



Parkson Retail Asia Limited
Financial Results Presentation
Q3 FY2015

13 May 2015



Contents

1. Overview

2. Financial Statements

- i) Consolidated income statement
- ii) Consolidated statement of financial position
- iii) Consolidated statement of cash flows
- iv) Segment results

3. Operational Highlights

- i) Geographic footprint
- ii) Gross sales proceeds, revenue and SSSG
- iii) Merchandise sales mix
- iv) Merchandise sales by segment
- v) Merchandise gross margin
- vi) EBITDA and net profit

4. Going Forward

- i) Expansion plan



Overview

Overview

Business Environment

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

SSSG	Quarter ended		9 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Malaysia	+8.0%	+0.1%	-1.2%	+0.1%
Vietnam	-2.1%	-7.2%	-4.5%	-3.8%
Indonesia	+6.9%	+8.9%	+7.1%	+6.7%
Myanmar	+12.7%	n.a.	+24.2%	n.a.

n.a. – not applicable

- SSSG for Malaysia :
 - SSSG at +8.0% for the reported quarter, contributed by increase in pre-GST buying by consumers.
 - consumer sentiment index reported by MIER remained below the 100-point confidence threshold, with a reading of 72.6.
- SSSG for Vietnam :
 - decline in SSSG at -2.1% for the reported quarter.
 - recovery remains patchy with southern stores performing better than northern stores.
- SSSG for Indonesia :
 - SSSG at +6.9% 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 +12.7% for the reported quarter.
 - store at FMI Centre recorded strong ramp-up in sales after the 1st year of operations.

Financial Summary

	Group								
	Reported			Reported			Like-for-Like Comparable*		
	Quarter ended			9 months ended			9 months ended		
	31.03.2015	31.03.2014	+/(-)	31.03.2015	31.03.2014	+/(-)	31.03.2015	31.03.2014	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	295,924	269,664	9.7	866,180	831,843	4.1	814,113	824,356	(1.2)
Revenue	116,578	106,718	9.2	344,088	332,862	3.4	326,692	330,224	(1.1)
Profit Before Tax	12,146	11,209	8.4	37,062	43,724	(15.2)	47,977	44,750	7.2
Net Profit attributable to owners of the Company	7,984	7,567	5.5	25,078	31,387	(20.1)	33,177	32,143	3.2

* 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 store closure costs).

- 
- Reported topline figures (GSP and revenue) increased for the quarter and Year-to-Date (“YTD”) periods due to sales contribution from the 11 new stores and 3 renovated stores operating in the FY2015 period.
 - On same store basis, GSP and revenue for YTD period declined by (1.2)% and (1.1)% respectively.
 - On same store basis and same currency basis, GSP and revenue for YTD period remained flat year-over-year.

 - Reported pre-tax profit for the quarter increased due to leverage impact from the SSSG of +8.0% recorded by the Malaysia operations.
 - Reported pre-tax profit declined for the YTD period, impacted by :
 - de-leveraging impact from the negative SSSG of the Vietnam operations.
 - initial loss-making periods of the new stores.
 - closure costs for a store in Hanoi, Vietnam.
 - On same store basis (also excluding non-operational items), pre-tax profit for YTD period increased by 7.2%.
 - On same store basis and same currency basis, pre-tax profit for YTD period increased by 11.8%.
- 

Segmental Profit Before Tax

PBT Summary	Group		
	9 months ended		
	31.03.2015	31.03.2014	+I(-)
	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	41,961	40,741	3.0
Vietnam	799	1,472	(45.7)
Indonesia	4,274	2,883	48.2
Myanmar	(416)	(588)	29.3
Share of profits of an associate (Sri Lanka)	37	894	(95.9)
Investment holding / Others	1,322	(653)	>100.0
PBT (same store basis)	47,977	44,749	7.2
PBT / (Losses) of new and closed stores			
Malaysia	(2,032)	(98)	>(100.0)
Vietnam	(1,006)	(927)	(8.5)
Indonesia	(6,638)	-	>(100.0)
Non-operational items			
Gain on disposal of an associate	1,379	-	>100.0
Store closure costs*	(2,618)	-	>(100.0)
Group PBT	37,062	43,724	(15.2)

* store closure costs comprise mainly of fixed assets write-down and staff retrenchment costs.

