



Results Briefing

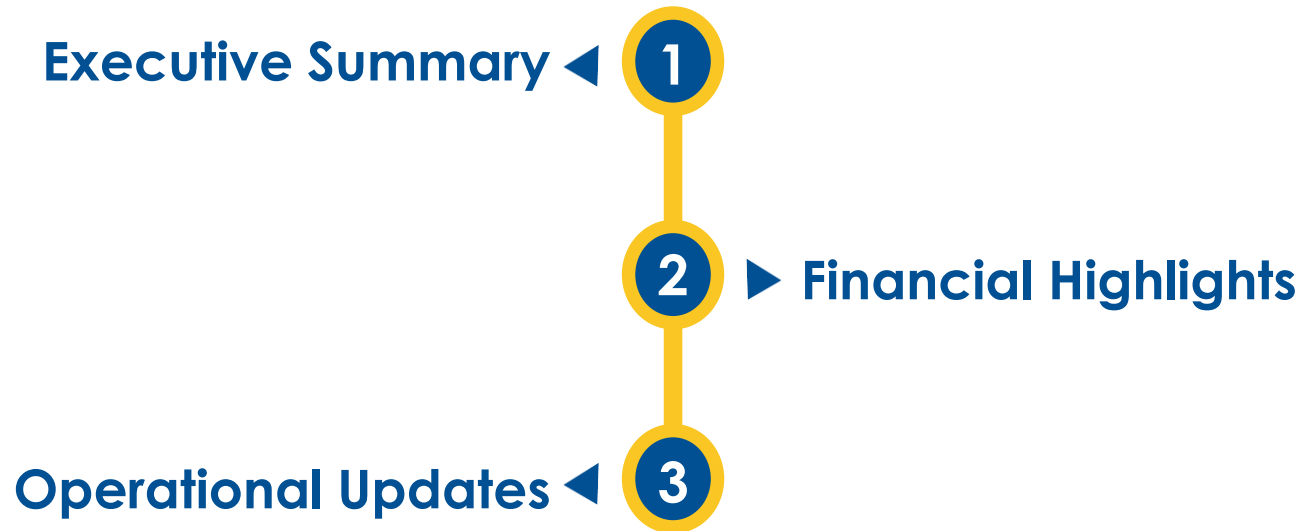
Results for the Second Quarter ended
30 September 2018



**Better Living
Better Prices**

Agenda

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EXECUTIVE SUMMARY



**Better Living
Better Prices**

Executive summary

- 1** The Group reports S\$29,000 PBT for Q2 FY18/19, recovers from two consecutive losses of LBT, while revenue dips a marginal 6.4% YOY in Q2 FY18/19
- 2** Singapore business continues its strong performance; despite a YOY revenue dip of 4.8%. Achieved PBT of S\$3.4m, up from S\$3.0m last year and continues to execute on its store transformation roadmap
- 3** Early signs of stabilisation in Malaysia business; first positive PBT result after two consecutive quarters of LBT with impairment loss on trade receivables on declining trend
- 4** Indonesia business impacted by an increase in impairment cost of S\$2.2m YOY; keeps focus on managing credit costs
- 5** Group remains steadfast on priorities in each market and will grow, reinvent or change business model as market demands



FINANCIAL HIGHLIGHTS



**Better Living
Better Prices**

Financial summary and key financial ratios

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(S\$m unless otherwise stated)				
Income statement	Q2 FY1819	Q2 FY1718	H1 FY2019	H1 FY2018
Revenue	165.1	176.5	344.9	363.0
Gross profit	53.6	60.4	114.7	131.8
Net (loss)/profit	(3.1)	1.5	(5.3)	7.6
Basic (losses)/EPS (cents) ¹	(0.59)	0.29	(1.02)	1.47
Fully diluted (losses)/EPS (cents) ²	(0.58)	0.29	(1.00)	1.45

Balance sheet	As at 30 Sep 2018 (SFRS(I) 9)*	As at 31 Mar 2018 (FRS 39)*	As at 1 Apr 2018 (SFRS(I) 9)*
Cash and bank balances	66.3	108.6	108.6
Trade and other receivables - net	405.9	469.0	432.4
- Unearned service charges (part of trade receivables)	97.7	109.9	109.9
Deferred revenue (net)	44.9	47.3	47.3
Borrowings	234.3	298.3	298.3
Net Assets	193.1	230.2	200.9
NAV per ordinary share (cents) ³	37.3	44.7	39.0

Statement of cash flows	Q2 FY1819	Q2 FY1718	H1 FY2019	H1 FY2018
Net cash generated from operating activities	37.7	22.8	31.2	12.5
Net cash used in investing activities	(0.7)	(1.9)	(1.4)	(3.0)
Net cash used in financing activities	(53.7)	(13.0)	(70.3)	(16.5)

Notes:

Q2, FY: Refers to the second(2nd) quarter from 1 July to 30 September and financial year from 1 April to 31 March respectively

1: Basic earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders by the weighted average number of ordinary shares (excluding treasury shares) which, during the three months ended 30 September 2018 and the same period last year, were 518,360,418 and 515,866,119 respectively.

2: Diluted earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders by the weighted average number of ordinary shares (excluding treasury shares and adjusting for the dilutive effect of performance shares) which, during the three months ended 30 September 2018 and the same period last year, were 527,650,318 and 521,724,419 respectively.

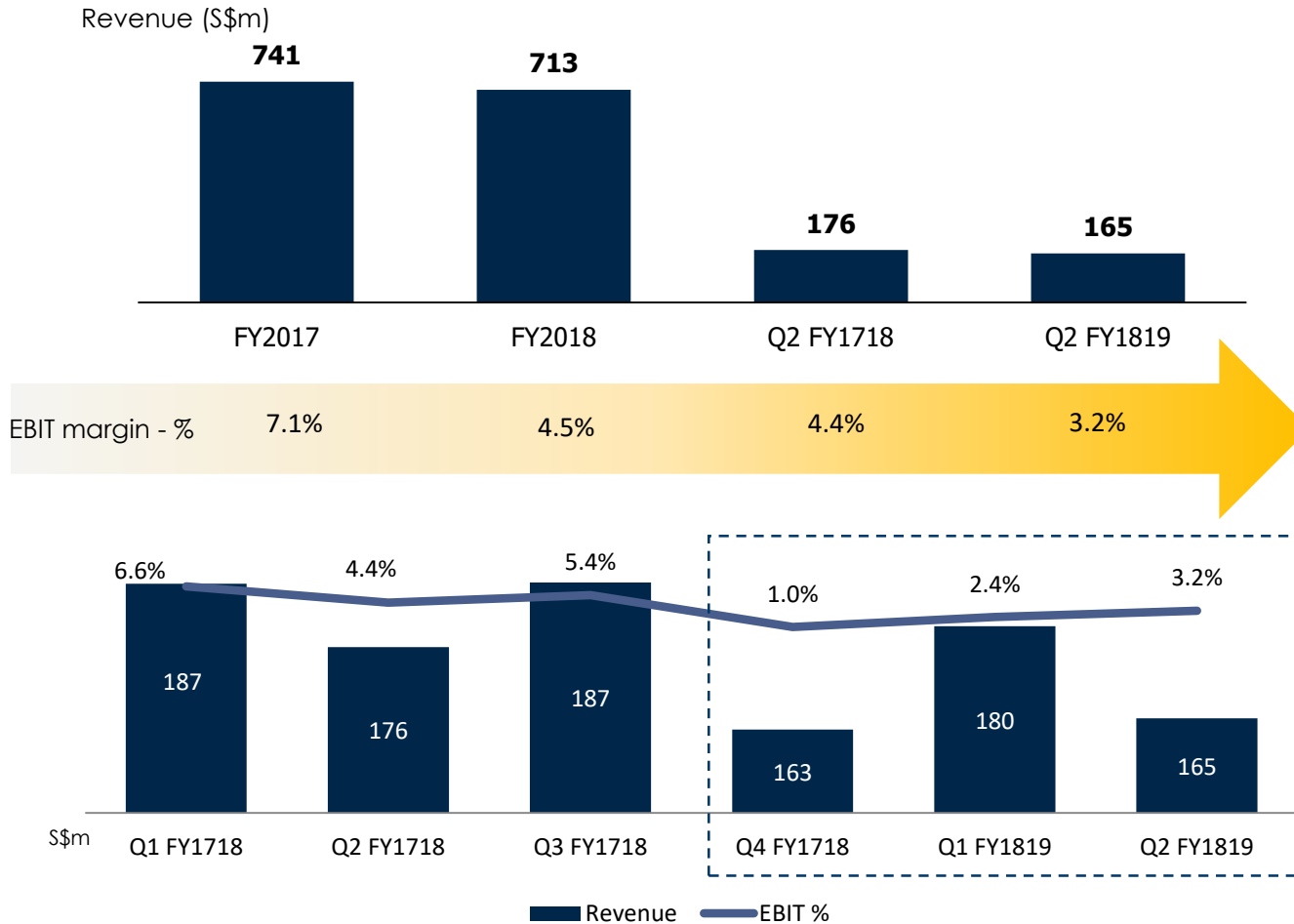
3: Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial year reported on and immediately preceding financial year are 517,107,900 and 515,144,979 respectively.

* SFRS(I) 9 is adopted from 1 April 2018 for this financial year FY18/19, please see SGXNet Q1FY1819 Note 5 for more details.

Revenue - Group

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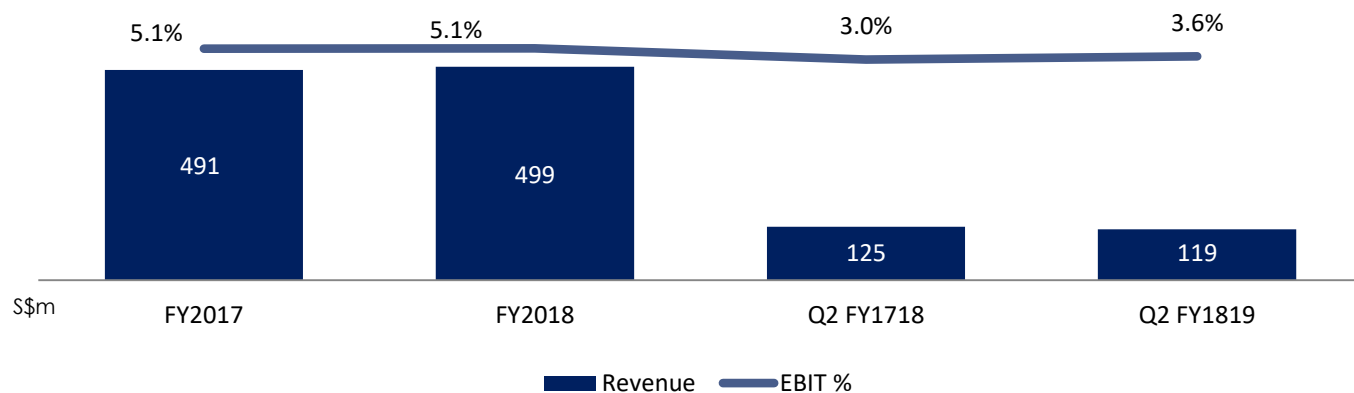
Revenue and EBIT margin



