

Isetan (Singapore) Limited

**2021 AGM
28.04.2021**

ADDRESS BY MANAGING DIRECTOR

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In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified.

- 1. Results for FY 2020
(Year Ended 31 December 2020)**
- 2. COVID -19 Impact & Updates**
- 3. Medium Term Management Plan**
 - 3.1 Core Retail Update**
 - 3.2 Investment Properties**
 - 3.3 Digitalization, I Online & Digital Marketing**

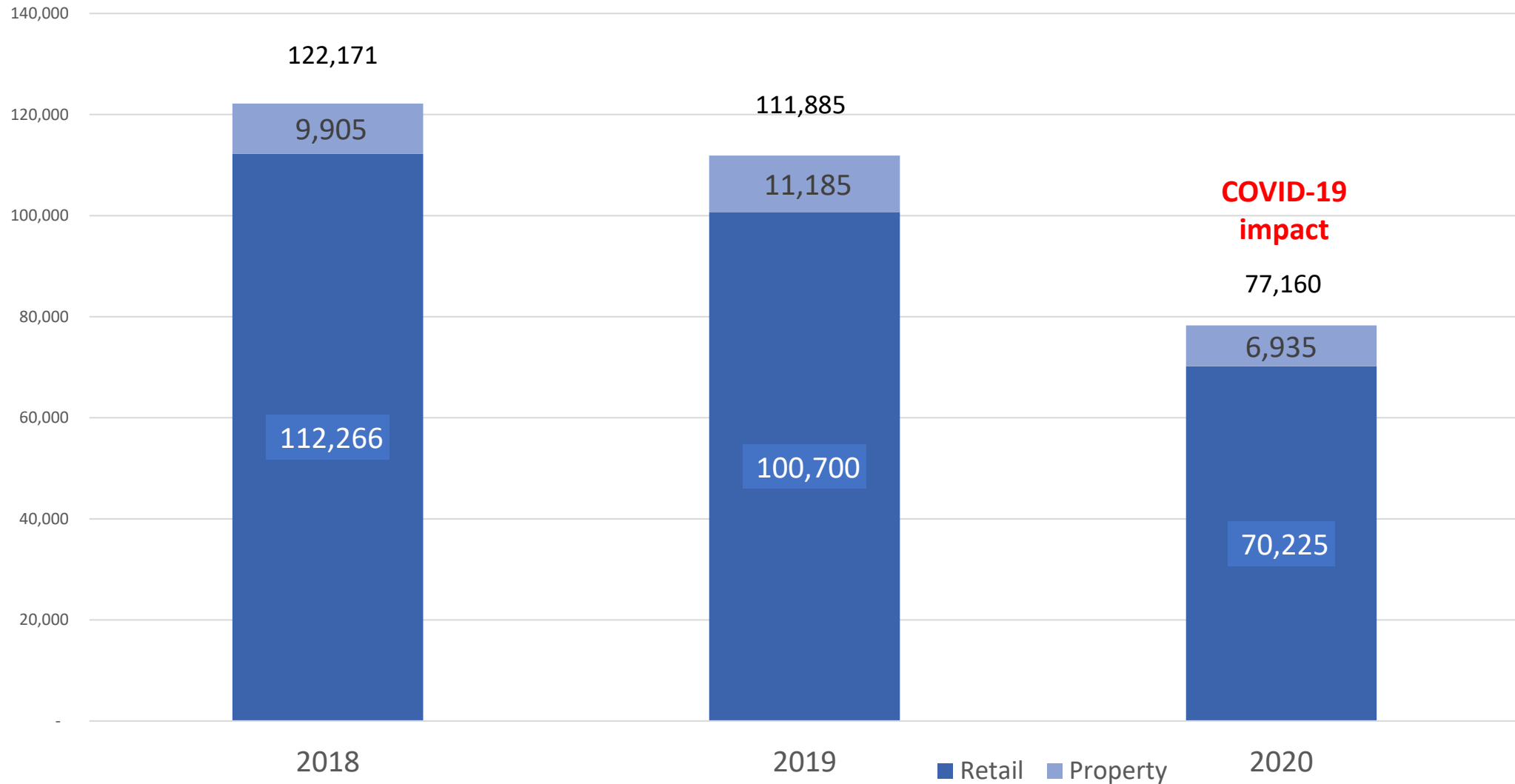
Results

Year 2020

Results

(In thousands)	FY 2020	FY 2019	YoY change %	YoY Differences
Revenue	77,160	111,885	(31.04)	34,725
Other income	16,770	10,449	60.49	6,321
Other losses net	(1,746)	(612)	285.29	(1,134)
Total expenses	(112,491)	(148,643)	(24.32)	36,152
Share of profit of an associate	82	389	(78.92)	(307)
Loss before income tax	(20,225)	(26,532)	(23.77)	6,307
Income tax	-	-	-	-
Net loss after tax	(20,225)	(26,532)	(23.77)	6,307
Net loss attributable to : Equity holders of the Company	(20,225)	(26,532)	(23.77)	6,307
Loss per share (in cents)	(49.03)	(64.32)	(23.77)	6,307