- On same store basis, pre-tax profit for Malaysia for YTD period increased by 3.0% due significantly to absence of impairment loss on tenancy deposit recorded in the comparative FY2014 period and higher write-back of expired gift vouchers.
- On same store basis, pre-tax profit for Vietnam declined by (45.7)% due to the de-leveraging impact from the negative SSSG of -4.5%.
- On same store basis, pre-tax profit for Indonesia increased by 48.2% due to positive leverage impact from the increase in SSSG of +7.1% and write-back of expired customer loyalty points. On same store basis and same currency basis, pre-tax profit for Indonesia increased by 56.0%.

- The share of profits of an associate, Odel PLC, declined by (95.9)% due to higher operating costs, decline in interest income and lesser months of equity accounting. The Company has disposed of its investment in Odel PLC on 4 November 2014.
- Investment holding / Others recorded a profit of S\$1.3 million due to recognition of currency translation gain on deposits.

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	Reported	Same store**	Same store, same currency**
(comparing YTD 9 months FY2015 vs YTD 9 months FY2014)	+ / (-)	+ / (-)	+ / (-)
	%	%	%
Malaysia	(1.8)	3.0	4.3
Vietnam	>(100.0)	(45.7)	(46.8)
Indonesia	>(100.0)	48.2	56.0
Myanmar	29.3	29.3	29.2
Group	(15.2)	7.2	11.8

** same store variance is also excluding non-operational items comprising of the gain on disposal of an associate (S\$1.379 million) and store closure costs (S\$2.618 million).



Financial Statements

Unaudited consolidated Income Statement

For the nine months ended 31 March

(S\$'000)	Group					
	Reported			Reported		
	Quarter ended			9 months ended		
	31.03.2015	31.03.2014	+/(-)	31.03.2015	31.03.2014	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	295,924	269,664	9.7	866,180	831,843	4.1
- Direct sales	55,772	51,082	9.2	163,248	161,932	0.8
- Concessionaire sales	235,532	214,897	9.6	690,271	658,136	4.9
- Consultancy & management service fees	262	277	(5.4)	742	835	(11.1)
- Rental income	4,358	3,408	27.9	11,919	10,940	8.9
Revenue	116,578	106,718	9.2	344,088	332,862	3.4
Other income	4,002	3,573	12.0	13,632	9,879	38.0
Total expenses	(108,434)	(99,296)	9.2	(320,695)	(299,911)	6.9
- Changes in merchandise inventories and consumables	(45,693)	(40,361)	13.2	(130,384)	(128,700)	1.3
- Employee benefits expense	(13,227)	(12,991)	1.8	(39,244)	(37,074)	5.9
- Depreciation & amortisation expenses	(4,874)	(5,261)	(7.4)	(15,221)	(15,134)	0.6
- Rental expenses	(28,569)	(26,091)	9.5	(87,007)	(75,673)	15.0
- Finance costs	(92)	(116)	(20.7)	(364)	(346)	5.2
- Other expenses	(15,979)	(14,476)	10.4	(48,475)	(42,984)	12.8
Share of profits of an associate	-	214	(100.0)	37	894	(95.9)
Profit before tax	12,146	11,209	8.4	37,062	43,724	(15.2)
Net profit	7,746	7,243	6.9	23,023	30,122	(23.6)
Net profit attributable to owners	7,984	7,567	5.5	25,078	31,387	(20.1)

Unaudited consolidated Statement of Financial Position

(S\$'000)	As at 31 Mar 2015 (a)	As at 30 Jun 2014 (b)	% Change (a)-(b) / (b)	As at 31 Mar 2014 (c)	% Change (a)-(c) / (c)
Total Assets	416,933	418,743	-0.4%	432,997	-3.7%
- Non-current assets	161,167	172,079	-6.3%	175,074	-7.9%
- Current assets	255,766	246,664	+3.7%	257,923	-0.8%
<i>Cash and cash equivalents</i>	<i>171,540</i>	<i>150,881</i>	<i>+13.7%</i>	<i>164,433</i>	<i>+4.3%</i>
Total Liabilities	199,535	179,924	+10.9%	173,103	+15.3%
- Current liabilities	187,519	169,654	+10.5%	165,114	+13.6%
- Non-current liabilities	12,016	10,270	+17.0%	7,989	+50.4%
Net assets	217,398	238,819	-9.0%	259,894	-16.4%
Represented by,	217,398	238,819	-9.0%	259,894	-16.4%
- Equity and reserves	219,397	238,665	-8.1%	258,678	-15.2%
- Non-controlling interests	(1,999)	154	>-100.0%	1,216	>-100.0%