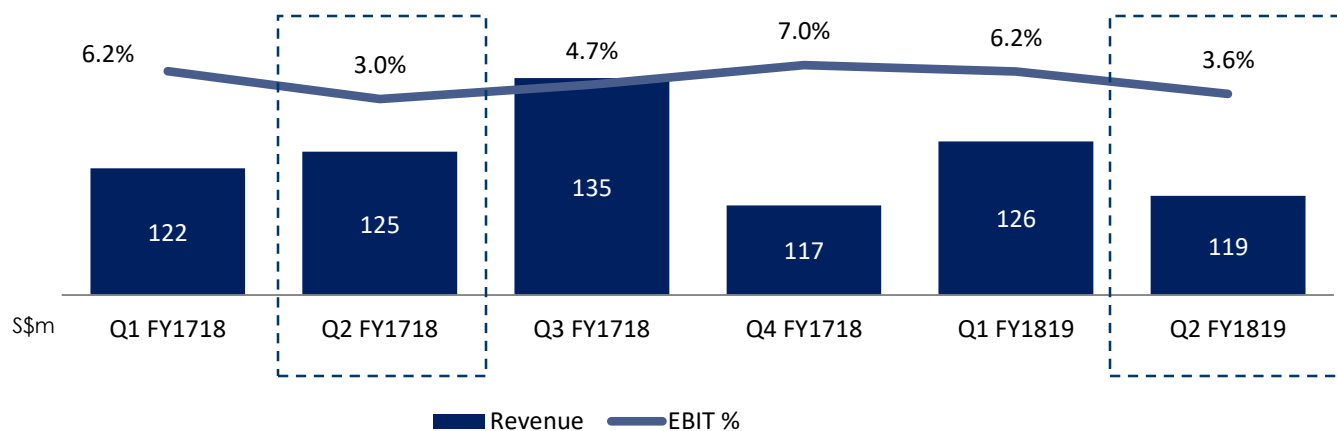
Group EBIT % shows continuing improvement since Q4 FY1718.

Revenue – Singapore

Revenue and EBIT margin



Singapore's revenue and EBIT margin remain stable.



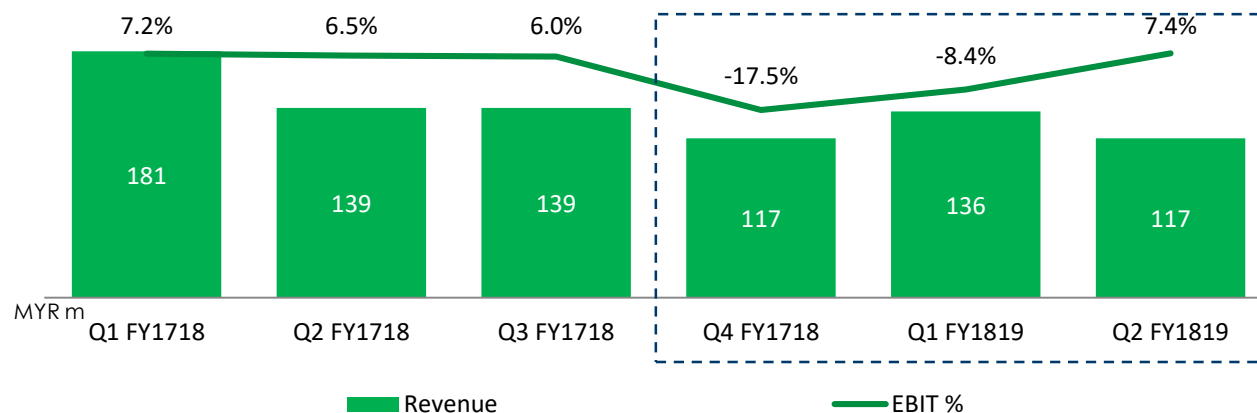
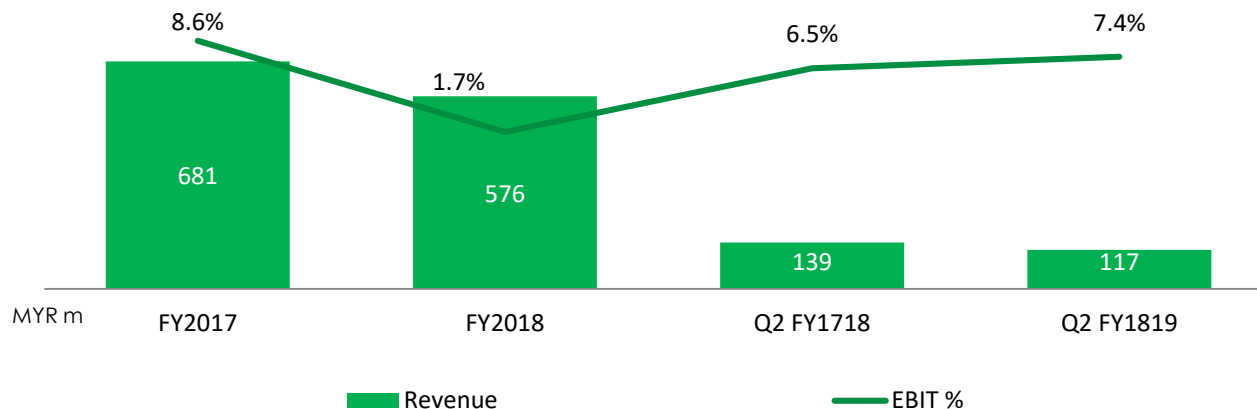
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Singapore Revenue and EBIT margin includes COURTS Singapore and Home Lifestyle

Revenue - Malaysia

Revenue and EBIT margin



CPAA – interest rate capped at 15% introduced from January 2018 (ie. Q4 FY1718)

This had led to decline in revenue. EBIT showing an improvement trend from Q4 FY1718 to Q2 FY1819.

First quarterly positive EBIT after two consecutive quarters of negative EBIT.

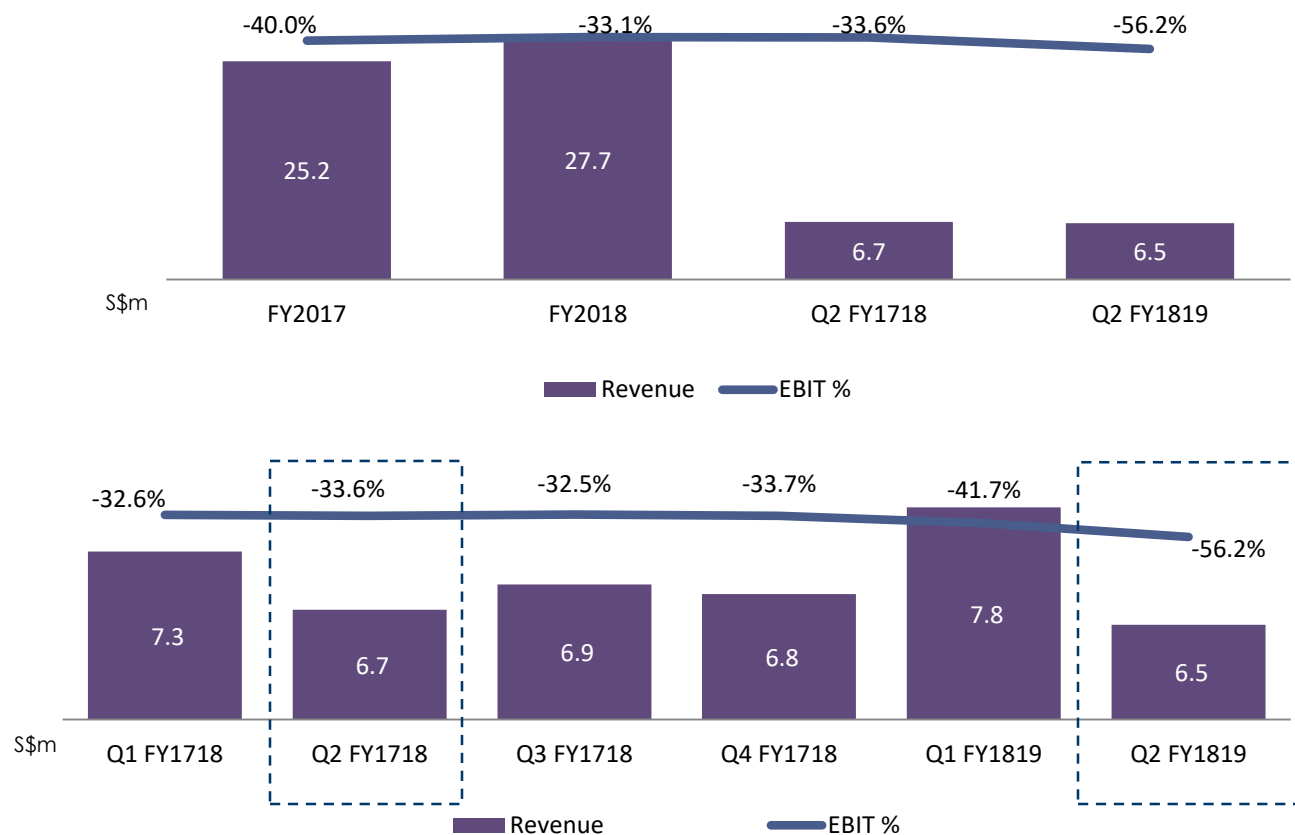
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Revenue – Indonesia

(After adjustment of SFRS(I) 9 and 15 at consol level)

Revenue and EBIT margin



Compare to Q2 FY1718, Indonesia's revenue has increased, however EBIT margin had dropped mainly due to higher impairment losses.

