



Parkson Retail Asia Limited
Financial Results Presentation
Q3 FY2016

12 May 2016

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Overview



Overview

Business Environment

- Same Store Sales Growth, by countries:

SSSG	Quarter ended		9 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Malaysia	-17.4%	+8.0%	-13.5%	-1.2%
Vietnam	-8.2%	-2.1%	-2.6%	-4.5%
Indonesia	+0.1%	+6.9%	+3.8%	+7.1%
Myanmar	-7.6%	+12.7%	-2.6%	+24.2%

- SSSG for Malaysia :
 - decline in SSSG at -17.4% for the reported quarter.
 - sales for corresponding Q3 FY2015 benefited from increase in consumer buying prior to introduction of GST.
 - consumer sentiment index reported by MIER remained below the 100-point confidence threshold for the 7th consecutive quarter, at 72.9.
- SSSG for Vietnam :
 - decline in SSSG at -8.2% for the reported quarter.
 - discretionary retail environment in Vietnam remains difficult amidst increasingly crowded retail scene.
- SSSG for Indonesia :
 - SSSG was flat for the reported quarter.
 - consumer confidence index reported by BI deteriorated Y-o-Y, however, remaining above the 100-point confidence threshold at 111.1.

- SSSG for Myanmar :
 - decline in SSSG at -7.6% for the reported quarter.
 - there are plans to close FMI Centre for re-development, however, the landlord has not confirm on the timing.

Financial Summary

	Group					
	Quarter ended			9 months ended		
	31.03.2016	31.03.2015	+/(-)	31.03.2016	31.03.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	245,323	295,924	(17.1)	735,599	866,180	(15.1)
Revenue	98,415	116,578	(15.6)	294,557	344,088	(14.4)
Profit / (Loss) Before Tax	(7,470)	12,146	>(100.0)	48,350	37,062	30.5
Net Profit / (Loss) attributable to owners of the Company	(7,306)	7,984	>(100.0)	45,054	25,078	79.7

- Topline figures (GSP and revenue) declined for the quarter and 9 months period. Topline figures declined, despite sales contribution from new stores, due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations and (ii) local currency weakness of the Malaysian Ringgit.
- Pre-tax loss recorded for the quarter due to (i) provision made on loans to managed stores, (ii) de-leveraging impact from the negative SSSG of the Malaysia and Vietnam operations and (iii) initial loss-making periods of new stores and new businesses.
- The pre-tax profit for the 9 months period increased to S\$48.4 million due to gain recognised on partial disposal of equity interest in a former subsidiary of S\$46.0 million.