Unaudited consolidated Statement of Cash Flows

For nine months ended 31 March

(S\$'000)	Q3 FY2015	Q3 FY2014	+ / (-) %	YTD 9 months FY2015	YTD 9 months FY2014	+ / (-) %
Net cash generated from / (used in) operating activities	12,505	(23,831)	>100.0	70,242	42,926	63.6
Net cash used in investing activities	(13,049)	(12,903)	(1.1)	(52)	(30,645)	99.8
Net cash used in financing activities	(27,092)	-	>(100.0)	(44,024)	(18,287)	>(100.0)
Net increase / (decrease) in cash and cash equivalents	(27,636)	(36,734)	24.8	26,166	(6,006)	>100.0
Cash and cash equivalents at beginning of financial period	201,808	199,846	1.0	150,881	176,830	(14.7)
Effect of currency translation on cash & cash equivalents	(2,632)	1,321	>(100.0)	(5,507)	(6,391)	13.8
Cash and cash equivalents at end of financial period	171,540	164,433	4.3	171,540	164,433	4.3

Segment results

For 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 31.03.2015						
Gross Sales Proceeds	616,436	121,574	123,843	4,327	-	866,180
Revenue	263,662	33,942	45,055	1,429	-	344,088
Profit / (Loss) before tax	39,929	(207)	(2,364)	(416)	-	36,942
Investment holding / Others	-	-	-	-	1,322	1,322
Share of profits of an associate	-	-	-	-	37	37
<i>Non-operational items:</i>						
- Gain on disposal of an associate	-	-	-	-	1,379	1,379
- Store closure costs*	-	(2,618)	-	-	-	(2,618)
Total Profit / (Loss) Before Tax	39,929	(2,825)	(2,364)	(416)	2,738	37,062
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

* store closure costs comprise mainly of fixed assets write-down and staff retrenchment costs.



Operational Highlights

Geographic footprint



Malaysia

- Number of stores: 42
- Approx. GFA (leased): 464,000 sqm



Indonesia

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



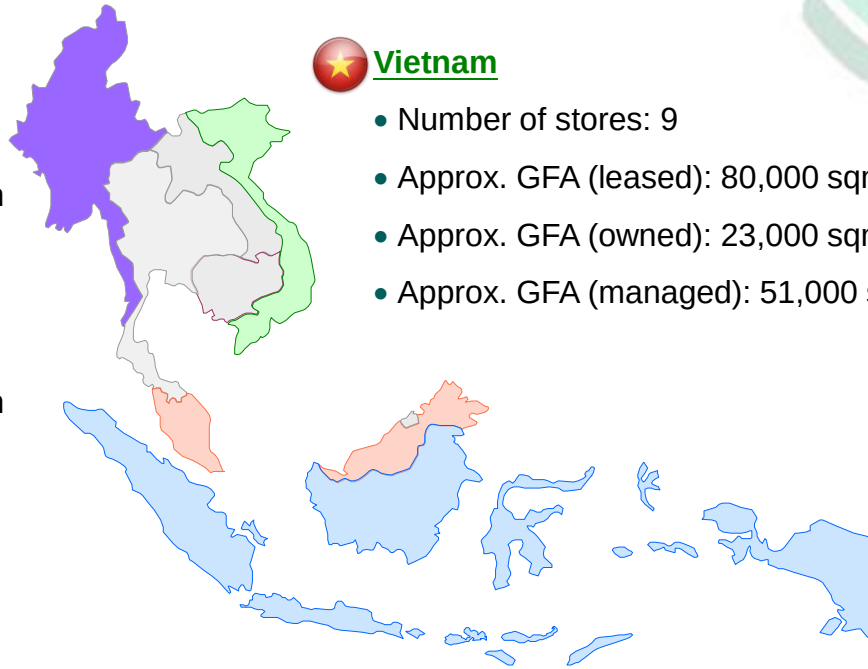
Myanmar

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



Vietnam

- Number of stores: 9
- Approx. GFA (leased): 80,000 sqm
- Approx. GFA (owned): 23,000 sqm
- Approx. GFA (managed): 51,000 sqm



