



Parkson Retail Asia Limited

Financial Results for Q2 FY2017

14 February 2017

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Overview

Business Environment – Same Store Sales Growth

SSSG	Quarter ended		6 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Malaysia	+4.2%	-7.3%	-0.8%	-11.2%
Vietnam	-11.3%	-0.4%	-10.9%	-2.0%
Indonesia	-2.2%	+1.4%	-7.7%	+5.5%
Myanmar	-29.5%	-5.2%	-28.9%	-0.1%

- SSSG for Malaysia :
 - increase in SSSG at +4.2% for the reported quarter driven by increase promotions.
 - consumer sentiment index reported by MIER remained below the 100-point confidence threshold for the 10th consecutive quarter.
- SSSG for Vietnam :
 - decline in SSSG at -11.3% for the reported quarter.
 - discretionary retail environment continued to be difficult amidst a crowded retail scene.
- SSSG for Indonesia :
 - decline in SSSG at -2.2% for the reported quarter.
 - performance impacted by disturbances caused by demonstrations against the Governor of Jakarta.
- SSSG for Myanmar :
 - decline in SSSG at -29.5% for the reported quarter.
 - the store at FMI Centre will close by 1st quarter calendar year 2017.
 - a location for replacement store has been secured, scheduled to open later in the financial year.

Financial Summary

	Group					
	Quarter ended			6 months ended		
	31.12.2016	31.12.2015	+/(-)	31.12.2016	31.12.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	263,356	253,559	3.9	484,108	490,276	(1.3)
Revenue	111,139	103,452	7.4	204,476	196,142	4.2
Profit / (Loss) Before Tax	(590)	4,659	>(100.0)	(6,899)	55,820	>(100.0)
Net Profit / (Loss) attributable to owners of the Company	(2,236)	2,899	>(100.0)	(7,416)	52,360	>(100.0)

- GSP increased for the quarter due to sales contribution from new stores and new businesses, and positive SSSG by the Malaysia operations during the reported quarter driven by increase promotions. However, GSP declined for the 6 months period due to overall negative SSSG recorded by the Group operations.
- Pre-tax losses recorded for the quarter and 6 months period. Factors contributing to the pre-tax losses for the quarter include (i) provision made on loans to managed stores and (ii) losses incurred by certain of the new stores and new businesses. Pre-tax losses for the 6 months period was also due to the de-leveraging impact from the overall negative SSSG recorded by the Group operations.
- PBT for the comparative 6 months period FY2016 benefited from the gain recognised on partial disposal of equity interest in a former subsidiary of S\$46.0 million.

Segmental Profit Before Tax

	Group		
	6 months ended		
	31.12.2016	31.12.2015	+/(-)
<u>PBT Summary</u>	S\$'000	S\$'000	%
<u>Department stores</u>			
On same store basis			
Malaysia	4,953	12,528	(60.5)
Vietnam	(1,682)	(214)	>(100.0)
Indonesia	(3,031)	(879)	>(100.0)
Myanmar	(241)	(533)	54.8
Investment holding / Others	(226)	311	>(100.0)
	(227)	11,213	>(100.0)
New / closed stores			
Malaysia	(66)	(496)	86.7
Vietnam	-	(317)	100.0
Indonesia	(918)	-	>(100.0)
Total department stores	(1,211)	10,400	>(100.0)
Concept stores and others	(5,688)	(540)	>(100.0)
Non-operational item			
Gain on partial disposal of equity interests in a former subsidiary, Parkson Hanoi Co Ltd	-	45,960	(100.0)
Group PBT / (Losses)	(6,899)	55,820	>(100.0)



Financial Statements

Unaudited Consolidated Income Statement

For the six months ended 31 December

(S\$'000)	Group					
	Quarter ended			6 months ended		
	31.12.2016	31.12.2015	+/(-)	31.12.2016	31.12.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	263,356	253,559	3.9	484,108	490,276	(1.3)
- Direct sales	59,035	50,993	15.8	106,914	93,361	14.5
- Concessionaire sales	199,813	198,521	0.7	368,994	389,046	(5.2)
- Consultancy & management service fees	108	173	(37.6)	203	343	(40.8)
- Rental income	4,192	3,872	8.3	7,708	7,526	2.4
- Others	208	-	>100.0	289	-	>100.0
Revenue	111,139	103,452	7.4	204,476	196,142	4.2
Other income	2,091	1,906	9.7	3,842	52,054	(92.6)
Total expenses	(113,820)	(100,699)	13.0	(215,217)	(192,376)	11.9
- Changes in merchandise inventories and consumables	(45,516)	(39,501)	15.2	(82,715)	(73,260)	12.9
- Employee related expense	(15,578)	(13,503)	15.4	(31,005)	(26,469)	17.1
- Depreciation & amortisation expenses	(6,768)	(5,321)	27.2	(13,052)	(10,750)	21.4
- Rental expenses	(29,072)	(25,738)	13.0	(56,937)	(52,023)	9.4
- Finance costs	(40)	(44)	(9.1)	(81)	(102)	(20.6)
- Other expenses	(16,846)	(16,592)	1.5	(31,427)	(29,772)	5.6
Profit / (Loss) before tax	(590)	4,659	>(100.0)	(6,899)	55,820	>(100.0)
Net profit / (loss)	(2,643)	2,635	>(100.0)	(8,237)	51,877	>(100.0)
Net profit / (loss) attributable to owners	(2,236)	2,899	>(100.0)	(7,416)	52,360	>(100.0)