2018 ~ 2020 Revenue



Major Variances

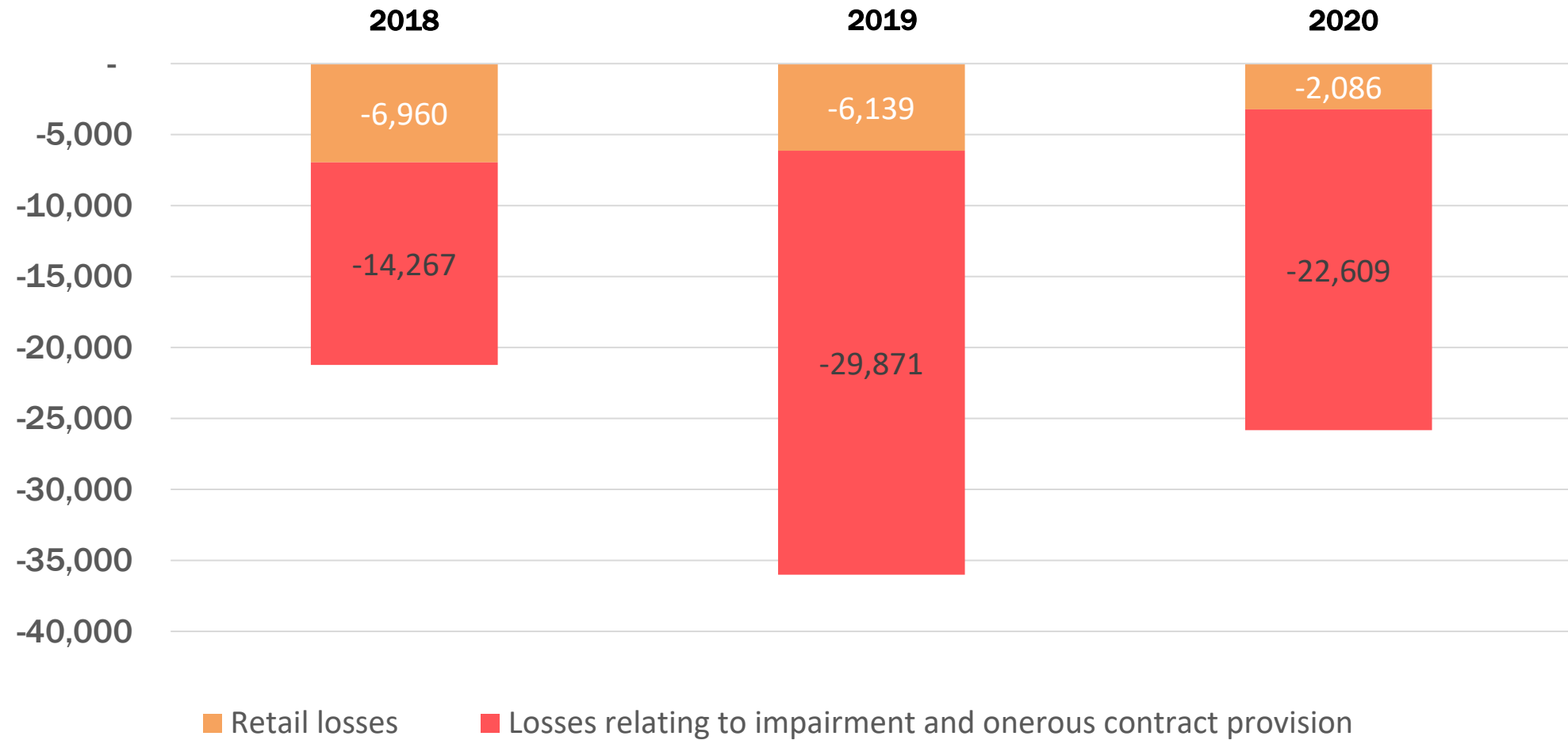
(In thousands)	FY 2020	Main Factor (Note : Lease termination of Jurong East Store)	Variance
Revenue	77,160	<ul style="list-style-type: none"> ① Store Closure from 7 Apr ~ 18 Jun (except for SMKT) ② Delay in the completion of Scotts Store renovation ③ No contribution from Food Fairs, Atrium and External sales in particular Suburban Stores during and after reopening due to Safe distancing measures. 	(34,725)
Other Income	16,770	<ul style="list-style-type: none"> ① Government Grants & Rental Rebates ② Offset by declined in interest income ③ Declined from the recognition of net investment in sublease for New Leases @ Scotts which is classified under Finance Lease 	6,321
Expenses (w/o Impairment & Onerous Contract)	89,882	<ul style="list-style-type: none"> ① Mainly due to lease termination of Jurong East (with its impact mainly on purchases on inventories and related costs, employee compensation and rental expense) ② Depreciation expense 	(28,890)
Impairment & Onerous Contract*	22,609	<ul style="list-style-type: none"> ① Losses in the retail segment is exacerbated by the slow and uneven POST COVID-19 recovery. 	(7,262)

