Parkson Retail Asia Limited
Financial Results Presentation
Q3 FY2014



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Overview

Overview

Business Environment

- Same Store Sales Growth ("SSSG"), by countries:

	Quarter ended		9 months ended	
SSSG	**31.03.2014**	**31.03.2013**	**31.03.2014**	**31.03.2013**
Malaysia	+0.1%	+8.6%	+0.1%	+5.6%
Vietnam	-7.2%	+9.9%	-3.8%	-1.3%
Indonesia	+8.9%	+1.2%	+6.7%	+4.9%

- SSSG for Malaysia :
  - SSSG relatively flat at +0.1% for the reported quarter.
  - consumer sentiment index reported by MIER remained below the 100-point threshold of confidence for the second straight quarter.
- SSSG for Vietnam :
  - SSSG at -7.2% for the reported quarter.
  - Hanoi stores especially affected by significant increase in new retail space amid a weak retail environment.
- SSSG for Indonesia :
  - SSSG remained strong at +8.9% for the reported quarter.
  - consumer confidence index reported by BI remained above the 100-point confidence threshold at 117.0.
  - store in Bali especially benefitted from increased tourist arrivals driven by the weak currency and improved flight connectivity.

Financial Summary

	Group								
	Reported Quarter ended			Reported 9 months ended			Like-for-Like Comparable* 9 months ended		
	31.03.2014	31.03.2013	+/(-)	31.03.2014	31.03.2013	+/(-)	31.03.2014	31.03.2013	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%	S$'000	S$'000	%
Gross Sales Proceeds	269,664	279,299	(3.4)	831,843	857,835	(3.0)	800,544	828,589	(3.4)
Revenue	106,718	108,517	(1.7)	332,862	343,381	(3.1)	322,323	333,121	(3.2)
Profit Before Tax	11,209	14,017	(20.0)	43,724	49,336	(11.4)	46,675	48,808	(4.4)
Net Profit attributable to owners of the Company	7,567	9,780	(22.6)	31,387	34,558	(9.2)	33,638	34,178	(1.6)

***** The like-for-like comparable figures are provided for comparison purpose only, and do not form part of the financial statements prepared under the accounting standards nor under the disclosure requirements of the Singapore Exchange. These like-for-like comparable figures are computed on same store basis (i.e. excluding the operating results of new stores and closed stores during the YTD 9 months FY2014 and FY2013 periods).

- Reported topline figures (GSP and revenue) declined for the quarter and Year-to-Date ("YTD") periods, impacted by :
  - negative SSSG for Vietnam.
  - local currency weakness.
  - lost sales from closed stores (3 temporary and 1 permanent closure).
- On same store basis, GSP and revenue for YTD period recorded declines of (3.4)% and (3.2)% respectively.
- On same store basis and excluding currency impact, GSP and revenue for YTD period increased marginally by 0.3% and 0.6% respectively.

- Reported pre-tax profit declined for the quarter and YTD period, impacted by :
  - lower-than-expected SSSG for Malaysia and Vietnam.
  - initial loss-making period of new stores (including pre-opening expenses).
  - absence of gross profit contribution from temporarily closed stores.
  - local currency weakness.
- On same store basis, pre-tax profit for YTD period recorded lesser decline of (4.4)%.
- On same store basis and excluding currency impact, pre-tax profit for YTD period remained relatively flat (marginal decline of (0.5)%).
- Decline in reported pre-tax profit mitigated by improvement in gross profit margin (Q3 FY2014 by 80 bps and YTD 9 months FY2014 by 70 bps).

Segmental Profit Before Tax

	Group		
	9 months ended		
PBT Summary	**31.03.2014**	**31.03.2013**	**+/(-)**
	S$'000	S$'000	%
Like-for-like, on same store basis			
Malaysia	40,855	40,905	(0.1)
Vietnam	810	3,509	(76.9)
Indonesia	4,763	5,361	(11.2)
Share of profits of an associate (Sri Lanka)	894	689	29.8
Investment holding / Others	(647)	(1,656)	60.9
PBT (same store basis)	46,675	48,808	(4.4)
PBT / (Losses) of new and closed stores			
Malaysia	(212)	707	>(100.0)
Vietnam	(265)	-	>(100.0)
Indonesia	(1,880)	(97)	>(100.0)
Myanmar	(594)	(82)	>(100.0)
Group PBT	43,724	49,336	(11.4)

- On same store basis, pre-tax profit for Malaysia for YTD period remained flat YoY. The Malaysia operations recorded improved gross profit margin by 90 bps and lower operating expenses. On same store and same currency basis, pre-tax profit for Malaysia increased by 2.9%.
- On same store basis, pre-tax profit for Vietnam declined by (76.9)% due to negative SSSG and compounded by costs pressure and losses at the Landmark 72 store in Hanoi.
- On same store basis, pre-tax profit for Indonesia declined by (11.2)% due significantly to lower write-back of retirement benefits provision and local currency weakness. On same store and same currency basis, pre-tax profit for Indonesia increased by 2.8%.
- Investment holding / Others recorded a decline in loss position by 60.9% due largely to recognition of net exchange gain in current YTD period and the absence of non-recurring costs recorded in the comparative period.

