



**Parkson Retail Asia Limited  
Financial Results Presentation**

**Q2 FY2016**

3 February 2016

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# Overview



# Overview

## Business Environment

- Same Store Sales Growth, by countries:

SSSG	Quarter ended		6 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Malaysia	-7.3%	-6.7%	-11.2%	-5.6%
Vietnam	-0.4%	-5.8%	-2.0%	-5.7%
Indonesia	+1.4%	+8.8%	+5.5%	+7.3%
Myanmar	-5.2%	+28.9%	-0.1%	+30.8%

- SSSG for Malaysia :
  - decline in SSSG at -7.3% for the reported quarter.
  - consumer sentiment index reported by MIER remained below the 100-point confidence threshold for the 6<sup>th</sup> consecutive quarter, at 63.8.
- SSSG for Vietnam :
  - SSSG relatively flat for the reported quarter.
  - recovery remains patchy with southern stores registering positive SSSG, however, off-set by the negative SSSG of the northern store.
- SSSG for Indonesia :
  - SSSG at +1.4% for the reported quarter.
  - consumer confidence index reported by BI remained above the 100-point confidence threshold at 103.5.

- SSSG for Myanmar :
  - decline in SSSG at -5.2% for the reported quarter.
  - subdued consumer sentiment arising from uncertainty surrounding the country's general election in November 2015.
  - there are plans to close FMI Centre for re-development, however, no firm timing has been agreed with landlord.

### Financial Summary

	<b>Group</b>								
	<b>Reported Quarter ended</b>			<b>Reported 6 months ended</b>			<b>Like-for-Like Comparable* 6 months ended</b>		
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>+/(-) </b>	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>+/(-) </b>	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>+/(-) </b>
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	253,559	289,555	(12.4)	490,276	570,256	(14.0)	436,031	524,290	(16.8)
Revenue	103,452	117,519	(12.0)	196,142	227,510	(13.8)	170,547	208,538	(18.2)
Profit Before Tax	4,659	14,465	(67.8)	55,820	24,916	>100.0	13,551	23,128	(41.4)
Net Profit attributable to owners of the Company	2,899	10,225	(71.6)	52,360	17,094	>100.0	9,328	15,315	(39.1)

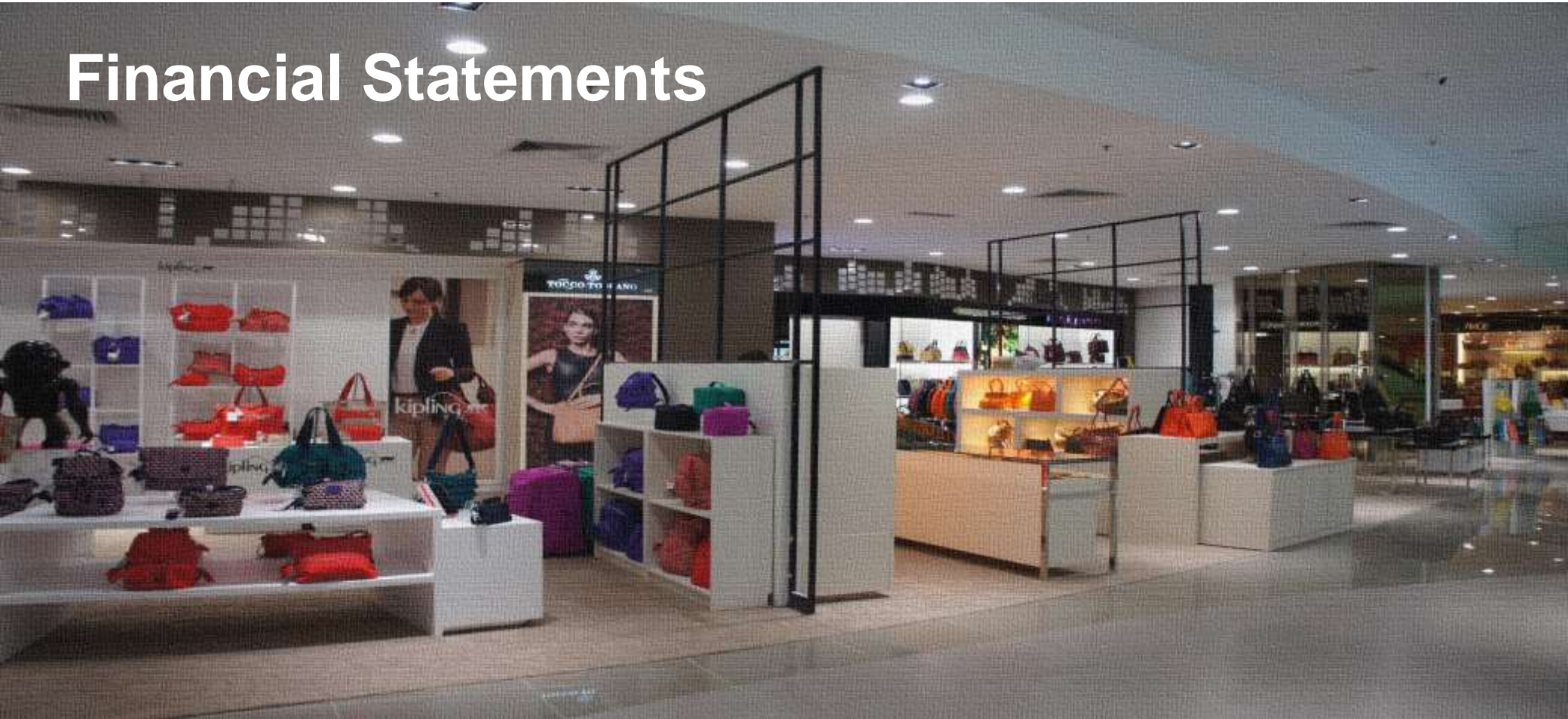
\* The like-for-like comparable figures are provided for comparison purpose only, and do not form part of the financial statements prepared under the accounting standards nor under the disclosure requirements of the Singapore Exchange. These like-for-like comparable figures are computed on same store basis (also excluding the non-recurring items).