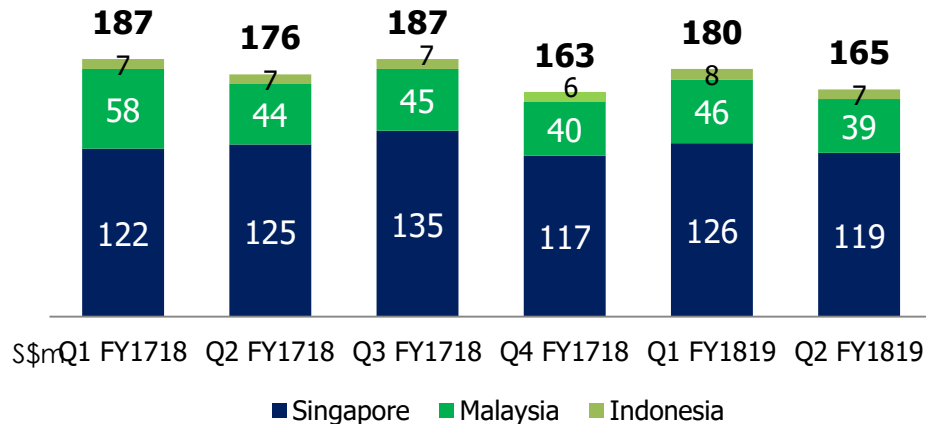
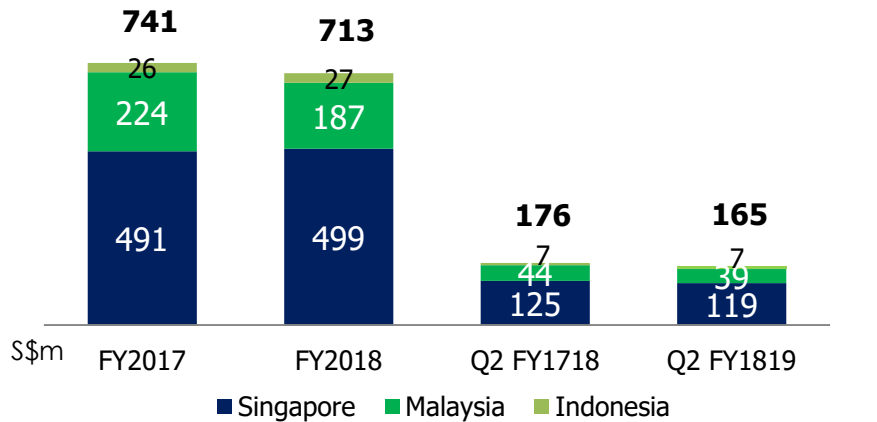
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Revenue & Product Range - Group

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Revenue by geography



Product Range

% of Q2 FY1819 sale of goods

Electrical Products

53.2%

- Major White Goods
- Vision
- Small appliances
- Audio

IT Products

24.7%

- Computers
- Accessories
- Photography
- Mobile

Furniture

15.8%

- Mattresses
- Bedroom furniture
- Dining room furniture
- Living room furniture
- Home office products

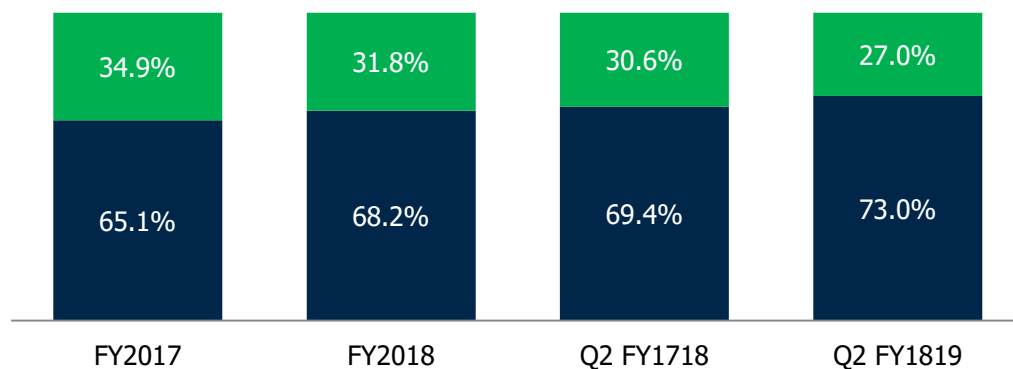
Other Services

6.3%

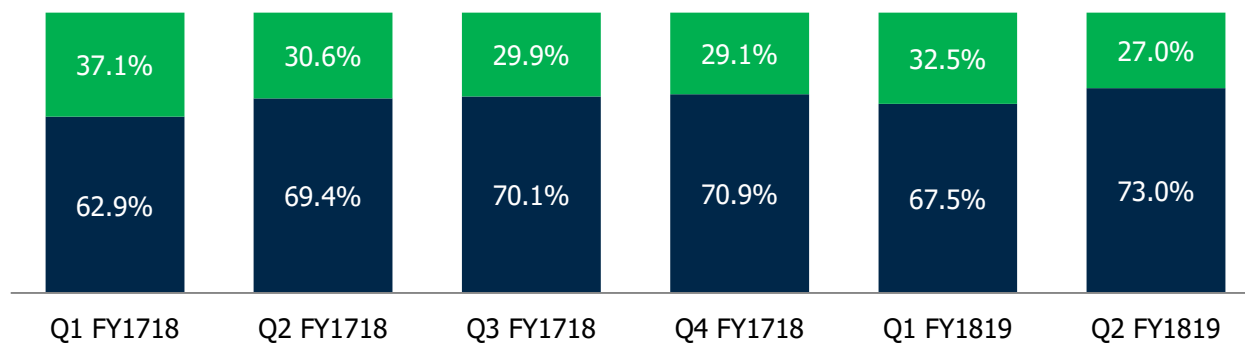
- Warranty sales
- Other services
 - Product replacement services
- Cleaning
- Repair and installation
- Smart home setup
- Interior design services

Revenue – Cash/credit mix - Group

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■ Sale of goods - credit and earned service charge income % ■ Sale of goods - cash %



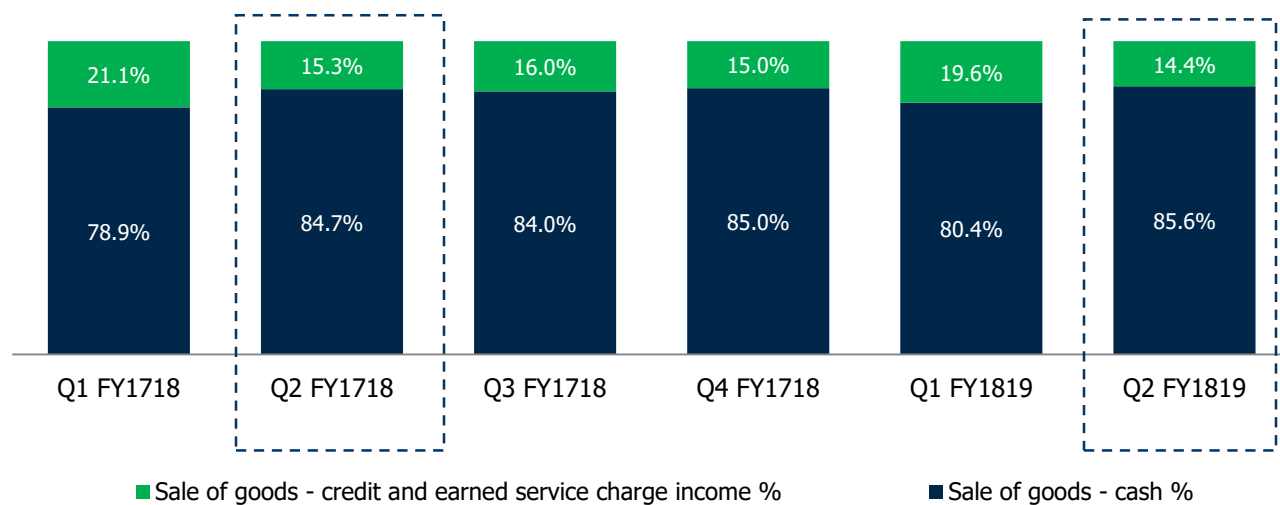
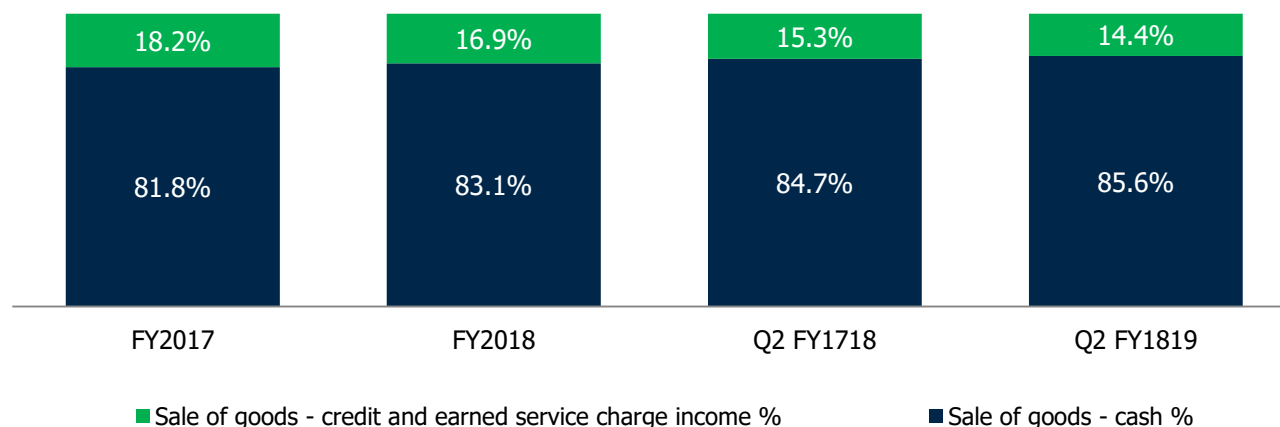
■ Sale of goods - credit and earned service charge income % ■ Sale of goods - cash %

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Revenue – Cash/credit mix - Singapore

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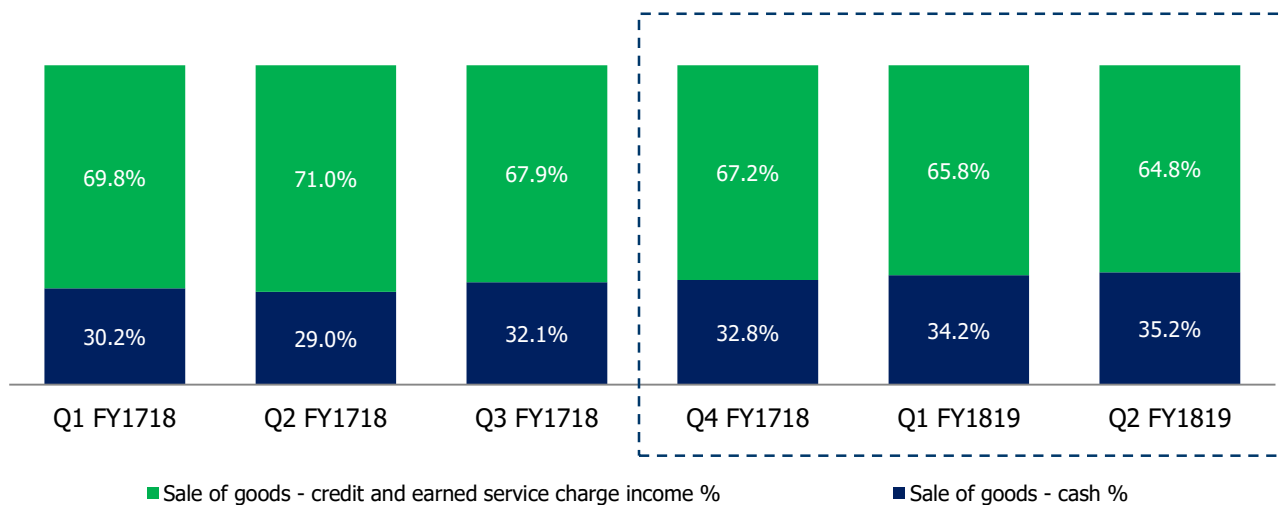
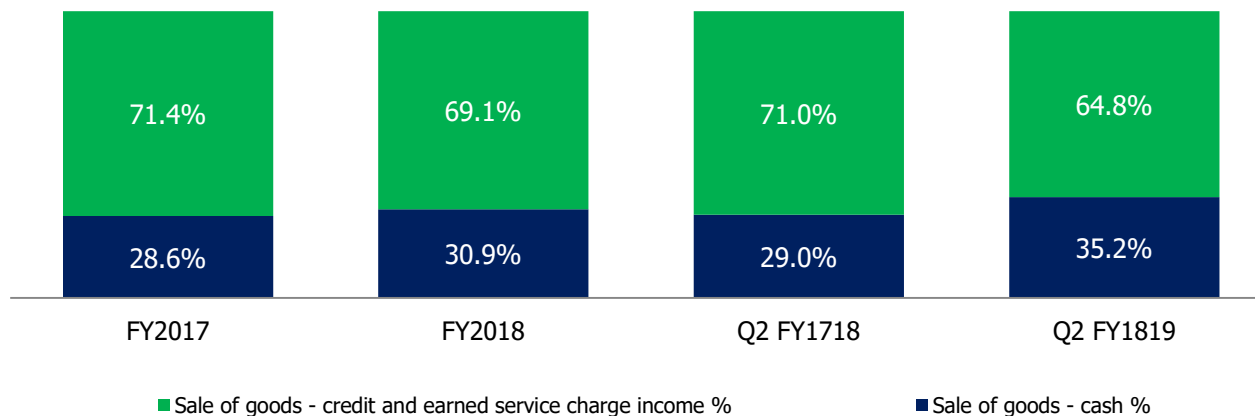


