



Parkson Retail Asia Limited
Financial Results Presentation
Q4 FY2016

18 August 2016

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Overview



Overview

Business Environment

- Same Store Sales Growth, by countries:

SSSG	Quarter ended		Year ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Malaysia	+21.5%	-17.0%	-6.5%	-4.5%
Vietnam	-4.1%	-7.2%	-2.9%	-5.1%
Indonesia	+7.3%	+12.0%	+4.7%	+8.4%
Myanmar	-25.0%	+13.6%	-7.7%	+21.6%

- SSSG for Malaysia :
 - increase in SSSG at +21.5% for the reported quarter.
 - SSSG for Q4 FY2016 benefited from (i) early festive buying arising from the shift in the Hari Raya calendar and (ii) low base effect in the sales for the corresponding quarter in FY2015 due to introduction of GST on 1 April 2015.
 - consumer sentiment index reported by MIER remained below the 100-point confidence threshold for the 8th consecutive quarter, at 78.5.
- SSSG for Vietnam :
 - decline in SSSG at -4.1% for the reported quarter.
 - discretionary retail environment in Vietnam remains difficult amidst increasingly crowded retail scene.

- SSSG for Indonesia :
 - Increase in SSSG at +7.3% for the reported quarter.
 - SSSG for Q4 FY2016 benefited from early festive buying arising from the shift in the Lebaran calendar.
 - consumer confidence index reported by BI remained above the 100-point confidence threshold at 111.6.

- SSSG for Myanmar :
 - decline in SSSG at -25.0% for the reported quarter.
 - there are plans to close FMI Centre for re-development, however, the landlord has not confirm on the timing.
 - a location for a replacement store has been secured and expected to open by March 2017.

Financial Summary

	Group					
	Quarter ended			Year ended		
	30.06.2016	30.06.2015	+/(-)	30.06.2016	30.06.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	232,147	211,387	9.8	967,746	1,077,567	(10.2)
Revenue	93,860	84,663	10.9	388,417	428,751	(9.4)
Profit / (Loss) Before Tax	(13,372)	(77,653)	(82.8)	34,978	(40,591)	>100.0
Net Profit / (Loss) attributable to owners of the Company	(11,979)	(59,766)	(80.0)	33,075	(34,688)	>100.0

- Topline figures (GSP and revenue) increased for the quarter due to positive SSSG for the Malaysia and Indonesia operations arising from early festive buying due to shift in the Hari Raya / Lebaran calendar.
- Topline figures (GSP and revenue) declined for the year FY2016, 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) impairment on fixed assets, (ii) impairment on prepaid rental and rental deposit, (iii) provision made on deposit for a managed store in Ho Chi Minh City and (iv) initial loss-making periods for new stores and new businesses.
- Pre-tax profit recorded for the year FY2016 due to gain recognised on partial disposal of equity interest in a former subsidiary (net of goodwill impairment) of S\$45.6 million.

