



# Parkson Retail Asia Limited

## Financial Results for Q1 FY2017

10 November 2016

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## Overview

# Overview

## Business Environment

- Same Store Sales Growth, by countries:

| SSSG      | Quarter ended |           |
|-----------|---------------|-----------|
|           | Q1 FY2017     | Q1 FY2016 |
| Malaysia  | -6.6%         | -15.2%    |
| Vietnam   | -10.3%        | -3.6%     |
| Indonesia | -13.1%        | +9.6%     |
| Myanmar   | -28.2%        | +6.1%     |

- SSSG for Malaysia :
  - decline in SSSG at -6.6% for the reported quarter.
  - 11 days of less festive buying (Hari Raya) in Q1 FY2017.
  - consumer sentiment index reported by MIER remained below the 100-point confidence threshold for the 9<sup>th</sup> consecutive quarter.
- SSSG for Vietnam :
  - decline in SSSG at -10.3% for the reported quarter.
  - the discretionary retail environment continued to be difficult amidst a crowded retail scene.
- SSSG for Indonesia :
  - decline in SSSG at -13.1% for the reported quarter.
  - less festive buying days (Lebaran) in Q1 FY2017.

- SSSG for Myanmar :
  - decline in SSSG at -28.2% for the reported quarter.
  - landlord of FMI Centre, where the store is located, has served notice to vacate.
  - a location for replacement store has been secured, scheduled to open later in the financial year.

## Financial Summary

|                                            | Group         |            |          |
|--------------------------------------------|---------------|------------|----------|
|                                            | Quarter ended |            |          |
|                                            | 30.09.2016    | 30.09.2015 | + / (-)  |
|                                            | S\$'000       | S\$'000    | %        |
| Gross Sales Proceeds                       | 220,752       | 236,717    | (6.7)    |
| Revenue                                    | 93,337        | 92,690     | 0.7      |
| Profit / (Loss) Before Tax                 | (6,309)       | 51,161     | >(100.0) |
| Net Profit / (Loss) Attributable to Owners | (5,180)       | 49,461     | >(100.0) |

- GSP declined for the quarter, despite sales contribution from new stores, due to negative SSSG recorded by the Group operations. Revenue increased marginally due to improvement in concessionaire sales margin by 30 bps and higher direct sales.
- Pre-tax loss recorded for the quarter due to the deleveraging impact of the negative SSSG for the Group operations and losses for new stores and new businesses. PBT for the comparative Q1 FY2016 benefitted from the gain recognised on partial disposal of equity interest in a former subsidiary of S\$46.0 million.

## Segmental Profit Before Tax

|                                                                                           | Group             |                   |              |
|-------------------------------------------------------------------------------------------|-------------------|-------------------|--------------|
|                                                                                           | Quarter ended     |                   |              |
| <b>PBT Summary</b>                                                                        | <b>30.09.2016</b> | <b>30.09.2015</b> | <b>+/(-)</b> |
|                                                                                           | S\$'000           | S\$'000           | %            |
| <b>Department stores</b>                                                                  |                   |                   |              |
| <b>On same store basis</b>                                                                |                   |                   |              |
| Malaysia                                                                                  | (835)             | 5,434             | >(100.0)     |
| Vietnam                                                                                   | (300)             | (315)             | 4.8          |
| Indonesia                                                                                 | (1,513)           | (62)              | >(100.0)     |
| Myanmar                                                                                   | (158)             | (218)             | 27.5         |
| Investment holding / Others                                                               | 5                 | 1,225             | (99.6)       |
|                                                                                           | (2,801)           | 6,064             | >(100.0)     |
| <b>New / closed stores</b>                                                                |                   |                   |              |
| Malaysia                                                                                  | (1,613)           | (321)             | >(100.0)     |
| Vietnam                                                                                   | -                 | (317)             | 100.0        |
| Indonesia                                                                                 | (381)             | -                 | >(100.0)     |
| <b>Total department stores</b>                                                            | (4,795)           | 5,426             | >(100.0)     |
|                                                                                           |                   |                   |              |
| <b>Concept stores and others</b>                                                          | (1,514)           | (225)             | >(100.0)     |
|                                                                                           |                   |                   |              |
| <b>Non-operational item</b>                                                               |                   |                   |              |
| Gain on partial disposal of equity interests in a former subsidiary, Parkson Hanoi Co Ltd | -                 | 45,960            | (100.0)      |
|                                                                                           |                   |                   |              |
| <b>Group PBT / (Losses)</b>                                                               | (6,309)           | 51,161            | >(100.0)     |
|                                                                                           |                   |                   |              |