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Revenue – Cash/credit mix - Malaysia

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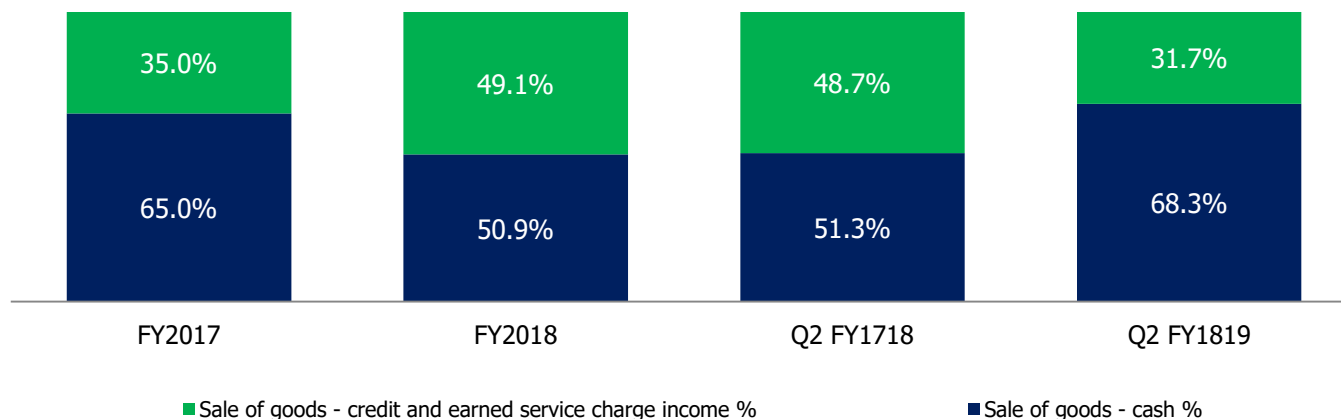


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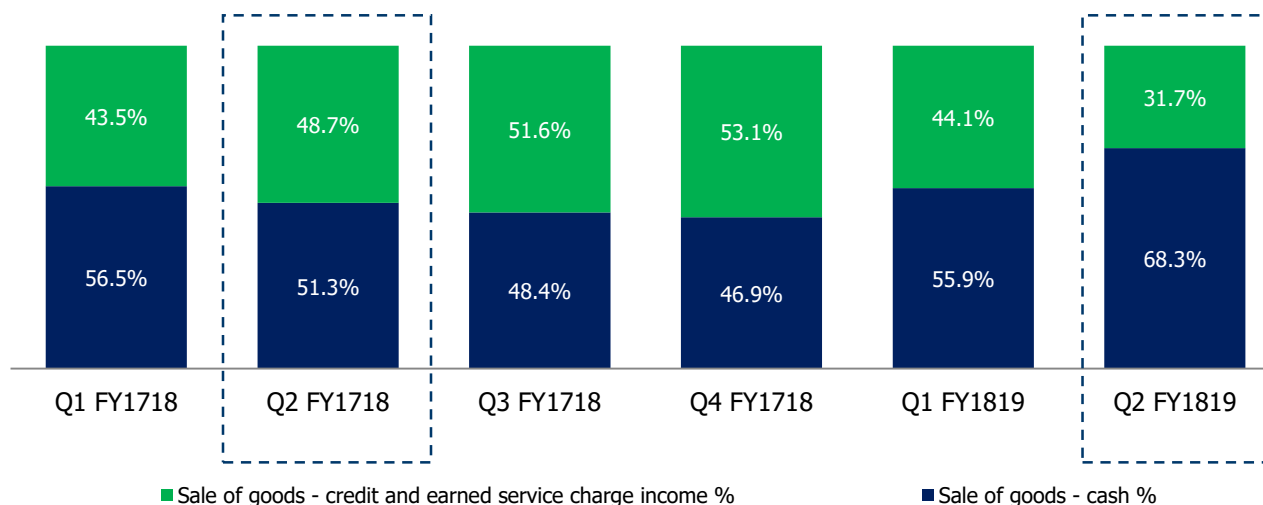
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Revenue – Cash/credit mix - Indonesia

15



Indonesia's credit sales % had dropped significantly from Q4 FY1718 to Q2 FY1819 mainly due to the tightening of credit sanctioning.



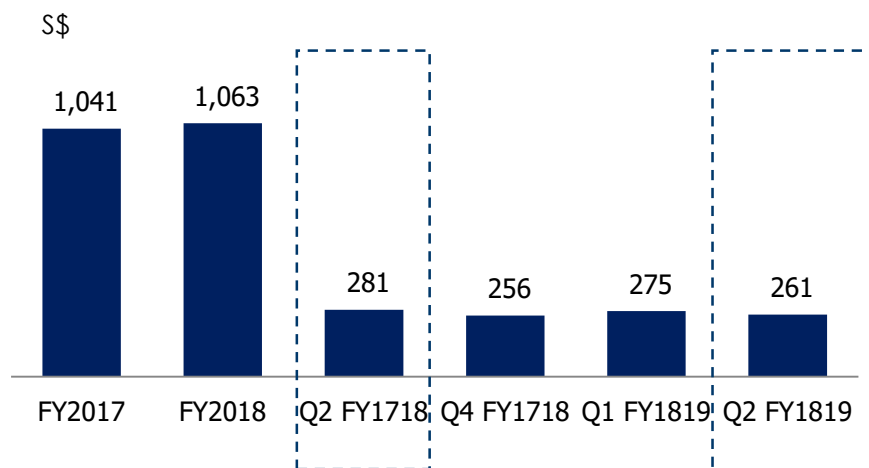
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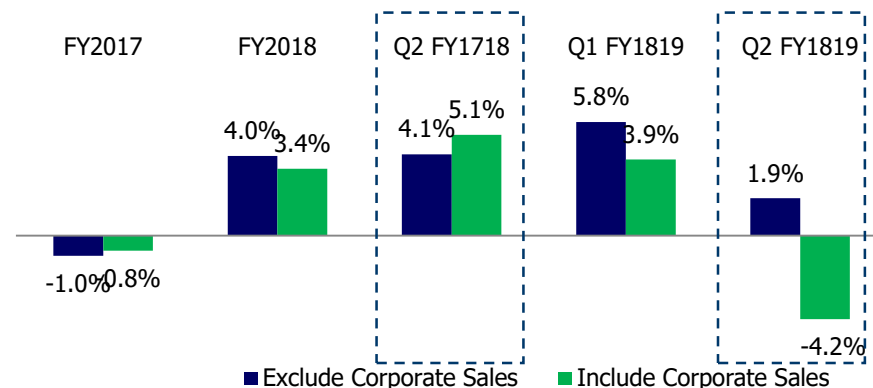
Operating metrics - Singapore

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Sales per sq. ft.¹



Like-for-like sales growth²



Singapore Sales per sq. ft. decreased mainly due to lower corporate sales as shown in Like-for-like sales growth graph.

Notes:

Q2: Refers to the second(2nd) quarter from 1 July to 30 September. FY: Refers to the financial year from 1 April to 31 March

1: Based on weighted average retail square footage and total net sale for each period

2: Like-for-like sales growth (comprising of net merchandise sales and current year service charge income generated) for a financial year is calculated based on stores which have been operating for the entire year/period over that preceding year/period. Q2 FY1718 like-for-like sales is based on previously reported sales figures of Q2FY1718 and Q2FY1617.

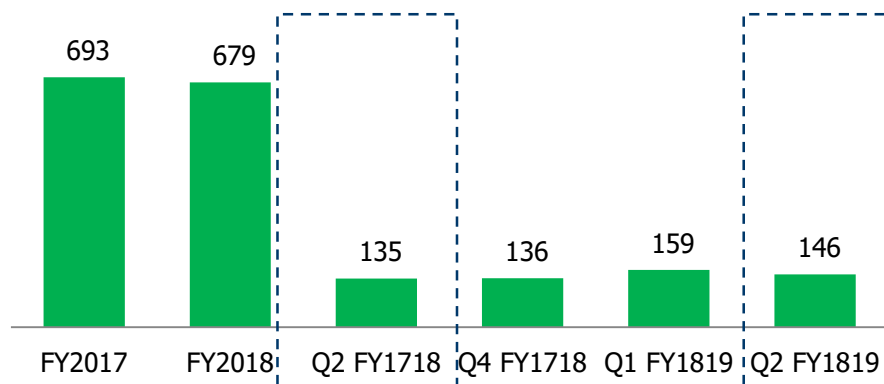
Q2FY1819 like-for-like sales is based on sales figures of Q2 FY18/19 vs Q2 FY1718.

Operating metrics - Malaysia

17

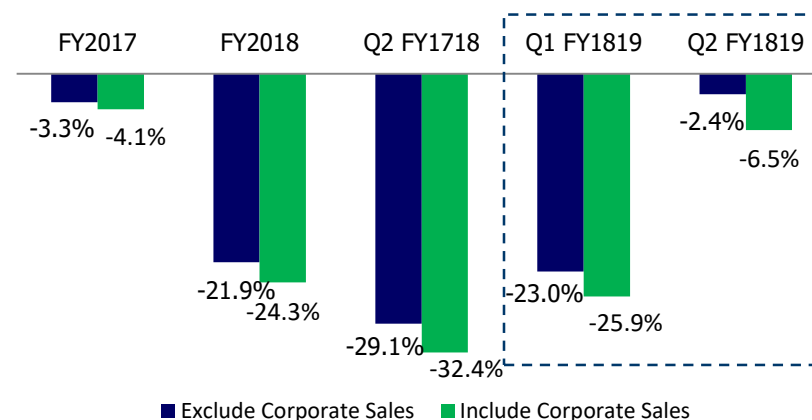
Sales per sq. ft.¹

MYR



Malaysia

Like-for-like sales growth²



■ Exclude Corporate Sales ■ Include Corporate Sales

Malaysia Sales per sq. ft. increased in Q2 FY1819 vs Q2 FY1718 mainly due to closure of under-performing stores.