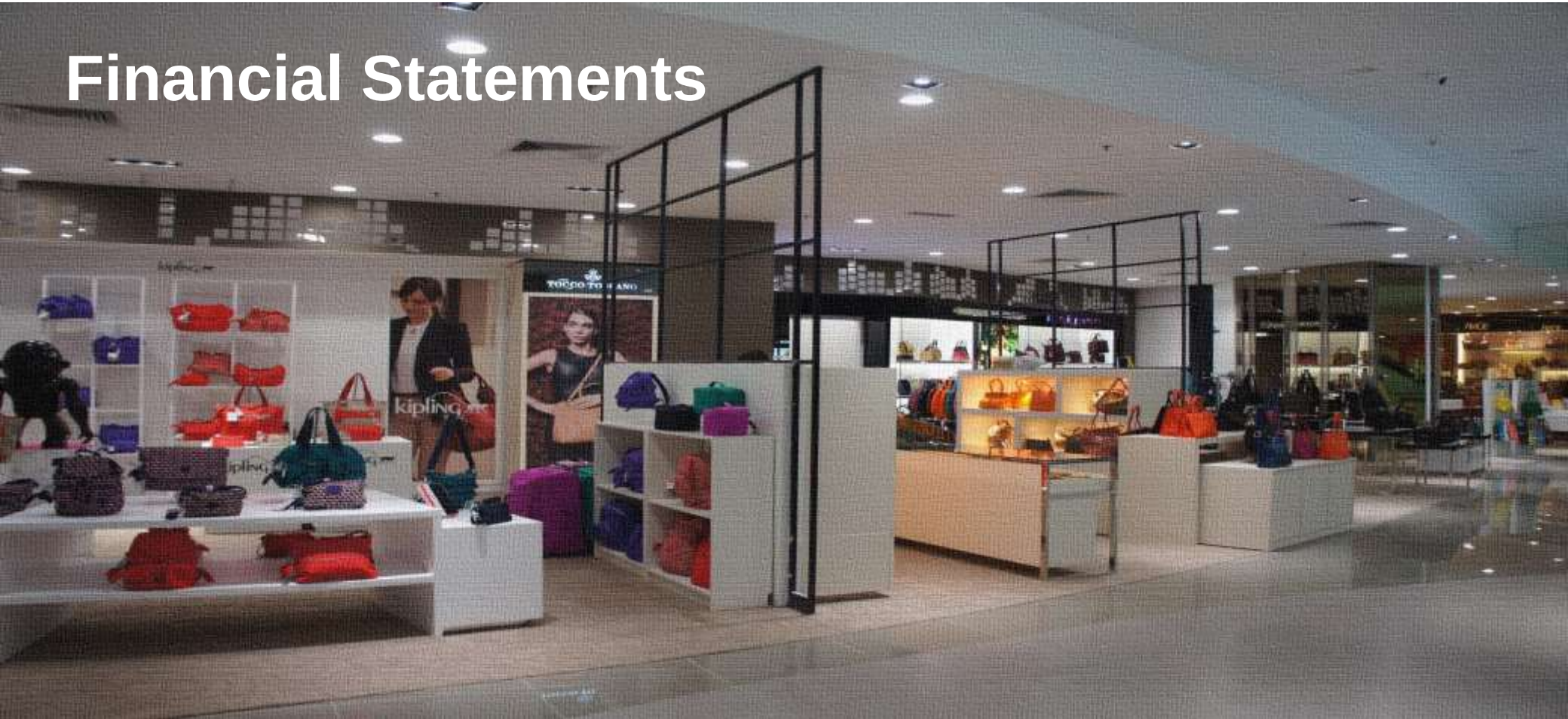
Segmental Profit Before Tax

	Group		
	Year ended		
PBT Summary	30.06.2016	30.06.2015	+/(-)
	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	23,757	33,394	(28.9)
Vietnam	(547)	2,261	>(100.0)
Indonesia	(3,167)	(3,353)	(5.5)
Myanmar	(1,733)	(448)	>100.0
Share of profits of an associate (Sri Lanka)	-	39	(100.0)
Investment holding / Others	(945)	836	>(100.0)
PBT (same store basis)	17,365	32,729	(46.9)
PBT / (Losses) of new / closed / renovated stores			
Malaysia	(4,115)	6,228	>(100.0)
Vietnam	(358)	(4,183)	(91.4)
Indonesia	(1,267)	-	(100.0)
PBT / (Losses) of new businesses	(4,999)	(56)	>(100.0)
Non-operational items			
Gain on partial disposal of Parkson Hanoi Co Ltd (net of goodwill impairment)	45,572	-	100.0
Provisions on loans to and deposits for managed stores (Vietnam)	(8,551)	(8,211)	4.1
Impairment on prepaid rental and rental deposit	(3,270)	-	(100.0)
Impairment on fixed assets	(5,399)	-	(100.0)
Gain on disposal of an associate, Odel PLC	-	1,379	(100.0)
Store closure costs (Landmark store, Vietnam)	-	(68,477)	100.0
Group PBT	34,978	(40,591)	>100.0

Dividend

The Board of Directors recommends the payment of a final dividend of 0.5 cent per share (tax exempt, one-tier), subject to the approval of shareholders at the AGM.

Financial Statements



Unaudited consolidated Income Statement

For the financial year ended 30 June

(S\$'000)	Group					
	Quarter ended			Year ended		
	30.06.2016	30.06.2015	+I(-)	30.06.2016	30.06.2015	+I(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	232,147	211,387	9.8	967,746	1,077,567	(10.2)
- Direct sales	45,101	35,523	27.0	185,990	198,771	(6.4)
- Concessionaire sales	182,845	170,438	7.3	765,755	860,709	(11.0)
- Consultancy & management service fees	89	210	(57.6)	598	952	(37.2)
- Rental income	4,075	5,216	(21.9)	15,366	17,135	(10.3)
- Others	37	-	100.0	37		100.0
Revenue	93,860	84,663	10.9	388,417	428,751	(9.4)
Other income	3,289	2,319	41.8	56,098	15,951	>100.0
Total expenses	(110,521)	(164,637)	(32.9)	(409,537)	(485,332)	(15.6)
- Changes in merchandise inventories and consumables	(32,134)	(27,630)	16.3	(143,290)	(158,014)	(9.3)
- Employee benefits expense	(14,701)	(13,342)	10.2	(56,094)	(52,586)	6.7
- Depreciation & amortisation expenses	(5,735)	(5,254)	9.2	(22,553)	(20,475)	10.1
- Rental expenses	(30,243)	(24,811)	21.9	(109,460)	(111,818)	(2.1)
- Finance costs	(100)	(237)	(57.8)	(334)	(601)	(44.4)
- Other expenses	(27,608)	(93,363)	(70.4)	(77,806)	(141,838)	(45.1)
Share of profits of an associate	-	2	(100.0)	-	39	(100.0)
Profit / (Loss) before tax	(13,372)	(77,653)	(82.8)	34,978	(40,591)	>100.0
Net profit / (loss)	(12,821)	(75,818)	(83.1)	31,493	(52,795)	>100.0
Net profit/(loss) attributable to owners	(11,979)	(59,766)	(80.0)	33,075	(34,688)	>100.0

Unaudited consolidated Statement of Financial Position

(S\$'000)	As at 30 June 2016	As at 30 June 2015	% Change
Total Assets	394,984	374,407	+5.5%
- Non-current assets	198,918	148,393	+34.0%
- Current assets	196,066	226,014	-13.3%
<i>Cash and cash equivalents</i> <i>(including AFS financial assets)</i>	69,509	138,578	-49.8%
Total Liabilities	233,917	244,361	-4.3%
- Current liabilities	220,072	237,412	-7.3%
- Non-current liabilities	13,845	6,949	+99.2%
Net assets	161,067	130,046	+23.9%
Represented by,	161,067	130,046	+23.9%
- Equity and reserves	161,668	148,005	+9.2%
- Non-controlling interests	(601)	(17,959)	-96.7%