# Financial Statements

# Unaudited Consolidated Income Statement

For the three months ended 30 September

| (S\$'000)                                            | Group            |                 |                    |
|------------------------------------------------------|------------------|-----------------|--------------------|
|                                                      | Quarter ended    |                 |                    |
|                                                      | 30.09.2016       | 30.09.2015      | +/( -)             |
|                                                      | S\$'000          | S\$'000         | %                  |
| <b>Gross Sales Proceeds</b>                          | <b>220,752</b>   | <b>236,717</b>  | <b>(6.7)</b>       |
| - Direct sales                                       | 47,879           | 42,368          | 13.0               |
| - Concessionaire sales                               | 169,181          | 190,525         | (11.2)             |
| - Consultancy & management service fees              | 95               | 170             | (44.1)             |
| - Rental income                                      | 3,516            | 3,654           | (3.8)              |
| - Others                                             | 81               | -               | >100.0             |
| <b>Revenue</b>                                       | <b>93,337</b>    | <b>92,690</b>   | <b>0.7</b>         |
| <b>Other income</b>                                  | <b>1,751</b>     | <b>50,148</b>   | <b>(96.5)</b>      |
| <b>Total expenses</b>                                | <b>(101,397)</b> | <b>(91,677)</b> | <b>10.6</b>        |
| - Changes in merchandise inventories and consumables | (37,199)         | (33,759)        | 10.2               |
| - Employee related expense                           | (15,427)         | (12,966)        | 19.0               |
| - Depreciation & amortisation expenses               | (6,284)          | (5,429)         | 15.7               |
| - Rental expenses                                    | (27,865)         | (26,285)        | 6.0                |
| - Finance costs                                      | (41)             | (58)            | (29.3)             |
| - Other expenses                                     | (14,581)         | (13,180)        | 10.6               |
| <b>Profit / (Loss) before tax</b>                    | <b>(6,309)</b>   | <b>51,161</b>   | <b>&gt;(100.0)</b> |
| <b>Net profit / (loss)</b>                           | <b>(5,594)</b>   | <b>49,242</b>   | <b>&gt;(100.0)</b> |
| <b>Net profit / (loss) attributable to owners</b>    | <b>(5,180)</b>   | <b>49,461</b>   | <b>&gt;(100.0)</b> |

# Unaudited Balance Sheet

| <b>(S\$'000)</b>            | <b>As at<br/>30 Sep 2016<br/>(a)</b> | <b>As at<br/>30 Jun 2016<br/>(b)</b> | <b>% Change<br/>(a)-(b) / (b)</b> |
|-----------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| <b>Total Assets</b>         | <b>344,380</b>                       | <b>374,077</b>                       | <b>-7.9%</b>                      |
| - Non-current assets        | 206,008                              | 197,829                              | +4.1%                             |
| - Current assets            | 138,372                              | 176,248                              | -21.5%                            |
| <b>Total Liabilities</b>    | <b>192,660</b>                       | <b>216,751</b>                       | <b>-11.1%</b>                     |
| - Current liabilities       | 163,546                              | 187,611                              | -12.8%                            |
| - Non-current liabilities   | 29,114                               | 29,140                               | -0.1%                             |
| <b>Net assets</b>           | <b>151,720</b>                       | <b>157,326</b>                       | <b>-3.6%</b>                      |
| <b>Represented by,</b>      | <b>151,720</b>                       | <b>157,326</b>                       | <b>-3.6%</b>                      |
| - Equity and reserves       | 152,712                              | 157,923                              | -3.3%                             |
| - Non-controlling interests | (992)                                | (597)                                | +66.3%                            |

# Unaudited Consolidated Statement of Cash Flows

For the three months ended 30 September

| (S\$'000)                                                            | Q1<br>FY2017    | Q1<br>FY2016   | +/(-) %           |
|----------------------------------------------------------------------|-----------------|----------------|-------------------|
| Net cash (used in) / generated from operating activities             | (28,592)        | 10,181         | >(100.0)%         |
| Net cash used in investing activities                                | (11,466)        | (13,321)       | -10.5%            |
| <b>Net decrease in cash and cash equivalents</b>                     | <b>(40,058)</b> | <b>(3,140)</b> | <b>&gt;100.0%</b> |
| <b>Cash and cash equivalents at beginning of financial period</b>    | <b>69,509</b>   | <b>125,976</b> | <b>-44.8%</b>     |
| <b>Effect of currency translation on cash &amp; cash equivalents</b> | <b>(295)</b>    | <b>(8,607)</b> | <b>-96.6%</b>     |
| <b>Cash and cash equivalents at end of financial period</b>          | <b>29,156</b>   | <b>114,229</b> | <b>-74.5%</b>     |

