



Parkson Retail Asia Limited
Financial Results Presentation
Q2 FY2015

9 February 2015



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Overview

Overview

Business Environment

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

SSSG	Quarter ended		6 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Malaysia	-6.7%	+0.2%	-5.6%	+0.1%
Vietnam	-5.8%	-2.7%	-5.7%	-2.0%
Indonesia	+8.8%	+7.3%	+7.3%	+5.8%
Myanmar	+28.9%	n.a.	+30.8%	n.a.

n.a. – not applicable

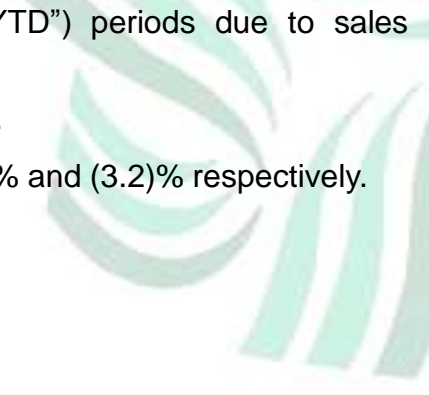
- SSSG for Malaysia :
 - decline in SSSG at -6.7% for the reported quarter.
 - consumer sentiment index reported by MIER remained below the 100-point confidence threshold for the second consecutive quarter, with a reading of 83 for the reported quarter.
- SSSG for Vietnam :
 - decline in SSSG at -5.8% for the reported quarter.
 - weak discretionary spending and compounded by entry of competing retailers.
- SSSG for Indonesia :
 - increase in SSSG at +8.8% for the reported quarter.
 - consumer confidence index reported by BI remained above the 100-point confidence threshold at 119.1.

- SSSG for Myanmar :
 - SSSG at +28.9% for the reported quarter.
 - store at FMI Centre recorded strong ramp-up in sales after the 1st year of operations.

Financial Summary

	Group								
	Reported Quarter ended			Reported 6 months ended			Like-for-Like Comparable* 6 months ended		
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	289,555	286,042	1.2	570,256	562,179	1.4	532,411	559,230	(4.8)
Revenue	117,519	117,415	0.1	227,510	226,144	0.6	215,117	224,769	(4.3)
Profit Before Tax	14,465	18,010	(19.7)	24,916	32,515	(23.4)	32,409	32,617	(0.6)
Net Profit attributable to owners of the Company	10,225	13,554	(24.6)	17,094	23,820	(28.2)	22,549	23,891	(5.6)

* 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 (also excluding the non-operational items comprising of gain on disposal of an associate and accrual of store closure costs).

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- Reported topline figures (GSP and revenue) increased for the quarter and Year-to-Date (“YTD”) periods due to sales contribution from the 8 new stores and 3 renovated stores operating in the FY2015 period.
 - On same store basis, GSP and revenue for YTD period declined by (4.8)% and (4.3)% respectively.
 - On same store basis and same currency basis, GSP and revenue for YTD period declined by (3.7)% and (3.2)% respectively.

 - Reported pre-tax profit declined for the quarter and YTD period, impacted by :
 - de-leveraging impact from the negative SSSG of the Malaysia and Vietnam operations.
 - initial loss-making periods for certain of the new stores.
 - accrual of closure costs for a store in Hanoi, Vietnam.
 - On same store basis (also excluding non-operational items), pre-tax profit for YTD period recorded lesser decline of (0.6)%.
 - On same store basis and same currency basis, pre-tax profit for YTD period increased by 0.4%.
 - Decline in reported pre-tax profit mitigated by improvement in gross profit margin (Q2 FY2015 by 50 bps and YTD 6 months FY2015 by 60 bps) and by the gain on disposal of an associate of S\$1.4 million.