There is an improvement in trend of Like-for-like growth since Q4 FY1718.

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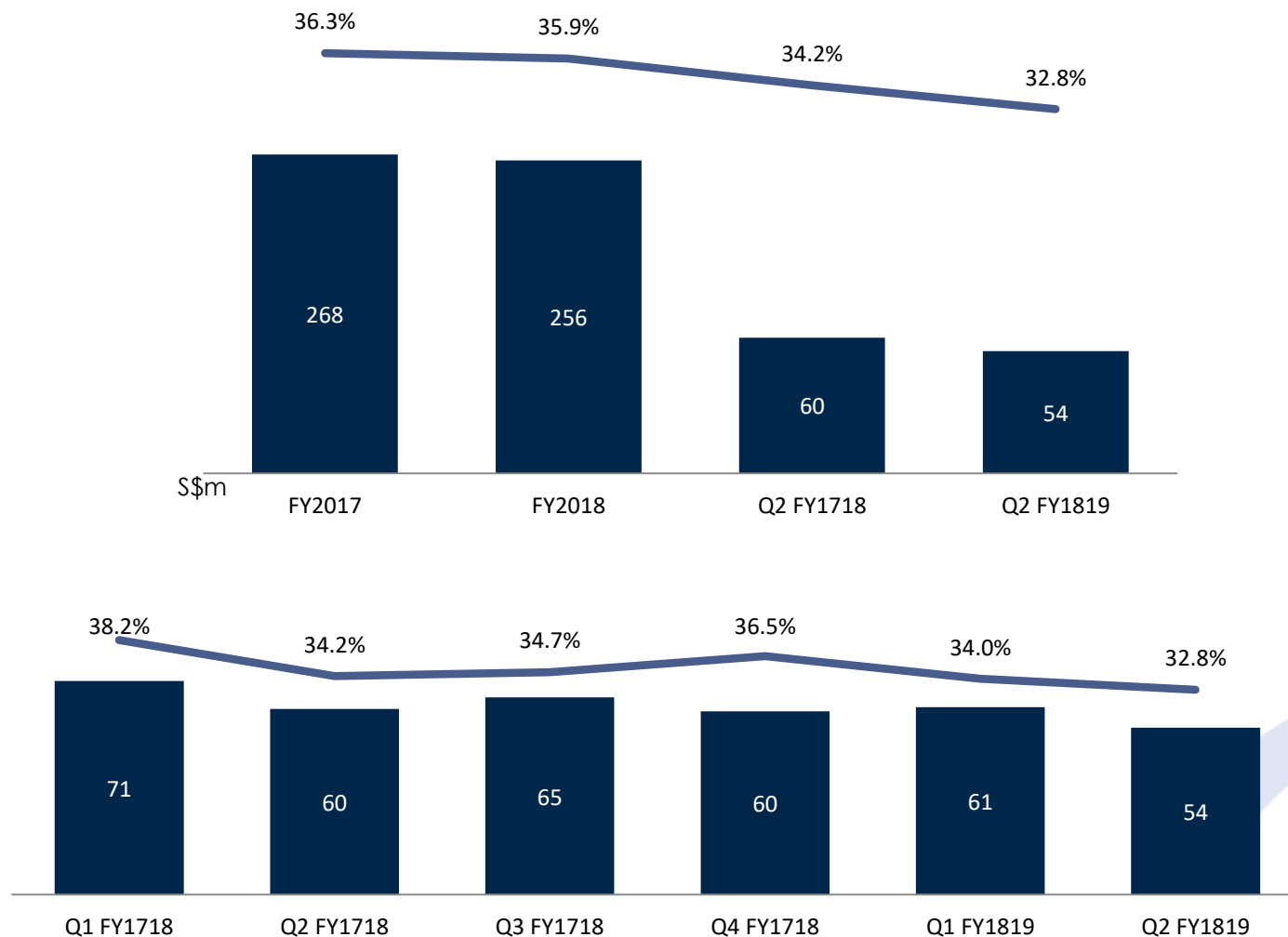
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Operating metrics - Group

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Gross profit and margin



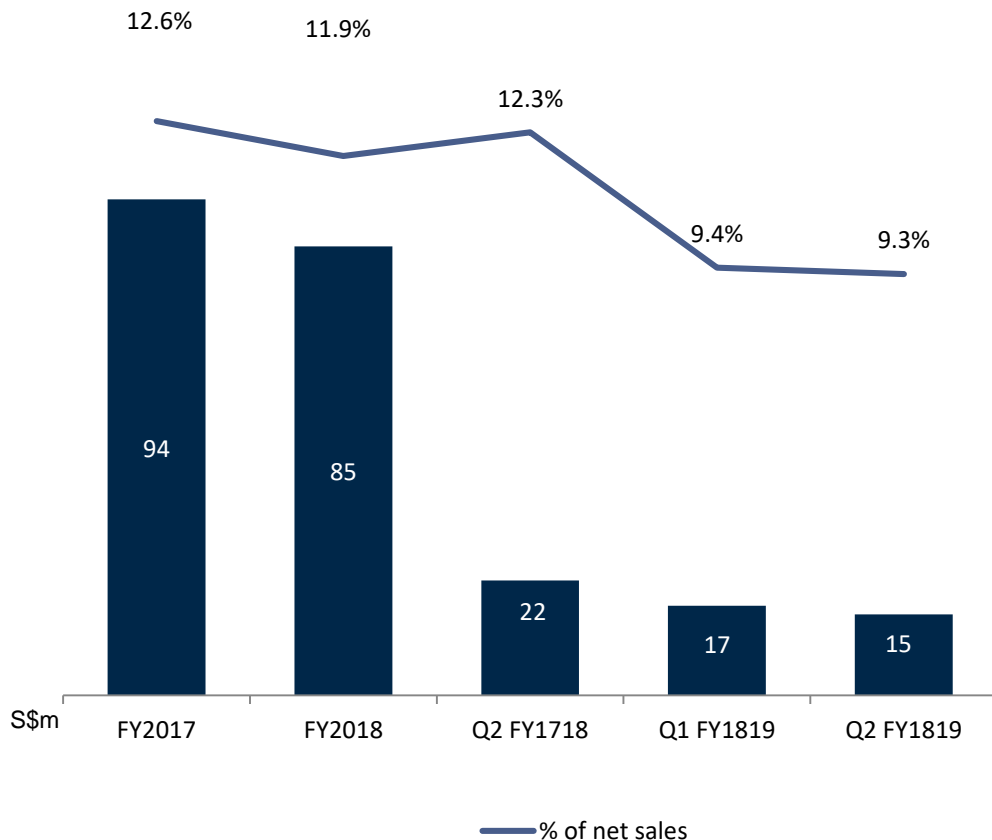
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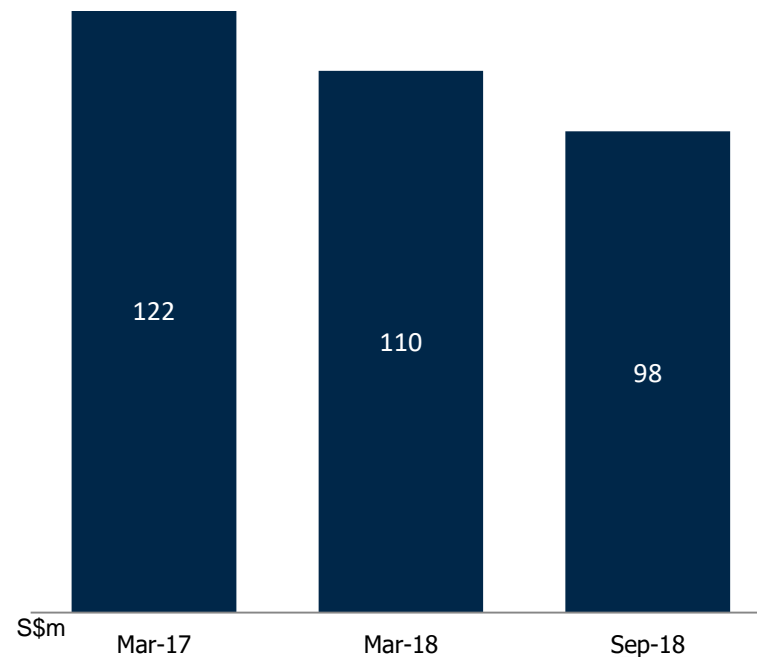
Service charge income - Group

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Earned SCI Group



Unearned SCI Group

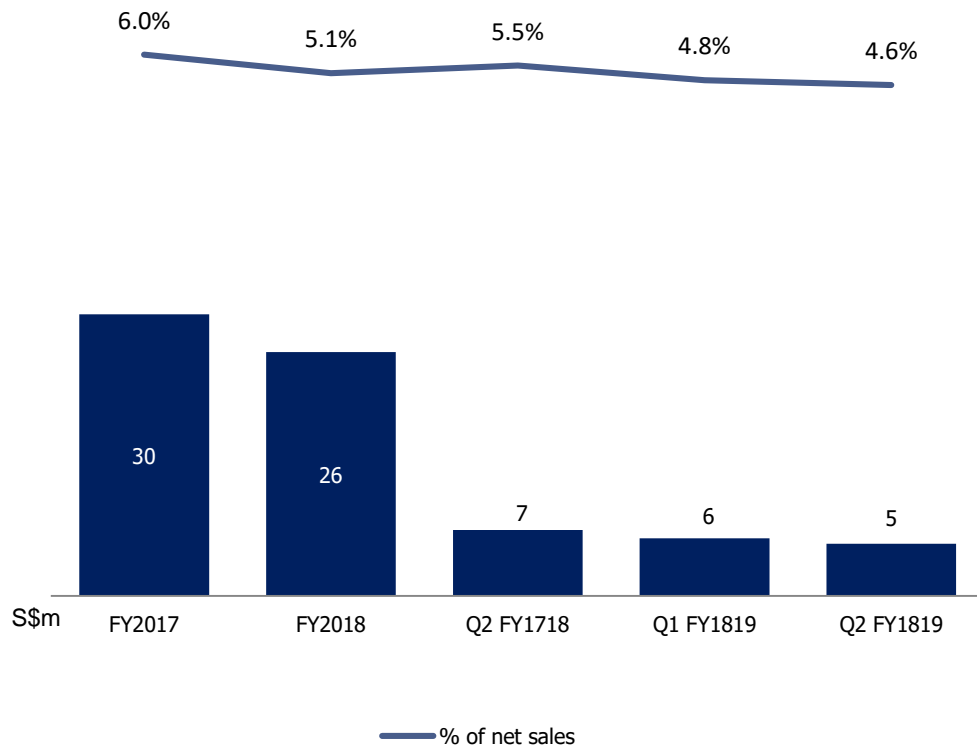


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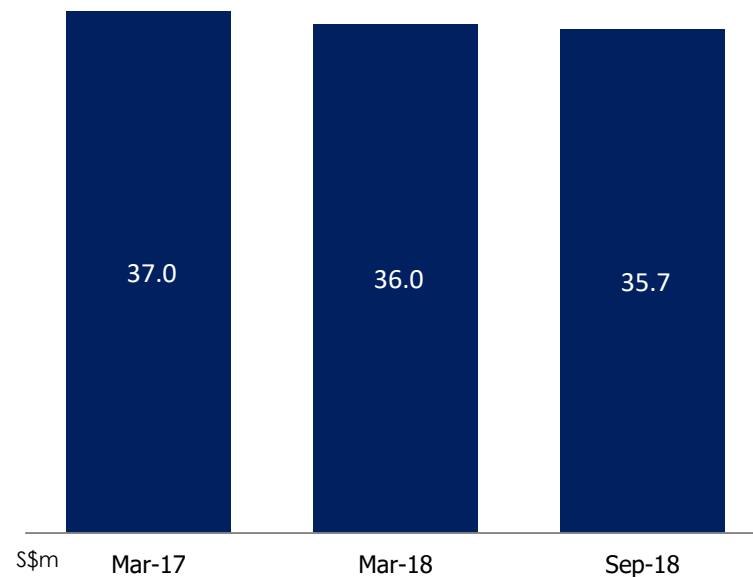
Service charge income - Singapore