* Impairment of ROU assets -17.223m (2019) 24.795m, of PPE -5.386m (2019) -4.321m of Onerous Contract N/A (2019) -0.755m

Segment Results 2020

(In thousand)	Retail	Property	Consolidated
Segment Revenue			
Sales to Customers	70,225	-	70,225
Rental Income	-	6,935	6,935
Other rental income	988	-	988
Income from recognition of net investment in subleases	1,714	-	1,714
Rental Rebates	4,774	-	4,774
Government Grant	6,063	142	6,205
Segment Results	(24,695)	2,451	(22,244)
Other Income			3,089
Other Losses			(1,152)
Share of profit of an associate			82
Net loss			(20,225)

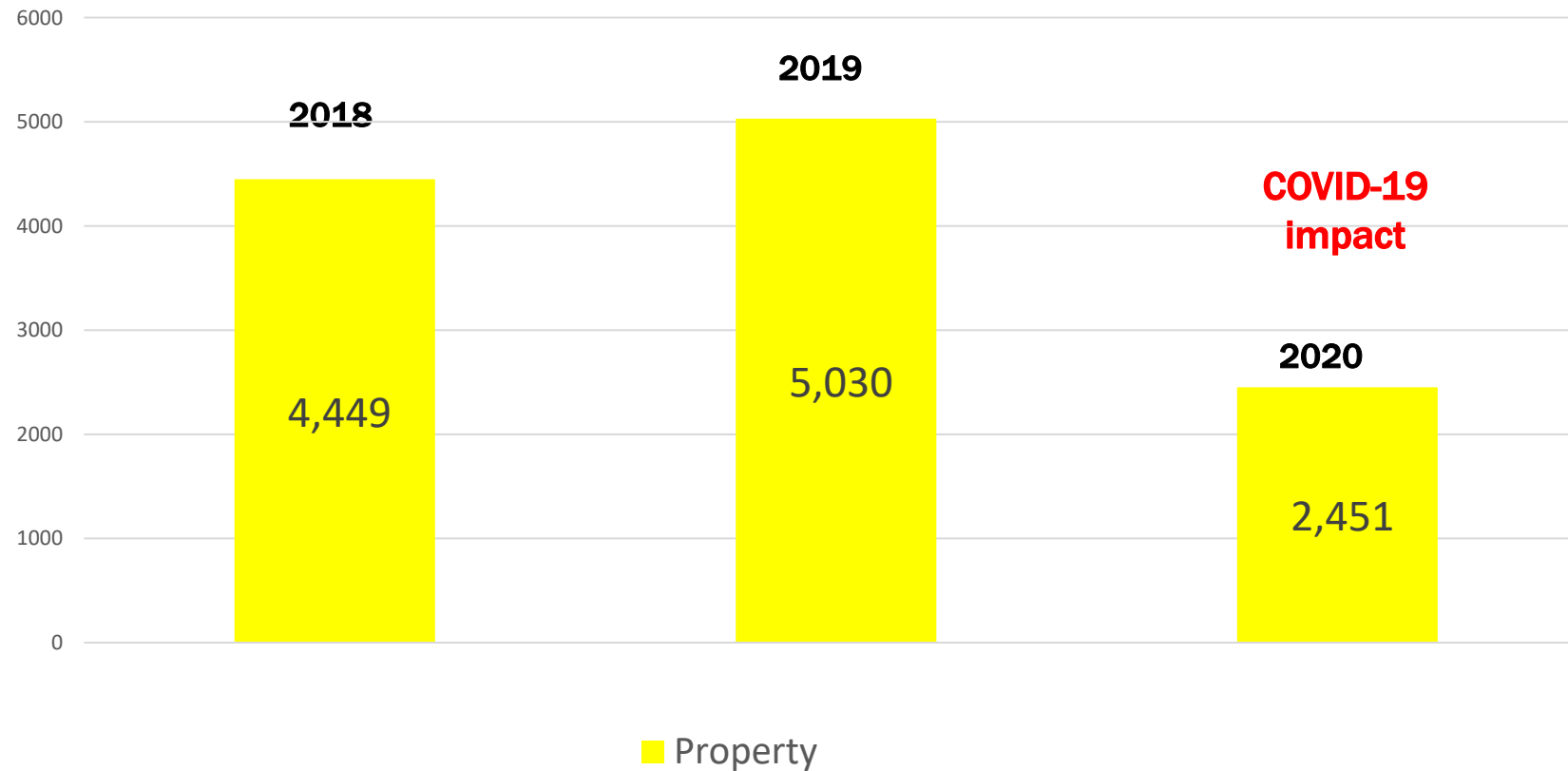
2018 ~ 2020 Retail Segment Results



Major variances in Retail segment

(In thousands)	FY 2020	Variance	Main Factor
Revenue			
Sales to Customers	70,225	(30,475)	Contributing factor mainly closure of Jurong East Store and impact of Circuit Breaker measures and post COVID-19 restrictions
Other rental income	988	(2,031)	Loss of other rental income from Sephora due to lease termination of Jurong East
Rental concession income	4,774	-	Circuit Breaker concessions
Government grant income	6,063	-	Job Support Schemes, Work Levy & Property tax rebates
Income from recognition of net investment in subleases	1,714	(1,592)	Balance new leases from Scotts taken in as Finance Leases
Retail Segment Results	(24,695)	11,315	Continuing losses in the retail segment is exacerbated by the slow and uneven POST COVID-19 recovery contributing to further impairment provisions
Retail Segment before Impairment & Onerous Contract	(2,086)	4,053	Reduction in losses mainly from rental concessions and government grants