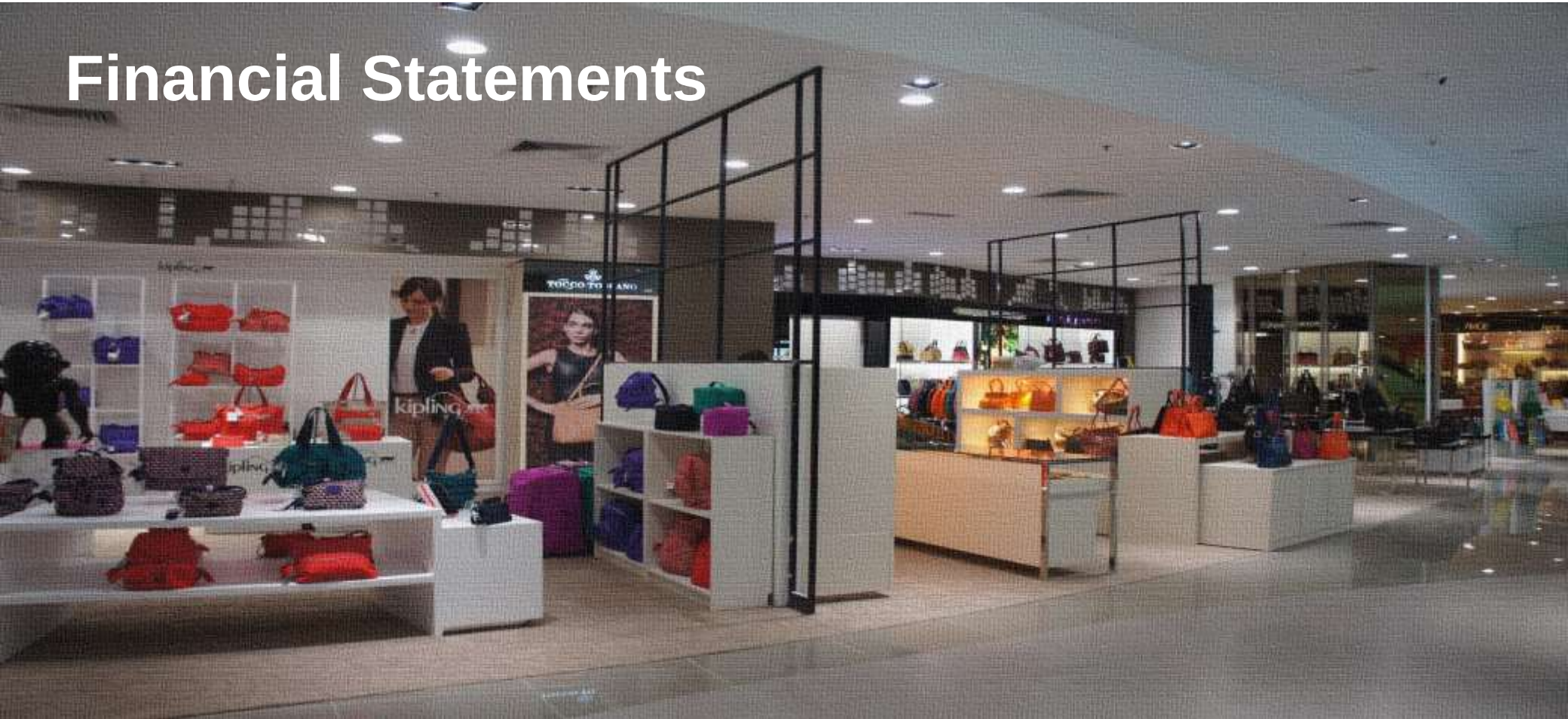
Segmental Profit Before Tax

	Group		
	9 months ended		
	31.03.2016	31.03.2015	+/(-)
PBT Summary	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	19,222	33,635	(42.9)
Vietnam	(4,855)	4,347	>(100.0)
Indonesia	(3,155)	(2,364)	(33.5)
Myanmar	(916)	(416)	>(100.0)
Share of profits of an associate (Sri Lanka)	-	37	(100.0)
Investment holding / Others	(897)	1,322	>(100.0)
PBT (same store basis)	9,399	36,561	(74.3)
PBT / (Losses) of new / closed / renovated stores			
Malaysia	(2,714)	6,294	>(100.0)
Vietnam	(367)	(4,554)	91.9
Indonesia	(737)	-	(100.0)
PBT / (Losses) of new businesses	(3,191)	-	(100.0)
Non-recurring items			
Gain on partial disposal of Parkson Hanoi Co Ltd	45,960	-	100.0
Gain on disposal of an associate, Odel PLC	-	1,379	(100.0)
Store closure costs	-	(2,618)	100.0
Group PBT	48,350	37,062	30.5

Prospect Statement

The Group's performance for the next reporting quarter Q4 FY2016 will continue to face challenges, especially for the Malaysia operations. Results for the Malaysia operations in the final quarter are expected to remain lackluster due to drag from the performance of new stores and new businesses during their gestation period. Nevertheless, the shift in the Hari Raya / Lebaran calendar may provide a lift to the Group's performances in Malaysia and Indonesia towards the tail end of Q4 FY2016.

Financial Statements



Unaudited consolidated Income Statement

For the nine months ended 31 March

(S\$'000)	Group						
	Quarter ended			9 months ended			
	31.03.2016	31.03.2015	+/(-)	31.03.2016	31.03.2015	+/(-)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gross Sales Proceeds	245,323	295,924	(17.1)	735,599	866,180	(15.1)	
- Direct sales	47,528	55,772	(14.8)	140,889	163,248	(13.7)	
- Concessionaire sales	193,864	235,532	(17.7)	582,910	690,271	(15.6)	
- Consultancy & management service fees	166	262	(36.6)	509	742	(31.4)	
- Rental income	3,765	4,358	(13.6)	11,291	11,919	(5.3)	
Revenue	98,415	116,578	(15.6)	294,557	344,088	(14.4)	
Other income	755	4,002	(81.1)	52,809	13,632	>100.0	
Total expenses	(106,640)	(108,434)	(1.7)	(299,016)	(320,695)	(6.8)	
- Changes in merchandise inventories and consumables	(37,896)	(45,693)	(17.1)	(111,156)	(130,384)	(14.7)	
- Employee benefits expense	(14,924)	(13,227)	12.8	(41,393)	(39,244)	5.5	
- Depreciation & amortisation expenses	(6,068)	(4,874)	24.5	(16,818)	(15,221)	10.5	
- Rental expenses	(27,194)	(28,569)	(4.8)	(79,217)	(87,007)	(9.0)	
- Finance costs	(132)	(92)	43.5	(234)	(364)	(35.7)	
- Other expenses	(20,426)	(15,979)	27.8	(50,198)	(48,475)	3.6	
Share of profits of an associate	-	-	-	-	37	(100.0)	
Profit / (Loss) before tax	(7,470)	12,146	>(100.0)	48,350	37,062	30.5	
Net profit / (loss)	(7,563)	7,746	>(100.0)	44,314	23,023	92.5	
Net profit/(loss) attributable to owners	(7,306)	7,984	>(100.0)	45,054	25,078	79.7	

Unaudited consolidated Statement of Financial Position

(S\$'000)	As at 31 Mar 2016 (a)	As at 30 Jun 2015 (b)	% Change (a)-(b) / (b)	As at 31 Mar 2015 (c)	% Change (a)-(c) / (c)
Total Assets	378,673	374,407	+1.1%	416,933	-9.2%
- Non-current assets	191,583	148,393	+29.1%	161,167	+18.9%
- Current assets	187,090	226,014	-17.2%	255,766	-26.9%
<i>Cash and cash equivalents</i> <i>(including AFS financial assets)</i>	83,116	138,578	-40.0%	171,540	-51.5%
Total Liabilities	203,095	244,361	-16.9%	199,535	+1.8%
- Current liabilities	195,282	237,412	-17.7%	187,519	+4.1%
- Non-current liabilities	7,813	6,949	+12.4%	12,016	-35.0%
Net assets	175,578	130,046	+35.0%	217,398	-19.2%
Represented by,	175,578	130,046	+35.0%	217,398	-19.2%
- Equity and reserves	175,354	148,005	+18.5%	219,397	-20.0%
- Non-controlling interests	224	(17,959)	>100.0%	(1,999)	>100.0%