20

Earned SCI



Unearned SCI

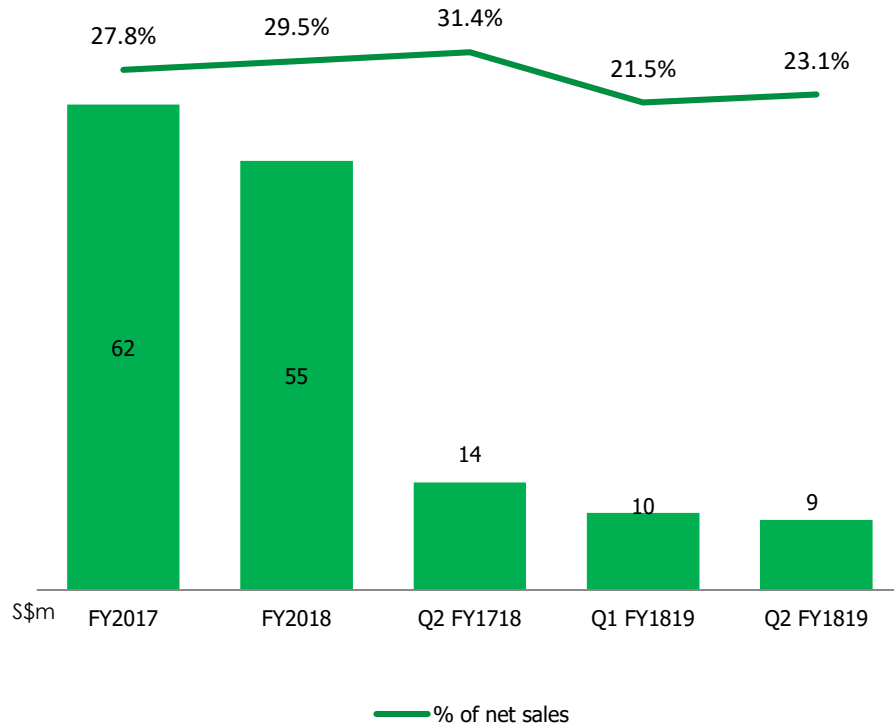


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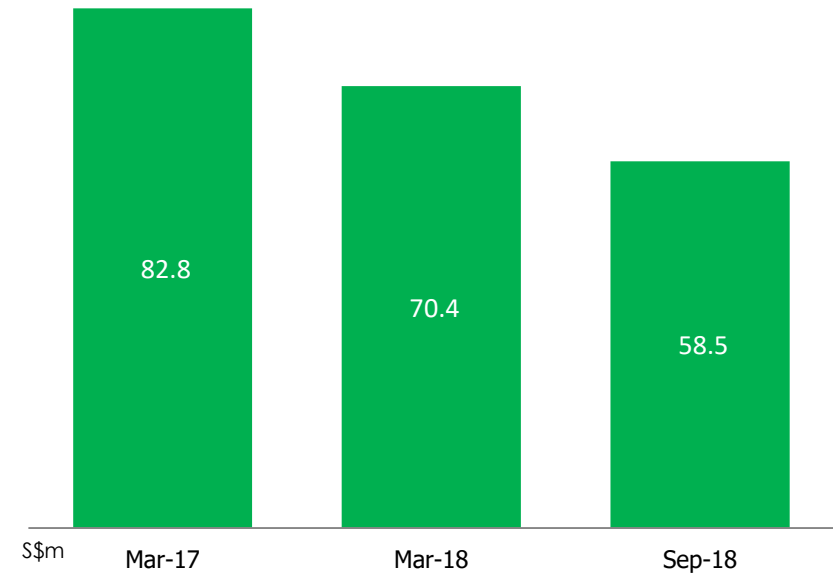
Service charge income - Malaysia

21

Earned SCI



Unearned SCI

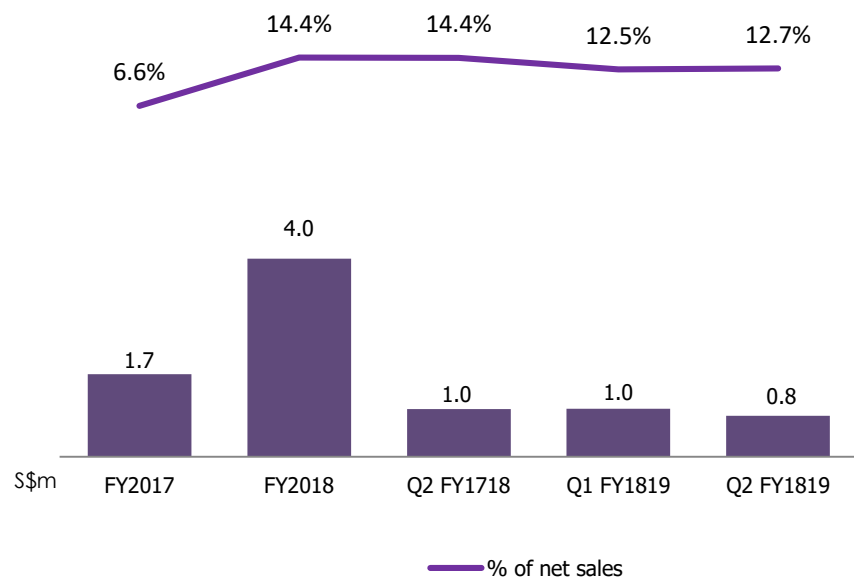


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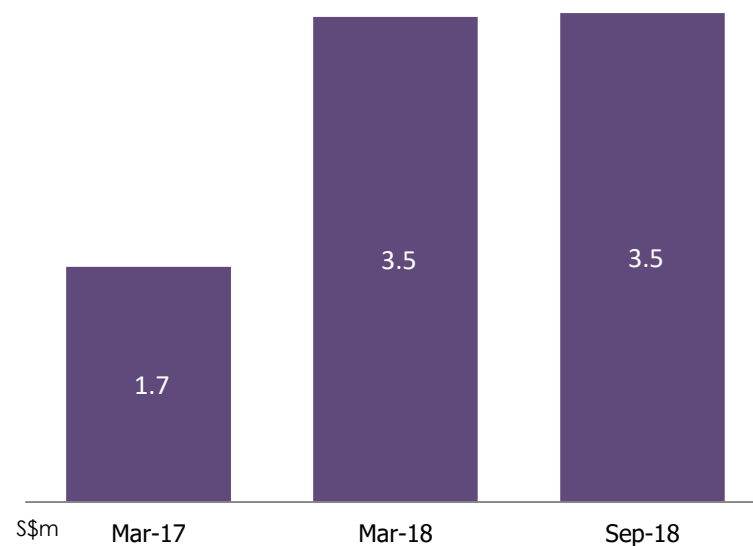
Service charge income - Indonesia

22

Earned SCI



Unearned SCI

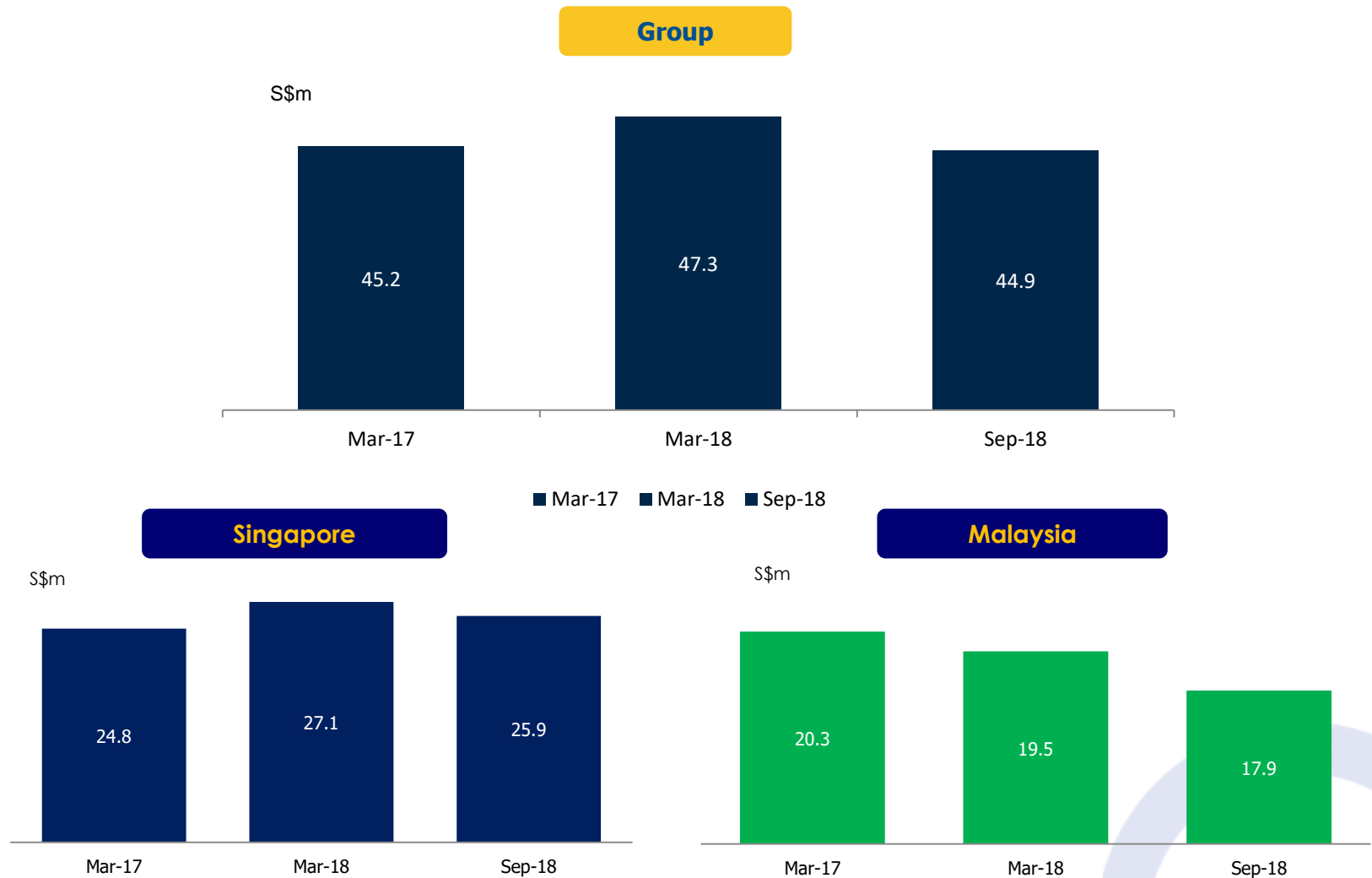


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Deferred revenue (net)