Unaudited consolidated Statement of Cash Flows

For the financial year ended 30 June

(S\$'000)	Q4 FY2016	Q4 FY2015	+ / (-) %	Year FY2016	Year FY2015	+ / (-) %
Net cash generated from / (used in) operating activities	8,077	(25,455)	>100.0	27,868	44,790	(37.8)
Net cash from / (used in) investing activities	(7,050)	8,906	>(100.0)	(63,856)	3,809	>(100.0)
Net cash used in financing activities	-	-	-	(13,996)	(44,025)	(68.2)
Net increase / (decrease) in cash and cash equivalents	1,027	(16,549)	>100.0	(49,984)	4,574	>(100.0)
Cash and cash equivalents at beginning of financial period	69,643	146,639	(52.5)	125,976	129,204	(2.5)
Effect of currency translation on cash & cash equivalents	(1,161)	(4,114)	(71.8)	(6,483)	(7,802)	(16.9)
Cash and cash equivalents at end of financial period	69,509	125,976	(44.8)	69,509	125,976	(44.8)

Segment results

For financial year ended 30 June

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 30.06.2016						
Gross Sales Proceeds	662,866	128,476	171,824	4,580	-	967,746
Revenue	291,227	34,642	60,744	1,804	-	388,417
Profit / (Loss) before tax	14,643	(905)	(4,434)	(1,733)	-	7,571
Investment holding / Others	-	-	-	-	(945)	(945)
<i>Non-operational items:</i>						
- Gain on partial disposal of Parkson Hanoi	-	45,572	-	-	-	45,572
- Provisions on loans to and deposits for managed stores	-	(8,551)	-	-	-	(8,551)
- Impairment on prepaid rental and rental deposit	-	-	-	-	(3,270)	(3,270)
- Impairment on fixed assets	(1,858)	-	(3,541)	-	-	(5,399)
Total Profit / (Loss) Before Tax	12,785	36,116	(7,975)	(1,733)	(4,215)	34,978
Year ended 30.06.2015						
Gross Sales Proceeds	751,123	157,133	163,749	5,562	-	1,077,567
Revenue	322,250	45,175	59,422	1,904	-	428,751
Profit / (Loss) before tax	39,622	(1,922)	(3,353)	(448)	-	33,899
Investment holding / Others	-	-	-	-	780	780
Share of profits of an associate	-	-	-	-	39	39
<i>Non-operational items:</i>						
- Gain on disposal of an associate	-	-	-	-	1,379	1,379
- Store closure cost (Landmark store)	-	(68,477)	-	-	-	(68,477)
- Provision on deposits for managed stores	-	(8,211)	-	-	-	(8,211)
Total Profit / (Loss) Before Tax	39,622	(78,610)	(3,353)	(448)	2,198	(40,591)

Operational Highlights



Geographic footprint (department stores)



Malaysia

- Number of stores: 44
- Approx. GFA (leased): 518,000 sqm



Indonesia

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



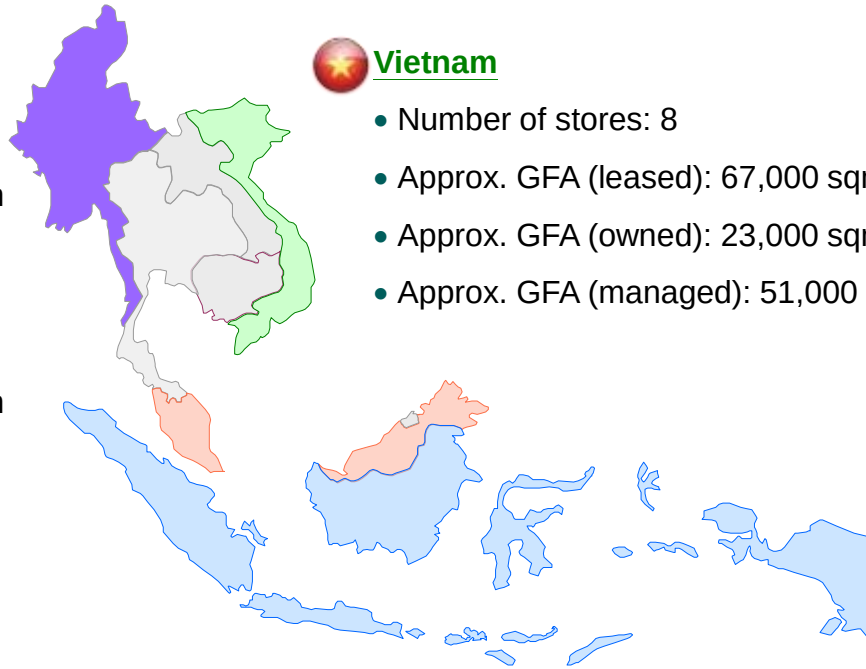
Myanmar

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



Vietnam

- Number of stores: 8
- Approx. GFA (leased): 67,000 sqm
- Approx. GFA (owned): 23,000 sqm
- Approx. GFA (managed): 51,000 sqm