Segmental Profit Before Tax

PBT Summary	Group		
	6 months ended		
	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	27,889	29,827	(6.5)
Vietnam	(560)	15	>(100.0)
Indonesia	4,537	2,677	69.5
Myanmar	(304)	(345)	11.9
Share of profits of an associate (Sri Lanka)	37	680	(94.6)
Investment holding / Others	810	(237)	>100.0
PBT (same store basis)	32,409	32,617	(0.6)
PBT of new and renovated stores			
Malaysia	(855)	(102)	>(100.0)
Vietnam	(796)	-	>(100.0)
Indonesia	(4,910)	-	>(100.0)
Non-operational items			
Gain on disposal of an associate	1,379	-	>100.0
Accrual of store closure costs	(2,311)	-	>(100.0)
Group PBT	24,916	32,515	(23.4)

- On same store basis, pre-tax profit for Malaysia for YTD period declined by (6.5)% due to negative SSSG of -5.6%. The Malaysia operations recorded improved gross profit margin by 60 bps.
- On same store basis, pre-tax profit for Vietnam declined by >(100.0)% due to the de-leveraging impact from the negative SSSG of -5.7%.
- On same store basis, pre-tax profit for Indonesia increased by 69.5% due to positive leverage impact from the increase in SSSG of +7.3% and write-back of expired customer loyalty points. On same store basis and same currency basis, pre-tax profit for Indonesia increased by 80.8%.

- The share of profits of an associate, Odel PLC, declined by (94.6)% due to higher operating costs and decline in interest income. The Company has completed the disposal of its investment in Odel PLC on 4 November 2014.
- Investment holding / Others recorded a profit of S\$0.81 million due to recognition of currency translation gain of S\$1.6 million in the reported YTD 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 4 markets:

PBT variance (comparing YTD 6 months FY2015 vs YTD 6 months FY2014)	Reported	Same store*	Same store, same currency*
	+ / (-) %	+ / (-) %	+ / (-) %
Malaysia	(9.1)	(6.5)	(6.0)
Vietnam	>(100.0)	>(100.0)	>(100.0)
Indonesia	>(100.0)	69.5	80.8
Myanmar	11.4	11.9	10.3
Group	(23.4)	(0.6)	0.4

* same store variance is also excluding non-operational items comprising of the gain on disposal of an associate (S\$1.379 million) and accrual of store closure costs (S\$2.311 million).



Financial Statements

Unaudited consolidated Income Statement

For the six months ended 31 December

(S\$'000)	Group					
	Reported Quarter ended			Reported 6 months ended		
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	289,555	286,042	1.2	570,256	562,179	1.4
- Direct sales	57,602	59,979	(4.0)	107,476	110,850	(3.0)
- Concessionaire sales	227,838	222,247	2.5	454,739	443,239	2.6
- Consultancy & management service fees	252	284	(11.3)	480	558	(14.0)
- Rental income	3,863	3,532	9.4	7,561	7,532	0.4
Revenue	117,519	117,415	0.1	227,510	226,144	0.6
Other income	6,431	2,975	>100.0	9,630	6,306	52.7
Total expenses	(109,504)	(102,760)	6.6	(212,261)	(200,615)	5.8
- Changes in merchandise inventories and consumables	(44,432)	(46,581)	(4.6)	(84,691)	(88,339)	(4.1)
- Employee benefits expense	(12,895)	(11,702)	10.2	(26,017)	(24,083)	8.0
- Depreciation & amortisation expenses	(5,168)	(4,966)	4.1	(10,347)	(9,873)	4.8
- Rental expenses	(29,427)	(24,818)	18.6	(58,438)	(49,582)	17.9
- Finance costs	(135)	(111)	21.6	(272)	(230)	18.3
- Other expenses	(17,447)	(14,582)	19.6	(32,496)	(28,508)	14.0
Share of profits of an associate	19	380	(95.0)	37	680	(94.6)
Profit before tax	14,465	18,010	(19.7)	24,916	32,515	(23.4)
Net profit	9,089	13,062	(30.4)	15,277	22,879	(33.2)
Net profit attributable to owners	10,225	13,554	(24.6)	17,094	23,820	(28.2)

Unaudited consolidated Statement of Financial Position

(S\$'000)	As at 31 Dec 2014 (a)	As at 30 Jun 2014 (b)	% Change (a)-(b) / (b)	As at 31 Dec 2013 (c)	% Change (a)-(c) / (c)
Total Assets	451,126	418,743	+7.7%	461,709	-2.3%
- Non-current assets	152,528	172,079	-11.4%	166,848	-8.6%
- Current assets	298,598	246,664	+21.1%	294,861	+1.3%
<i>Cash and cash equivalents</i>	201,808	150,881	+33.8%	199,846	+1.0%
Total Liabilities	213,263	179,924	+18.5%	211,573	+0.8%
- Current liabilities	201,720	169,654	+18.9%	204,205	-1.2%
- Non-current liabilities	11,543	10,270	+12.4%	7,368	+56.7%
Net assets	237,863	238,819	-0.4%	250,136	-4.9%
Represented by,	237,863	238,819	-0.4%	250,136	-4.9%
- Equity and reserves	239,616	238,665	+0.4%	248,619	-3.6%
- Non-controlling interests	(1,753)	154	>-100.0%	1,517	>-100.0%