Unaudited Balance Sheet

(S\$'000)	As at 31 Dec 2016	As at 30 Jun 2016	% Change
Total Assets	390,302	374,077	+4.3%
- Non-current assets	217,012	197,829	+9.7%
- Current assets	173,290	176,248	-1.7%
Total Liabilities	243,966	216,751	+12.6%
- Current liabilities	214,639	187,611	+14.4%
- Non-current liabilities	29,327	29,140	+0.6%
Net assets	146,336	157,326	-7.0%
Represented by,	146,336	157,326	-7.0%
- Equity and reserves	147,711	157,923	-6.5%
- Non-controlling interests	(1,375)	(597)	>+100.0%

Unaudited Consolidated Statement of Cash Flows

For the six months ended 31 December

(S\$'000)	Q2 FY2017	Q2 FY2016	+ / (-) %	YTD 6 months FY2017	YTD 6 months FY2016	+ / (-) %
Net cash generated from operating activities	49,274	26,648	84.9%	20,682	36,829	(43.8)%
Net cash used in investing activities	(13,739)	(21,601)	(36.4)%	(25,205)	(34,922)	(27.8)%
Net cash used in financing activities	(3,369)	(13,447)	(74.9)%	(3,369)	(13,447)	(74.9)%
Net increase / (decrease) in cash and cash equivalents	32,166	(8,400)	>100%	(7,892)	(11,540)	(31.6)%
Cash and cash equivalents at beginning of financial period	29,156	114,229	(74.5)%	69,509	125,976	(44.8)%
Effect of currency translation on cash & cash equivalents	(668)	1,451	>(100)%	(963)	(7,156)	(86.5)%
Cash and cash equivalents at end of financial period	60,654	107,280	(43.5)%	60,654	107,280	(43.5)%

Segment Results

For the six months ended 31 December

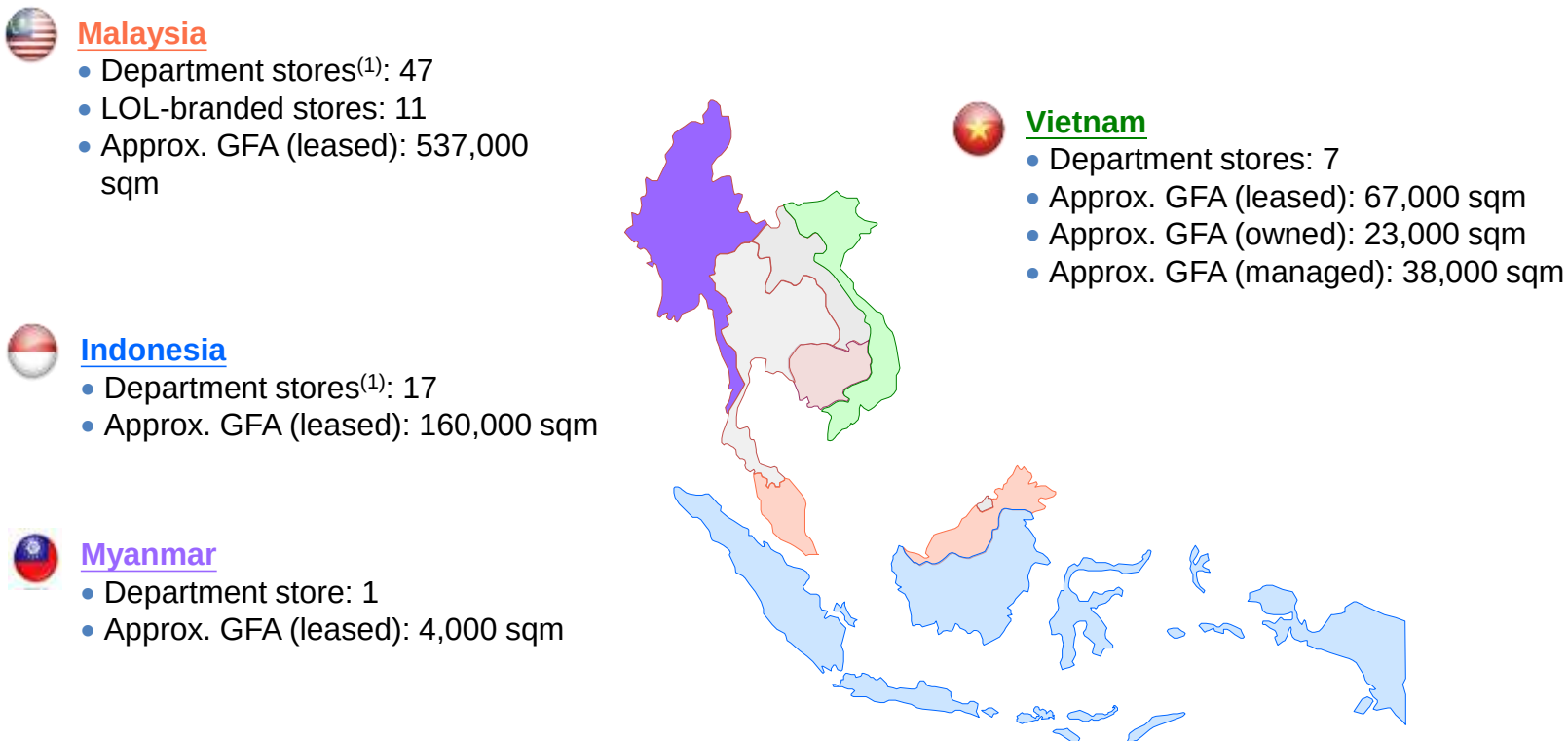
Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated *	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Period ended 31.12.2016						
Gross Sales Proceeds	335,062	57,111	89,895	1,750	290	484,108
Revenue	155,676	15,626	32,164	720	290	204,476
Profit/(Loss) before tax	1,517	(1,826)	(3,949)	(241)	-	(4,499)
Investment holding/Others	-	-	-	-	(2,400)	(2,400)
Total Profit/(Loss) Before Tax	1,517	(1,826)	(3,949)	(241)	(2,400)	(6,899)
Period ended 31.12.2015						
Gross Sales Proceeds	331,932	67,062	88,815	2,467	-	490,276
Revenue	146,693	17,128	31,384	937	-	196,142
Profit/(Loss) before tax	11,492	(531)	(879)	(533)	-	9,549
Investment holding/Others	-	-	-	-	311	311
Gain on partial disposal of a former subsidiary	-	45,960	-	-	-	45,960
Total Profit/(Loss) Before Tax	11,492	45,429	(879)	(533)	311	55,820