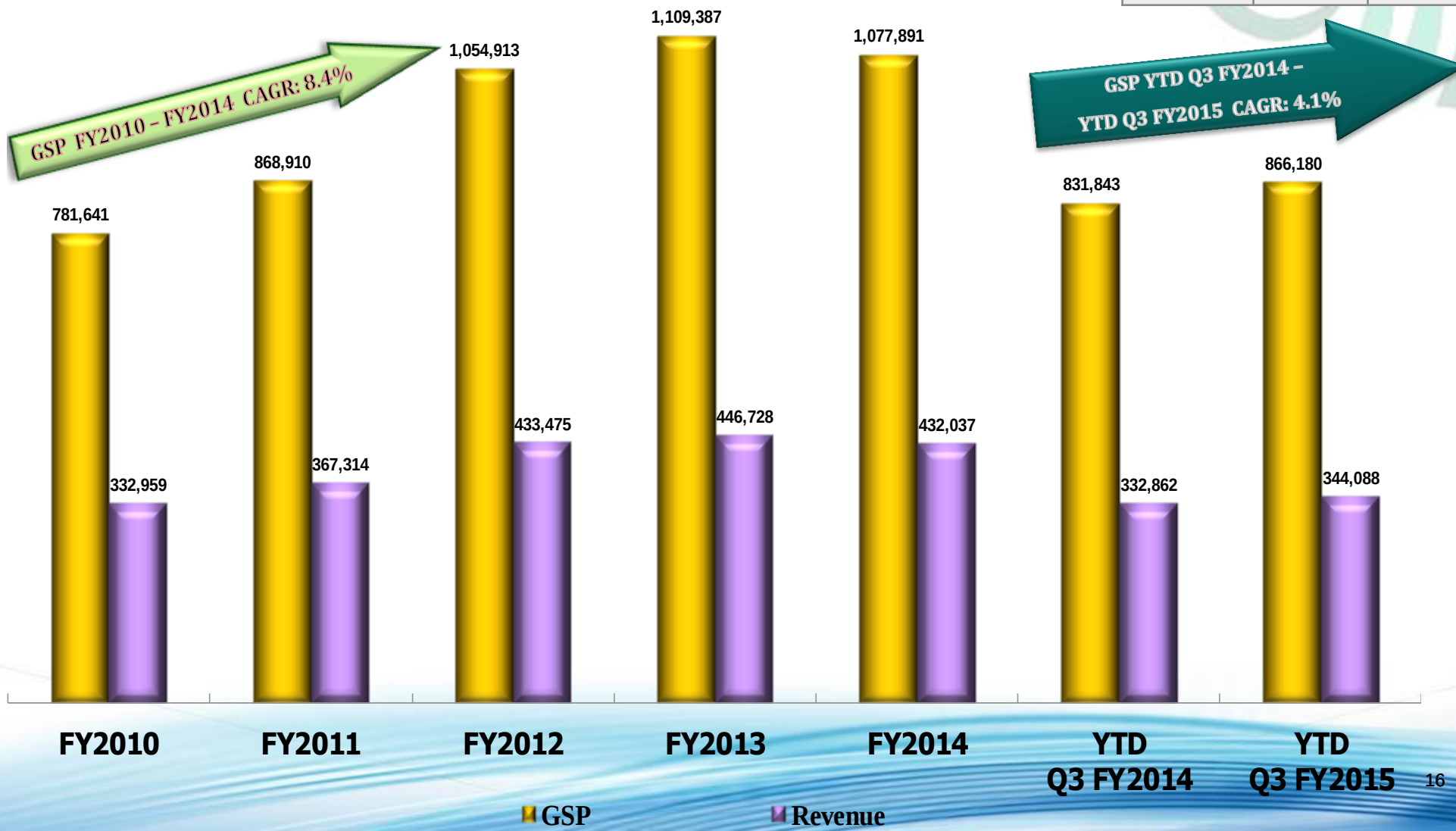
PRA's department store network comprised 66 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 758,000 sqm of gross floor area⁽¹⁾

