

D.M. Wenceslao & Associates Reports 72% Increase in Revenue and Operating Income, Approves P1 Billion Share Buyback Program

Paranaque City, Philippines, May 14, 2020 — D.M. Wenceslao & Associates, Incorporated (PSE: DMW) reported first quarter revenues of P1.02 billion, up 72% from P595.6 million a year ago fueled by record-high performance of its leasing and residential segments. The Company also posted a 72% increase in operating income to P588.0 million.

Recurring income from leasing comprised 50% of total revenues while non-recurring sources such as residential and construction accounted for a combined share of 50%.

The leasing segment saw its best quarter in history with P512.7 million in revenues, up 4% from P493.9 million, benefiting from sustained occupancy and higher rates on new leases. In particular, revenues from leasing of land, building and other revenues related to rentals amounted to P256.4 million, P208.8 million and P47.5 million, respectively.

The residential segment also delivered its highest quarterly revenues since the Company entered into the new business line in 2016. Sales of residential condominium units accelerated to P498.1 million, up 398% from P100 million, reflecting higher percentage of project completion and additional accounts that qualified for revenue recognition.

Net income attributable to equity holders was P445.4 million, down 12% from P507.1 million last year which included other income of P300 million from the sale of rights to a third party. Excluding such gain, net income grew 71% this year.

“We continue to show good progress against our strategic priorities of enhancing our earnings base and profitability by developing a portfolio of high-quality real estate projects, resulting in our highest quarterly revenues without land sale,” said Delfin Angelo “Buds” C. Wenceslao, chief executive officer. “While we expect the risk of delays to our project construction schedule and potential weaker near-term demand due to COVID-19, we believe that the overriding strategy we laid out at the time of our IPO remains relevant and will enable us to weather and respond to market uncertainty as well as to pursue new opportunities that will emerge as a result of the crisis.”

The Company also announced that its Board of Directors authorized a repurchase program of up to P1 billion worth of its common stock through open market purchases on the Philippine Stock Exchange. “This share buyback program reinforces our commitment to shareholder return and reflects our confidence in the fundamentals and long-term prospects of the Company without impacting our growth strategy.”

On April 24, the Company’s Board of Directors declared a cash dividend of P160 million or P0.047116 per share to shareholders of record as of May 11, 2020 payable on June 4, 2020. The dividend represents an increase of 33% versus 2018 and translates to a payout of 7% of the Company’s net income for the financial year 2019. This is the second consecutive year DMW has declared a dividend since the Company went public in 2018.



“The Board fully recognizes the importance of dividends to the Company’s shareholders. Even with higher dividend payment, our balance sheet is strong with low leverage and high level of liquidity that allows us to extend our support for our customers, business partners, and host communities in light of COVID-19, while at the same time investing to position the business for the long term.”

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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 260,000 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
MARCH 31, 2020 AND DECEMBER 31, 2019
(Amounts in Philippine Pesos)

	Notes	March 31, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	7	P 6,517,323,343	P 5,211,402,211
Receivables - net	8	2,463,169,257	2,176,743,945
Contract asset		172,794,394	54,191,980
Land and land development costs	10	2,025,326,287	2,012,493,650
Property development costs	9	1,003,851,858	1,168,060,707
Other current assets	11	1,324,041,082	2,886,384,807
		13,506,506,221	13,509,277,300
 NON-CURRENT ASSETS			
Receivables	8	3,388,934,389	3,209,017,185
Contract Asset		194,820,970	194,820,970
Investments in associates and joint ventures	12	69,622,446	61,871,150
Property and equipment - net	13	428,940,204	442,141,052
Investment properties - net	14	12,995,337,876	12,572,688,197
Deferred tax assets		162,237,876	170,935,989
Other non-current assets	16	1,086,173,350	1,106,046,366
		18,326,067,111	17,757,520,909
TOTAL ASSETS		P 31,832,573,332	P 31,266,798,209

	Notes	March 31, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Loans and borrowings	17	P 114,670,000	P 114,670,000
Trade and other payables	18	1,750,317,339	1,695,401,377
Contract liability		210,267,345	130,492,147
Advances from a co-joint venturer		1,000,000,000	1,000,000,000
Advances from related parties	23	4,353,038,959	4,351,734,322
Deposits and advances	19	1,019,672,527	1,097,274,022
Lease Liability		11,282,400	11,282,400
Total Current Liabilities		<u>8,459,248,570</u>	<u>8,400,854,268</u>
NON-CURRENT LIABILITIES			
Loans and borrowings	17	378,300,000	397,050,000
Estimated liability for land development costs		-	-
Contract Liability		424,242,984	424,242,984
Deposits and advances	19	466,525,204	452,607,619
Deferred tax liabilities		949,450,678	902,261,528
Lease Liability	15	153,379,113	153,101,312
Retirement benefit obligation		3,497,504	3,497,504
Total Non-current Liabilities		<u>2,375,395,483</u>	<u>2,332,760,947</u>
Total Liabilities		<u>10,834,644,053</u>	<u>10,733,615,215</u>
EQUITY			
Equity attributable to holders of the parent company			
Capital stock	26	3,395,864,100	3,395,864,100
Additional paid-in capital		6,964,649,807	6,964,649,807
Revaluation reserves - net		(8,143,620)	(8,143,620)
Other Reserves		(275,974,845)	(275,974,845)
Retained earnings		10,355,717,290	9,910,340,671
Total equity attributable to holders of the parent company		20,432,112,732	19,986,736,113
Noncontrolling interest		565,816,547	546,446,881
Total Equity		<u>20,997,929,279</u>	<u>20,533,182,994</u>
TOTAL LIABILITIES AND EQUITY		<u>P 31,832,573,332</u>	<u>P 31,266,798,209</u>