*Unallocated figures are derived from edutainment, food and beverages and investment holding companies.



Operational Highlights

Geographic Footprint

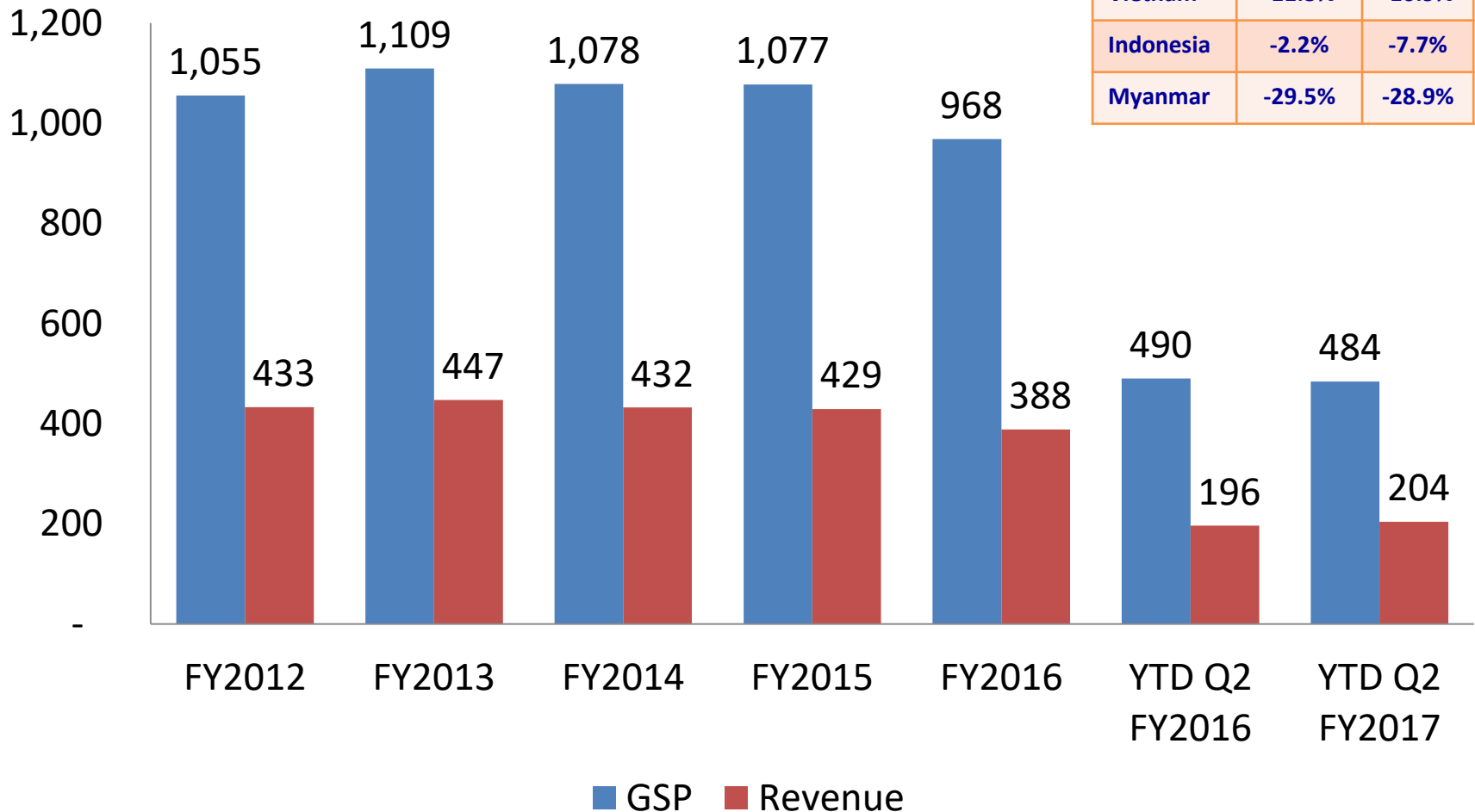


PRA's store network comprised 83 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 829,000 sqm of gross floor area⁽²⁾

1. Department store count includes 3 supermarkets in Malaysia (1) and Indonesia (2), and 3 shoe galleries stores in Malaysia.
2. GFA figures current as at 31 December 2016 (including LOL-branded stores).

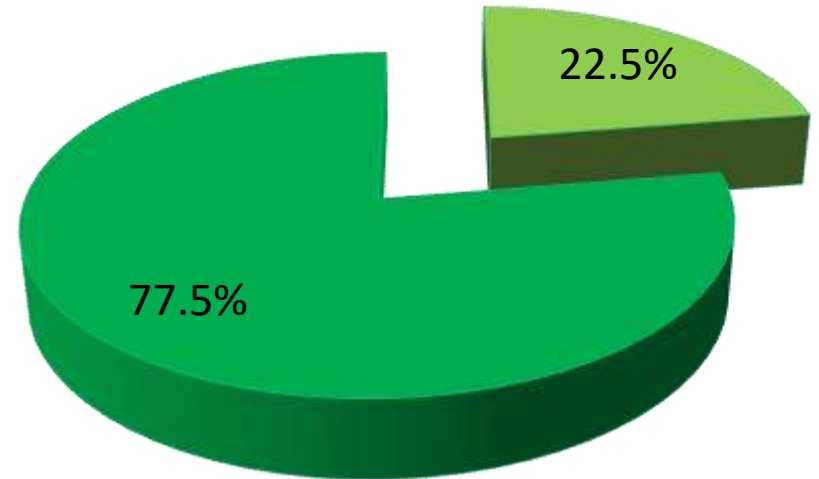
Gross Sales Proceeds, Revenue and SSS Growth

Overall top line growth (\$ million)