# Segment Results

For the three months ended 30 September

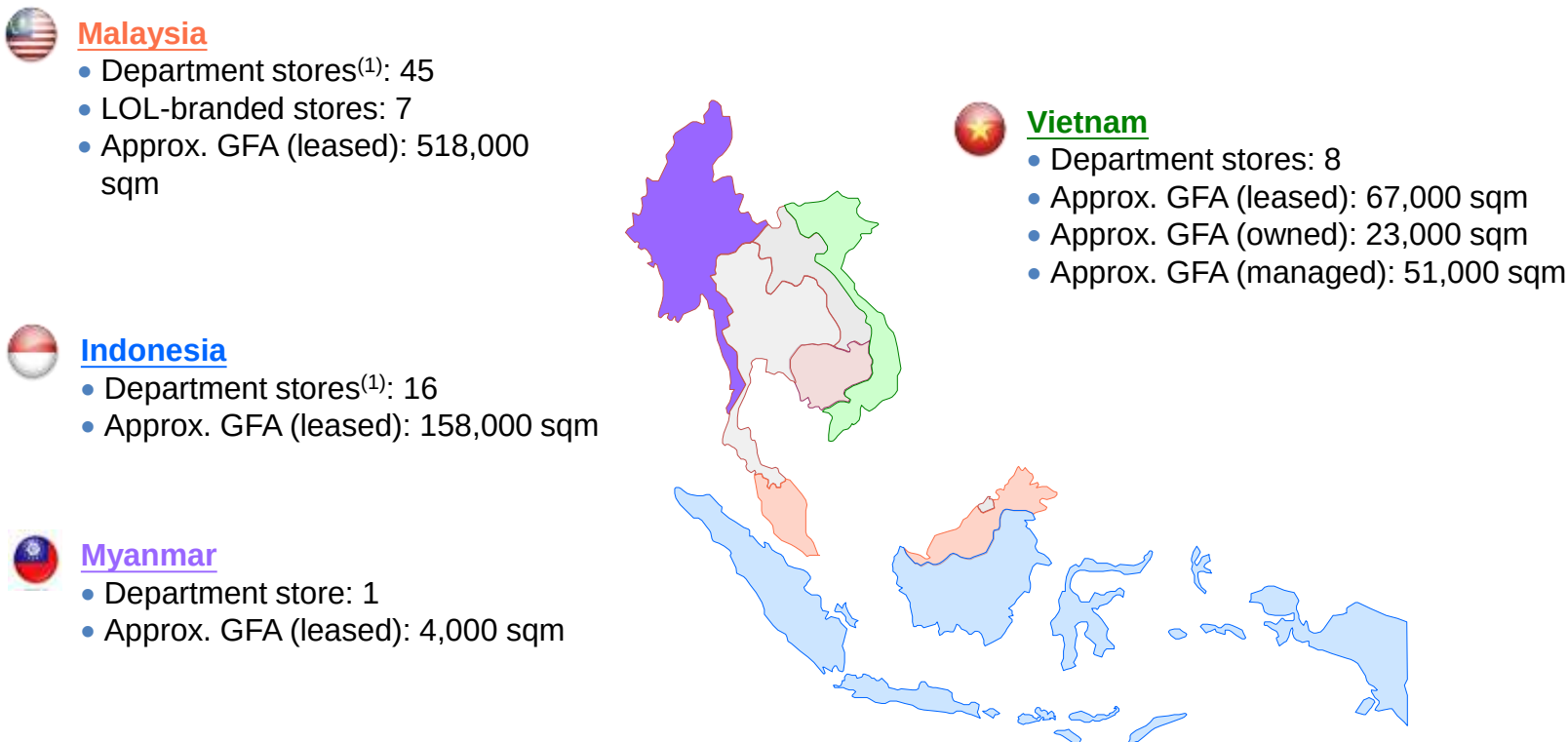
| Group                                              | Malaysia | Vietnam | Indonesia | Myanmar | Unallocated * | Total   |
|----------------------------------------------------|----------|---------|-----------|---------|---------------|---------|
|                                                    | S\$'000  | S\$'000 | S\$'000   | S\$'000 | S\$'000       | S\$'000 |
| <b>Period ended 30.09.2016</b>                     |          |         |           |         |               |         |
| <b>Gross Sales Proceeds</b>                        | 150,662  | 26,593  | 42,547    | 869     | 81            | 220,752 |
| <b>Revenue</b>                                     | 70,164   | 7,508   | 15,215    | 369     | 81            | 93,337  |
| Profit/(Loss) before tax                           | (3,196)  | (300)   | (1,894)   | (158)   | -             | (5,548) |
| Investment holding/Others                          |          |         |           |         | (761)         | (761)   |
| <b>Total Profit/(Loss) Before Tax</b>              | (3,196)  | (300)   | (1,894)   | (158)   | (761)         | (6,309) |
| <b>Period ended 30.09.2015</b>                     |          |         |           |         |               |         |
| <b>Gross Sales Proceeds</b>                        | 158,750  | 32,525  | 44,239    | 1,203   | -             | 236,717 |
| <b>Revenue</b>                                     | 68,145   | 8,375   | 15,700    | 470     | -             | 92,690  |
| Profit/(Loss) before tax                           | 5,097    | (632)   | (62)      | (218)   | -             | 4,185   |
| Gain on partial disposal of<br>a former subsidiary | -        | 45,960  | -         | -       | -             | 45,960  |
| Investment holding/Others                          |          |         |           |         | 1,016         | 1,016   |
| <b>Total Profit/(Loss) Before Tax</b>              | 5,097    | 45,328  | (62)      | (218)   | 1,016         | 51,161  |

\*Unallocated figures are derived from edutainment and corporate level activities.