- Reported topline figures (GSP and revenue) declined for the quarter and 6 months period. Reported 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.
- Reported pre-tax profit declined for the quarter due to (i) de-leveraging impact from the negative SSSG of the Malaysia operations and (ii) initial loss-making periods of new stores.
- Reported pre-tax profit increased to S\$55.8 million for the 6 months period due to gain recognised on partial disposal of equity interest in a former subsidiary of S\$46.0 million.

## Segmental Profit Before Tax

	<b>Group</b>		
	<b>6 months ended</b>		
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>+/(-) %</b>
<b>PBT Summary</b>	S\$'000	S\$'000	%
<b>Like-for-like, on same store basis</b>			
Malaysia	14,807	20,661	(28.3)
Vietnam	(164)	2,297	>(100.0)
Indonesia	(870)	(373)	>(100.0)
Myanmar	(533)	(304)	(75.3)
Share of profits of an associate (Sri Lanka)	-	37	(100.0)
Investment holding / Others	311	810	(61.6)
<b>PBT (same store basis)</b>	<b>13,551</b>	<b>23,128</b>	<b>(41.4)</b>
<b>PBT / (Losses) of new / closed / renovated stores</b>			
Malaysia	(1,916)	6,373	>(100.0)
Vietnam	(367)	(3,653)	90.0
Indonesia	(9)	-	(100.0)
<b>PBT / (Losses) of new businesses</b>	<b>(1,399)</b>	<b>-</b>	<b>(100.0)</b>
<b>Non-recurring items</b>			
Gain on partial disposal of interest in Parkson Hanoi Co Ltd	45,960	-	100.0
Gain on disposal of an associate, Odel PLC	-	1,379	(100.0)
Accrual of store closure costs	-	(2,311)	100.0
<b>Group PBT</b>	<b>55,820</b>	<b>24,916</b>	<b>&gt;100.0</b>