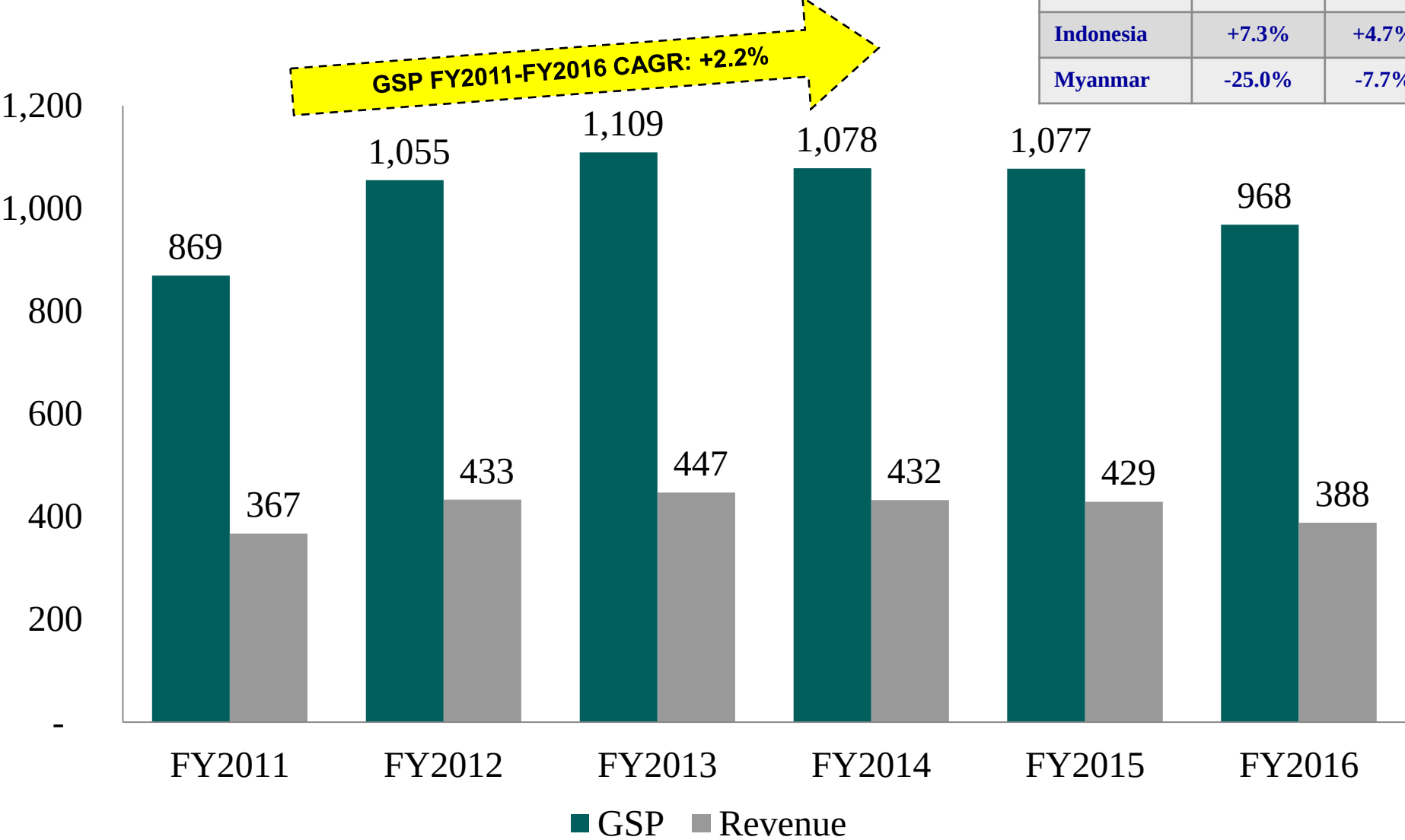
PRA's department store network comprised 69 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 821,000 sqm of gross floor area ⁽¹⁾

1. Figures current as at 30 June 2016

Gross Sales Proceeds, Revenue and SSS Growth

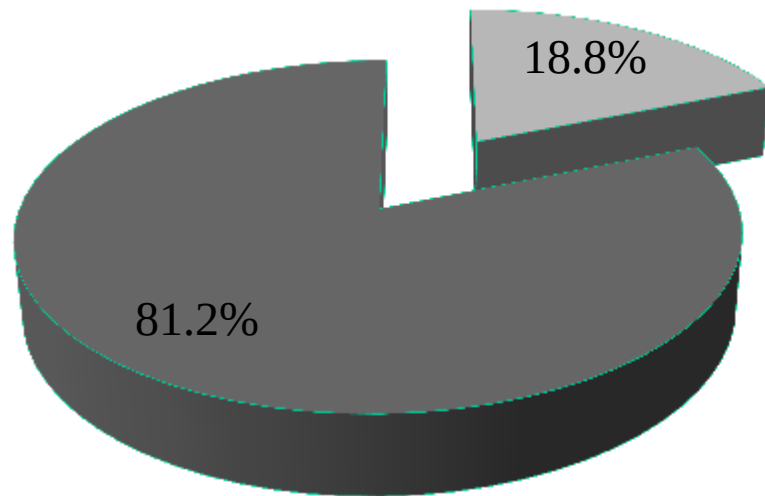
Overall top line growth (S\$ million)

SSSG	Q4 FY2016	Year FY2016
Malaysia	+21.5%	-6.5%
Vietnam	-4.1%	-2.9%
Indonesia	+7.3%	+4.7%
Myanmar	-25.0%	-7.7%