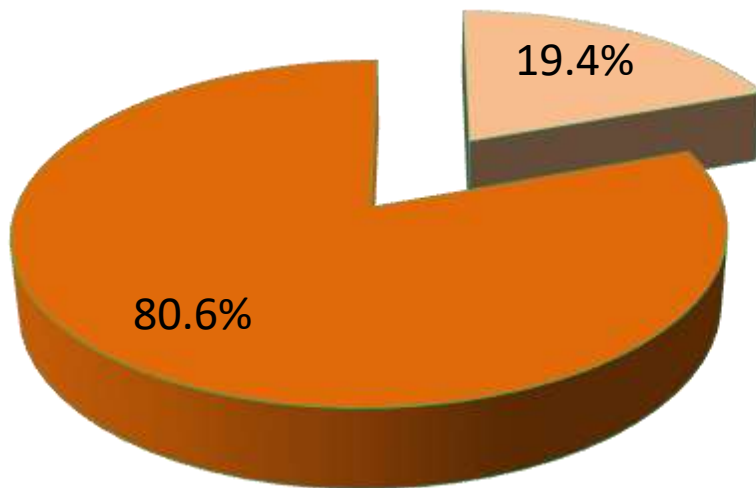
Merchandise Sales Mix

YTD Q2 FY2017



■ Direct sales ■ Concessionaire sales

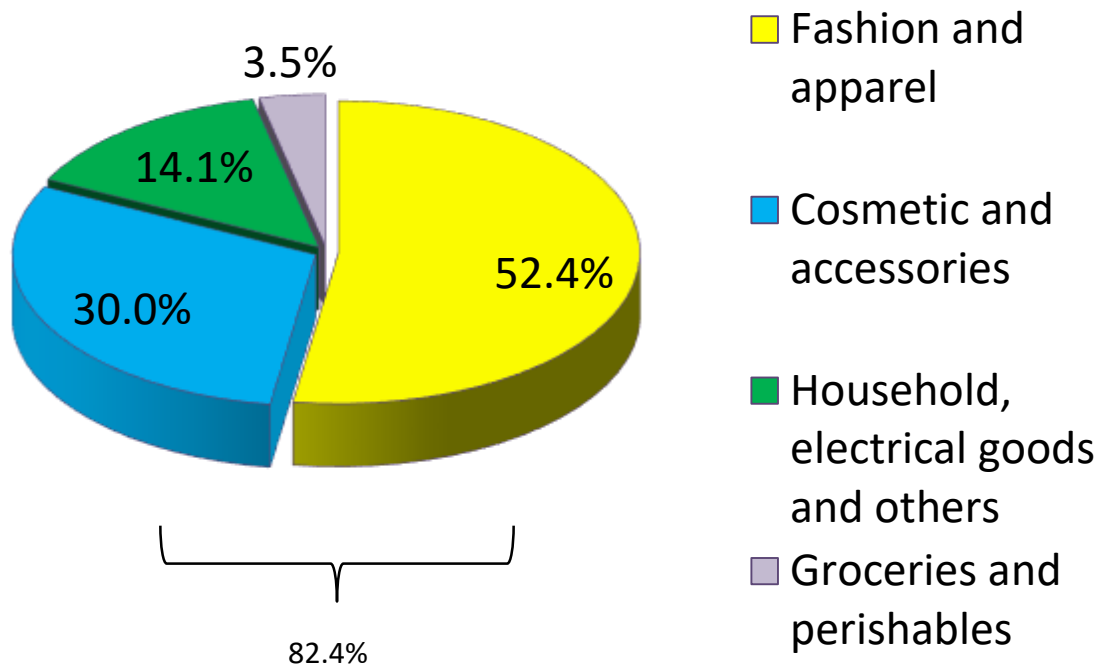