# Financial Statements





# Unaudited consolidated Income Statement

For the six months ended 31 December

(S\$'000)	Group					
	Reported Quarter ended			Reported 6 months ended		
	31.12.2015	31.12.2014	+/(-)	31.12.2015	31.12.2014	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Gross Sales Proceeds</b>	<b>253,559</b>	<b>289,555</b>	<b>(12.4)</b>	<b>490,276</b>	<b>570,256</b>	<b>(14.0)</b>
- Direct sales	50,993	57,602	(11.5)	93,361	107,476	(13.1)
- Concessionaire sales	198,521	227,838	(12.9)	389,046	454,739	(14.4)
- Consultancy & management service fees	173	252	(31.3)	343	480	(28.5)
- Rental income	3,872	3,863	0.2	7,526	7,561	(0.5)
<b>Revenue</b>	<b>103,452</b>	<b>117,519</b>	<b>(12.0)</b>	<b>196,142</b>	<b>227,510</b>	<b>(13.8)</b>
<b>Other income</b>	<b>1,906</b>	<b>6,431</b>	<b>(70.4)</b>	<b>52,054</b>	<b>9,630</b>	<b>&gt;100.0</b>
<b>Total expenses</b>	<b>(100,699)</b>	<b>(109,504)</b>	<b>(8.0)</b>	<b>(192,376)</b>	<b>(212,261)</b>	<b>(9.4)</b>
- Changes in merchandise inventories and consumables	(39,501)	(44,432)	(11.1)	(73,260)	(84,691)	(13.5)
- Employee benefits expense	(13,503)	(12,895)	4.7	(26,469)	(26,017)	1.7
- Depreciation & amortisation expenses	(5,321)	(5,168)	3.0	(10,750)	(10,347)	3.9
- Rental expenses	(25,738)	(29,427)	(12.5)	(52,023)	(58,438)	(11.0)
- Finance costs	(44)	(135)	(67.4)	(102)	(272)	(62.5)
- Other expenses	(16,592)	(17,447)	(4.9)	(29,772)	(32,496)	(8.4)
<b>Share of profits of an associate</b>	<b>-</b>	<b>19</b>	<b>(100.0)</b>	<b>-</b>	<b>37</b>	<b>(100.0)</b>
<b>Profit before tax</b>	<b>4,659</b>	<b>14,465</b>	<b>(67.8)</b>	<b>55,820</b>	<b>24,916</b>	<b>&gt;100.0</b>
<b>Net profit</b>	<b>2,635</b>	<b>9,089</b>	<b>(71.0)</b>	<b>51,877</b>	<b>15,277</b>	<b>&gt;100.0</b>
<b>Net profit attributable to owners</b>	<b>2,899</b>	<b>10,225</b>	<b>(71.6)</b>	<b>52,360</b>	<b>17,094</b>	<b>&gt;100.0</b>

## Unaudited consolidated Statement of Financial Position

(S\$'000)	As at 31 Dec 2015 (a)	As at 30 Jun 2015 (b)	% Change (a)-(b) / (b)	As at 31 Dec 2014 (c)	% Change (a)-(c) / (c)
<b>Total Assets</b>	<b>409,446</b>	<b>374,407</b>	<b>+9.4%</b>	<b>451,126</b>	<b>-9.2%</b>
- Non-current assets	179,503	148,393	+21.0%	152,528	+17.7%
- Current assets	229,943	226,014	+1.7%	298,598	-23.0%
<i>Cash and cash equivalents</i> (including AFS financial assets)	120,004	138,578	-13.4%	201,808	-40.5%
<b>Total Liabilities</b>	<b>227,840</b>	<b>244,361</b>	<b>-6.8%</b>	<b>213,263</b>	<b>+6.8%</b>
- Current liabilities	220,308	237,412	-7.2%	201,720	+9.2%
- Non-current liabilities	7,532	6,949	+8.4%	11,543	-34.7%
<b>Net assets</b>	<b>181,606</b>	<b>130,046</b>	<b>+39.6%</b>	<b>237,863</b>	<b>-23.7%</b>
<b>Represented by,</b>	<b>181,606</b>	<b>130,046</b>	<b>+39.6%</b>	<b>237,863</b>	<b>-23.7%</b>
- Equity and reserves	181,133	148,005	+22.4%	239,616	-24.4%
- Non-controlling interests	473	(17,959)	>100.0%	(1,753)	>100.0%

## Unaudited consolidated Statement of Cash Flows

*For six months ended 31 December*

(S\$'000)	Q2 FY2016	Q2 FY2015	+ / (-) %	YTD 6 months FY2016	YTD 6 months FY2015	+ / (-) %
Net cash generated from operating activities	26,648	40,430	(34.1)%	36,316	58,296	(37.7)%
Net cash generated from / (used in) investing activities	(21,601)	16,261	>(100)%	(34,409)	10,530	>(100)%
Net cash used in financing activities	(13,447)	(16,932)	(20.6)%	(13,447)	(16,932)	(20.6)%
Net increase / (decrease) in cash and cash equivalents	(8,400)	39,759	>(100)%	(11,540)	51,894	>(100)%
Cash and cash equivalents at beginning of financial period	114,229	141,777	(19.4)%	125,976	129,204	(2.5)%
Effect of currency translation on cash & cash equivalents	1,451	(3,193)	>100%	(7,156)	(2,755)	>(100)%
Cash and cash equivalents at end of financial period	107,280	178,343	(39.8)%	107,280	178,343	(39.8)%