## Operational Highlights

# Geographic Footprint

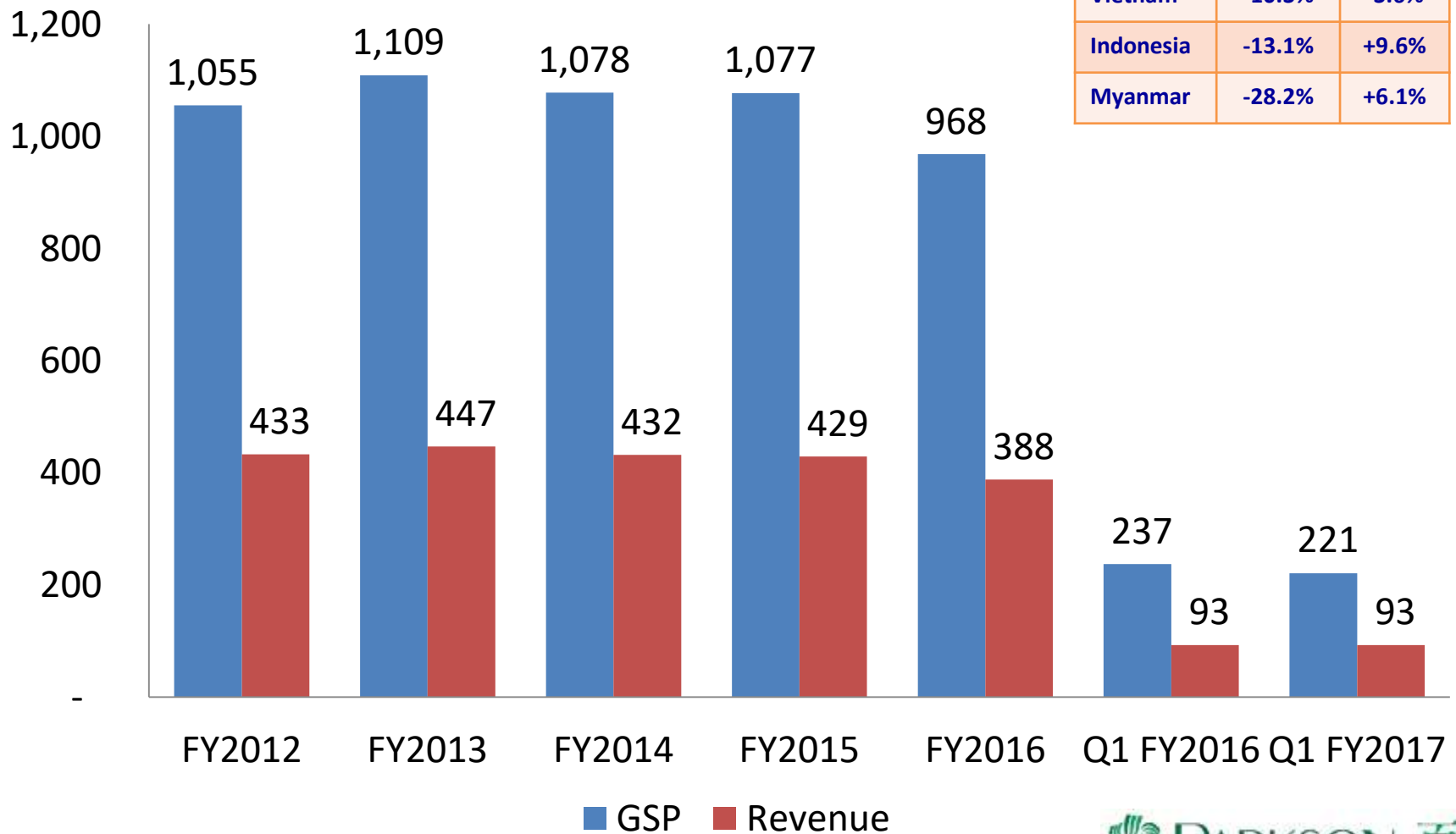


**PRA's store network comprised 77 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 821,000 sqm of gross floor area<sup>(2)</sup>**

1. Department store count includes 1 supermarket each in Malaysia and Indonesia respectively, and 2 shoes-gallery stores in Malaysia..
2. GFA figures current as at 30 September 2016 (including LOL-branded stores).

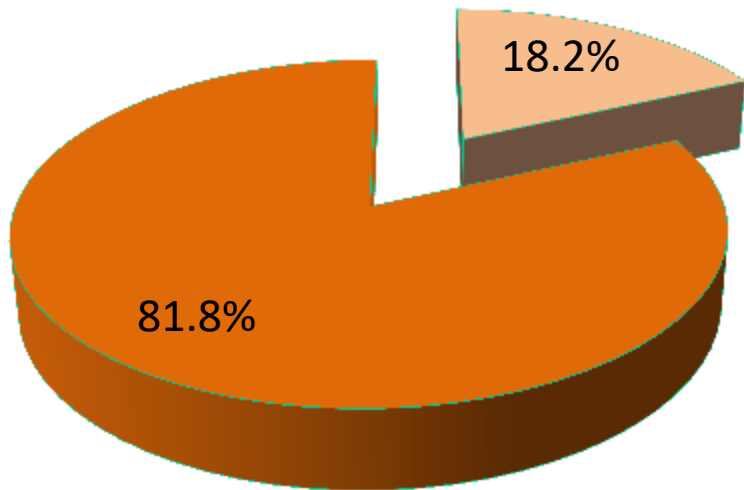
# Gross Sales Proceeds, Revenue and SSS Growth

Overall top line growth (\$ million)