YTD Q2 FY2016



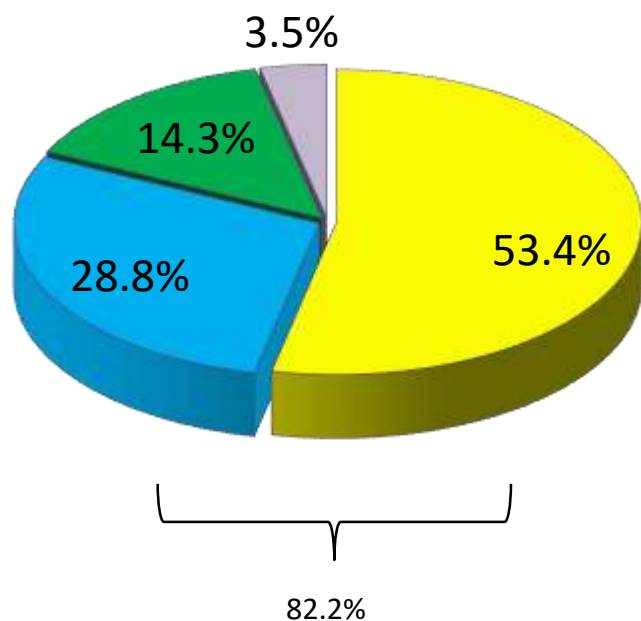
■ Direct sales ■ Concessionaire sales

Merchandise sales mostly from fashion and cosmetics segments

YTD Q2 FY2017