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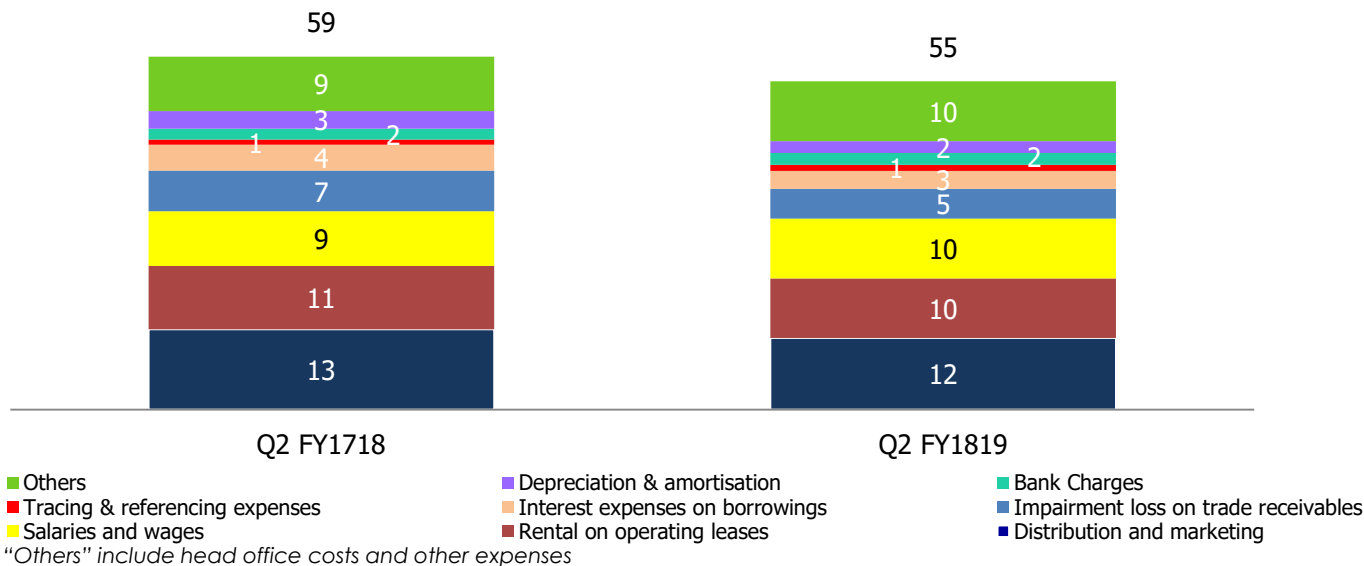
Notes:
Month-Year: Refers to the financial position of each balance sheet item as at each period end
Indonesia's deferred revenue (net) is not significant

Breakdown of expenses and EBITDA

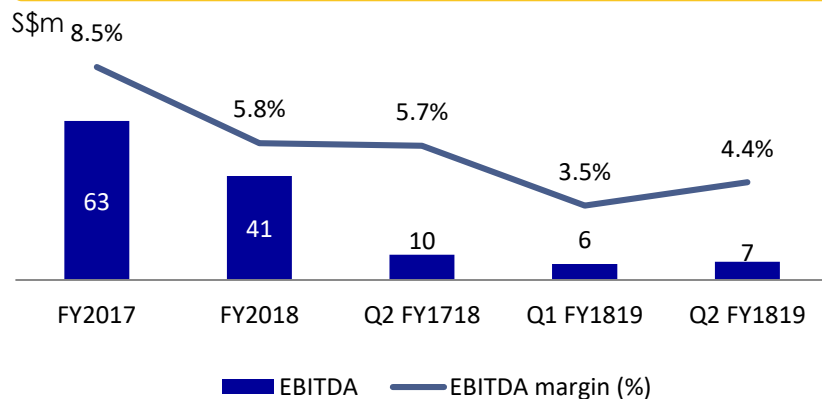
24

Breakdown of expenses

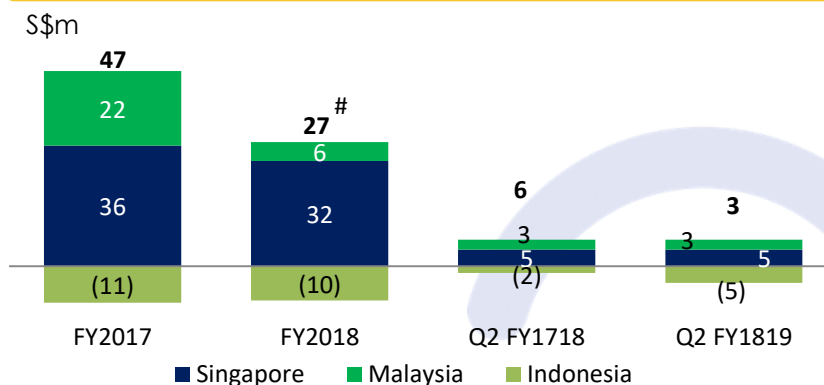
S\$m



EBITDA¹



Segment result by geographical location²



[#]: Differences due to rounding

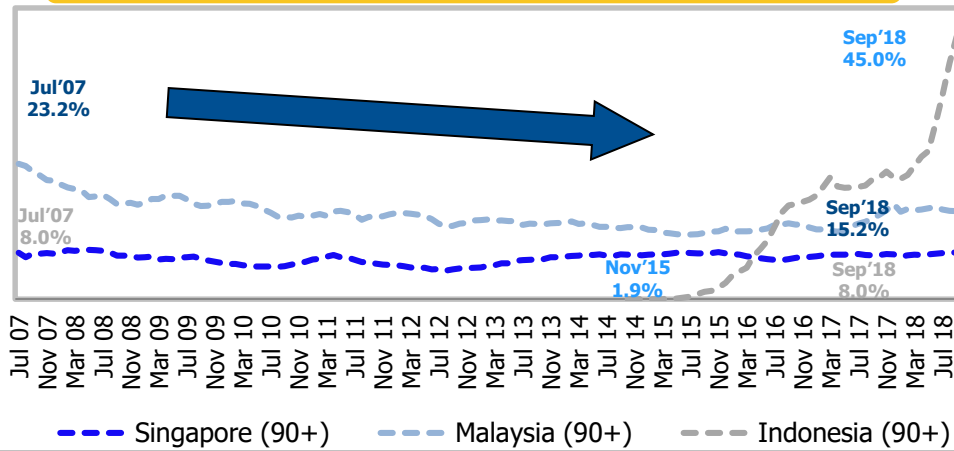
²: Segment results are profit before other income, income tax and finance expense. Indonesia has yet to adopt SFRS(I) 15 and SFRS(I) 9. Adjustment is only made at Group consolidation level to be aligned with the Group's accounting standards.

Notes: Q2: Refers to the second(2nd) quarter from 1 July to 30 September. FY: Refers to the financial year from 1 April to 31 March

¹: EBITDA calculated as profit before tax add finance expense and depreciation and amortisation expense

Delinquency rates

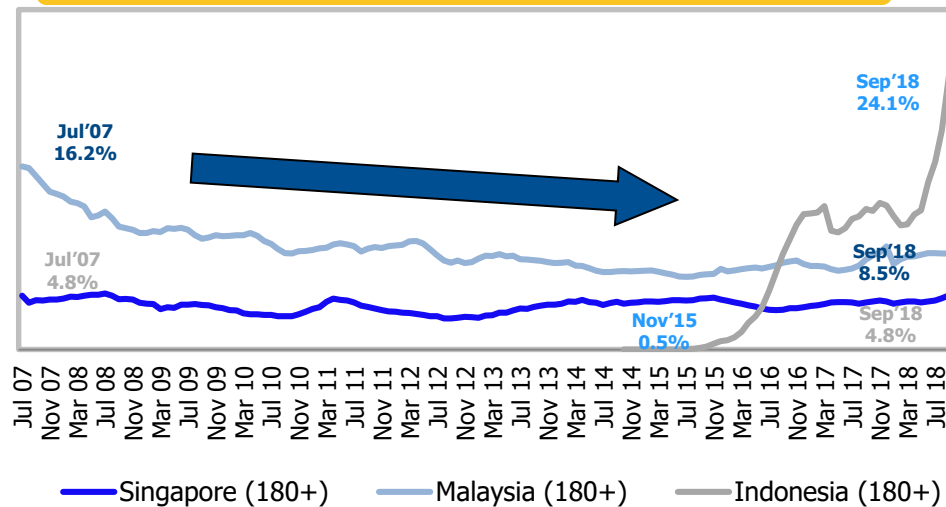
90+ days delinquency rates



With the challenging collections environment in Malaysia and Indonesia, we have taken some key actions to address the higher delinquency rates and mitigate higher impairment losses.

In Malaysia, we are seeing early signs of improvements and successes and in Indonesia, these measures are focused on addressing credit weaknesses including step-up in credit audits, credit training, tightening credit policies including the credit score cut-off and imposing advance instalment/deposit requirement, centralising credit sanctioning, greater oversight on collections and terminating errant staff. Also, we are exploring digitalisation solutions including facial recognition, digital scorecard to further improve our risk management.