PBT Variance (percentage terms)

Comparing the pre-tax profit variances for the (i) reported numbers, (ii) same store numbers and (iii) same store, same currency numbers across the Group's 3 main markets:

PBT variance (comparing YTD 9 months FY2014 vs YTD 9 months FY2013)	Reported +/(-) %	Same store +/(-) %	Same store, same currency +/(-) %
Malaysia	(2.3)	(0.1)	2.9
Vietnam	(84.5)	(76.9)	(77.2)
Indonesia	(45.2)	(11.2)	2.8
Group	(11.4)	(4.4)	(0.5)

Prospect

- The Group anticipates some drag to final Q4 FY2014 performance due to anticipated reduction in Chinese tourist arrivals into Malaysia arising from the MH370 incident and continued weakness of the stores in Hanoi, Vietnam.
- This drag will be partly mitigated by expected improvement in GP margin in Q4 FY2014 quarter.
- Local currency weakness remains a risk to Group's financials.
- However, the Group expects to remain profitable for the Q4 FY2014 quarter.

Dividend

The Board has approved a special interim dividend of 3.0 cents per share (one-tier, tax-exempt).

Financial Statements

Unaudited consolidated Income Statement

For the nine months ended 31 March

(S$'000)	Group					
	Reported Quarter ended			Reported YTD 9 months ended		
	31.03.2014	31.03.2013*	+/(-)	31.03.2014	31.03.2013*	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Gross Sales Proceeds	**269,664**	**279,299**	**(3.4)**	**831,843**	**857,835**	**(3.0)**
- Direct sales	51,082	51,392	(0.6)	161,932	170,277	(4.9)
- Concessionaire sales	214,897	223,654	(3.9)	658,136	674,776	(2.5)
- Consultancy & management service fees	277	293	(5.5)	835	937	(10.9)
- Rental income	3,408	3,960	(13.9)	10,940	11,845	(7.6)
Revenue	**106,718**	**108,517**	**(1.7)**	**332,862**	**343,381**	**(3.1)**
Other income	**3,573**	**3,216**	**11.1**	**9,879**	**9,716**	**1.7**
Total expenses	**(99,296)**	**(97,742)**	**1.6**	**(299,911)**	**(304,450)**	**(1.5)**
- Changes in merchandise inventories and consumables	(40,361)	(41,635)	(3.1)	(128,700)	(138,075)	(6.8)
- Employee benefits expense	(12,991)	(12,195)	6.5	(37,074)	(34,599)	7.2
- Depreciation & amortisation	(5,261)	(4,993)	5.4	(15,134)	(14,477)	4.5
- Rental expenses	(26,091)	(25,055)	4.1	(75,673)	(73,905)	2.4
- Finance costs	(116)	(52)	>100.0	(346)	(174)	98.9
- Other expenses	(14,476)	(13,812)	4.8	(42,984)	(43,220)	(0.5)
Share of profits of an associate	**214**	**26**	**>100.0**	**894**	**689**	**29.8**
Profit before tax	**11,209**	**14,017**	**(20.0)**	**43,724**	**49,336**	**(11.4)**
Net profit	**7,243**	**9,464**	**(23.5)**	**30,122**	**33,688**	**(10.6)**
Net profit attributable to owners	**7,567**	**9,780**	**(22.6)**	**31,387**	**34,558**	**(9.2)**

* certain comparative figures have been re-classified to conform to current period's presentation.

Unaudited consolidated Statement of Financial Position

(S$'000)	As at 31 Mar 2014 (a)	As at 30 Jun 2013 (b)	% Change (a)-(b) / (b)	As at 31 Mar 2013 (c)	% Change (a)-(c) / (c)
Total Assets	432,997	*437,625*	*-1.1%*	*439,956*	*-1.6%*
- Non-current assets	175,074	*164,638*	*+6.3%*	*163,258*	*+7.2%*
- Current assets	257,923	*272,987*	*-5.5%*	*276,698*	*-6.8%*
Cash and cash equivalents	*164,433*	*176,830*	*-7.0%*	*182,601*	*-9.9%*
Total Liabilities	173,103	179,754	*-3.7%*	*187,229*	*-7.5%*
- Current liabilities	165,114	172,300	*-4.2%*	*178,554*	*-7.5%*
- Non-current liabilities	7,989	7,454	*+7.2%*	*8,675*	*-7.9%*
Net assets	259,894	257,871	+0.8%	252,727	+2.8%
Represented by,	259,894	257,871	+0.8%	252,727	+2.8%
- Equity and reserves	258,678	255,385	+1.3%	249,614	+3.6%
- Non-controlling interests	1,216	2,486	-51.1%	3,113	-60.9%