Unaudited consolidated Statement of Cash Flows

For six months ended 31 December

(S\$'000)	Q2 FY2015	Q2 FY2014	+ / (-) %	YTD 6 months FY2015	YTD 6 months FY2014	+ / (-) %
Net cash generated from operating activities	39,871	40,573	-1.7%	57,737	66,757	-13.5%
Net cash generated from / (used in) investing activities	18,400	(10,911)	>+100%	12,997	(17,742)	>+100%
Net cash used in financing activities	(16,932)	(18,287)	-7.4%	(16,932)	(18,287)	-7.4%
Net increase in cash and cash equivalents	41,339	11,375	>+100%	53,802	30,728	+75.1%
Cash and cash equivalents at beginning of financial period	163,775	191,414	-14.4%	150,881	176,830	-14.7%
Effect of currency translation on cash & cash equivalents	(3,306)	(2,943)	+12.3%	(2,875)	(7,712)	-62.7%
Cash and cash equivalents at end of financial period	201,808	199,846	+1.0%	201,808	199,846	+1.0%

Segment results

For six months ended 31 December

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
6 months ended 31.12.2014						
Gross Sales Proceeds	401,280	79,683	86,438	2,855	-	570,256
Revenue	172,738	22,552	31,290	930	-	227,510
Profit / (Loss) before tax	27,034	(1,356)	(373)	(304)	-	25,001
Investment holding / Others	-	-	-	-	810	810
Share of profits of an associate	-	-	-	-	37	37
<i>Non-operational items:</i>						
- Gain on disposal of an associate	-	-	-	-	1,379	1,379
- Accrual of store closure costs	-	(2,311)	-	-	-	(2,311)
Total Profit / (Loss) Before Tax	27,034	(3,667)	(373)	(304)	2,226	24,916
6 months ended 31.12.2013						
Gross Sales Proceeds	409,117	77,194	73,675	2,193	-	562,179
Revenue	176,423	21,205	27,617	899	-	226,144
Profit / (Loss) before tax	29,725	15	2,677	(345)	-	32,072
Investment holding / Others	-	-	-	-	(237)	(237)
Share of profits of an associate	-	-	-	-	680	680
Total Profit / (Loss) Before Tax	29,725	15	2,677	(345)	443	32,515