1. Figures as at 31 March 2015.

Gross Sales Proceeds, Revenue and SSSG

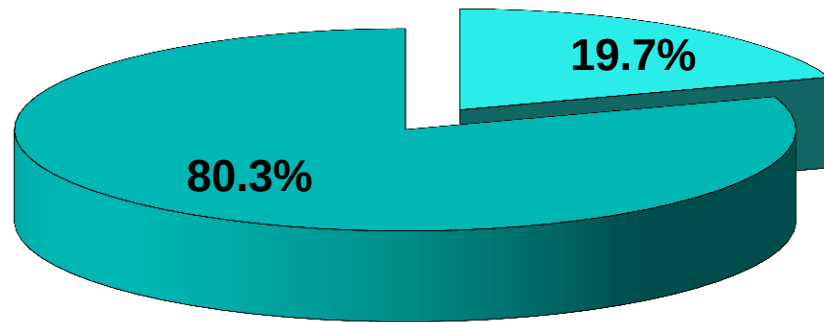
Overall top line growth

SSSG	Q3 FY2015	YTD Q3 FY2015
Malaysia	+8.0%	-1.2%
Vietnam	-2.1%	-4.5%
Indonesia	+6.9%	+7.1%
Myanmar	+12.7%	+24.2%



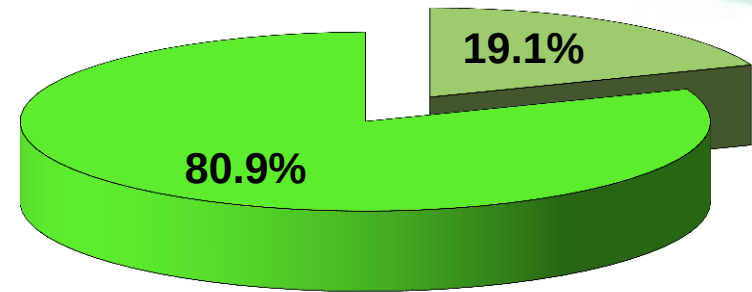
Merchandise Sales Mix

YTD Q3 FY2014



■ Direct sales ■ Concessionaire Sales

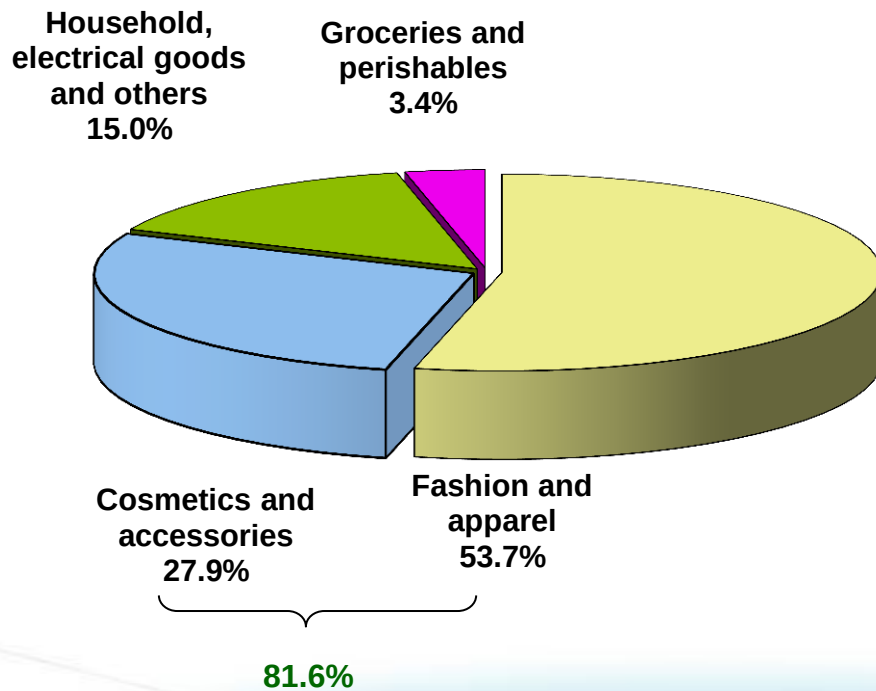
YTD Q3 FY2015



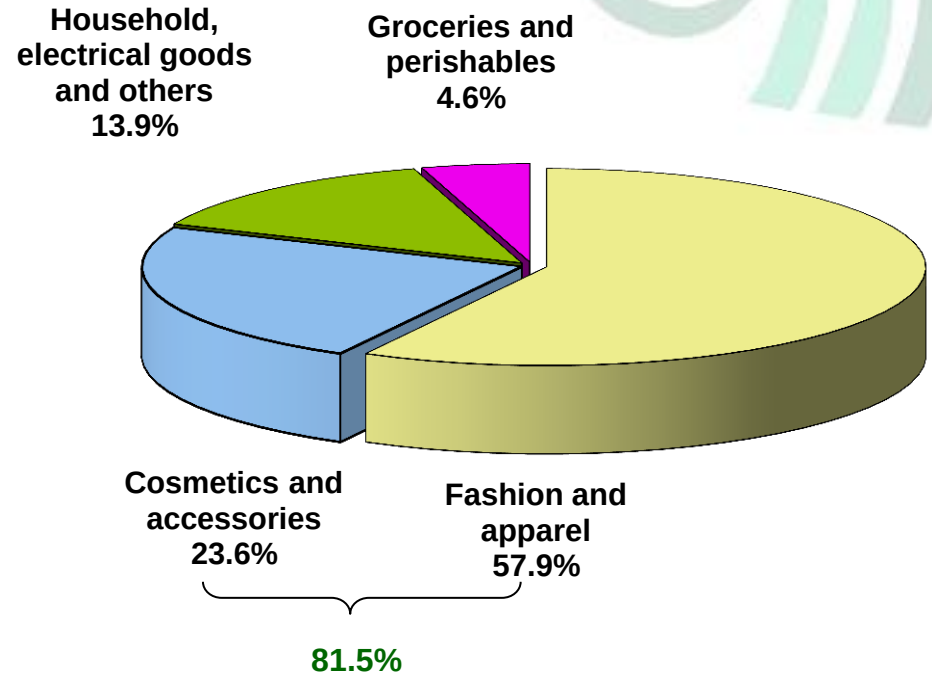
■ Direct sales ■ Concessionaire Sales

Merchandise sales mostly from fashion and cosmetics segments

YTD Q3 FY2014

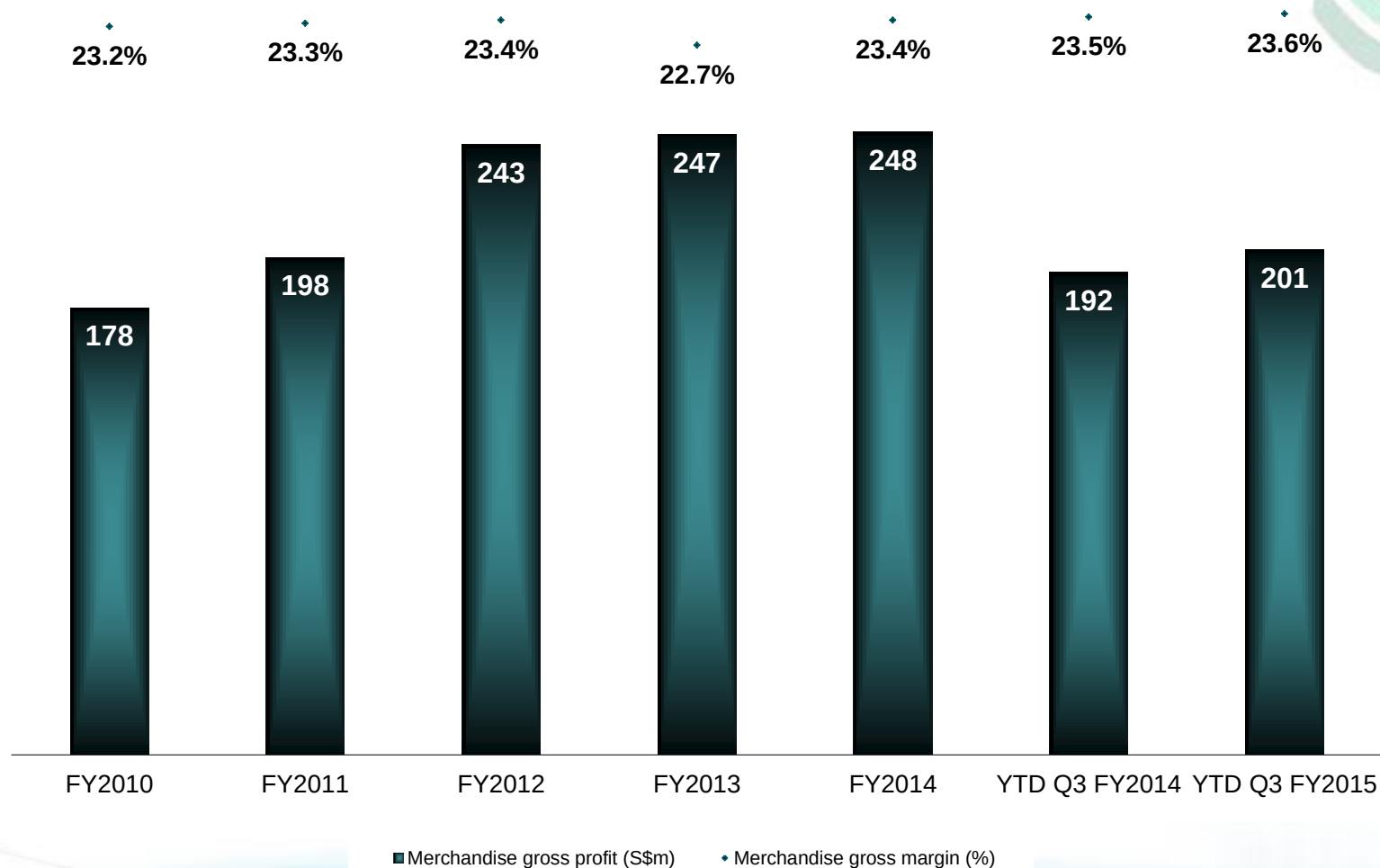