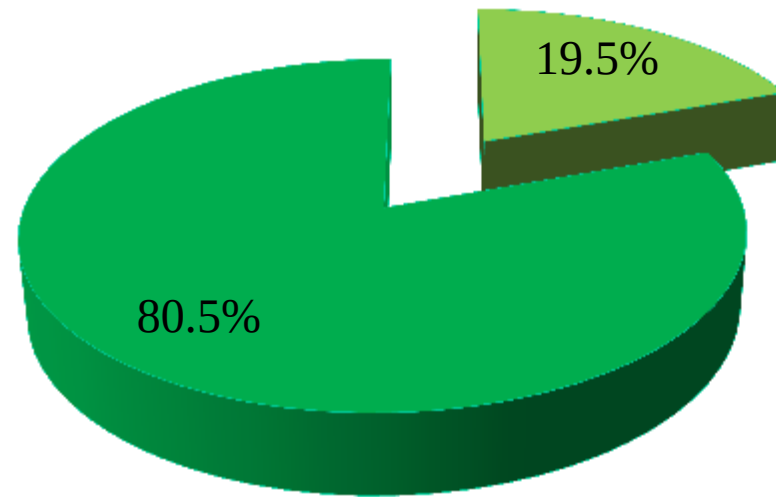
Merchandise Sales Mix

FY2015



Direct sales Concessionaire sales

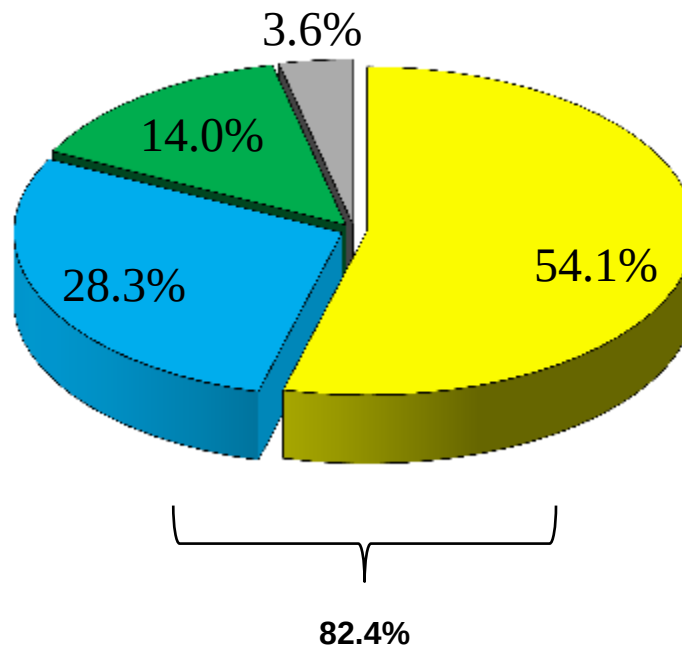
FY2016



Direct sales Concessionaire sales

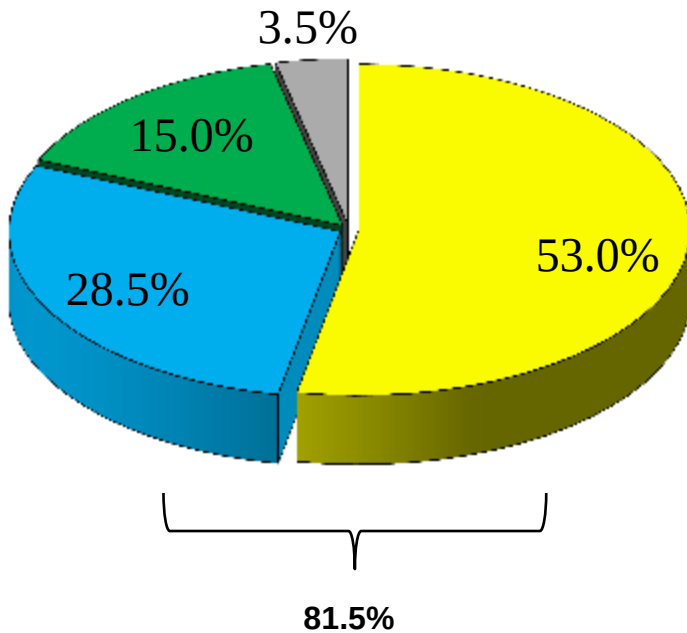
Merchandise sales mostly from fashion and cosmetics segments