Unaudited consolidated Statement of Cash Flows

For the nine months ended 31 March

(S$'000)	Q3 FY2014	Q3 FY2013	+/(-) %	YTD 9 months FY2014	YTD 9 months FY2013	+/(-) %
Net cash generated from / (used in) operating activities	(23,831)	(26,906)	+11.4%	42,926	51,340	-16.4%
Net cash used in investing activities	(12,903)	(1,103)	>-100.0%	(30,645)	(39,202)	+21.8%
Net cash used in financing activities	-	(1)	+100.0%	(18,287)	(20,324)	+10.0%
Net decrease in cash and cash equivalents	(36,734)	(28,010)	-31.1%	(6,006)	(8,186)	+26.6%
Cash and cash equivalents at beginning of financial period	199,846	210,670	-5.1%	176,830	190,290	-7.1%
Effect of currency translation on cash & cash equivalents	1,321	(59)	>+100.0%	(6,391)	497	>-100.0%
Cash and cash equivalents at end of financial period	164,433	182,610	-9.9%	164,433	182,601	-9.9%

Segment results

For the nine months ended 31 March

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
9 months ended 31.03.2014						
Gross Sales Proceeds	600,509	120,571	107,287	3,476	-	831,843
Revenue	258,331	32,684	40,500	1,347	-	332,862
Profit / (Loss) before tax	40,643	545	2,883	(594)	-	43,477
Investment holding / Others					(647)	(647)
Share of profits of an associate					894	894
Total Profit / (Loss) Before Tax	40,643	545	2,883	(594)	247	43,724
9 months ended 31.03.2013						
Gross Sales Proceeds	634,435	119,970	103,430	-	-	857,835
Revenue	270,713	33,167	39,501	-	-	343,381
Profit / (Loss) before tax	41,611	3,510	5,264	(82)	-	50,303
Investment holding / Others					(1,656)	(1,656)
Share of profits of an associate					689	689
Total Profit / (Loss) Before Tax	41,611	3,510	5,264	(82)	(967)	49,336

Operational Highlights

Geographic footprint

Malaysia

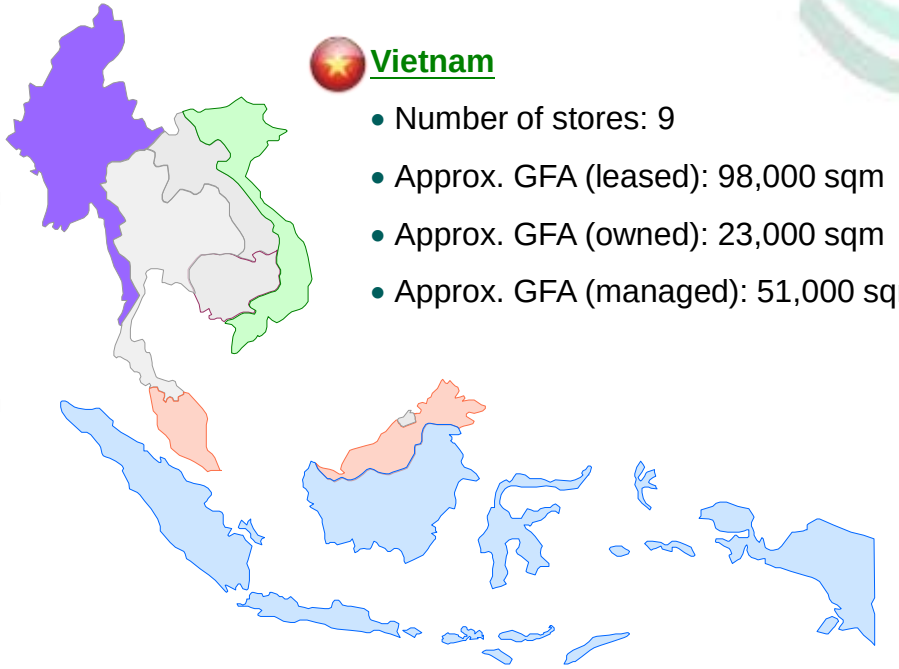
- Number of stores: 39
- Approx. GFA (leased): 415,000 sqm

Indonesia

- Number of stores: 12
- Approx. GFA (leased): 108,000 sqm

Myanmar

- Number of store: 1
- Approx. GFA (leased): 4,000 sqm



Vietnam

- Number of stores: 9
- Approx. GFA (leased): 98,000 sqm
- Approx. GFA (owned): 23,000 sqm
- Approx. GFA (managed): 51,000 sqm