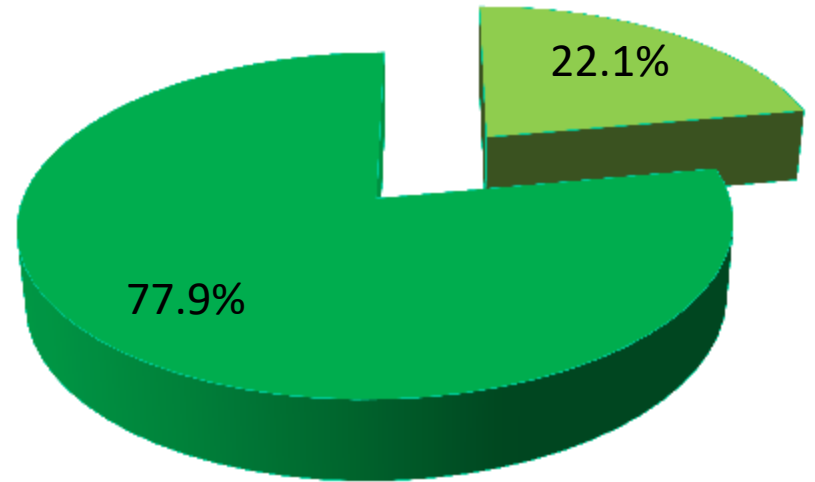


## Merchandise Sales Mix

Q1 FY2016



Q1 FY2017

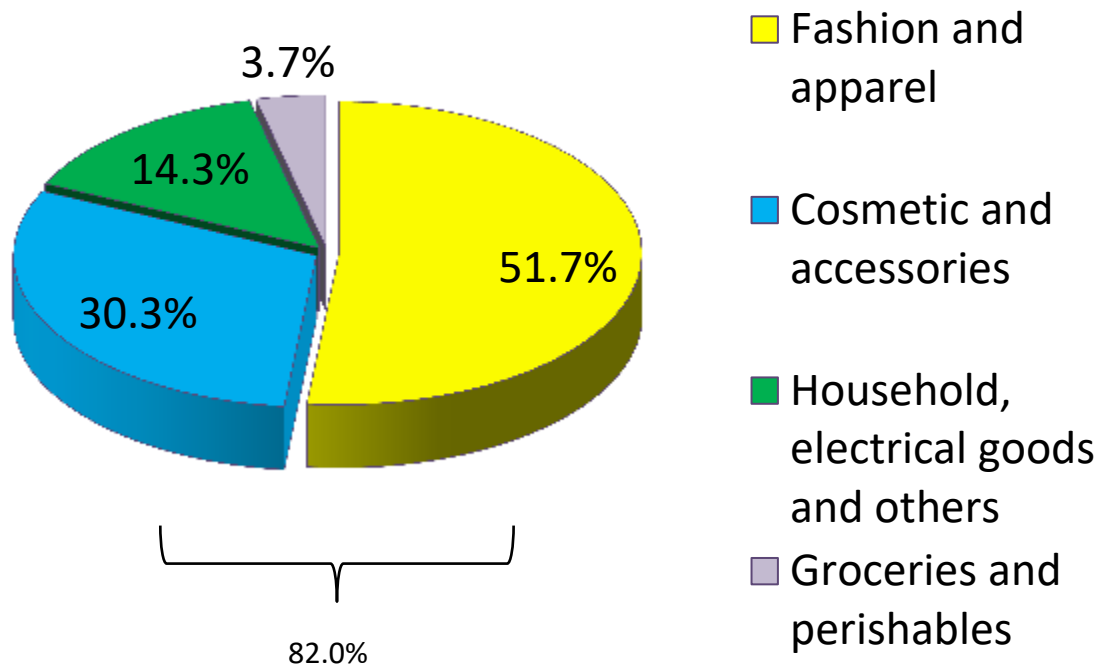


■ Direct sales ■ Concessionaire sales