Operational Highlights



Geographic footprint



Malaysia

- Number of stores: 40
- Approx. GFA (leased): 436,000 sqm



Indonesia

- Number of stores: 14
- Approx. GFA (leased): 136,000 sqm



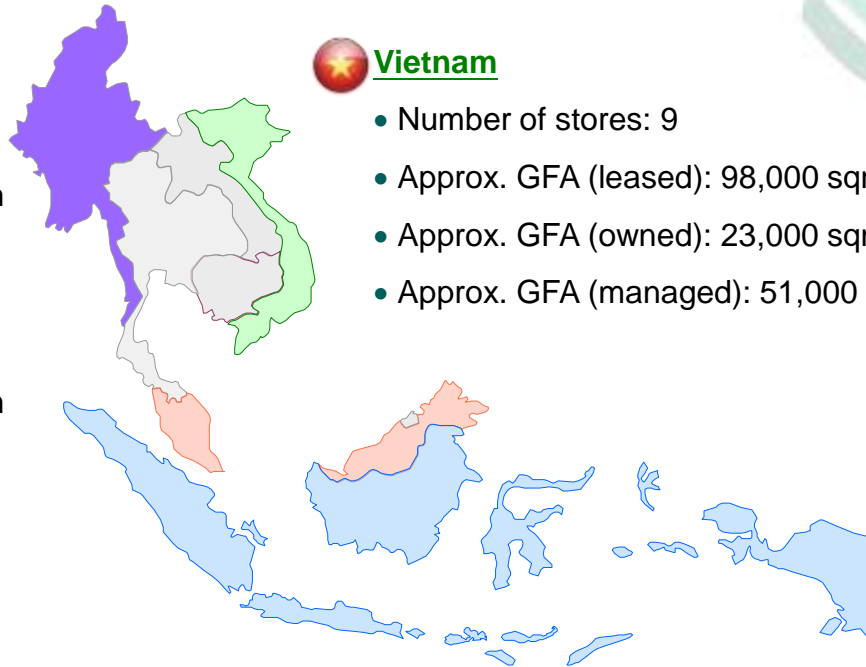
Myanmar

- 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

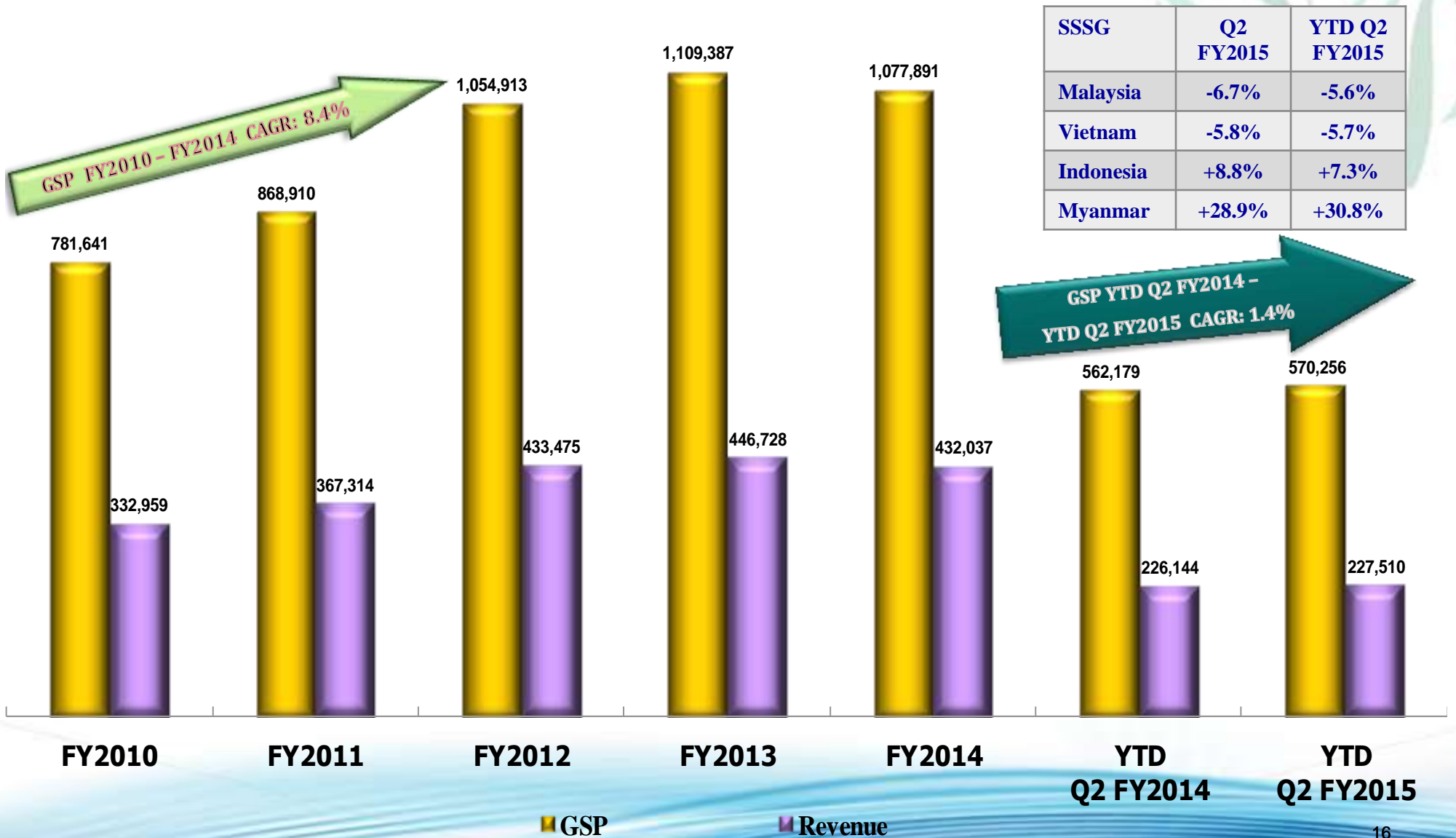


PRA's department store network comprised 64 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 748,000 sqm of gross floor area⁽¹⁾