YTD Q3 FY2015



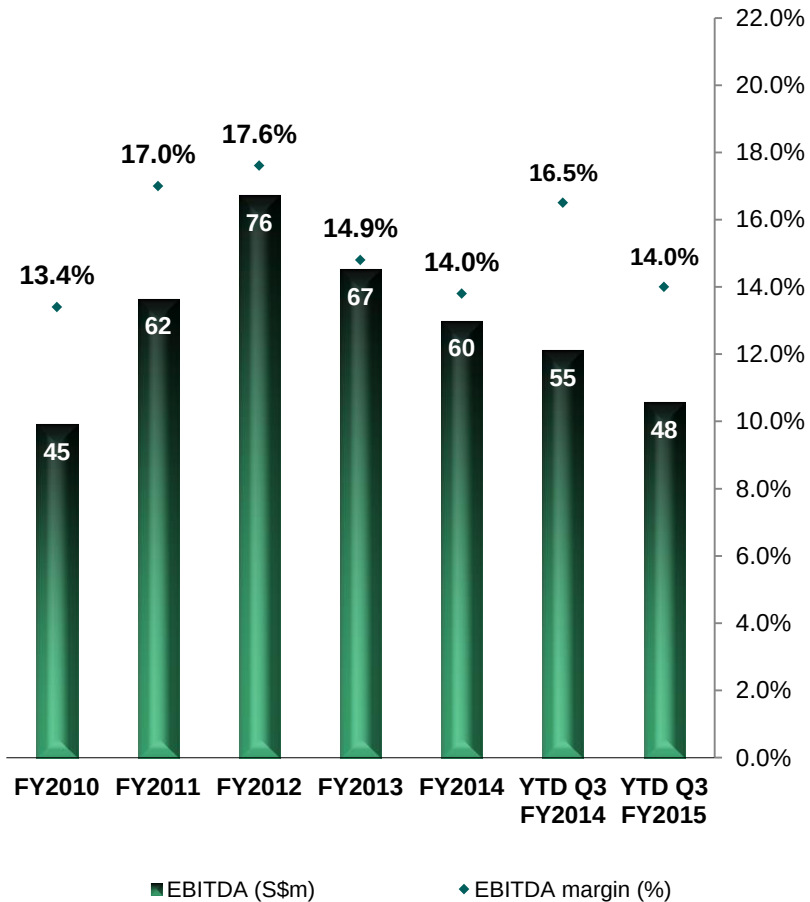
Blended gross margins

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

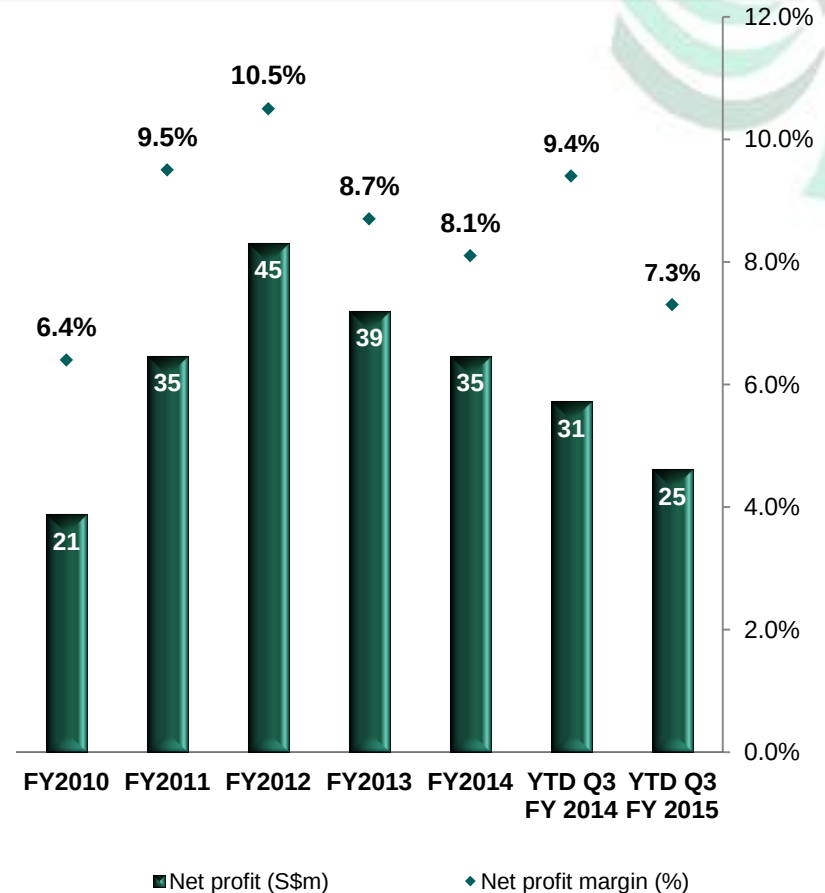


Profit margins

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 (Opened Mar 2015)	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 (Q3FY2016)^	9,737
4. Maju Junction, Kuala Lumpur (Q4FY2015)^	35,954	4. M Square, Puchong (Q2FY2016)^	35,316
	82,512		70,394
		<u>Indonesia</u>	
<u>Vietnam</u>		5. Hartono Lifestyle, Yogyakarta (Q2FY2016)^	11,650
5. Parkson Vinh Trung, Danang (opened Jan 2015)	10,000	6. Manado Town Square, Manado (Q2FY2016)^	10,000
		7. U City Mall, Medan (Q4FY2016)^	10,427
			32,077
		<u>Cambodia</u>	
		8. Parkson Cambodia, Phnom Penh (Q3FY2016)^	36,500
Total	92,512	Total	138,971
Balance opening GFA*	700,089		792,601
% Increase	13.2%		17.5%
Closing GFA	792,601		931,572

* opening GFA excludes a store closed in Hanoi, Vietnam in January 2015

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



THANK YOU

- ***Disclaimer***
 - This presentation is to provide general background information of Parkson Retail Asia Limited (the “Company”). The information provided is in summary form and no representation or warranty, express or implied is made and no reliance should be placed on the fairness and completeness of the information.
 - This presentation is not and does not constitute or form part of any offer, invitation, or recommendation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.
 - Any recirculation, transmission or distribution of this presentation or any part thereof by any third party requires the prior written permission of the Company. The Company disclaim all responsibility and liability arising in connection with any unauthorised recirculation, transmission or distribution of this presentation or any part thereof.