,176)</u>	<u>(P 275,974,845)</u>	<u>P 5,030,204,687</u>	<u>P 1,200,000,000</u>	<u>P 8,659,985,866</u>	<u>P 658,962,627</u>	<u>P 9,318,948,493</u>

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	P 3,327,203,939	P 2,578,315,201	P 2,092,509,351
Adjustments for:			
Interest income	(296,920,773)	(66,668,597)	(7,154,349)
Depreciation and amortization	185,386,840	149,215,759	110,657,533
Finance costs	98,308,725	69,851,542	72,107,089
Share in net losses (earnings) of associates and joint ventures	(6,036,685)	(6,307,878)	992,977
Unrealized foreign currency losses (gains) - net	737,679	(2,854,408)	(9,394)
Gain on sale of investment properties	-	-	(257,686,063)
Gain on acquisition of a subsidiary	-	-	-
Operating profit before working capital changes	3,308,679,725	2,721,551,619	2,011,417,144
Increase in receivables	(618,088,291)	(724,886,883)	(454,425,800)
Increase in contract asset	(82,360,613)	(119,351,065)	(46,616,636)
Decrease (increase) in land and land development costs	149,715,695	(207,771,659)	(466,815)
Increase in property development costs	(58,818,239)	(116,302,673)	(570,775,264)
Decrease (increase) in other assets	634,827,461	(767,876,733)	(470,924,721)
Increase in trade and other payables	79,561,714	11,292,727	589,326,597
Increase in contract liability	344,275,310	86,131,768	118,173,097
Increase in deposits and advances	249,880,833	174,168,373	95,095,994
Increase (decrease) in retirement benefit obligation	1,298,028	(65,371,122)	1,013,715
Cash generated from operations	4,008,971,623	991,584,352	1,271,817,311
Cash paid for income taxes	(522,760,448)	(13,251,558)	(24,993,156)
Interest received	296,920,773	66,668,597	7,154,349
Net Cash From Operating Activities	3,783,131,948	1,045,001,391	1,253,978,504
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in short-term placements	(2,060,000,000)	(1,400,000,000)	-
Construction in progress and development costs of investment properties	(1,509,373,470)	(417,451,274)	(746,426,905)
Acquisitions of property and equipment	(154,152,355)	(29,848,923)	(18,908,741)
Additional advances to related parties	(17,263,256)	(126,377,851)	(102,693,465)
Collection of advances to associates, joint ventures and other related parties	8,730,503	65,137,964	116,271,856
Proceeds from sale of investment properties	-	-	448,828,202
Acquisition of financial assets at fair value through other comprehensive income	-	-	(48,828,780)
Net Cash Used in Investing Activities	(3,732,058,578)	(1,908,540,084)	(351,757,833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of interest-bearing loans and borrowings	(1,417,200,000)	(1,552,982,945)	(545,478,732)
Cash dividends paid	(524,511,650)	-	-
Repayments of advances from related parties	(323,999,539)	(44,882,438)	(8,960,439)
Finance costs paid	(122,441,939)	(85,592,203)	(82,959,332)
Proceeds from issuance of shares of stock	-	7,643,822,707	-
Additional interest-bearing loans and borrowings	-	1,005,000,000	358,972,403
Advances received from related parties	-	-	1,219,082
Net Cash From (Used in) Financing Activities	(2,388,153,128)	6,965,365,121	(277,207,018)
Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents	(737,679)	2,854,408	9,394
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,337,817,437)	6,104,680,836	625,023,047
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,549,219,648	1,444,538,812	819,515,765
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 5,211,402,211	P 7,549,219,648	P 1,444,538,812