Unaudited consolidated Statement of Cash Flows

For nine months ended 31 March

(S\$'000)	Q3 FY2016	Q3 FY2015	+ / (-) %	YTD 9 months FY2016	YTD 9 months FY2015	+ / (-) %
Net cash generated from / (used in) operating activities	(16,525)	11,946	>(100.0)	19,791	70,242	(71.8)
Net cash used in investing activities	(22,364)	(15,625)	43.1	(56,806)	(5,095)	>100.0
Net cash used in financing activities	(549)	(27,092)	(98.0)	(13,996)	(44,024)	(68.2)
Net increase / (decrease) in cash and cash equivalents	(39,438)	(30,771)	28.2	(51,011)	21,123	>(100.0)
Cash and cash equivalents at beginning of financial period	107,280	178,343	(39.8)	125,976	129,204	(2.5)
Effect of currency translation on cash & cash equivalents	1,801	(933)	>100.0	(5,322)	(3,688)	44.3
Cash and cash equivalents at end of financial period	69,643	146,639	(52.5)	69,643	146,639	(52.5)

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 31.03.2016						
Gross Sales Proceeds	502,022	102,106	127,844	3,627	-	735,599
Revenue	221,348	26,112	45,723	1,374	-	294,557
Profit / (Loss) before tax	13,317	(5,222)	(3,892)	(916)	-	3,287
Investment holding / Others	-	-	-	-	(897)	(897)
<i>Non-recurring item:</i>						
- Gain on partial disposal of Parkson Hanoi	-	45,960	-	-	-	45,960
Total Profit / (Loss) Before Tax	13,317	40,738	(3,892)	(916)	(897)	48,350
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-recurring 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

Operational Highlights



Geographic footprint (department stores)