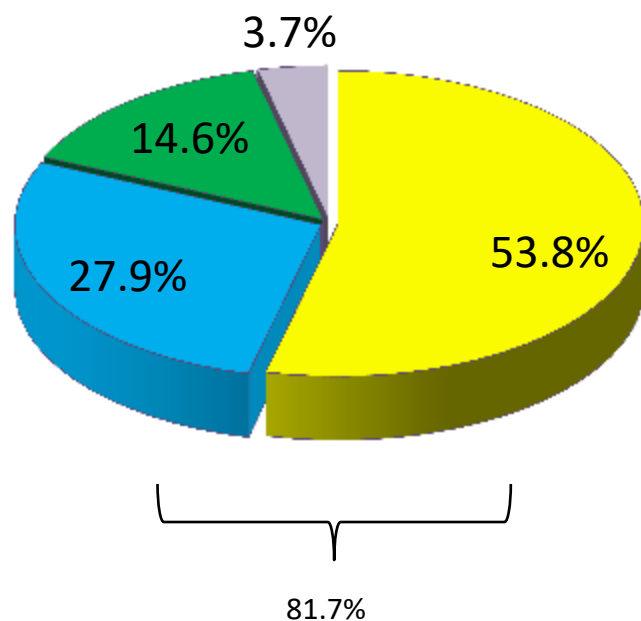
■ Direct sales ■ Concessionaire sales

## Merchandise sales mostly from fashion and cosmetics segments

**Q1 FY2017**