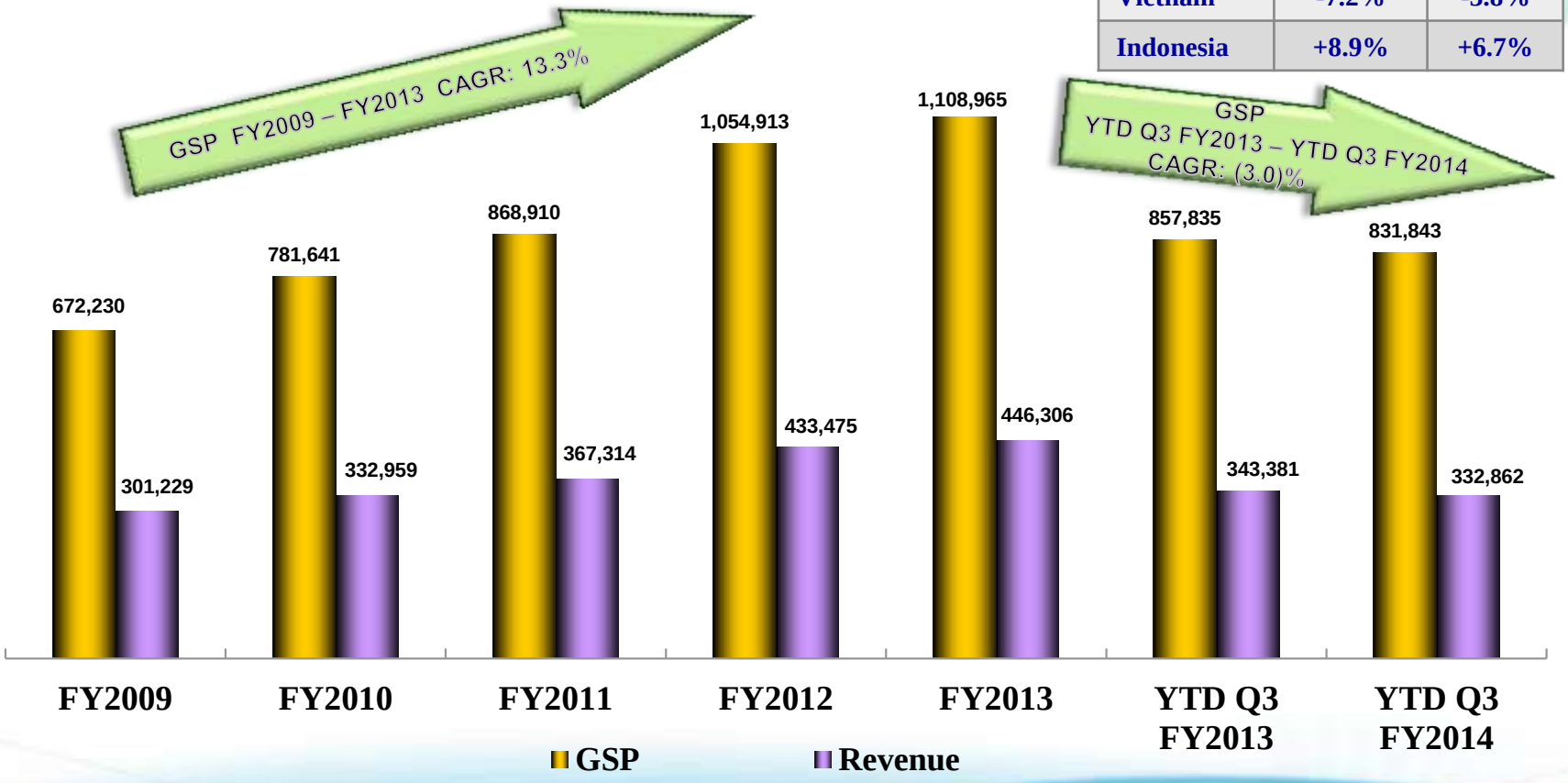
PRA's department store network comprised 61 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 699,000 sqm of gross floor area(1)

1. PRA also has a 47.46% interest in an associate, Odel PLC, of Sri Lanka which operates 20 stores covering floor space of about 17,000 sqm.
2. Figures current as at 31 March 2014.