2018 ~ 2020 Property Segment Results



Major variances in Property segment

(In thousand)	FY 2020	Variance	Main Factor
Segment Revenue			
Rental Income (Investment Properties)	6,935	(4,250)	Mainly the reduction in rental income is in compliance to the COVID-19 (Temporary Measures)(Amendment) Act passed on the 5 Jun 2020 which provides a rental relief framework for eligible SMEs.
Government Grant	142	-	Covid-19 grants
IP Segment Results	2,451	(2,579)	Refer to the above for the factor.

**2020 COVID 19
IMPACT & UPDATES**

1. Significant decline in revenue for 1st Half due to Circuit Breaker (CB) & Phase I

- Company's 4 stores were not allowed to operate from 7 Apr till 18 June (except supermarket at Isetan Scotts)
- Revenue from Investment Property (IP) at Wisma Atria was impacted through rental rebates as the mall was closed during the same period except for the provision of essential services .

2. Phase II with Safe Management Measures

- Our retail stores and IPs have complied with all measures required by the Government
- Due to these measures and prohibition of external sales events, revenue & other income were negatively impacted during Phase II opening of retail stores

3. Isetan Scotts renovation completion delayed

- Isetan Scott's renovation was completed in Nov 2020 after 7 months delay

4. Supermarket

- The remaining Supermarket at Scotts, after the closure of our Jurong East Store in Mar 2020, continued to operate throughout and have contributed positively

5. E Commerce Business

- Due to the surge in demand, we have expanded the number of delivery slots in our online platform and re-allocated manpower from the department store to support the increase in activities.
- Online Supermarket sales grew exponentially during the CB period and till date registering double digit growth.
- Efforts will focus on putting in new listings from department store as the online demand increases.
- Extended footprint for online sales to Lazada mall since Oct 2020 to scale up on new normal

6. Stakeholder's interest protected

- Despite the very severe financial impact due to COVID-19, we have through these period provided continuous support thus far to our customers, suppliers, tenants, staff and shareholders.

7. Impact on Company's financials moving forward

- With business conditions still very challenging due to the uneven recovery from COVID-19 pandemic for the foreseeable future, the Company made further impairment provisions for PPE and ROU assets for 2020
- With the decline in government grants and no furthers rental concessions the Company faces challenges ahead.

MID-TERM PLAN

- PILLARS

**GROWTH
STRATEGY**

- 1. CORE RETAIL**
- 2. INVESTMENT PROPERTIES**
- 3. DIGITALIZATION & E COMMERCE**

**MID
TERM
PLAN**

CORE RETAIL

- 1. Jurong East lease terminated on the 22nd Mar 2020.
Last day of operations was on 8 March 2020**

- 2. Revamped Flagship Store**
 - 2.1 Successful revamping of Isetan Scotts supermarket in 2015/2016**
 - 2.2 Isetan Scotts Renovation (Completed in Nov 2020)
(Completed delayed 7 months due to COVID -19)**