Malaysia

- Number of stores: 45
- Approx. GFA (leased): 524,000 sqm



Indonesia

- Number of stores: 16
- Approx. GFA (leased): 158,000 sqm



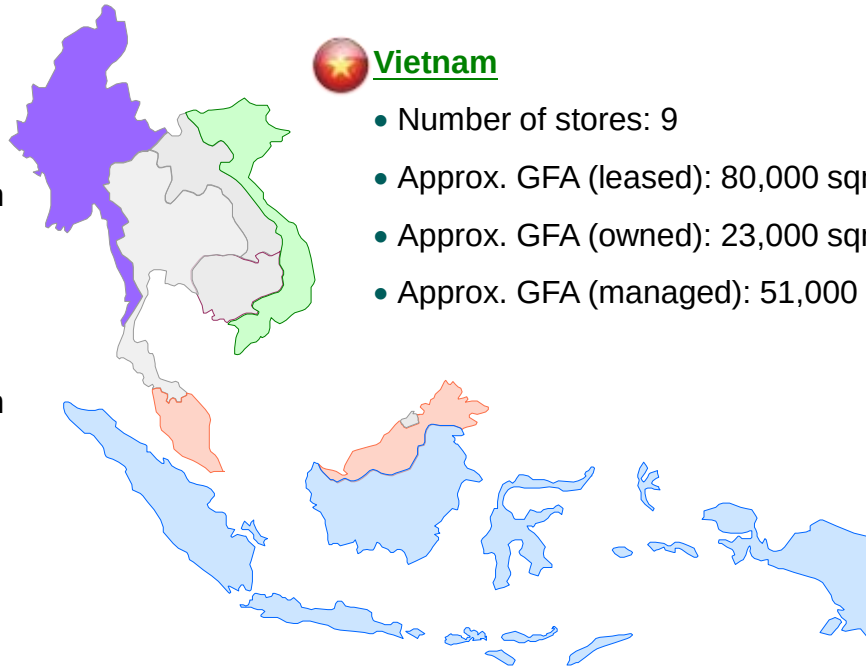
Myanmar

- 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



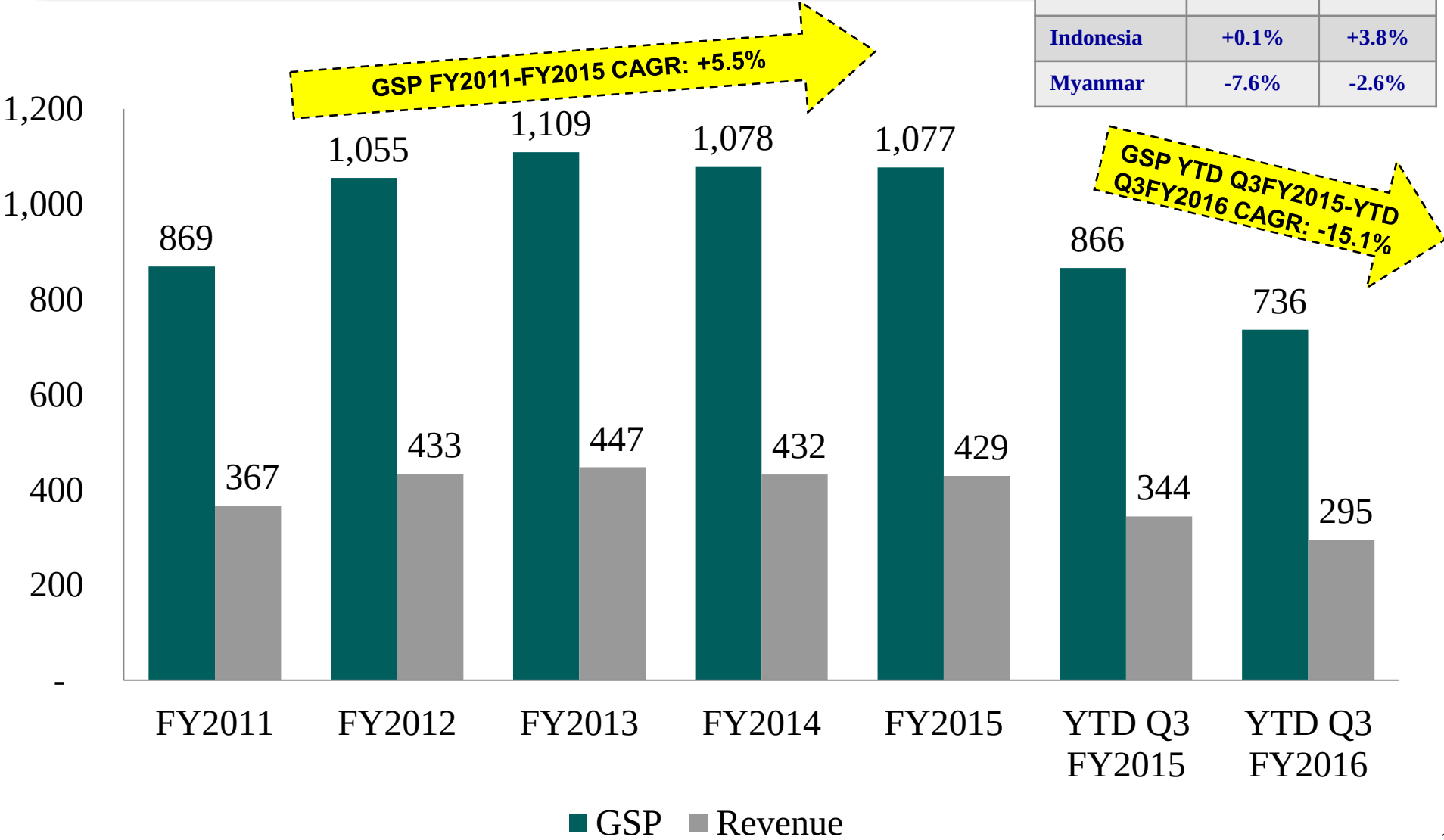
PRA's department store network comprised 71 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 840,000 sqm of gross floor area⁽¹⁾

1. Figures current as at 31 March 2016

Gross Sales Proceeds, Revenue and SSS Growth

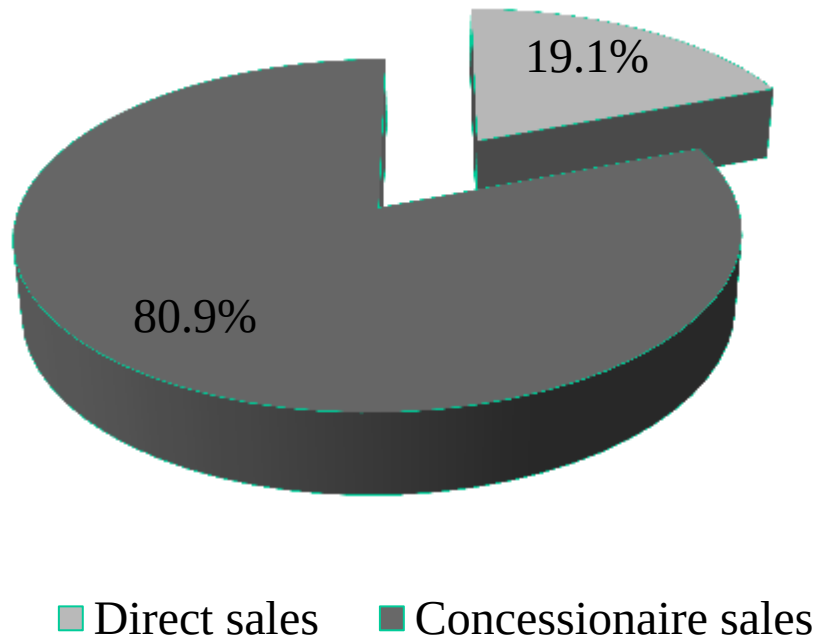
Overall top line growth (S\$ million)

SSSG	Q3 FY2016	YTD Q3 FY2015
Malaysia	-17.4%	-13.5%
Vietnam	-8.2%	-2.6%
Indonesia	+0.1%	+3.8%
Myanmar	-7.6%	-2.6%