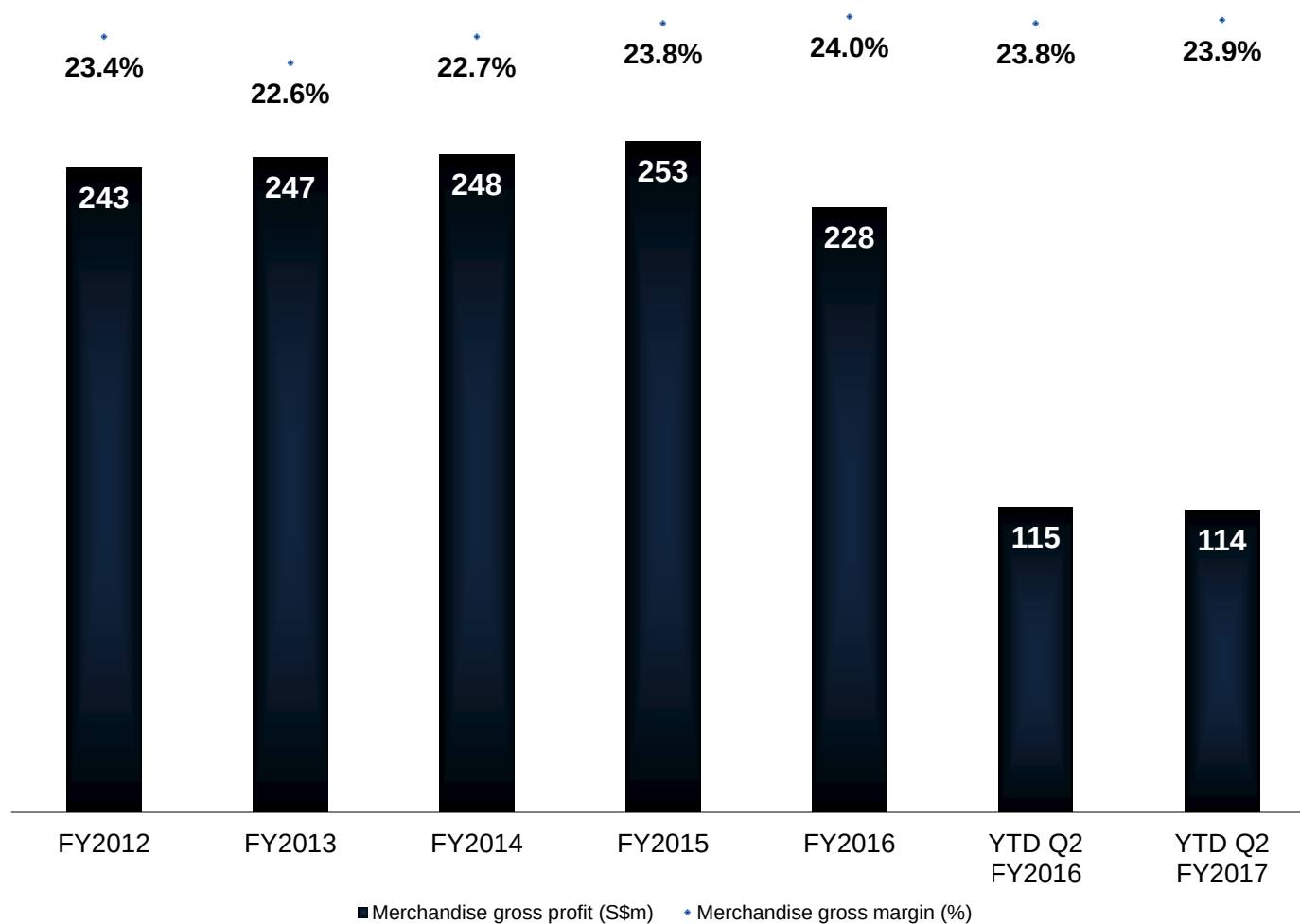


YTD Q2 FY2016



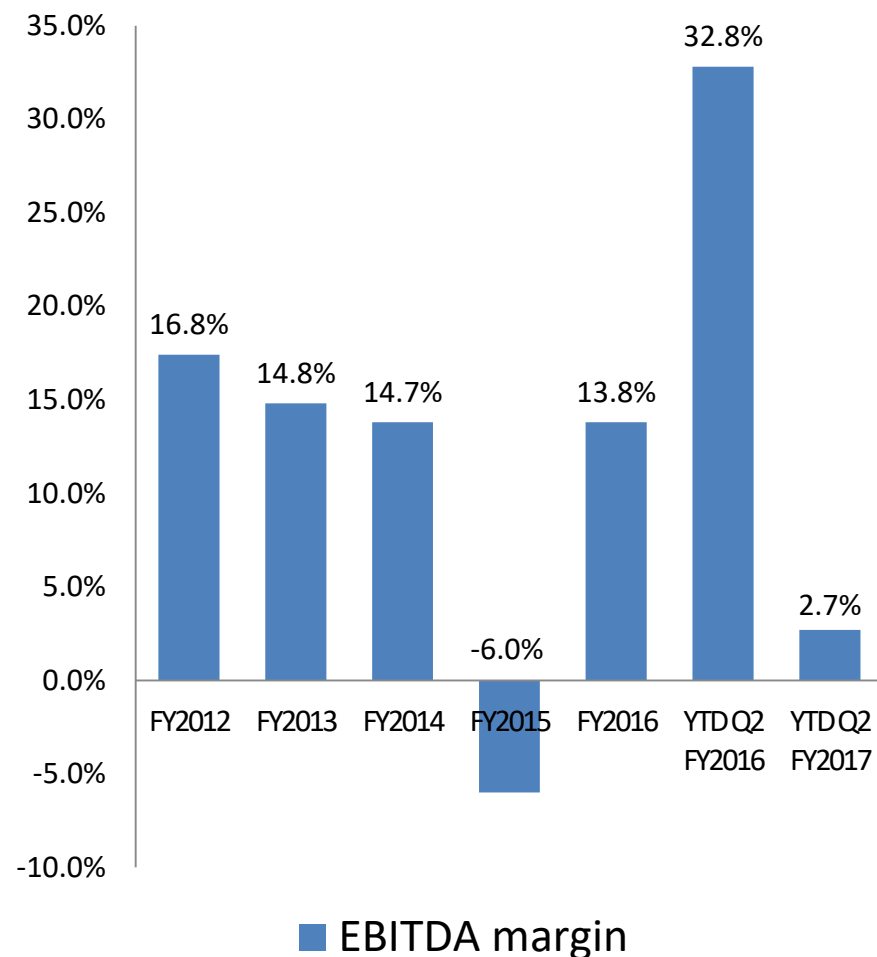
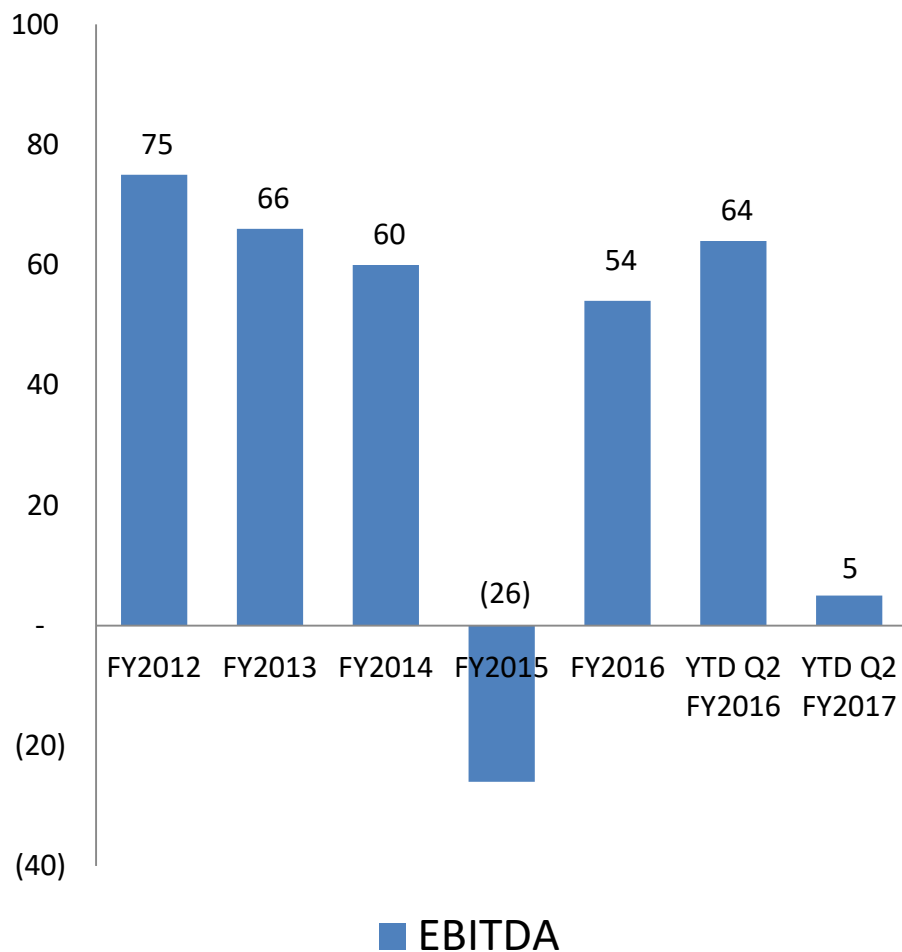
Blended Gross Margin