FY2016



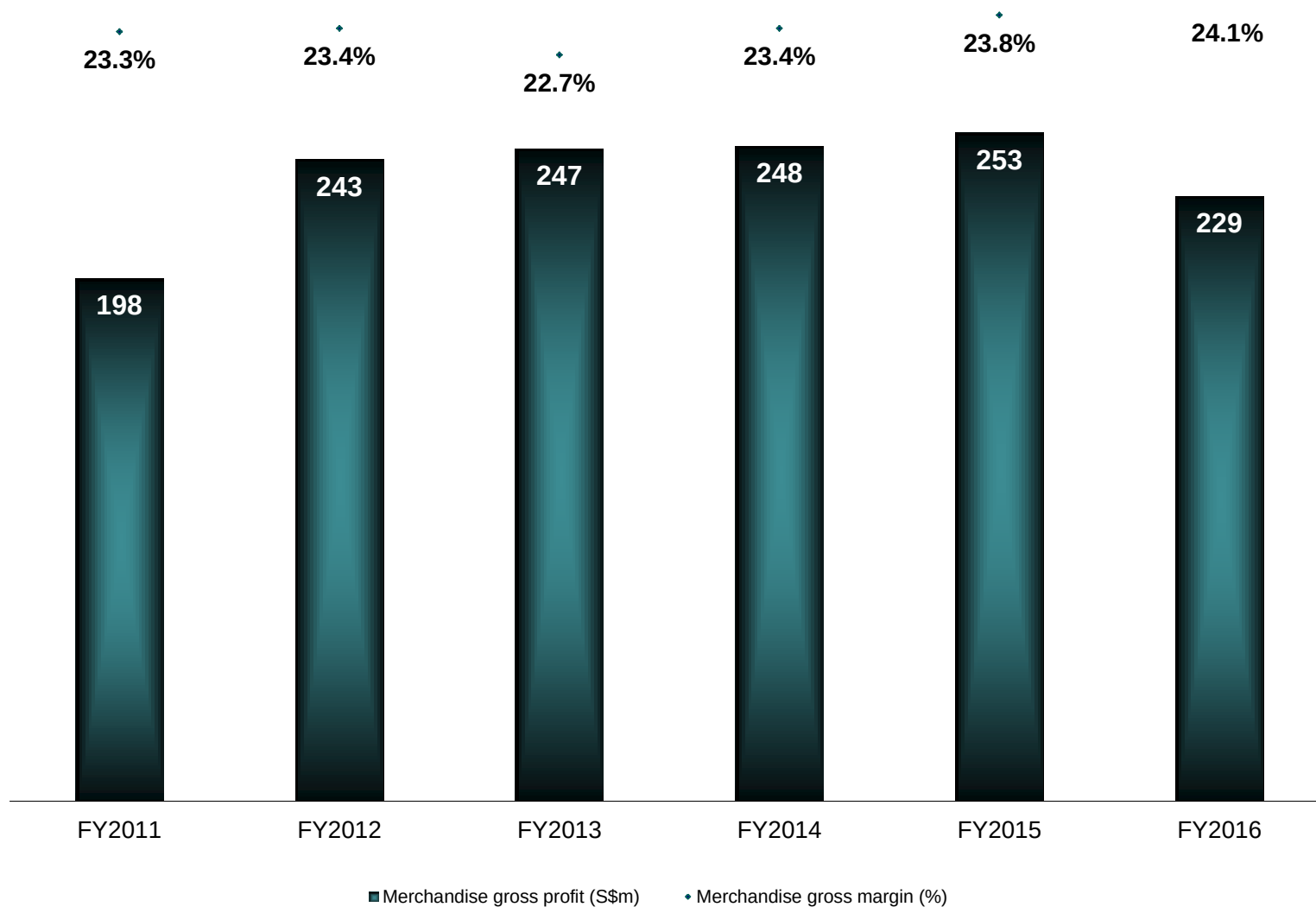
- Fashion and apparel
- Cosmetic and accessories
- Household, electrical goods and others
- Groceries and perishables