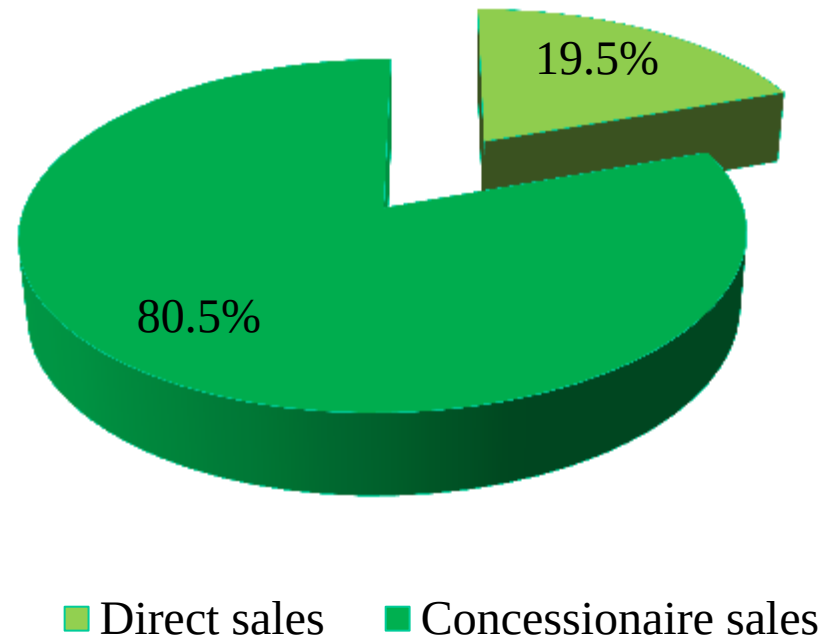


Merchandise Sales Mix

YTD Q3 FY2015

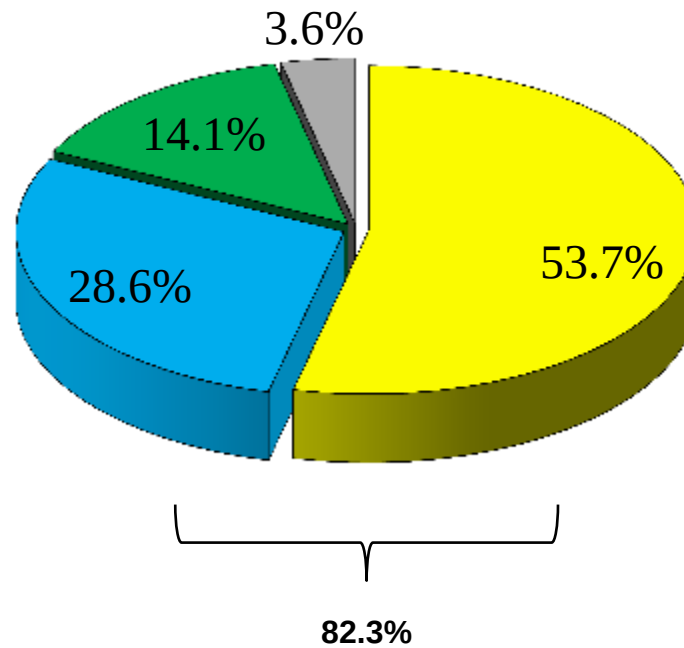


YTD Q3 FY2016

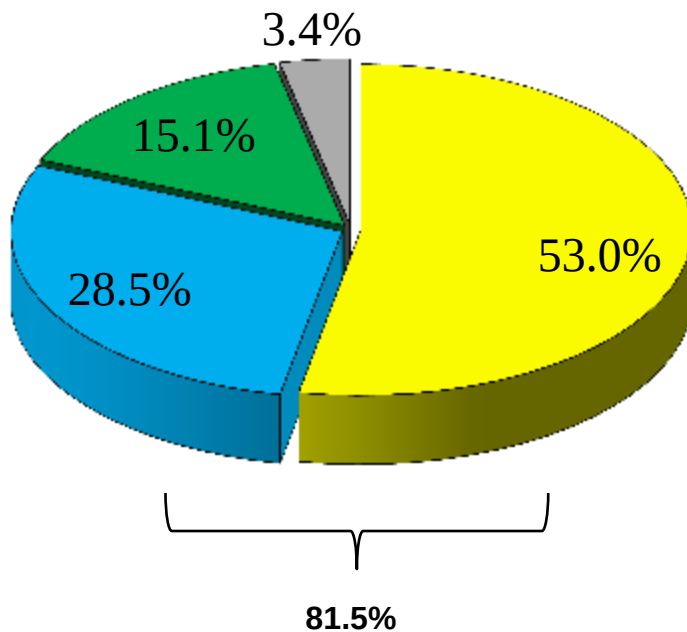


Merchandise sales mostly from fashion and cosmetics segments

