PARKSON
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PRESS RELEASE

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Parkson Retail Asia reports S$34.6 million in net profit for FY2014

- *Gross Sales Proceeds and Revenue decreased 2.8% and 3.3% Y-o-Y respectively for FY2014; Profit Before Tax increased 0.8% Y-o-Y on a same-store basis*
- *Same-store sales growth for Indonesia in FY2014 improved from +5.6% to +6.0%, reflecting strong consumer sentiment and buffering weak performance in Vietnam*
- *Seven new stores opened in FY2014; Period of gestation before sales ramp-up means near-term losses but a strong base for the longer term*
- *Strong cash position generated from operations; Healthy balance sheet of S$239.9 million as at 30 June 2014*
- *Final Dividend of 2.5 Singapore cents per share declared for 4QFY14; A total Dividend of 5.5 cents per share to be paid in FY2014*

Financial year ended 30 June

S$ million	4Q FY2014	4Q FY2013	Change (%)	FY2014	FY2013	Change (%)
Gross Sales Proceeds	246.0	251.6	(2.2)	1,077.9	1,109.4	(2.8)
Revenue	99.2	103.3	(4.0)	432.0	446.7	(3.3)
Profit before tax	3.1	3.6	(15.2)	46.8	53.0	(11.6)
Net profit attributable to the owners of the Company	3.2	4.9	(35.9)	34.6	39.5	(12.5)

Singapore, 21 August 2014 – Singapore Exchange Mainboard-listed ("SGX-ST") **Parkson Retail Asia Limited** ("**Parkson**" or the "**Company**", and together with its subsidiaries, the "**Group**"), a leading Southeast Asia-based department store operator, announced today a net profit of S$34.6 million for the full year ended 30 June 2014 ("**FY2014**"). Profit before tax ("**PBT**") for the full year registered at S$46.8 million, a decline of 11.6% from the previous financial year ("**FY2013**"). On a same-store basis, FY2014 PBT increased 0.8% to S$53.3 million year-on-year ("**Y-o-Y**"). Gross Sales Proceeds ("**GSP**") and Revenue decreased 2.8% and 3.3% Y-o-Y respectively for FY2014.

Commenting on the company's performance, the Group Chief Executive Officer, Mr. Toh Peng Koon said: "Despite the challenges throughout the year, we have closed the year with a strong cash position and healthy balance sheet. Indonesia, in particular, has continued to demonstrate improving same-store sales growth, reflecting strong consumer sentiments in the country supported by rising middle-class retail demands. In fact, we opened our first two Parkson branded stores in Indonesia in FY2014. The positive performance of Indonesia has helped us to buffer more challenging operating environments in our other markets, especially in Vietnam, where the retail scene has been disappointing."

"We have opened seven more stores in FY2014 to build a larger and stronger base for the future. We are prepared to invest in building up the customer base during the gestation period before sales and profitability ramps up. Along the same line of enhancing longer-term sales performance, we closed three stores in Malaysia temporarily in the first quarter of FY2014 to refurbish them. They have since reopened."

"Altogether, our healthy cashflow generation will provide us with the necessary capital to ride out the current gestation period of our new stores and the macroeconomic headwinds, allowing us to form a firm foundation for the future."

Financial review for FY2014

For the full year, GSP declined 2.8% Y-o-Y to S$1,077.9 million while revenue declined 3.3% Y-o-Y to S$432.0 million. The decline was due to the negative same-store sales ("**SSS**") growth in Vietnam and the local currency translation weakness especially for the Indonesian Rupiah. The results were further impacted by the loss sales from three Malaysia stores temporarily closed in the first quarter of the current financial year ("**1QFY14**").

Group FY2014 net profit decreased 12.5% Y-o-Y to S$34.6 million and FY2014 PBT declined 11.6% Y-o-Y to S$46.8 million. The decline was due to the gestation periods of seven new stores compared to two stores in FY2013. The decline in SSS growth in Vietnam and the temporary closure of stores in Malaysia along with the local currency translation weakness further contributed to the decline. The decline was mitigated by the improvement in gross profit margin for FY2014 by 70 basis points. On a same-store basis and excluding currency impact, FY2014 PBT increased 5.4% Y-o-Y.

On a same-store basis, FY2014 PBT for Malaysia increased 6.1% Y-o-Y with gross margin improving by 110 basis points due to reduced discounting and lesser stock shrinkages. FY2014 PBT for Vietnam declined by more than 100% due to multiple quarters of negative SSS growth and cost pressures.

For Indonesia, PBT for FY2014 on a same-store basis increased 9.4% on the back of SSS growth of 6.0% and the absence of non-recurrent costs such as those incurred in FY2013. On a same-store basis and excluding currency impact, FY2014 PBT for Indonesia increased 27.1% Y-o-Y.