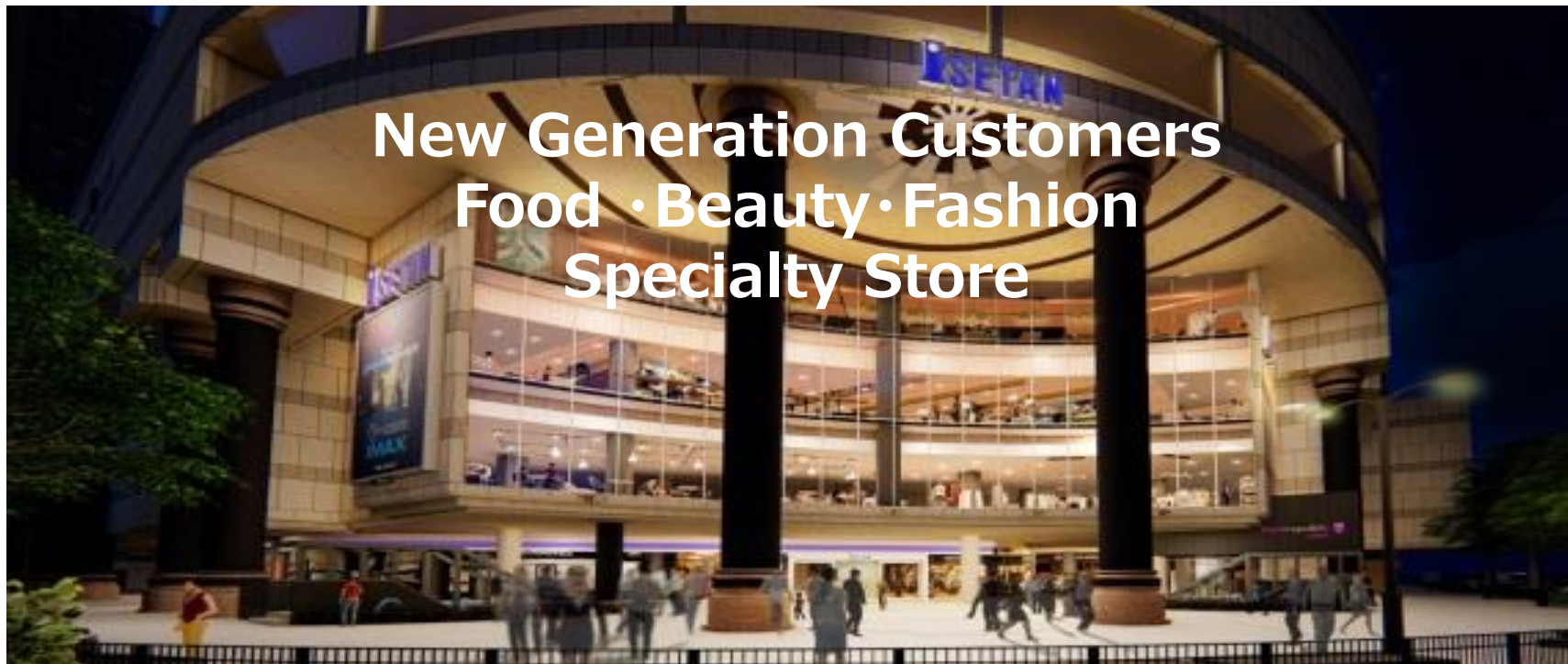
- 3. Continue to increase loyalty customer base via our newly launched mobile application**

- 4. Enhancing our E-commerce website with a wider assortment of merchandise as well as expanded our online footprint by listing in Lazada Mall to reach out to new customers.**

- 5. More customer convenience through:**
 - digitalization of our operations (eg. E-vouchers)**
 - widening our instore payment choices(eg. new e-wallet payment modes)**

**MID
TERM
PLAN**

ISETAN SCOTTS RENOVATION – Updates



New Generation Customers Food · Beauty · Fashion Specialty Store

Move away from the ordinary Department Store to new Specialty Store with Leasing Expansion

Floor	Existing		New	
	CONTENT	BIZ MODEL	CONTENT	BIZ MODEL
4F	CH, LV, Restaurant	DEPT ST/ LEASE	CH, LV, Restaurant	DEPT ST/ LEASE
3F	Men's Fashion	DEPT ST	Men's / F&B	DEPT ST/ LEASE
2F	Ladies Fashion	DEPT ST	Ladies/ F&B	DEPT ST/ LEASE
1F	Beauty Sundries, Cafe	DEPT ST/ LEASE	Beauty/ F&B	DEPT ST/ LEASE
BF	SMKT	DEPT ST	SMKT	DEPT ST

Scotts Remodeling has been Completed



**MID
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PLAN**

INVESTMENT PROPERTIES

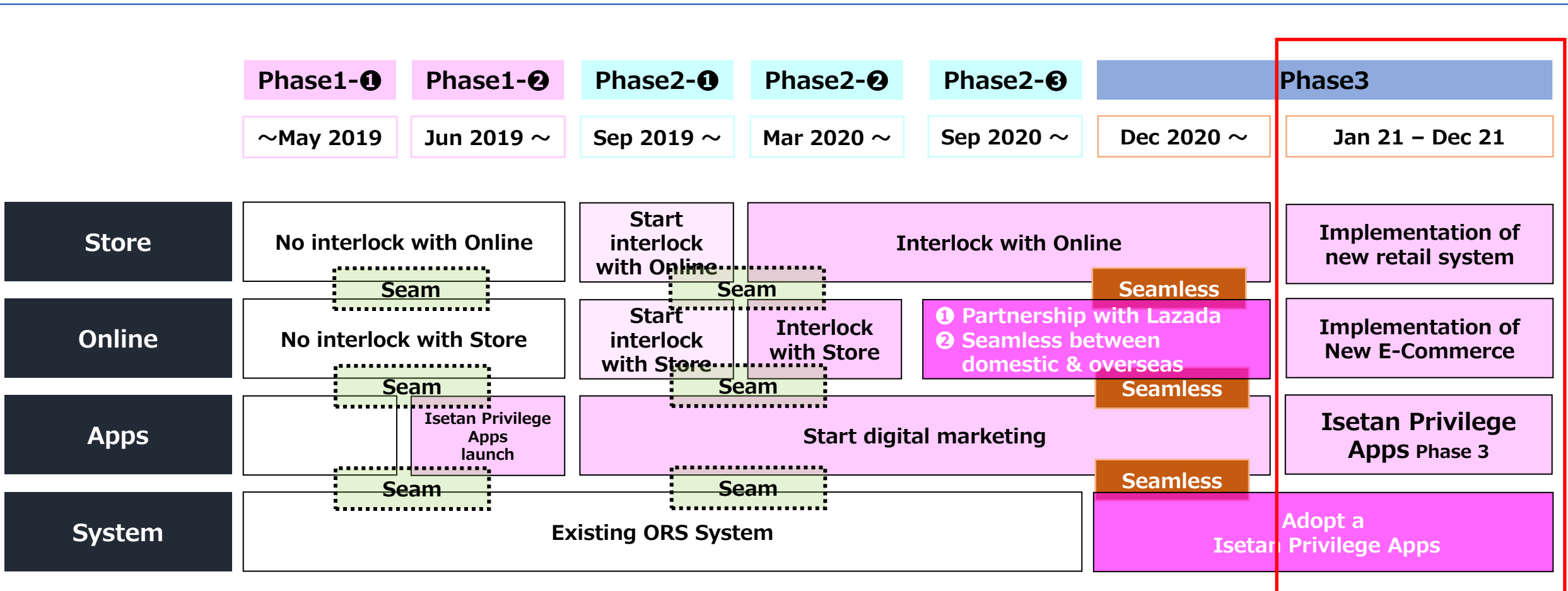
Isetan Wisma Atria , Tenure : Leasehold, Valuation (-1.78% vs last year).