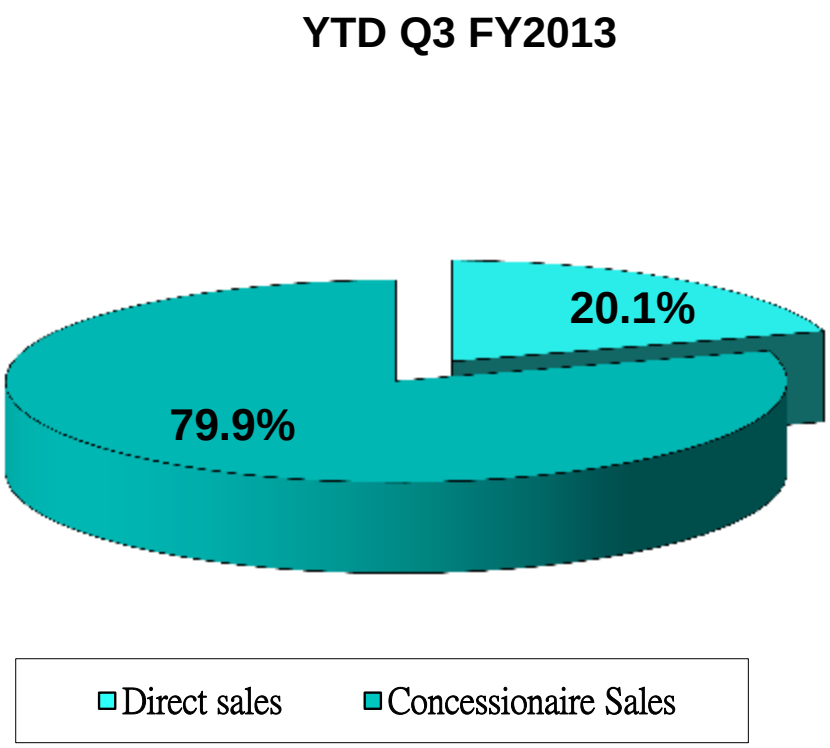
Gross Sales Proceeds, Revenue and SSS Growth

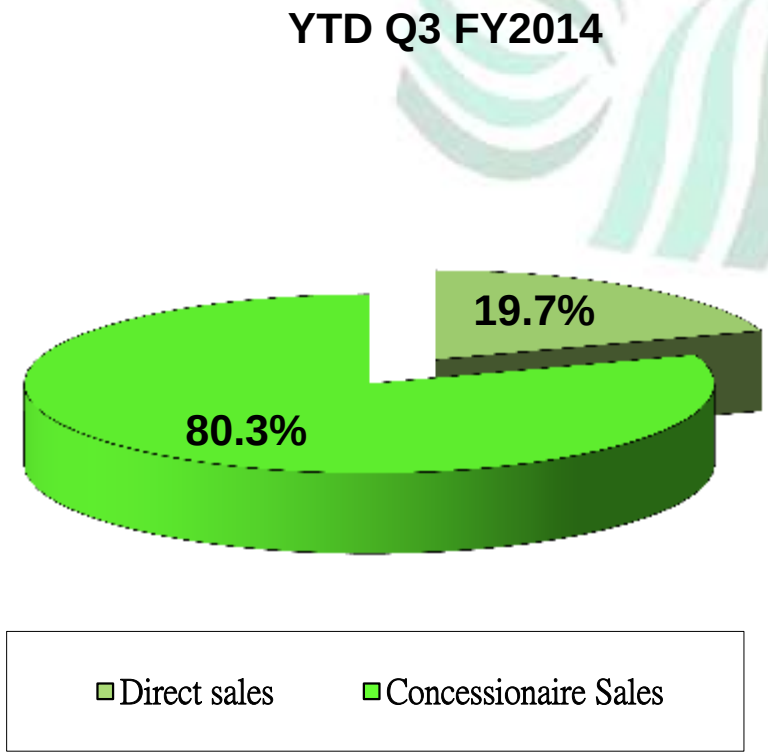
Overall top line growth

SSSG	Q3 FY2014	YTD Q3 FY2014
Malaysia	+0.1%	+0.1%
Vietnam	-7.2%	-3.8%
Indonesia	+8.9%	+6.7%