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 PERIODS ENDED MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	January 1 to March 31, 2020	January 1 to March 31, 2019
REVENUES			
Rentals:			
Land	14	P 256,409,458	P 255,243,279
Building	14	208,759,236	193,518,445
Other revenues		47,512,606	45,112,440
		512,681,300	493,874,164
Construction contracts		15,643,101	1,745,622
Sale of condominium units	9	498,057,069	100,003,999
		1,026,381,470	595,623,785
COSTS OF SERVICES AND SALES			
Rentals	20	63,396,566	62,331,563
Construction contracts	20	7,996,463	801,709
Sale of condominium units	9	299,352,986	57,386,837
		370,746,015	120,520,109
GROSS PROFIT		655,635,455	475,103,676
OTHER OPERATING INCOME (EXPENSES)			
General and administrative	22	(129,522,857)	(114,766,269)
Selling	22	(13,799,727)	(31,039,824)
Other Operating Income		75,654,111	12,959,473
		(67,668,473)	(132,846,620)
OPERATING PROFIT		587,966,982	342,257,056
OTHER INCOME (CHARGES)			
Finance costs	17, 21	(10,329,094)	(20,335,134)
Finance income	7, 21	25,467,213	71,922,068
Share in net losses of associates and joint ventures		7,751,297	4,282,567
Dividend Income		735,002	-
Other income	21	-	300,000,000
		23,624,418	355,869,501
PROFIT BEFORE TAX		611,591,400	698,126,557
TAX EXPENSE		146,845,115	186,926,436
NET PROFIT		P 464,746,285	P 511,200,121
Net profit attributable to:			
Equity holders of the parent company		P 445,376,619	P 507,094,028
Noncontrolling interest		19,369,666	4,106,093
		P 464,746,285	P 511,200,121
Earnings Per Share - Basic and Diluted	25	P 0.13	P 0.15

See Notes to Condensed Consolidated Interim Financial Statements.

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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 MARCH 31, 2020 AND 2019
(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, 2020	P 3,395,864,100	P 6,964,649,807	(P 8,143,620)	(P 275,974,845)	P 8,710,340,671	P 1,200,000,000	P 19,986,736,113	P 546,446,881	P 20,533,182,994		
Effect of change in ownership	-	-	-	-	-	-	-	-	-		
Cash dividends declared	-	-	-	-	-	-	-	-	-		
Total comprehensive income for the period	-	-	-	-	445,376,619	-	445,376,619	19,369,666	464,746,285		
Balance at March 31, 2020	P 3,395,864,100	P 6,964,649,807	(P 8,143,620)	(P 275,974,845)	P 9,155,717,290	P 1,200,000,000	P 20,432,112,732	P 565,816,547	P 20,997,929,279		
Balance at January 1, 2018	3,395,864,100	6,964,649,807	- 28,524,335	- 275,974,845	6,941,450,177	1,200,000,000	18,197,464,904	668,513,475	18,865,978,379		
Issuances during the year	-	-	-	-	(119,999,650)	-	(119,999,650)	-	(P 119,999,650)		
Total comprehensive income for the period	-	-	-	-	507,094,028	-	507,094,028	4,106,093	511,200,121		
Balance at March 31, 2019	P 3,395,864,100	P 6,964,649,807	(P 28,524,335)	(P 275,974,845)	P 7,328,544,555	P 1,200,000,000	P 18,584,559,282	P 672,619,568	P 19,257,178,850		

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 MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 611,591,400	P 698,126,558
Adjustments for:			
Depreciation and amortization	13,14	49,084,942	40,530,761
Finance costs	21	10,302,628	20,253,958
Interest income	21	(25,389,182)	(71,899,163)
Share in net losses (earnings) of associates and joint ventures		(7,751,296)	(4,282,567)
Unrealized foreign currency loss - net		(78,031)	(22,905)
Operating profit before working capital changes		637,760,461	682,706,642
Increase in receivables		(449,752,510)	(169,770,913)
Increase in contract asset		(118,602,414)	(100,341,591)
Increase in land and land development costs		(12,832,637)	(11,063,119)
Decrease (increase) in property development costs		164,208,849	(73,868,490)
Decrease (increase) in other assets		1,582,216,741	(4,507,734)
Increase (decrease) in trade and other payables		(520,970,416)	76,460,024
Increase in contract liability		79,775,198	49,866,389
Increase (decrease) in deposits and advances		(63,683,910)	193,691,352
Decrease in retirement benefit obligation		-	(241,650)
Cash generated from operations		1,298,119,362	642,930,910
Cash paid for income taxes		484,928,526	(31,271,607)
Interest received		25,389,182	71,899,163
Net Cash From Operating Activities		<u>1,808,437,070</u>	<u>683,558,466</u>
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	(449,863,682)	(435,910,336)
Additional advances to related parties	23	(16,590,006)	-
Acquisitions of property and equipment	13	(8,670,091)	(18,810,032)
Net Cash From Investing Activities		<u>(475,123,779)</u>	<u>945,279,632</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	24	-	(119,999,650)
Repayments of interest-bearing loans and borrowings	17	(18,750,000)	(9,925,000)
Repayments of lease liabilities	15	(2,820,600)	-
Finance costs paid	21	(7,204,227)	(20,253,958)
Repayments of advances from related parties	23	1,304,637	400,542
Net Cash From (Used in) Financing Activities		<u>(27,470,190)</u>	<u>(149,778,066)</u>
Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents	21	<u>78,031</u>	<u>22,905</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,305,921,132	1,479,082,937
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>5,211,402,211</u>	<u>7,549,219,648</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>P 6,517,323,343</u>	<u>P 9,028,302,585</u>

See Notes to Consolidated Financial Statements.