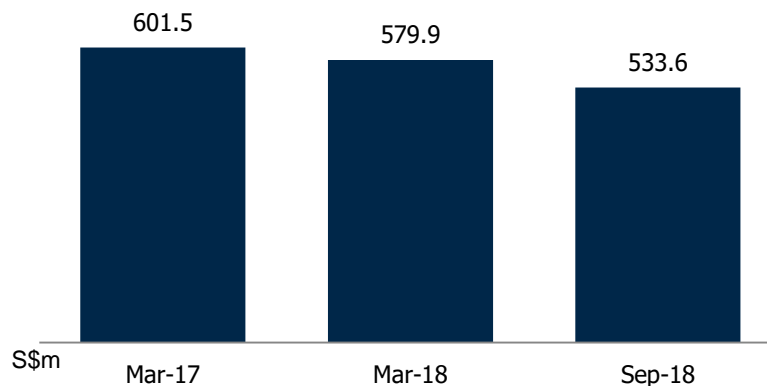
180+ days delinquency rates



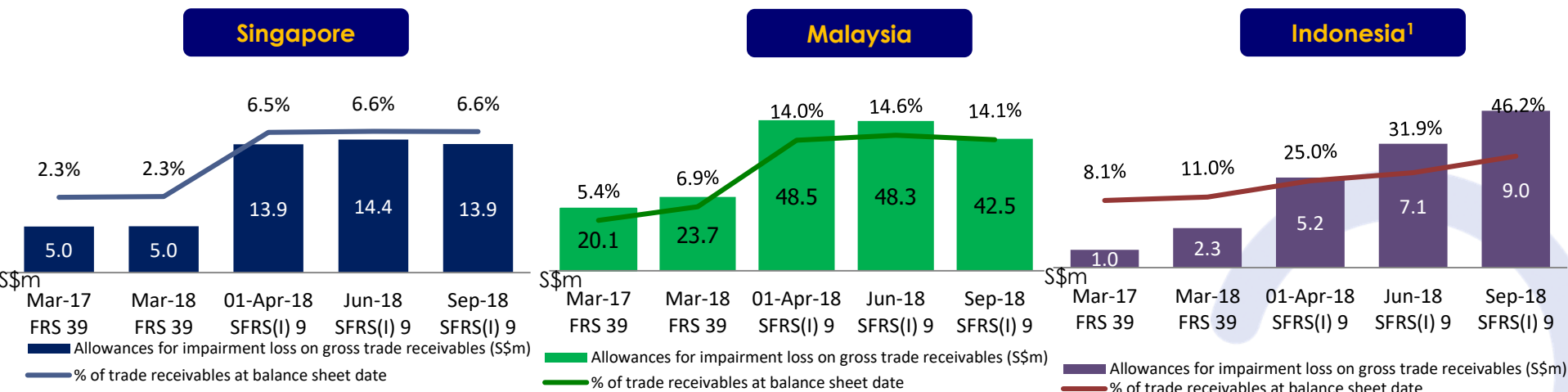
Credit Book Assets & Allowance for impairment on receivables – SFRS(I) 9 from 1 April 2018

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Credit book assets - Gross



Allowance for impairment loss on gross trade receivables



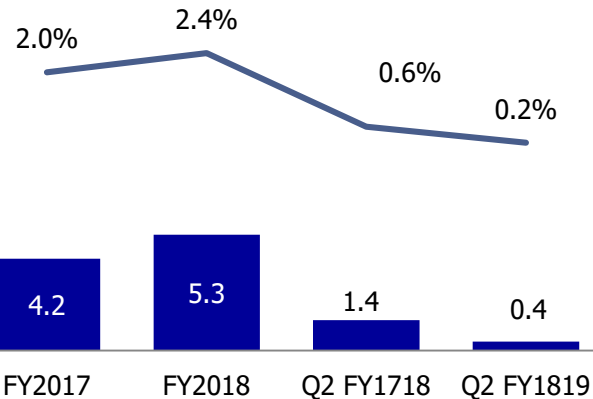
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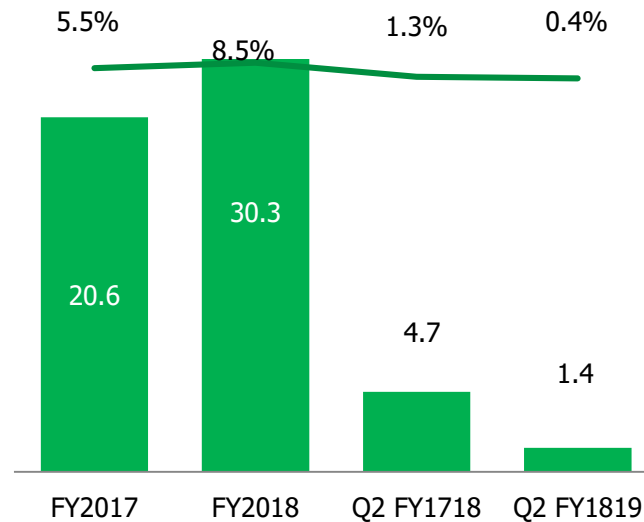
Impairment loss on trade receivables charged to Income Statement

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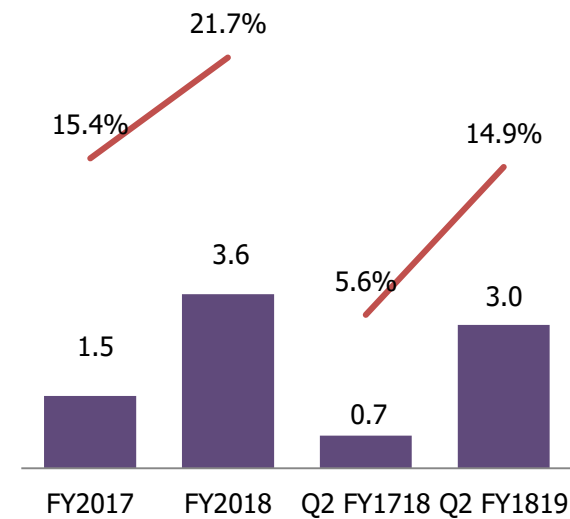
Singapore



Malaysia



Indonesia¹



■ Impairment loss charged to Income Statement (\$m)

— Impairment loss on trade receivables as a percentage of average portfolio

■ Impairment loss charged to Income Statement (\$m)

— Impairment loss on trade receivables as a percentage of average portfolio

■ Impairment loss charged to Income Statement (\$m)

— Impairment loss on trade receivables as a percentage of average portfolio

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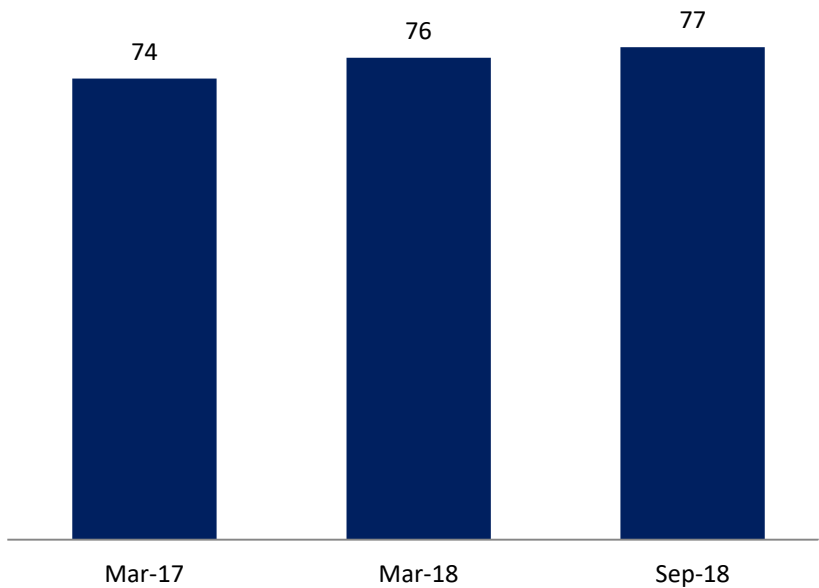
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Working capital management

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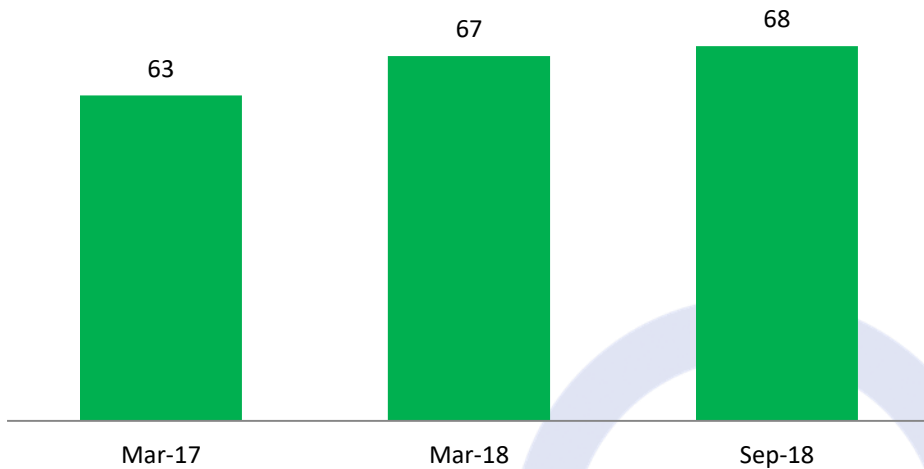
Trade payable days

Days



Inventory days

Days



Notes:

Month-Year: Refers to the turnover days for each period end

Borrowings

Facility	Facility amount	Amount drawn down as at 30 Sept 17	Amount drawn down as at 30 Sept 18	Available headroom As at 30 Sept 18
Multicurrency Medium Term Note (CAL)	S\$ 500 mil	S\$ 75 mil @ 5.75%p.a.	- (fully redeemed as of 2 Aug 2018)	S\$ 500 mil
Asset Securitisation Programme (CSPL) ⁽¹⁾ Revolving Period expiring: Jan 2020 Amortisation Period: 2 years after end of Revolving Period	S\$ 150 mil	S\$ 57.5 mil	S\$ 86.1 mil	S\$63.9 mil
Syndicated Senior Loan (CMSB) ⁽²⁾ Revolving Period expiring: Feb 2021 (with possibility of 1 year extension at lenders' option) Amortisation Period: 3 years after end of Revolving Period	RM 553 mil	RM 459 mil	RM 372 mil	RM 181 mil
Various Term Loans (PTCRI) Various expiry dates ranging from 2019 to 2020	IDR 269.8 bil	IDR267.2 bil	IDR269.8 bil	—

¹ CSPL Asset Securitisation : 1-mth SOR is hedged with Interest Rate Cap (strike rate of 2.5%) for notional amount of SGD70M

² CMSB Syndicated Senior Loan: 1-mth KLIBOR is hedged with Interest Rate Cap (strike rate of 4.25%) for notional amount of RM230M

OPERATIONAL UPDATES

Adding Regional Management Strength with New Group COO

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Mr Dominic Wong
Group Chief
Operating Officer



Mr Terry O'Connor
Group Chief Executive
Officer



Ms Kee Kim Eng
Group Chief Financial
Officer



Mr Chan Yuen Kiong
Group Chief Credit
Officer



Ms Kiran Kaur
Group Chief Talent and
Customer Service Officer



Mr Stan Kim
Group Chief
Innovation Officer

Singapore – Executing on store transformation

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- Unveiled newly transformed Ang Mo Kio store to public in September 2018, with a focus on curated range, value and experience for today's omni-channel shopper – bringing the 'Megastore' experience to the heartlands

Malaysia – Early indicators of return to business stability

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- Closed 10 underperforming stores to date as at 30 September 2018, opened 2 outlet stores
- Transformation work in coming months to focus on enhancing backend support systems

Indonesia – continue to manage credit cost amid prudent approach to expansion

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- **Slow down expansion to consolidate growth and manage credit cost**



Q & A

To access the results presentation and briefing which will be available by 14 November 2018, visit: <http://ir.courts.com.sg>.