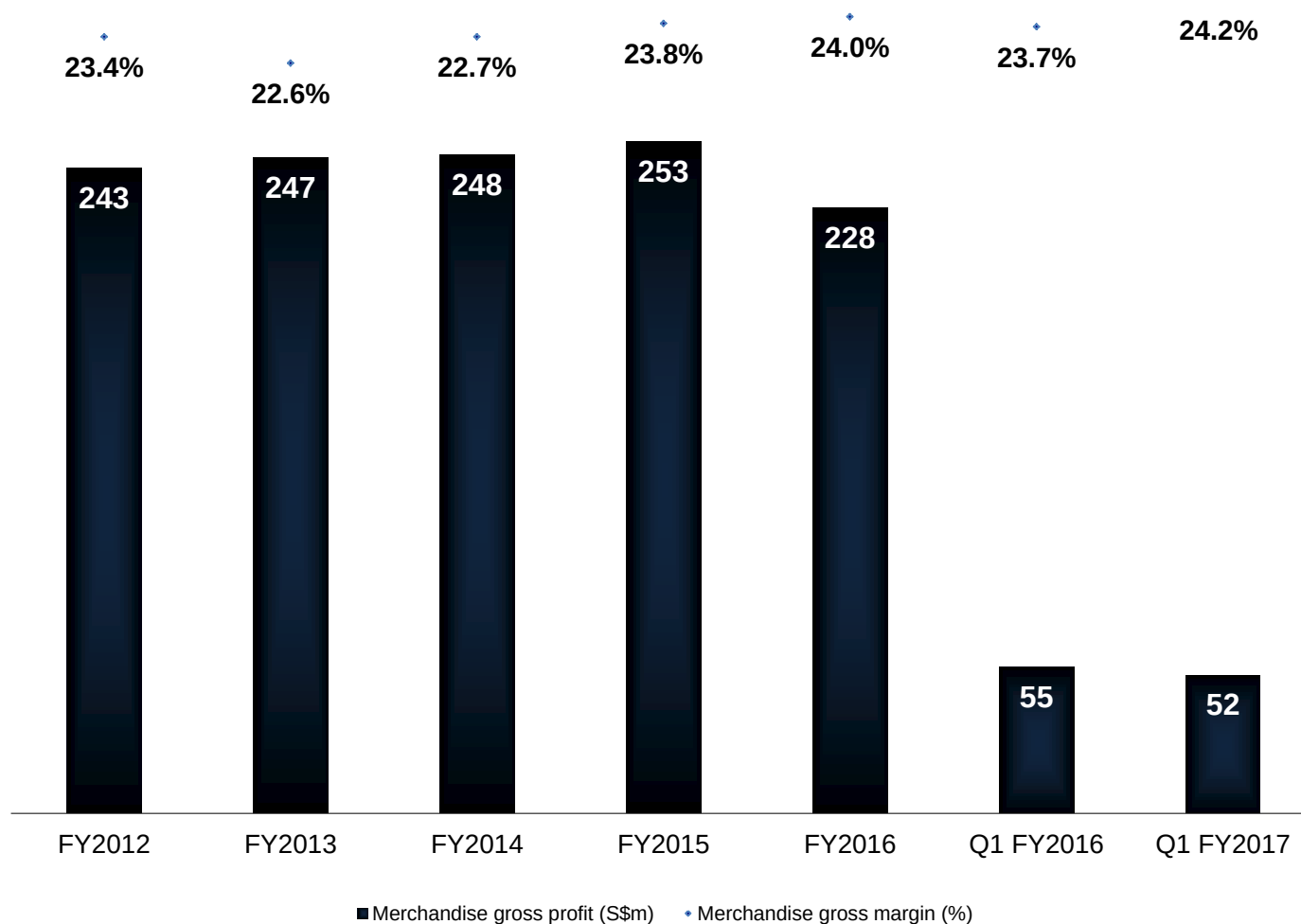


**Q1 FY2016**



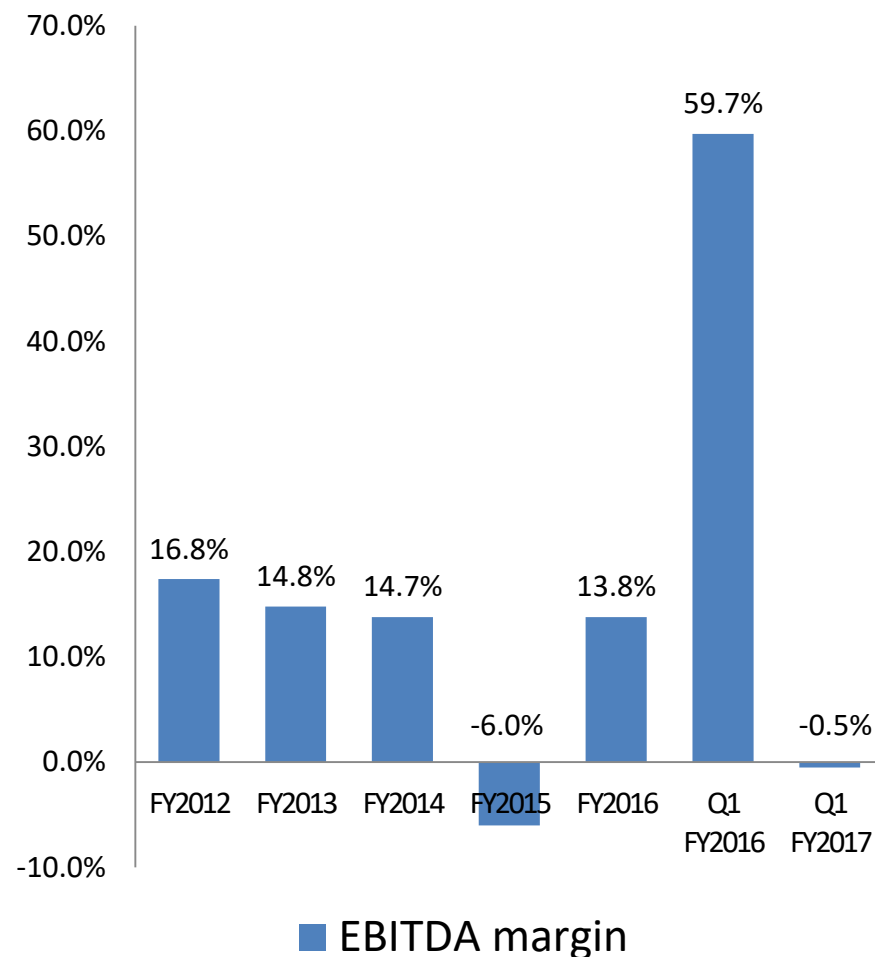
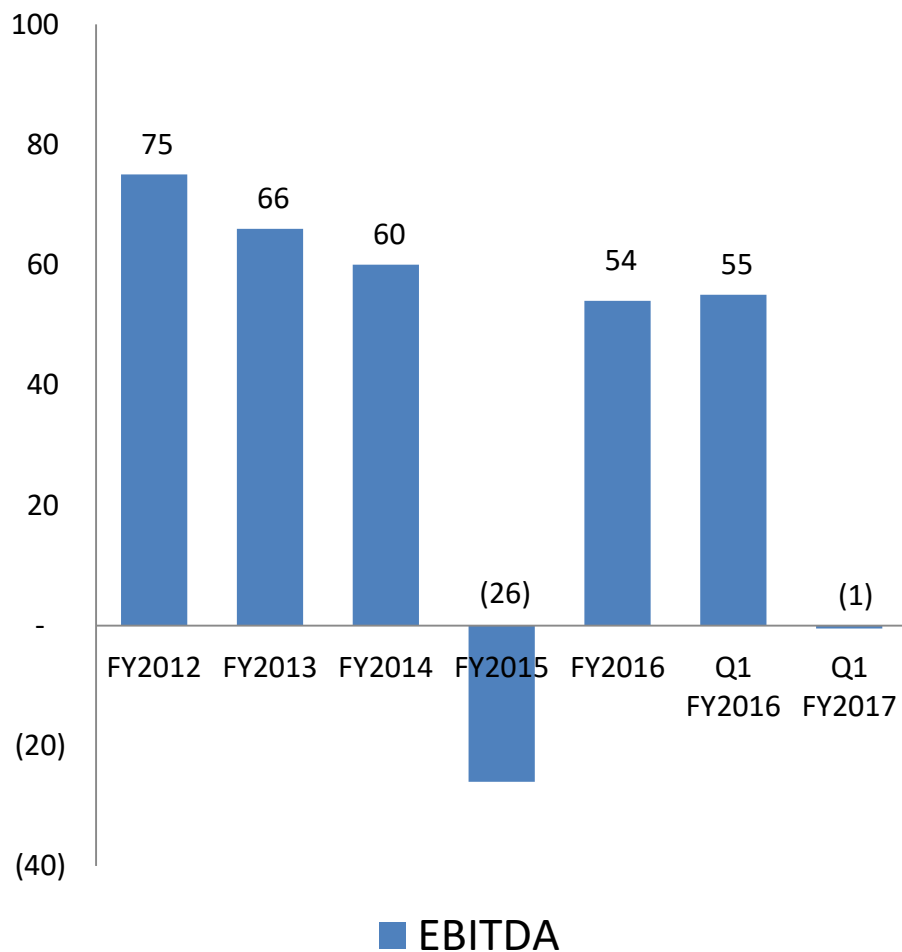
# Blended Gross Margin