The Group's share of profits in its associate, Odel PLC, increased 21.4% Y-o-Y in FY2014 to S$0.88 million due to an increase in interest income earned on the funds from the rights issue in December 2012.

Financial review for 4QFY14

Parkson's 4QFY2014 GSP and revenue declined 2.2% and 4.0% Y-o-Y respectively to S$246.0 million and S$99.2 million.

The decline in revenue and GSP was due to negative SSS growth in Malaysia and Vietnam and the currency translation weakness especially for the Indonesian Rupiah. Malaysia continues to encounter a challenging retail environment with SSS growth decreasing to negative 0.8% compared to a growth of 0.6% in the year before. Consumer sentiment remains subdued with the consumer sentiment index ("**CSI**") as reported by the Malaysian Institute of Economic Research remaining at marginally above the 100 point mark at 100.1 points. Consumer sentiment was impacted by inflationary pressure rising from the Malaysian government's subsidy rationalization programmes and the central bank's tightening measures to curb household debt.

For Vietnam, the consumer confidence index ("**CCI**") as measured by Nielsen research continued to remain below the 100-point threshold of confidence, at 98. SSS growth for Vietnam decreased to negative 5.4% in 4QFY14 compared to a growth of 1.1% in 4QFY13. Sales at the Hanoi store continue to be affected by the increase in new retail space amid a weak retail environment.

Indonesia operations recorded a SSS growth of 4.3% in 4QFY14. Consumer sentiment remained strong with the country's CCI remaining above the 100-point threshold at 115.7 points.

4QFY14 net profit decreased 35.9% Y-o-Y to S$3.2 million and 4QFY14 PBT declined 15.2% Y-o-Y to S$3.1 million. Contributing factors include the negative SSS growth for Vietnam, the initial losses incurred by new stores and the local currency translation weakness due to the stronger reporting currency in Singapore dollar. The decline was mitigated by the improvement in gross profit margin for 4QFY14 by 90 basis points.

Healthy cash and equity position

The Group's cashflow generation remains strong with net cash generated from operations of S$55.6 million for FY2014 compared to S$49.8 million in FY2013. The Group balance sheet remains strong with total equity of S$239.9 million as at 30 June 2014.

Total Dividend for FY2014

The Board has recommended a final dividend of 2.5 Singapore cents per share. Together with a special interim dividend of 3.0 Singapore cents per share, the total dividend for FY2014 to be paid out will amount to 5.5 Singapore cents per share. This represents a payout ratio of 108% of profit attributable to shareholders.

Outlook

The opening of the Parkson stores in Jakarta and Medan marks the Group's expansion of the Parkson brand into Indonesia. The Group expects to open 4-5 stores in Indonesia each year to capitalise on the growing middle-class population and rising consumer spending in Indonesia.

According to analysts, Malaysia's economy is forecasted to outperform average GDP forecasts. With the implementation of the GST hike next year in 2015, a spike in consumer spending is expected which is likely to contribute to next financial year's ("**FY2015")** results. In Vietnam, the Group intends to focus its efforts on marketing and promotion activities for its stores in Ho Chi Minh. For the Group's Hanoi stores, it intends to lease out part of the store space and improve store layout and offerings to attract consumer traffic. The consumer spending potential in Vietnam remains intact as the country's economy restructures for long-term growth.

Commenting on the Group's outlook for the rest of the year, Mr. Toh said: "We continue to expand our retail footprint across Southeast Asia by opening new stores in our key markets as well as emerging economies such as Sri Lanka and Myanmar. We are building on our prime assets, department stores, by continually refurbishing and renewing their offerings such as brand mix and store size. Prudent cost management achieved through economies of scale in our markets, particularly in Indonesia, will allow us to maintain our healthy margins."

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About Parkson Retail Asia Limited

Parkson Retail Asia Limited ("Parkson" or the "Company") is a Southeast Asia-based department store operator with an extensive network of 63 stores (including one supermarket) as at 30 June 2014, spanning approximately 727,000 sqm of retail space across cities in Malaysia, Vietnam, Indonesia and Myanmar. In addition, Parkson has a presence in Sri Lanka through the Company's equity stake of 47.46% in a leading retailer, Odel PLC. Parkson collaborates with numerous international brands such as Polo Ralph Lauren Children, Burberry Kids, Etro, Lacoste, Timberland, La Mer, Chanel, Christian Dior and Swarovski, to offer consumers in the middle and upper-middle income segment a wide range of merchandise.

Established in 1987, Parkson operates an efficient and competitive business model through a blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools. Parkson was admitted to the Mainboard of the Singapore Exchange on 3 November 2011, in conjunction with its successful initial public offering of 147 million shares.