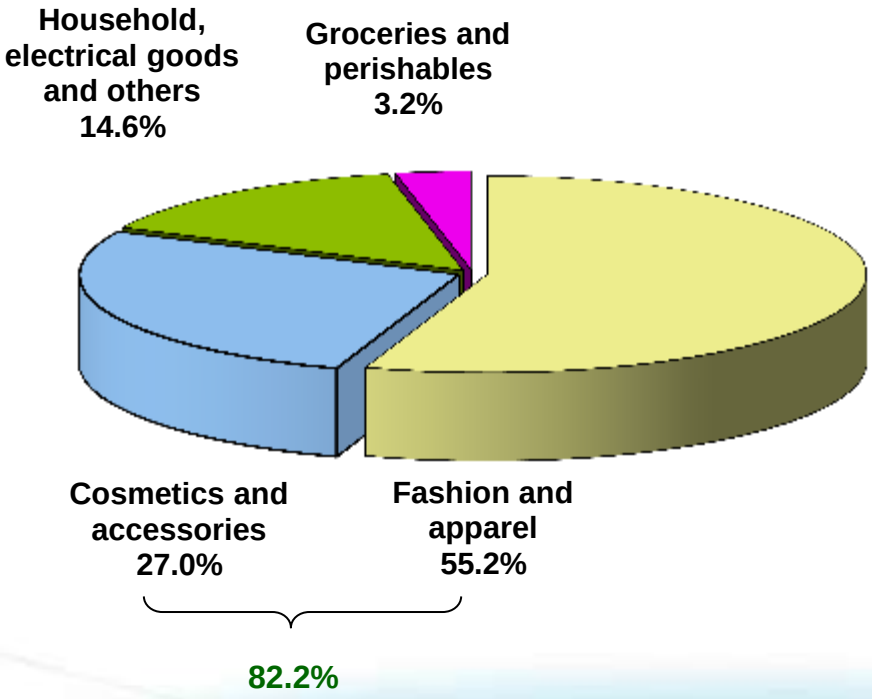
Merchandise Sales Mix



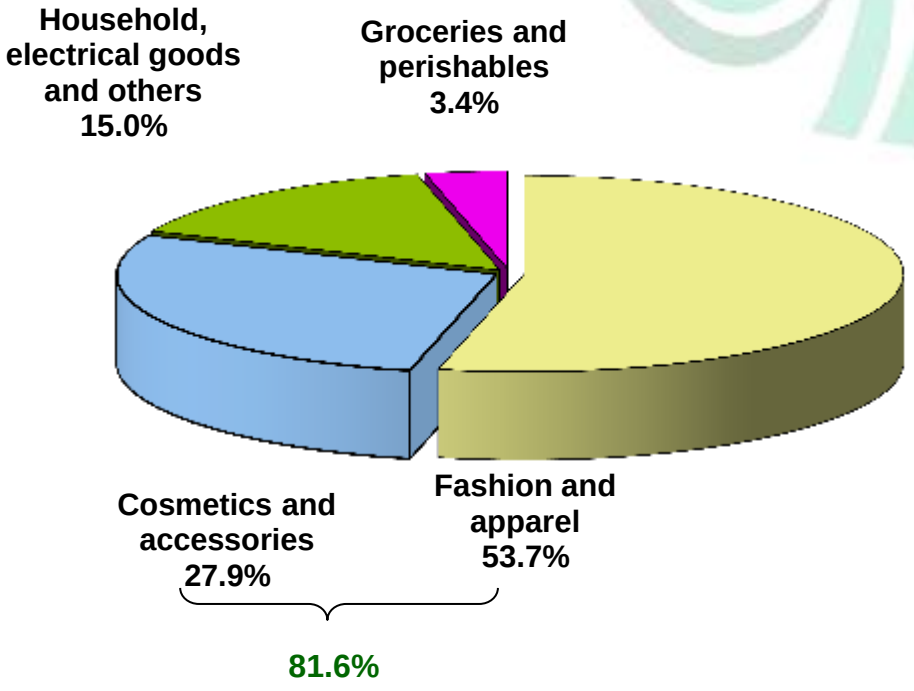


Merchandise sales mostly from fashion and cosmetics segments

YTD Q3 FY2013