- **On 22 Jan 2021, Company announced it is currently exploring its options regarding its investment property at Wisma Atria which may include appointing marketing agents and valuers. We have since shortlisted a few marketing agents and evaluating which one to be appointed.**
- **Continue to source for prospect to fill vacant space left by Japan Food Town**

**MID
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PLAN**

**DIGITALIZATION,
I ONLINE & DIGITAL MARKETING
(2020) – Updates**

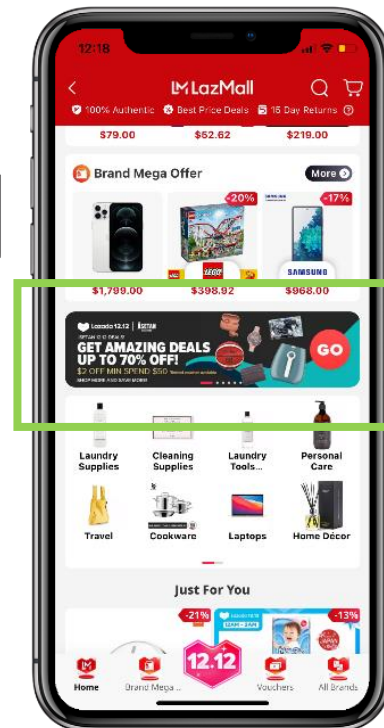
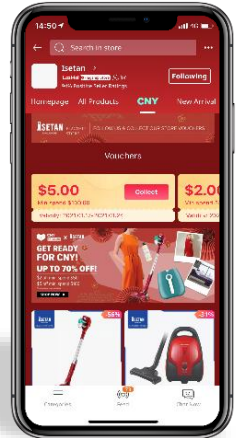
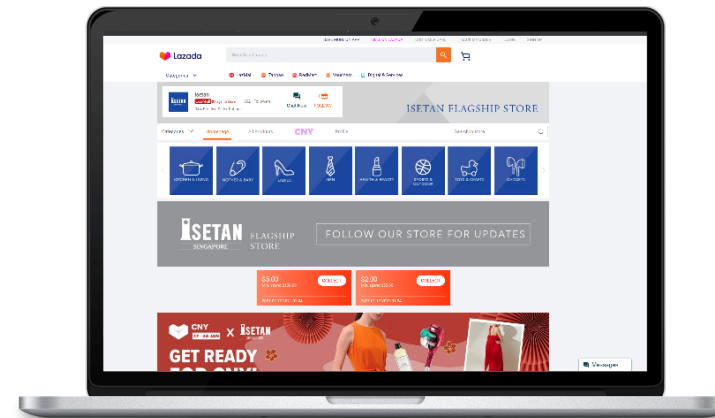
NEW ERP (Enterprise Resources Planning) Timeline