YTD Q3 FY2016



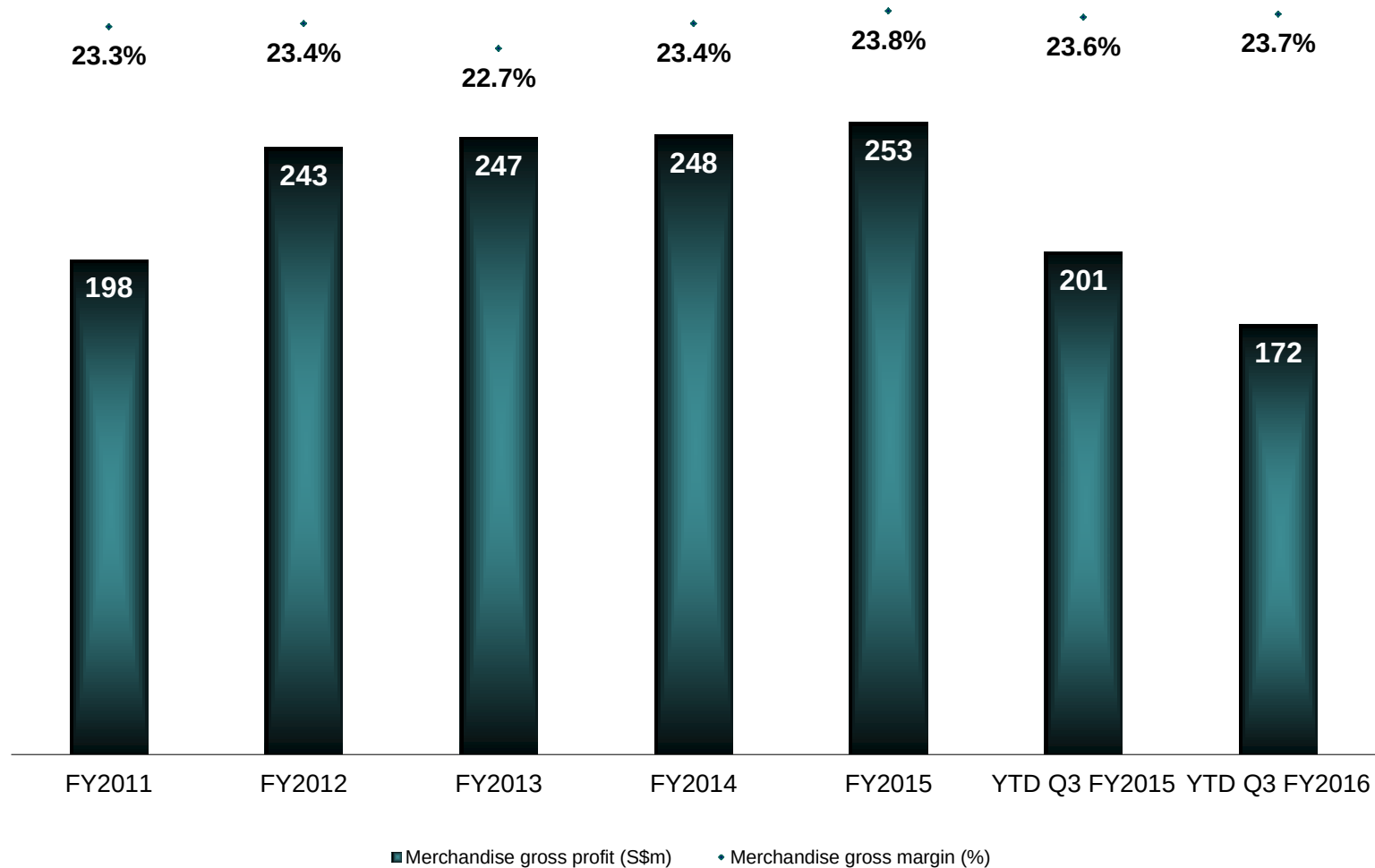
YTD Q3 FY2015



- Fashion and apparel
- Cosmetic and accessories
- Household, electrical goods and others
- Groceries and perishables