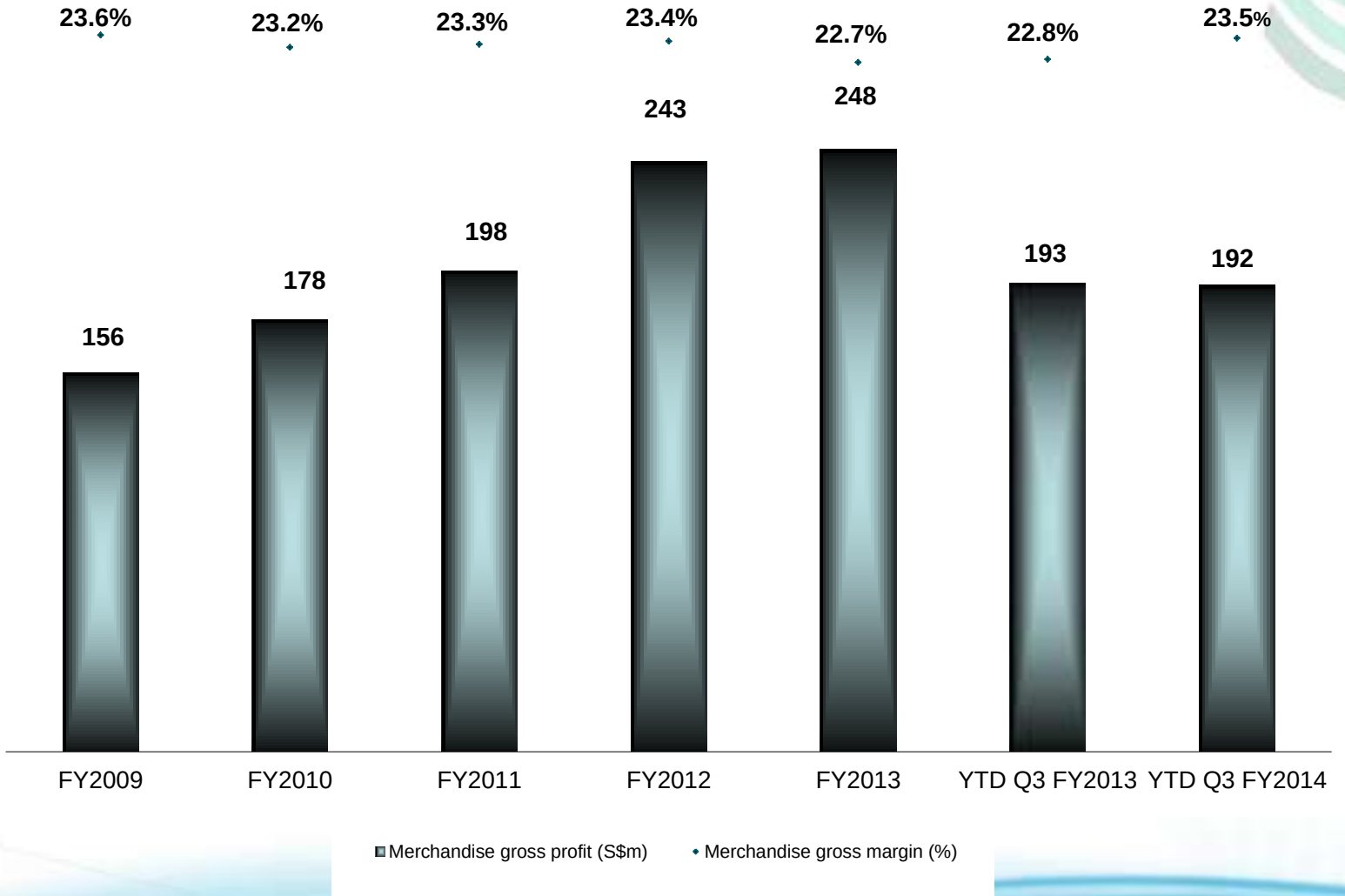


YTD Q3 FY2014



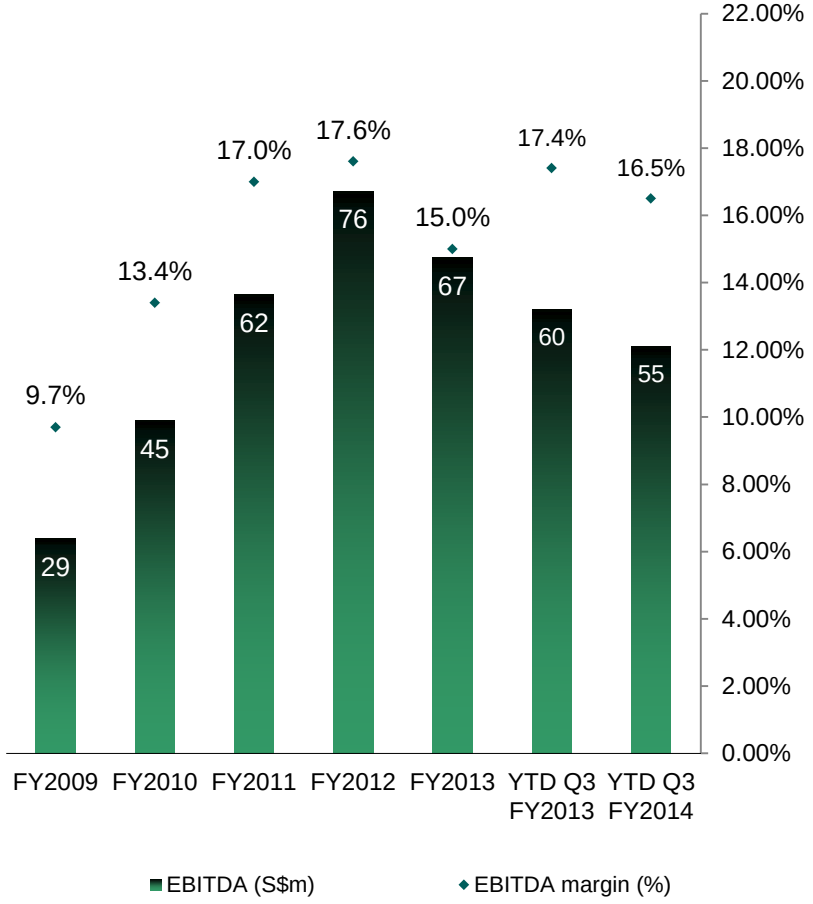
Blended gross margins

Merchandise gross margin (including both direct sales and concessionaire sales)