FY2015



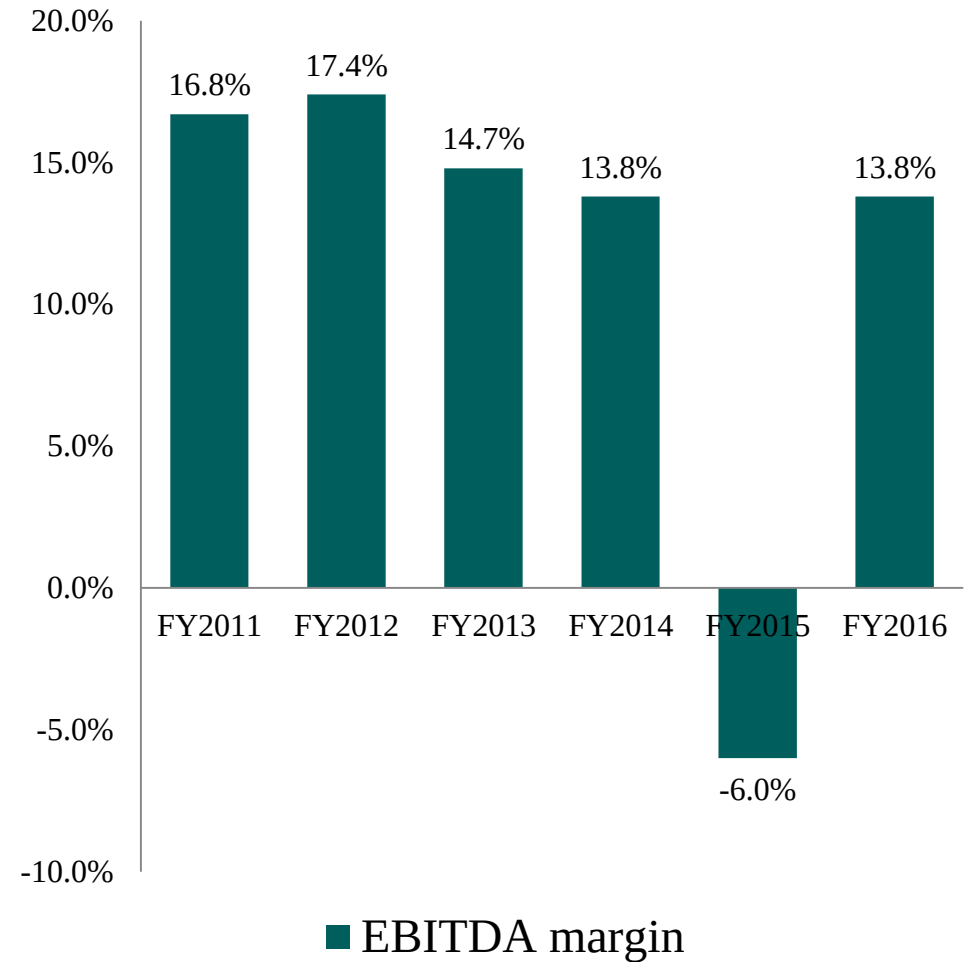
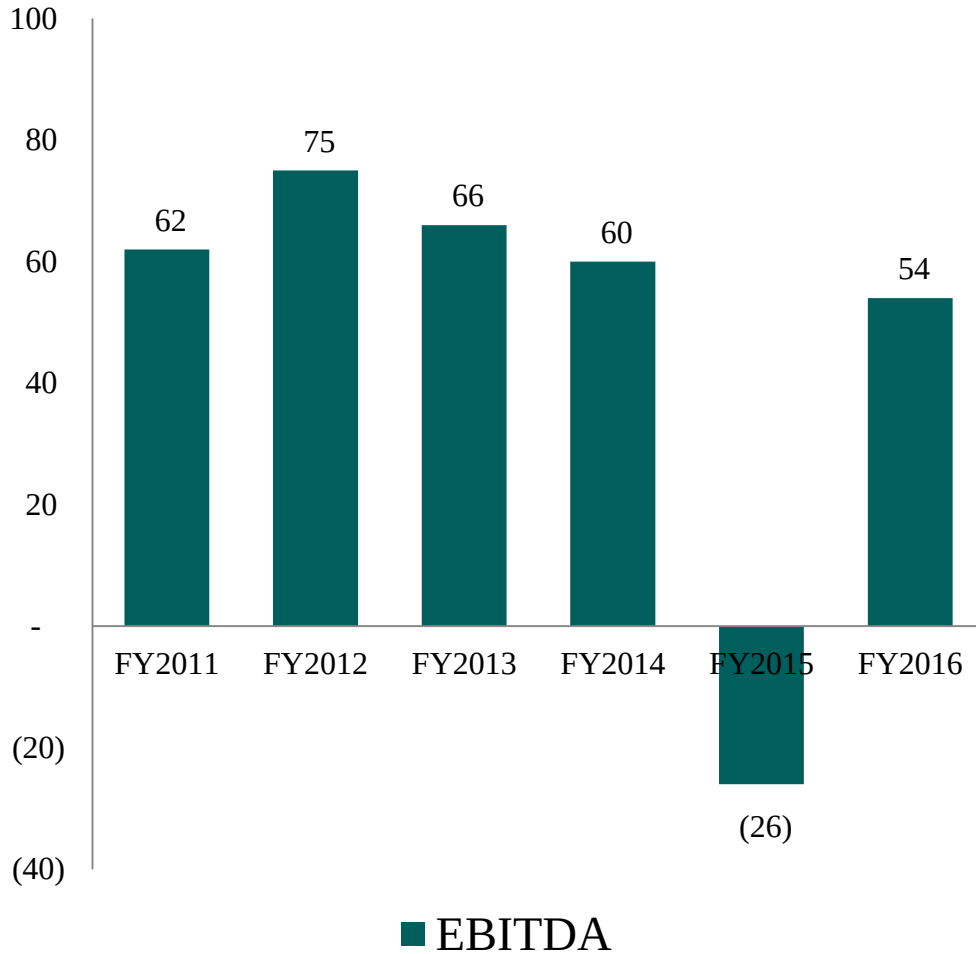
Blended gross margins