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



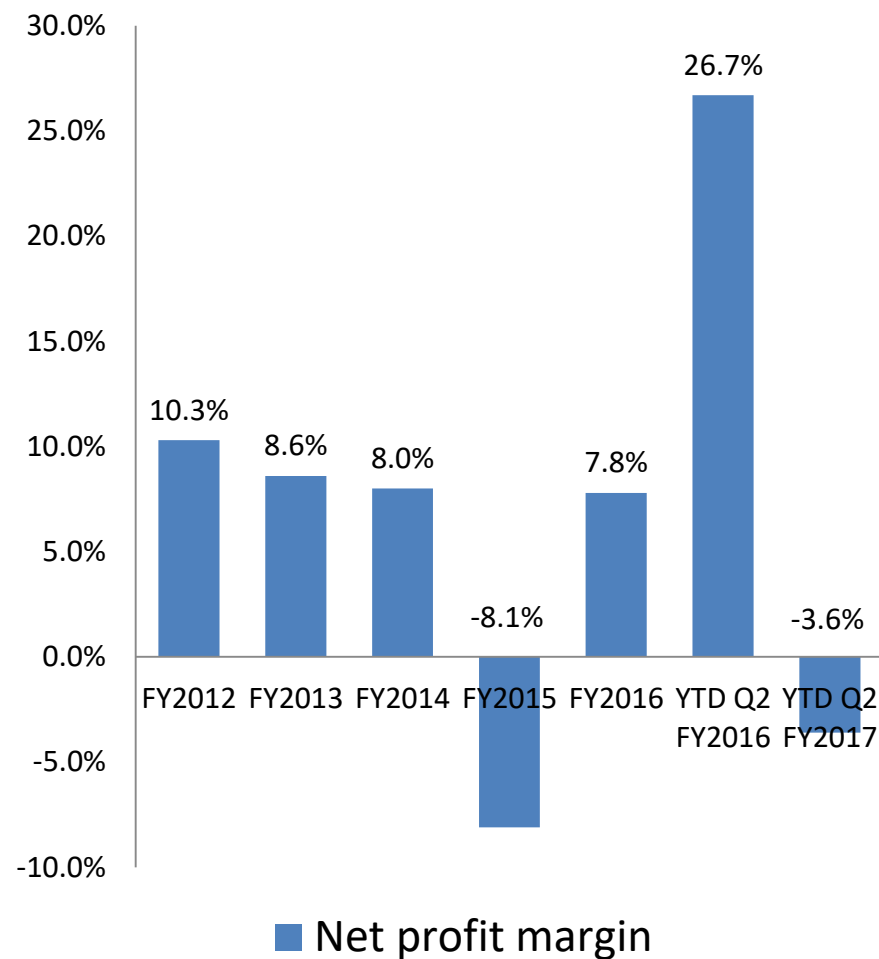
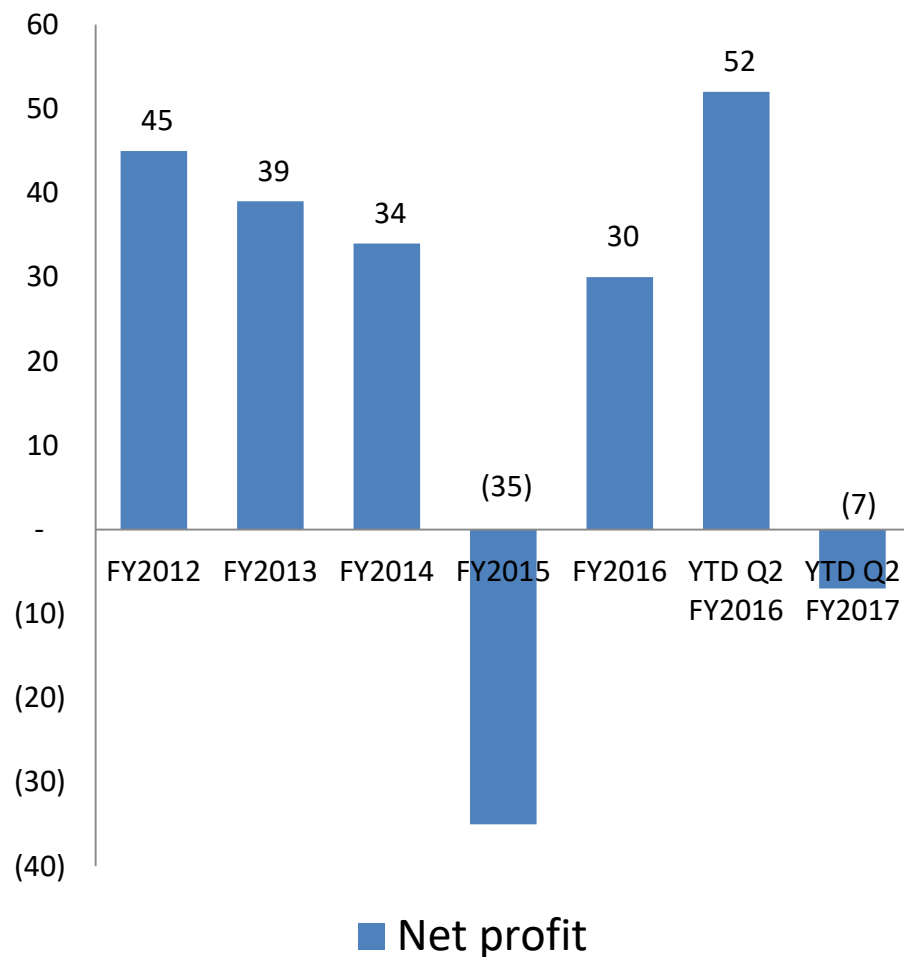
Profit Margins

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 Approx. GFA (sq.m)		FY2018 Approx. GFA (sq.m)
<u>Malaysia</u>		<u>Malaysia</u>	
1. MyTown, Kuala Lumpur (Q3FY2017)^	13,952	1. Evo Shopping Mall, Bangi (Q2FY2018)^	7,726
2. Sunway Velocity, Kuala Lumpur (opened Dec 2016)	12,441		
3. M Square, Puchong (Q4FY2017)^	35,316	<u>Indonesia</u>	
4. Kuantan City Mall, Kuantan (Q4FY2017)^	12,261	2. Gresik Icon Mall, Gresik (Q3FY2018)^	6,682
	73,970	3. Pesona Square, Depok (Q4FY2018)^	7,195
<u>Indonesia</u>			13,877
5. Resinda Park Mall, Karawang (Q3FY2017)^	8,077		
<u>Cambodia</u>			
6. Parkson Cambodia, Phnom Penh (Q4FY2017)^	36,500		
<u>Myanmar</u>			
7. Junction Square, Yangon (Q3FY2017)^	3,667		
Total	122,214	Total	21,603
Balance opening GFA*	788,132		910,346
% Increase	15.5%		2.4%
Closing GFA	910,346		931,949

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

* Opening GFA adjusted for closure of 2 stores, one at Perda City Mall, Malaysia and another at Hanoi, Vietnam.

THANK YOU

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