PARTNERSHIP WITH LAZADA



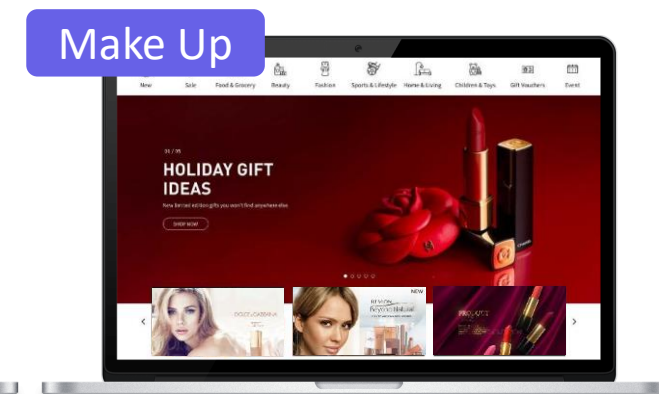
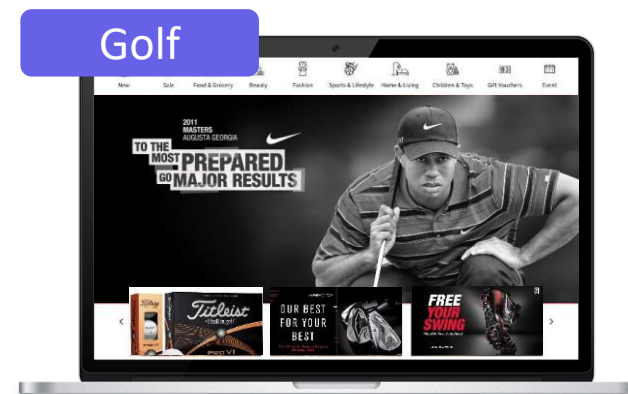
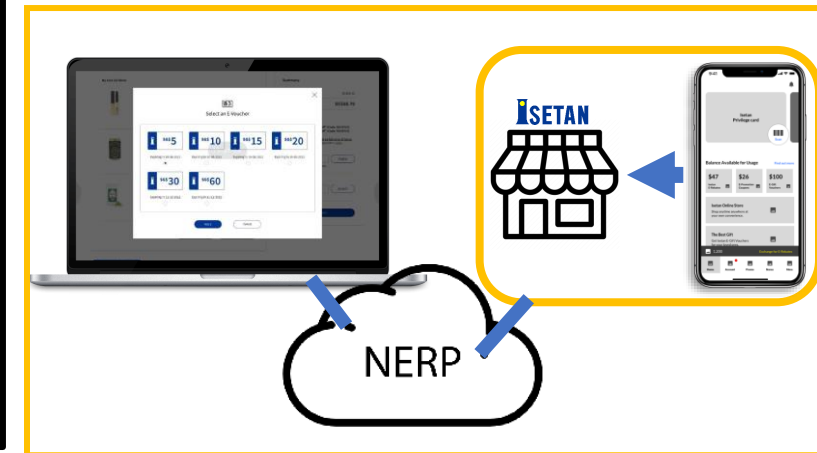
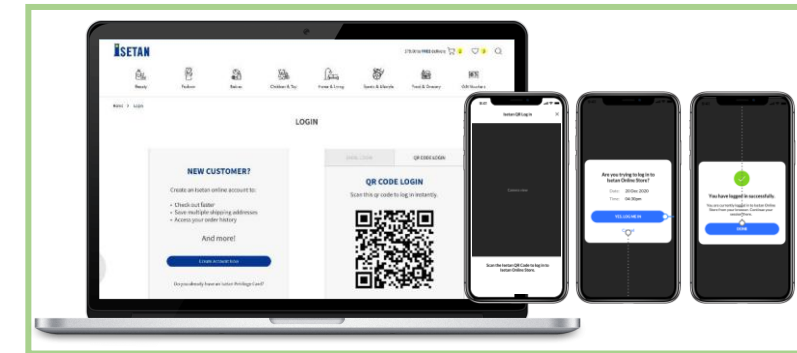
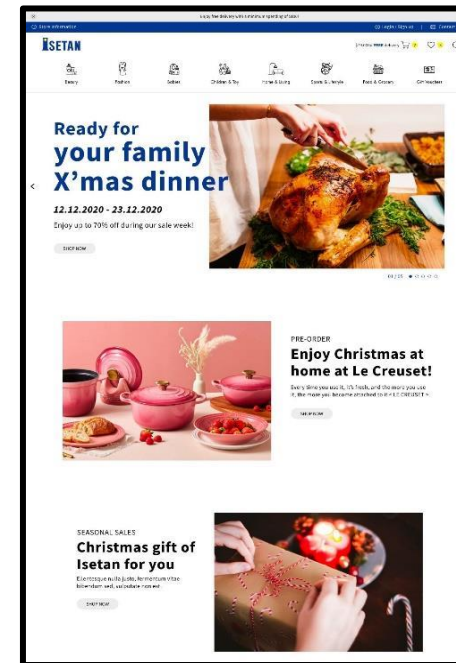
- Implemented 1 Sep 2020
- Marketing Support:
 - a) Facebook Media Buys
 - b) Lazada App Banners (Green Box)
 - c) Lazada App Store Features (Orange Box)
- > 2,800 SKUs (As at Jan 2021)
- More than 3.2K Followers on Lazada which can be converted to Isetan members



NEW ERP – Future of Isetan

ECOMMERCE PLATFORM

- Isetan Online Store
- Complete Redesign – Enhanced User Experience
- More Attractive Layout, Easier to navigate
- QR Code Login – Easier login
- Track and use E-Voucher online & offline
- Implementation of AI Personalization, Recommendation and automation systems.