1. Figures as at 31 December 2014.

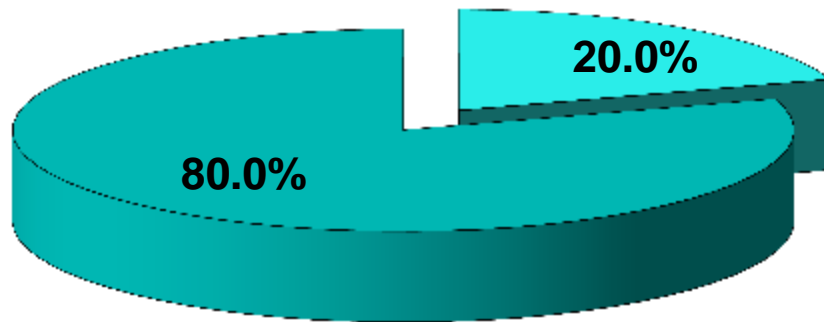
Gross Sales Proceeds, Revenue and SSS Growth

Overall top line growth

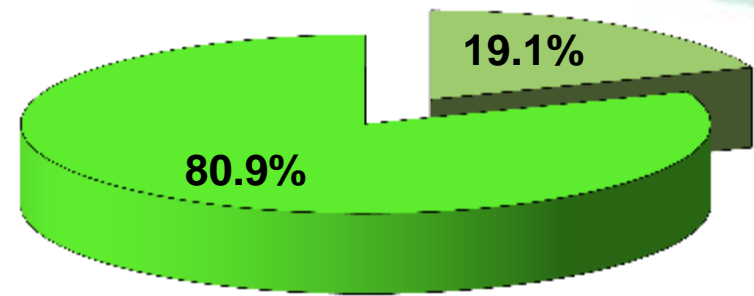


Merchandise Sales Mix

YTD Q2 FY2014

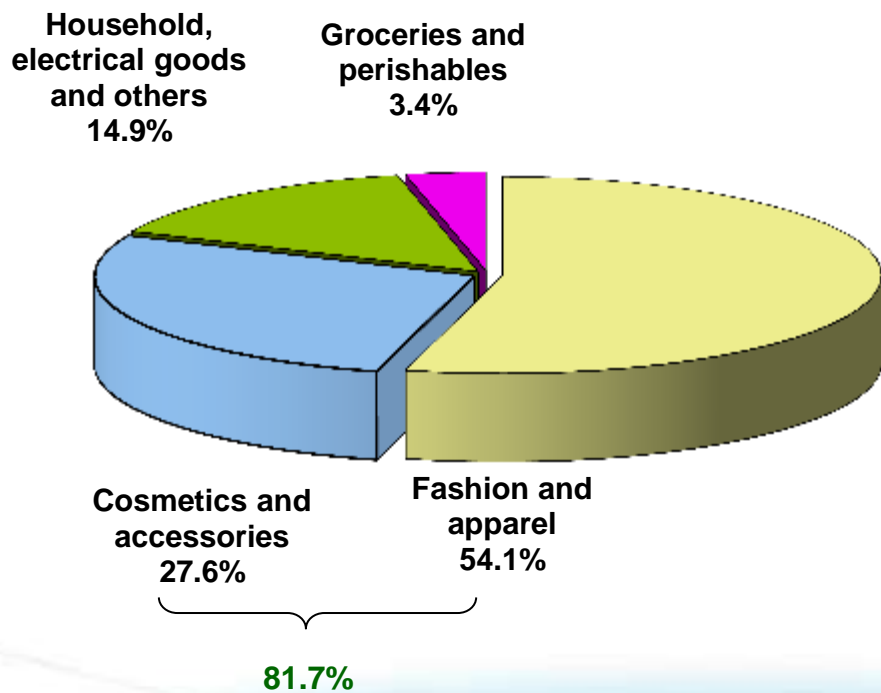


YTD Q2 FY2015

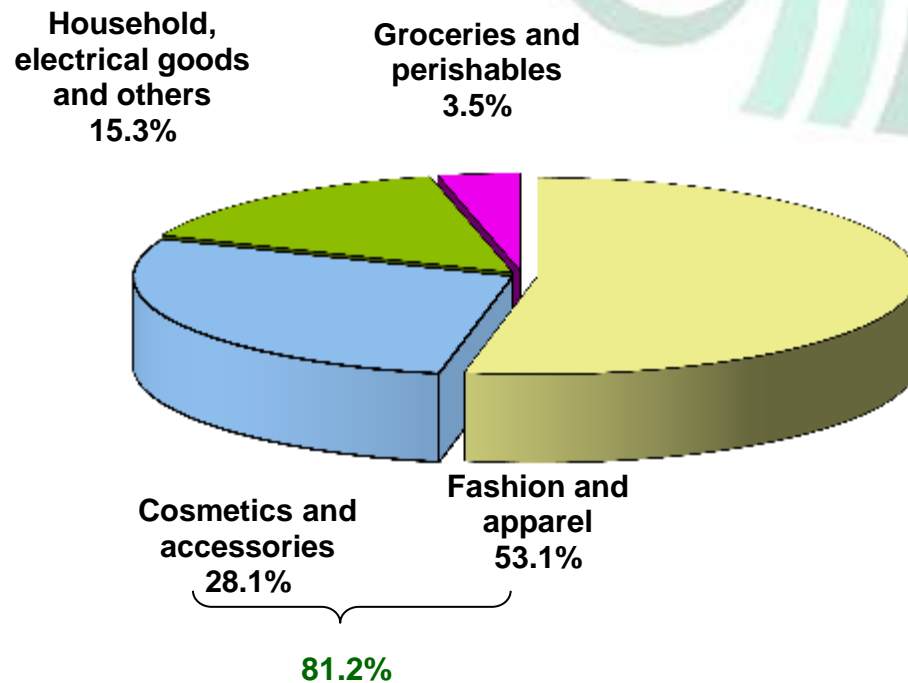


Merchandise sales mostly from fashion and cosmetics segments

YTD Q2 FY2014

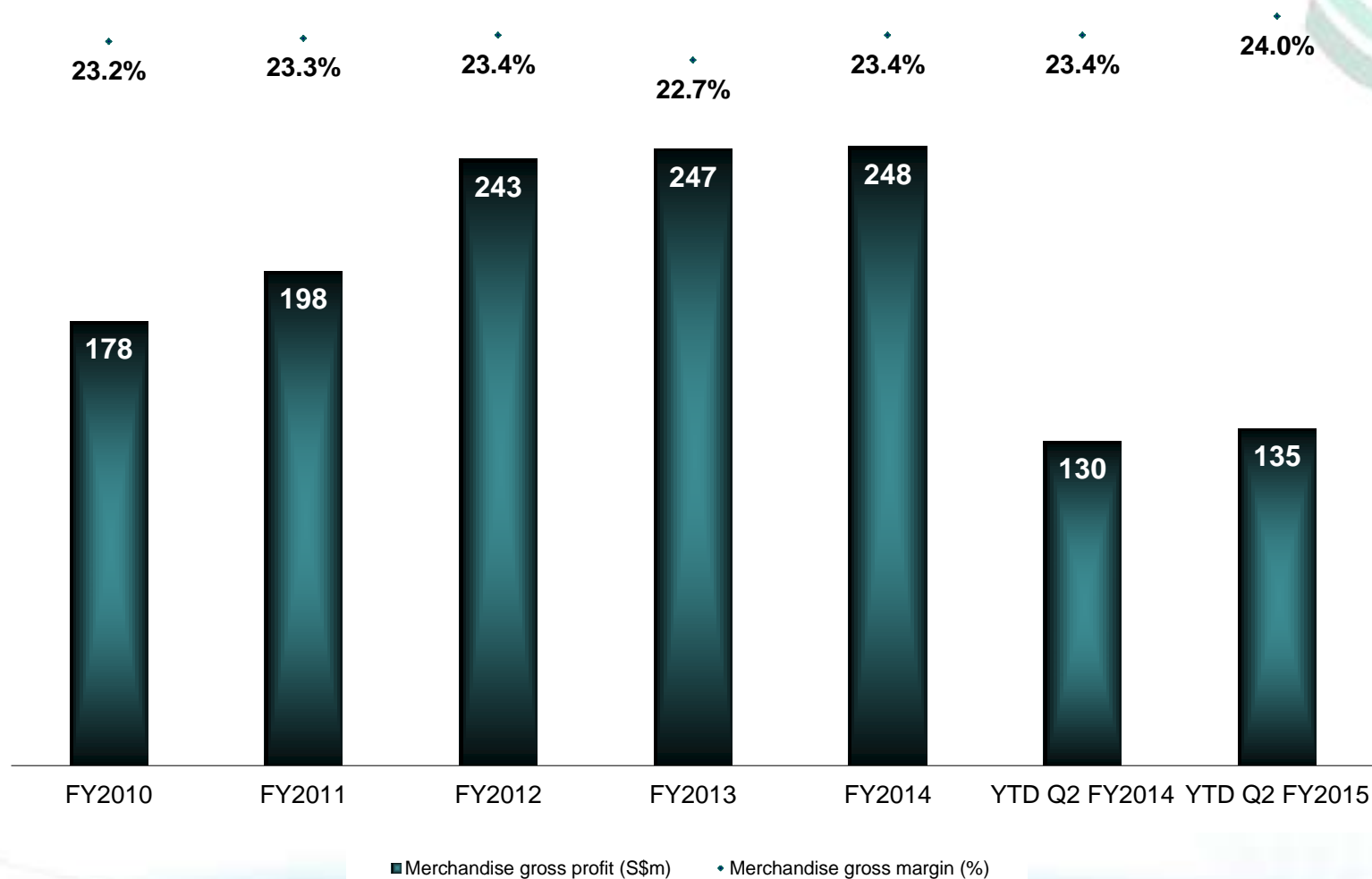