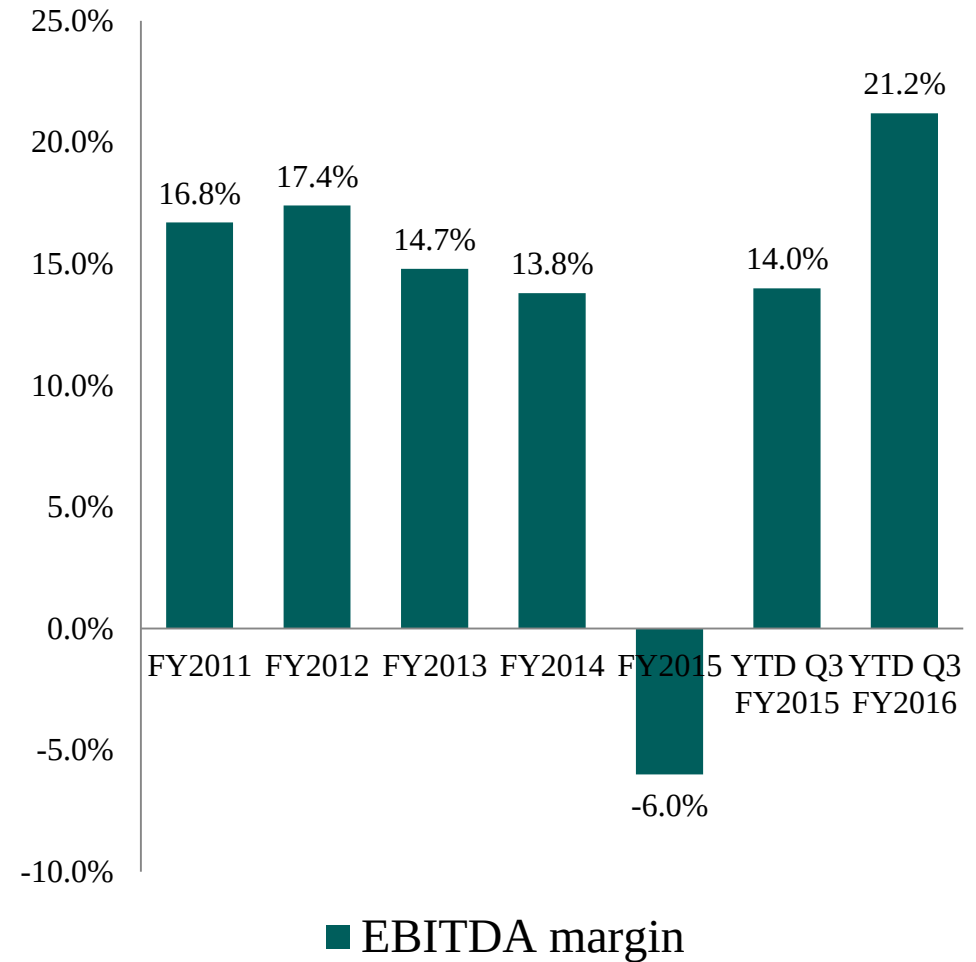
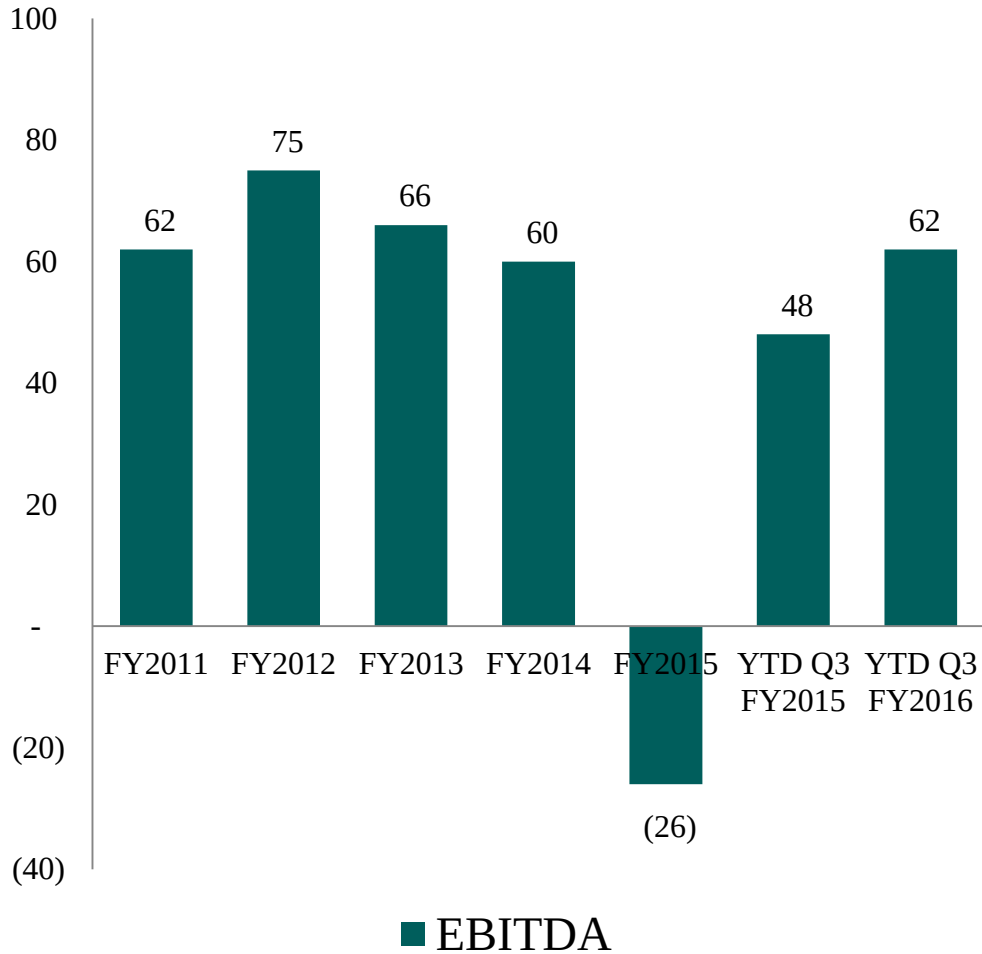
Blended gross margins