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



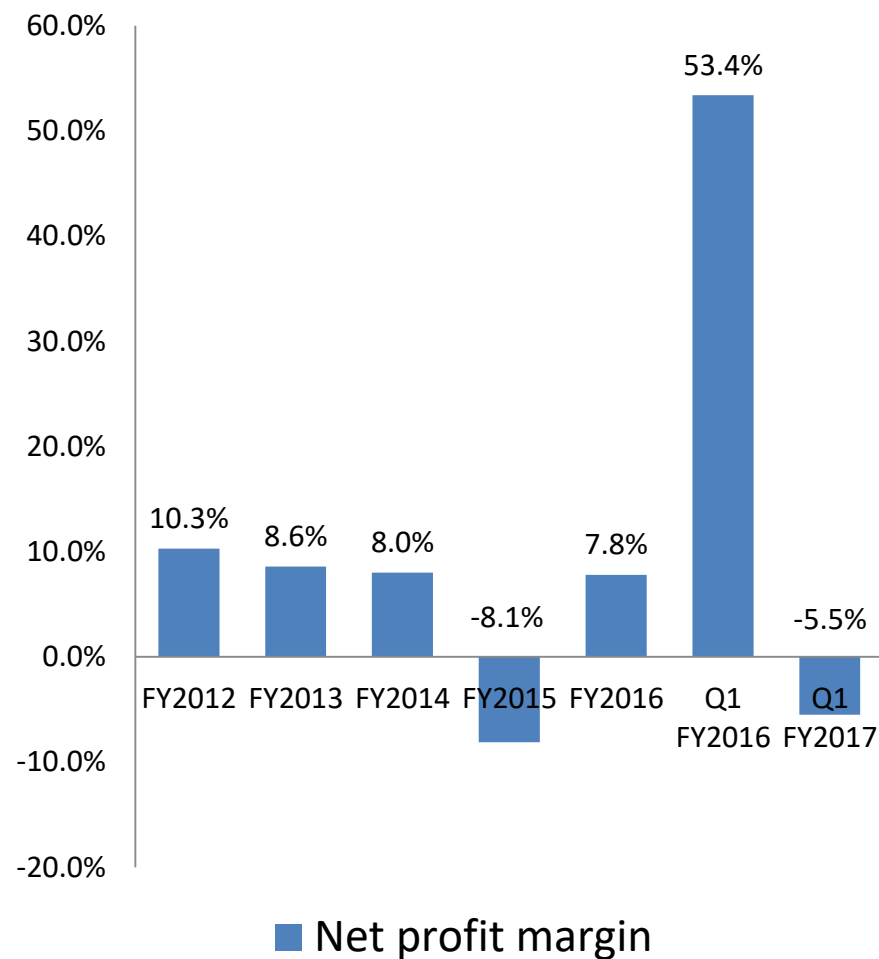
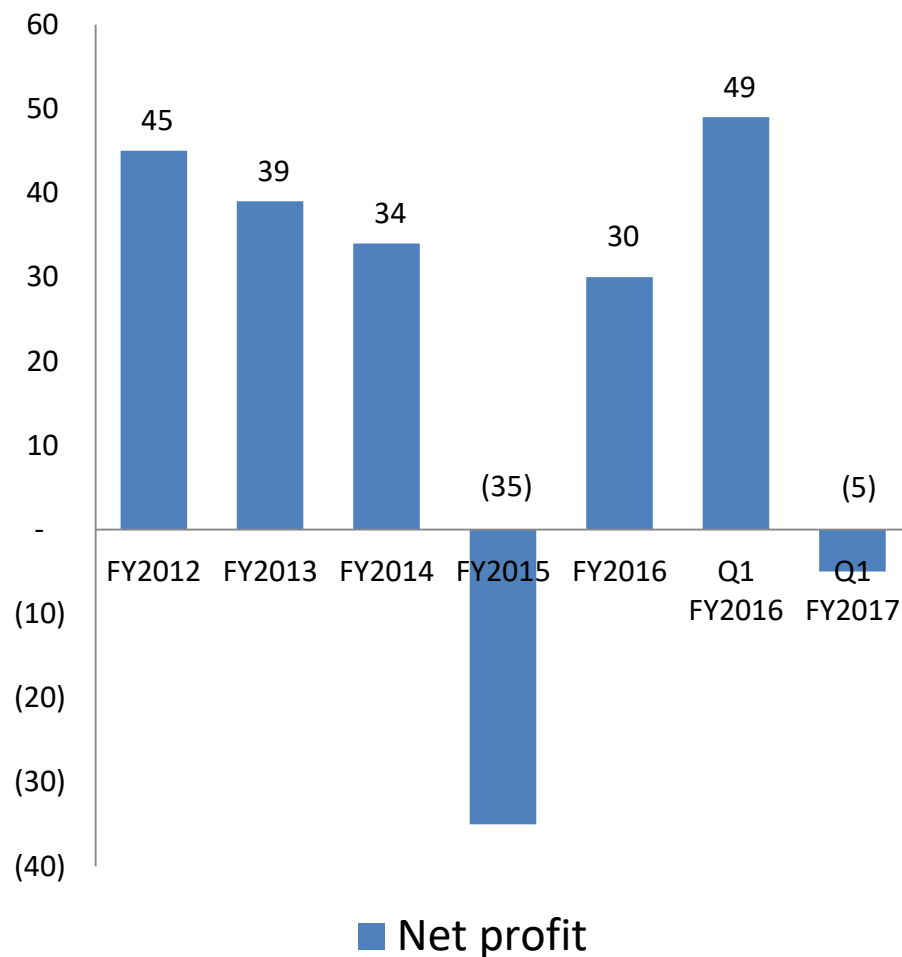
# Profit Margins

Earnings before interest, tax, depreciation and amortisation  
(EBITDA)



# Profit Margins

Net profit / (loss) attributable to Owners of the Company





# Going Forward

# Expansion Plan (confirmed sites for department stores)

| Location                                     | FY2017<br>Approx. GFA<br>(sq.m) |                                         | FY2018<br>Approx. GFA<br>(sq.m) |
|----------------------------------------------|---------------------------------|-----------------------------------------|---------------------------------|
| <b><u>Malaysia</u></b>                       |                                 | <b><u>Malaysia</u></b>                  |                                 |
| 1. MyTown, Kuala Lumpur (Q3FY2017)^          | 13,952                          | 1. Evo Shopping Mall, Bangi (Q2FY2018)^ | 7,726                           |
| 2. Sunway Velocity, Kuala Lumpur (Q2FY2017)^ | 12,441                          |                                         |                                 |
| 3. M Square, Puchong (Q2FY2017)^             | 35,316                          | <b><u>Indonesia</u></b>                 |                                 |
| 4. Kuantan City Mall, Kuantan (Q4FY2017)^    | 12,261                          | 2. Gresik Icon Mall, Gresik (Q2FY2018)^ | 6,682                           |
|                                              | 73,970                          | 3. Pesona Square, Depok (Q2FY2018)^     | 7,841                           |
| <b><u>Indonesia</u></b>                      |                                 |                                         | 14,523                          |
| 5. Resinda Park Mall, Karawang (Q3FY2017)^   | 8,077                           |                                         |                                 |
| <b><u>Cambodia</u></b>                       |                                 |                                         |                                 |
| 6. Parkson Cambodia, Phnom Penh (Q4FY2017)^  | 36,500                          |                                         |                                 |
| <b><u>Myanmar</u></b>                        |                                 |                                         |                                 |
| 7. Junction Square, Yangon (Q3FY2017)^       | 3,667                           |                                         |                                 |
|                                              |                                 |                                         |                                 |
| Total                                        | 122,214                         | Total                                   | 22,249                          |
|                                              |                                 |                                         |                                 |
| Balance opening GFA*                         | 801,294                         |                                         | 923,508                         |
| % Increase                                   | 15.3%                           |                                         | 2.4%                            |
| Closing GFA                                  | 923,508                         |                                         | 945,757                         |

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

\* Opening GFA for FY2017 adjusted for closure of 1 store at Perda City Mall, Malaysia

# THANK YOU

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