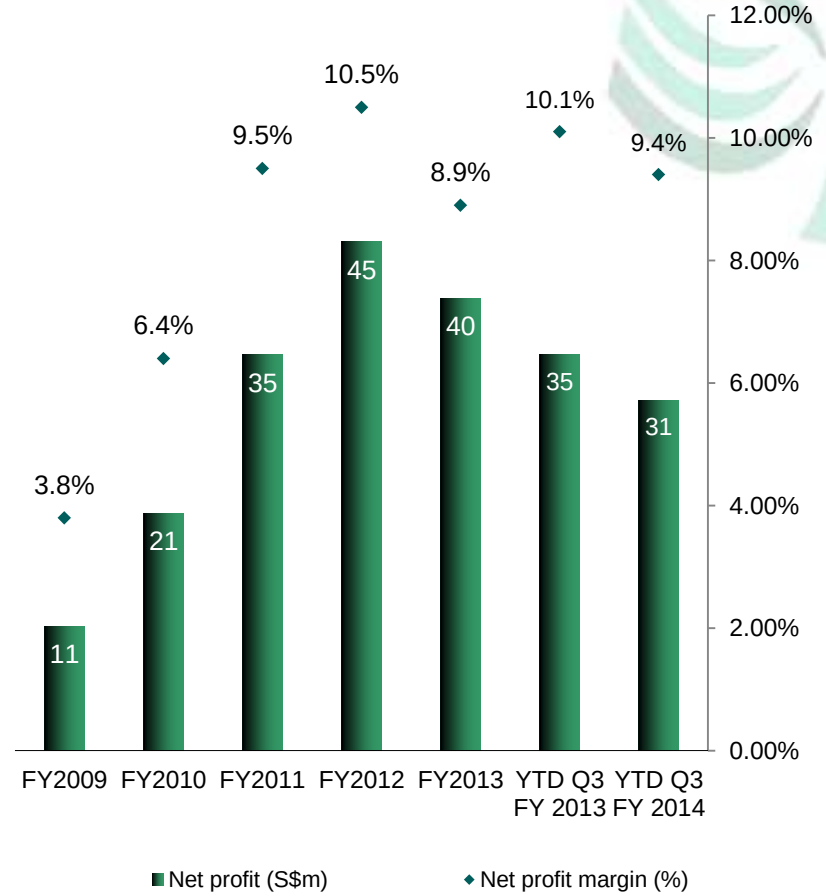


Profit margins

EBITDA[1]



Net profit attributable to Owners of the Company



1. EBITDA is defined as profit before tax less finance costs and income, and depreciation and amortisation expenses

Going Forward

Strategies

- Improving productivity and enhancing market share.
- Target a healthy SSS growth through more targeted promotional activities and improving productivity of the floor space.
- Target a healthy margin improvement through adjustment in merchandise mix, better control of promotional related expenses and tighter stock shrinkage control.
- Continue to increase operating area by opening new stores, with 16 new stores confirmed for FY2014 and FY2015.
- Continue to remodel and refurbish the existing outlets.
- Continue to upgrade brand mix in line with each individual market to increase ticket value and transaction size.
- Enhance cost rationalisation to improve operating efficiency.
- Build economies of scale in the Indonesian operations.
- Expand the Sri Lanka operations through store openings and development of own floor space.

Expansion Plan (confirmed sites)

Location	FY2014 Approx. GFA (sq.m)		FY2015 Approx. GFA (sq.m)
Malaysia			
1. Nu Sentral, Kuala Lumpur *(opened March 2014)*	12,833	1. Imago, Kota Kinabalu	12,879
		2. IOI City Mall, Putrajaya	20,673
		3. Paya Bungah, K Terengganu	9,796
			43,348
Vietnam			
2. Parkson Cantavil, HCMC *(opened December 2013)*	15,293	4. Parkson TD Plaza, HCMC	30,000
		5. Parkson Emperor, HCMC	11,448
			41,448
Indonesia			
3. Metropolitan Grand**, Bekasi *(opened July 2013)*	11,370	6. Manado Town Square, Manado	10,000
4. Bintaro Xchange**, Bintaro *(opened December 2013)*	9,500	7. Green City, Pekanbaru	7,300
5. Centro Point*, Medan *(opened November 2013)*	16,050	8. Balikpapan Supermal, Balikpapan	6,000
6. St Moritz 2*, Jakarta *(Q4FY2014^)*	17,101		23,300
7. Grage Mall 2**, Cirebon *(Q4FY2014^)*	8,955		
*Parkson-branded stores **Centro stores	62,976		
		Cambodia	
		9. Parkson Cambodia, Phnom Penh	36,500
Total	91,102	Total	144,596
Balance opening GFA	634,656		725,758
% Increase	14.4%		19.9%
Closing GFA	725,758		870,354

^ opening dates shown are indicative only based on dates provided by mall owners

THANK YOU

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