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



Profit margins

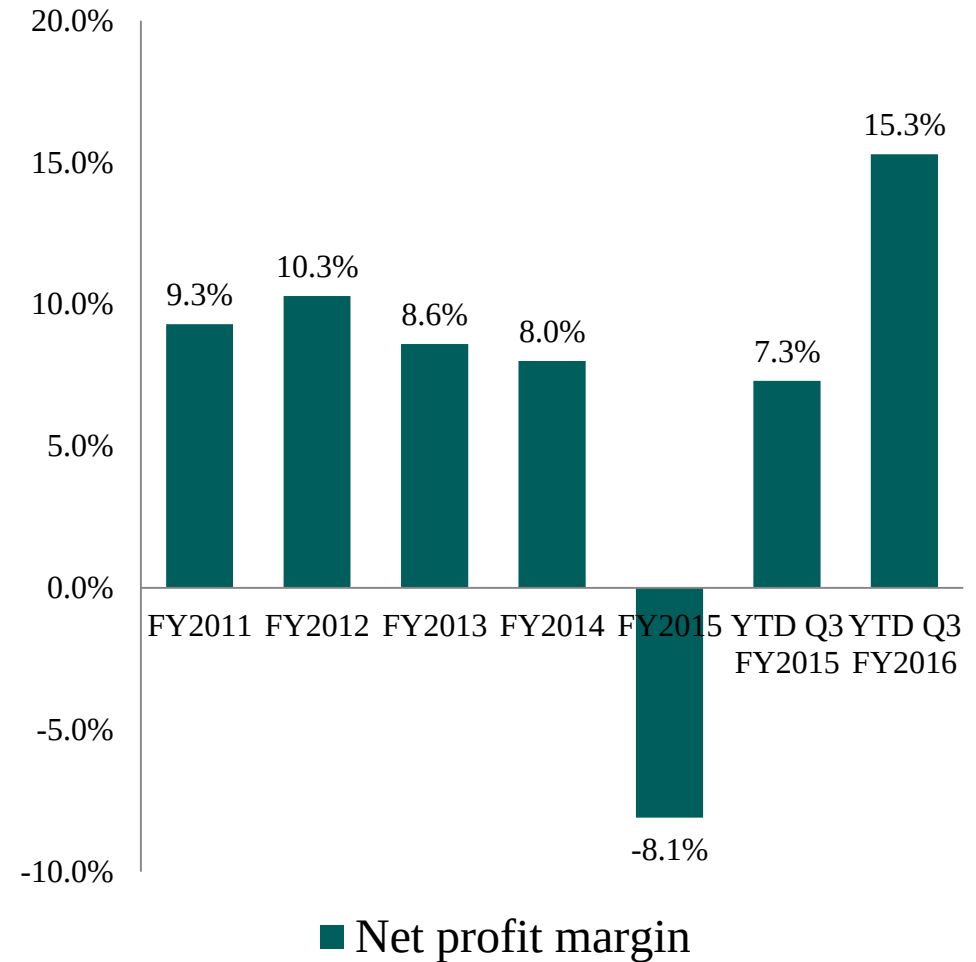
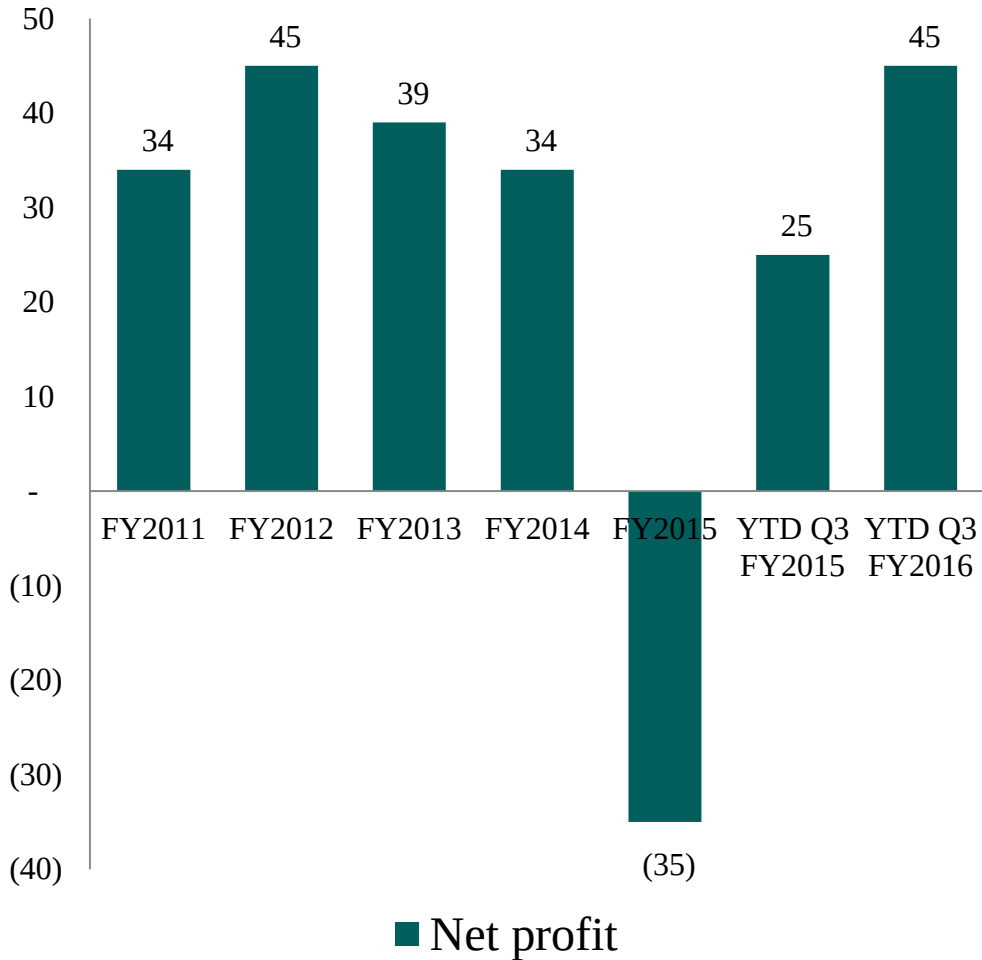
EBITDA⁽¹⁾



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

Profit margins

Net profit attributable to Owners of the Company



Going Forward



Expansion Plan (confirmed sites for department stores)

Location	FY2016 Approx. GFA (sq.m)		FY2017 Approx. GFA (sq.m)
<u>Malaysia</u>		<u>Malaysia</u>	
1. Maju Junction, Kuala Lumpur (opened July 2015)	35,954	1. MyTown, Kuala Lumpur (Q2FY2017)^	13,952
2. Aman Central, Alor Setar (opened October 2015)	12,546	2. Sunway Velocity, Kuala Lumpur (Q2FY2017)^	12,441
3. Viva City, Kuching (opened December 2015)	12,795	3. Kuantan City Mall, Kuantan (Q4FY2017)^	12,261
4. M Square, Puchong (Q4FY2016)^	35,316		38,654
	96,611	<u>Indonesia</u>	
<u>Indonesia</u>		4. Resinda Park Mall, Karawang (Q2FY2017)^	8,077
5. Hartono Lifestyle, Yogyakarta (opened Dec 2015)	11,650		
6. Manado Town Square, Manado (opened Nov 2015)	10,000	<u>Cambodia</u>	
	21,650	5. Parkson Cambodia, Phnom Penh (Q1FY2017)^	36,500
Total	118,261	Total	83,231
Balance opening GFA	756,647		874,908
% Increase	15.6%		9.5%
Closing GFA	874,908		958,139

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

THANK YOU

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