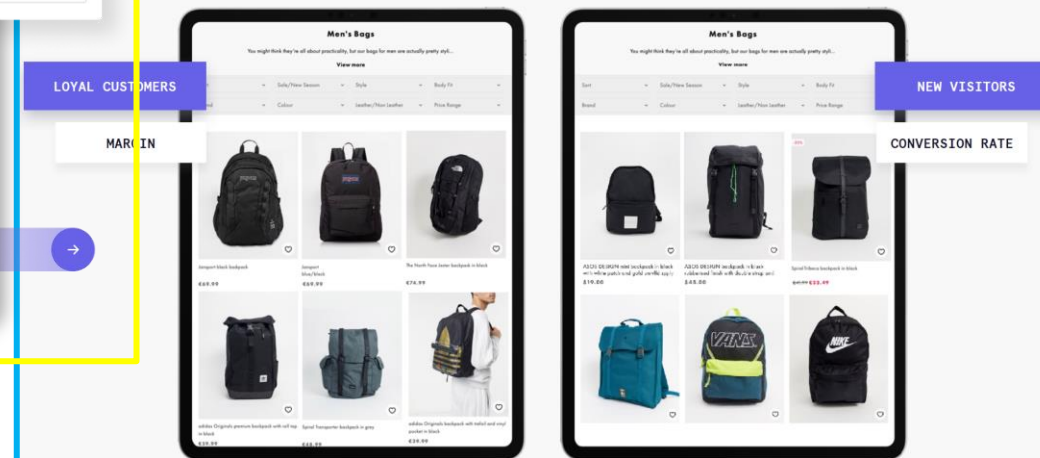
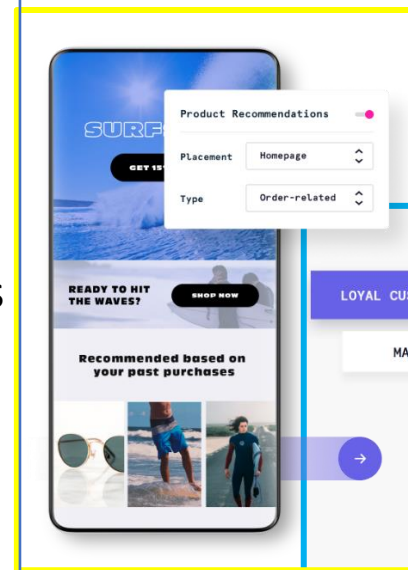
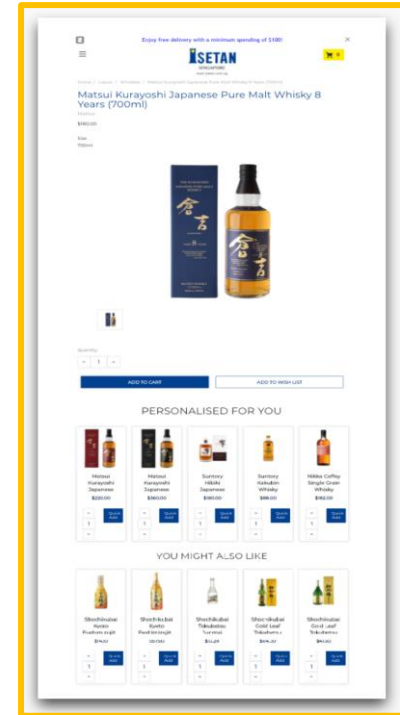
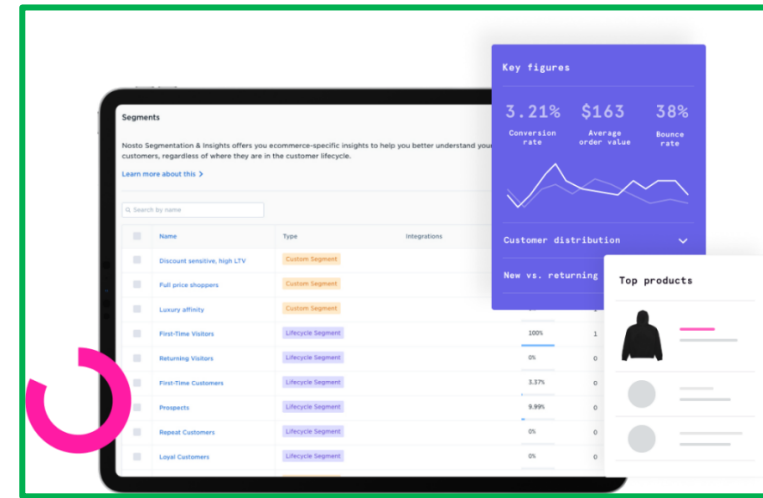


NEW ERP – FUTURE OF ISETAN

ECOMMERCE PLATFORM

Implementation of A.I. system will further improve customer experience and help to encourage more sales

- Create personalized experiences for customers based on shopping preferences
- Optimize recommendations to increase order value
 - Personalise different recommendations at various touch points
- Precise segmentation will provide deep insights into customer preferences
 - We can curate better products to sell more
 - Better Understanding = Less Hit and Miss



NEW ERP – Future of Isetan

ISETAN PRIVILEGE APP

- Staff Card & Customer card in 1 APP
- Send targeted push notifications
- Better highlighting of Store Promos
- Seamless connection to EC
- Referral code to encourage membership recruitment
- Promo code for event promotions/sign up bonuses



Thank You