YTD Q2 FY2015



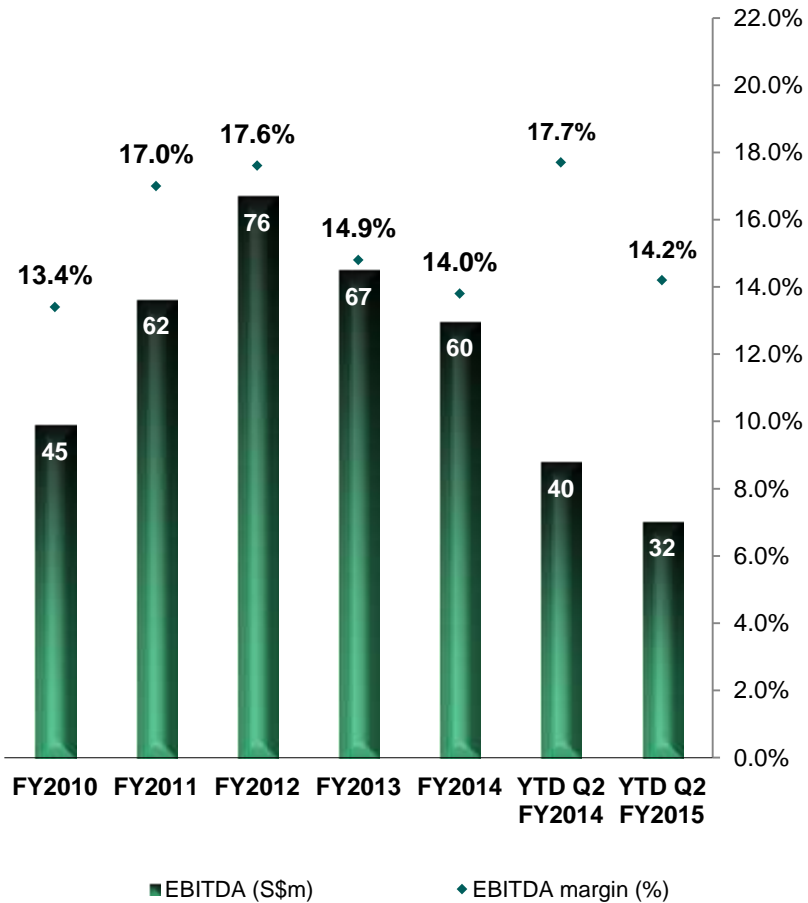
Blended gross margins

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

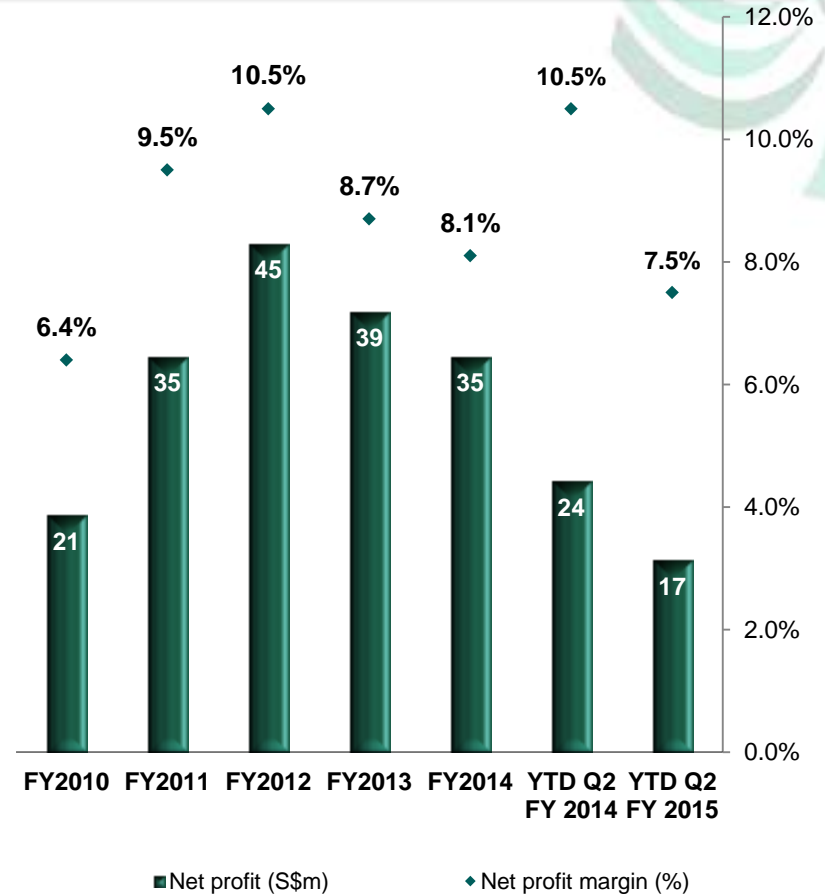


Profit margins

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



Expansion Plan (confirmed sites)

Location	FY2015 Approx. GFA (sq.m)		FY2016 Approx. GFA (sq.m)
<u>Malaysia</u>		<u>Malaysia</u>	
1. Imago, Kota Kinabalu (Q3FY2015)^	12,875	1. Aman Central, Alor Setar (Q1FY2016)^	12,546
2. IOI City Mall, Putrajaya (opened Nov 2014)	20,665	2. Viva City, Kuching (Q2FY2016)^	12,795
3. Perda City Mall, Seberang Prai (opened Jan 2015)	13,018	3. Empire City, Damansara (Q1FY2016)^	9,737
4. Maju Junction, Kuala Lumpur (Q4FY2015)^	35,954		35,078
	82,512	<u>Indonesia</u>	
<u>Vietnam</u>		4. Hartono Lifestyle, Yogyakarta (Q2FY2016)^	11,650
5. Parkson Vinh Trung, Danang (opened Jan 2015)	10,000	5. Manado Town Square, Manado (Q2FY2016)^	10,000
6. Parkson Le Man, HCMC (Q4FY2015)^	11,448	6. Balikpapan Supermal, Balikpapan (Q4FY2016)^	5,982
	21,448		27,632
		<u>Cambodia</u>	
		7. Parkson Cambodia, Phnom Penh (Q2FY2016)^	36,500
Total	103,960	Total	99,210
Balance opening GFA	726,752		830,712
% Increase	14.3%		11.9%
Closing GFA	830,712		929,922

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

THANK YOU

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