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



Profit margins

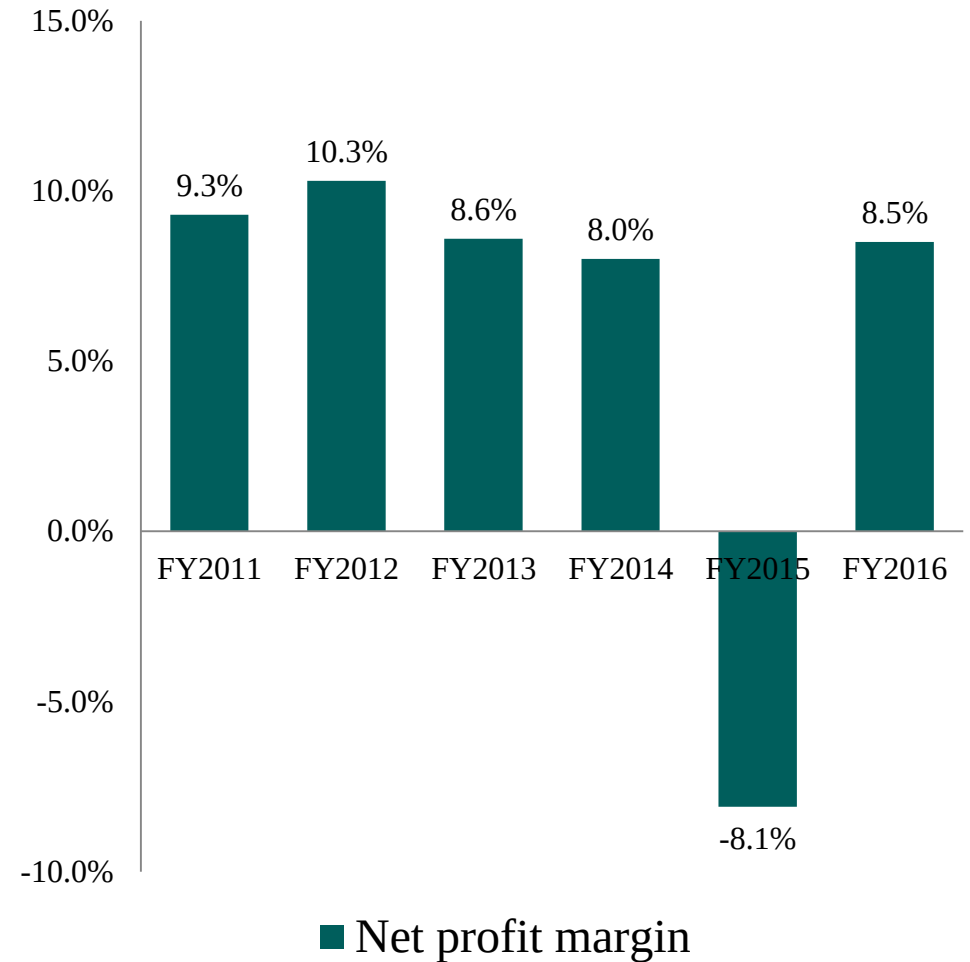
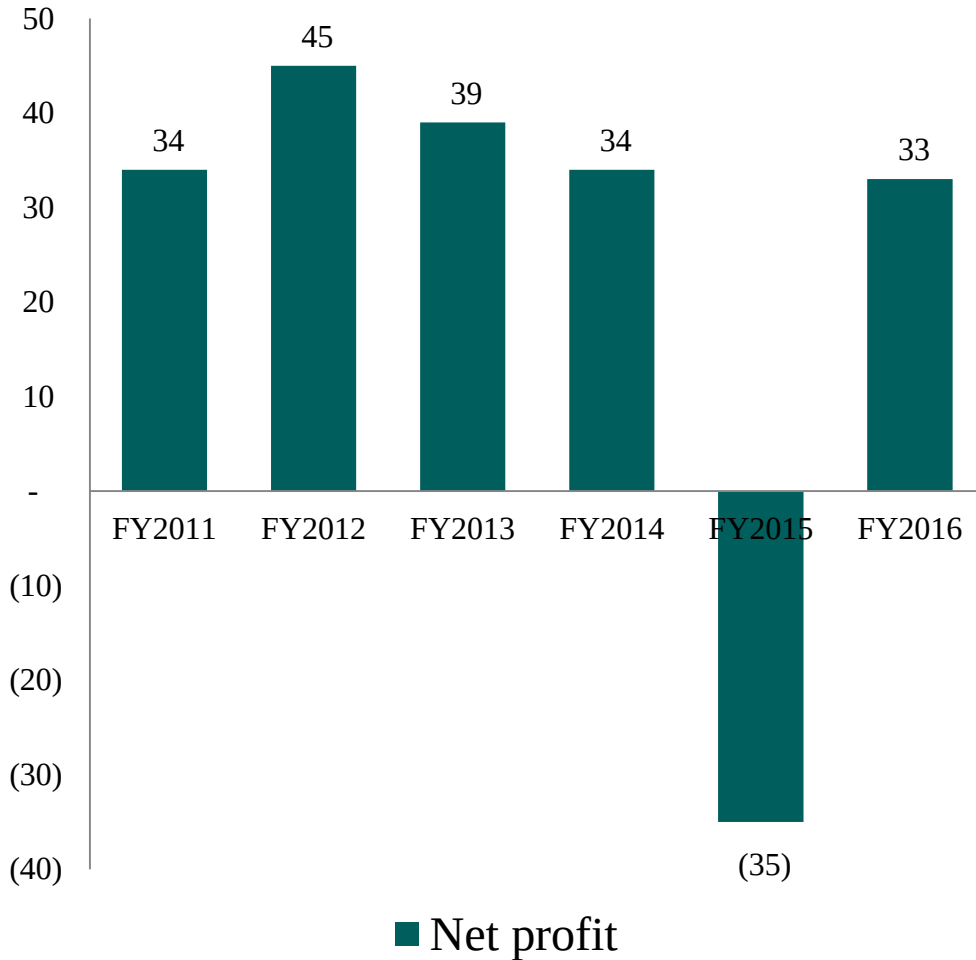
EBITDA⁽¹⁾



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. M Square, Puchong (Q2FY2017)^	35,316
	61,295		61,709
<u>Indonesia</u>		<u>Indonesia</u>	
4. Hartono Lifestyle, Yogyakarta (opened Dec 2015)	11,650	4. Resinda Park Mall, Karawang (Q2FY2017)^	8,077
5. Manado Town Square, Manado (opened Nov 2015)	10,000		
	21,650	<u>Cambodia</u>	
		5. Parkson Cambodia, Phnom Penh (Q3FY2017)^	36,500
		<u>Myanmar</u>	
		6. Junction Square, Yangon (Q3FY2017)^	3,667
Total	82,945	Total	109,953
Balance opening GFA*	733,317		816,262
% Increase	11.3%		13.5%
Closing GFA	816,262		926,215

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

* Opening GFA for FY2016 adjusted for closure of 2 stores at Prangin mall, Malaysia and Paragon mall, Vietnam

THANK YOU

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