## Segment results

For six months ended 31 December

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>6 months ended 31.12.2015</b>						
<b>Gross Sales Proceeds</b>	331,932	67,062	88,815	2,467	-	490,276
<b>Revenue</b>	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
<i>Non-recurring item:</i>						
- Gain on partial disposal of Parkson Hanoi Co Ltd	-	45,960	-	-	-	45,960
<b>Total Profit / (Loss) Before Tax</b>	11,492	45,429	(879)	(533)	311	55,820
<b>6 months ended 31.12.2014</b>						
<b>Gross Sales Proceeds</b>	401,280	79,683	86,438	2,855	-	570,256
<b>Revenue</b>	172,738	22,552	31,290	930	-	227,510
Profit / (Loss) before tax	27,034	(1,356)	(373)	(304)	-	25,001
Investment holding / Others	-	-	-	-	810	810
Share of profits of an associate	-	-	-	-	37	37
<i>Non-recurring items:</i>						
- Gain on disposal of an associate	-	-	-	-	1,379	1,379
- Accrual of store closure costs	-	(2,311)	-	-	-	(2,311)
<b>Total Profit / (Loss) Before Tax</b>	27,034	(3,667)	(373)	(304)	2,226	24,916

# Operational Highlights



## Geographic footprint



### Malaysia

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



### Indonesia

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



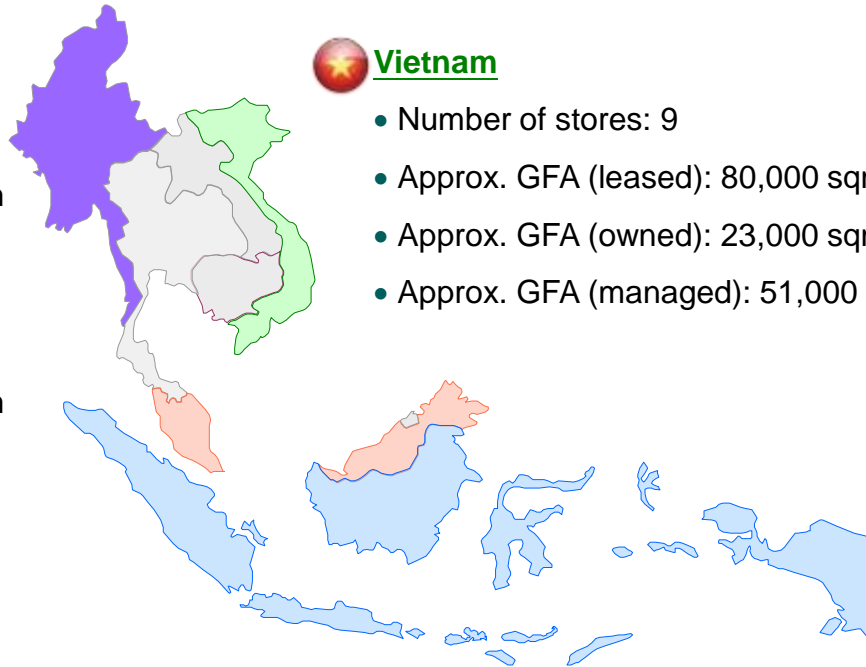
### Myanmar

- 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

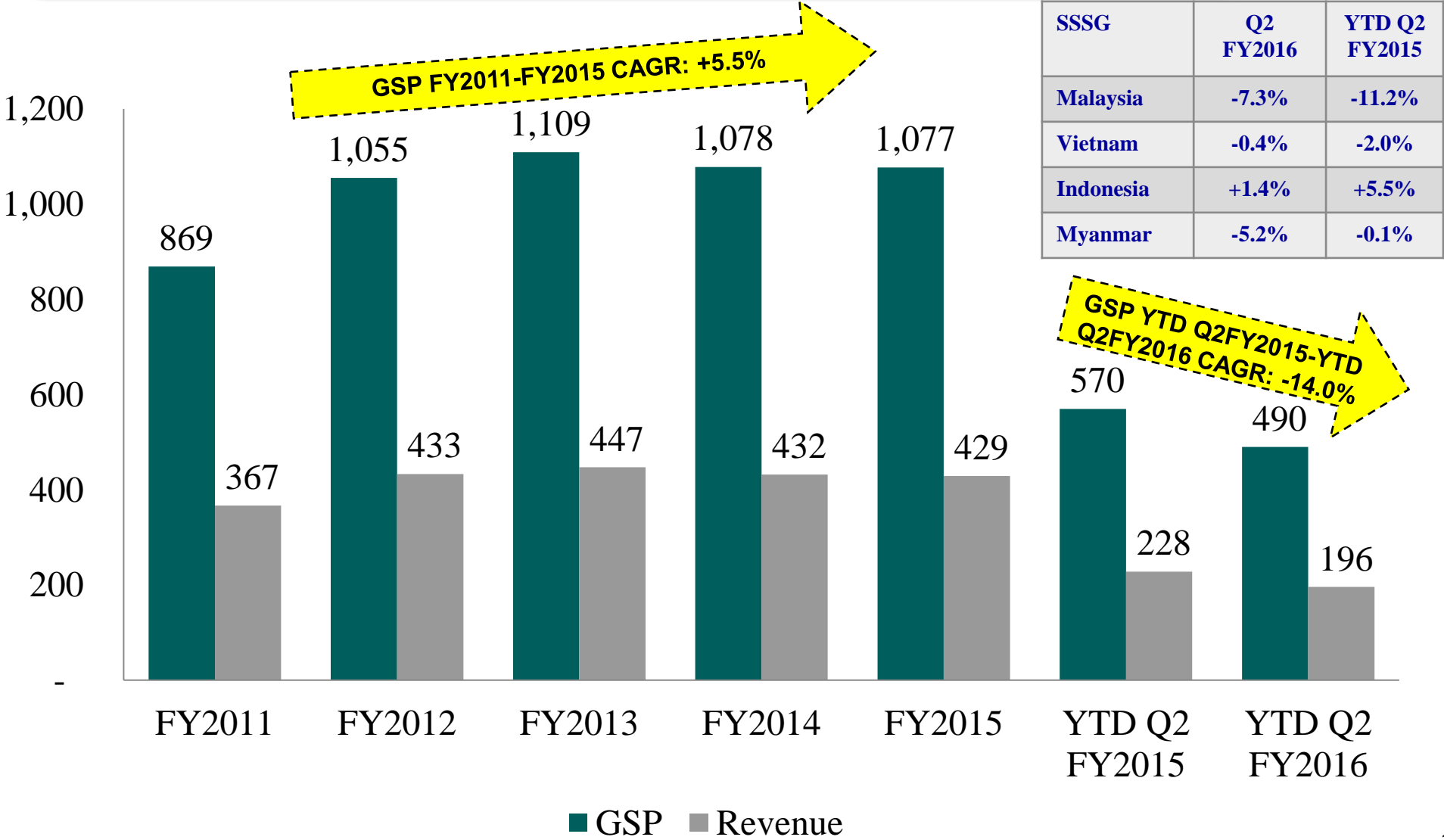


**PRA's department store network comprised 71 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 840,000 sqm of gross floor area<sup>(1)</sup>**

1. Figures current as at 31 December 2015.

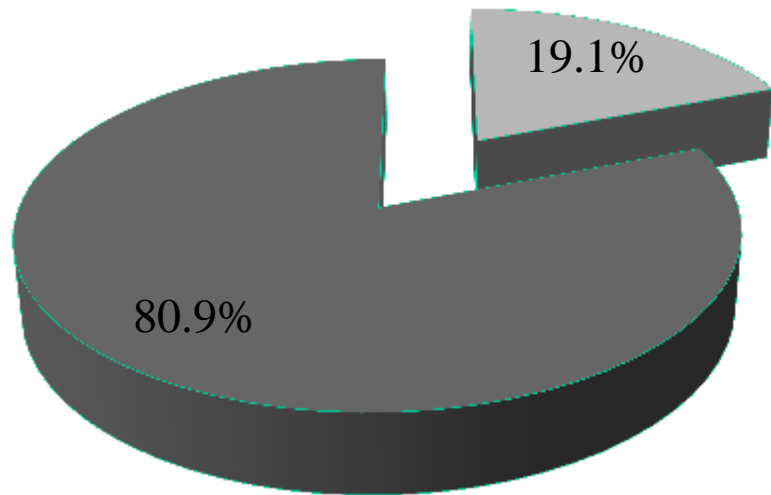
# Gross Sales Proceeds, Revenue and SSS Growth

Overall top line growth (\$ million)



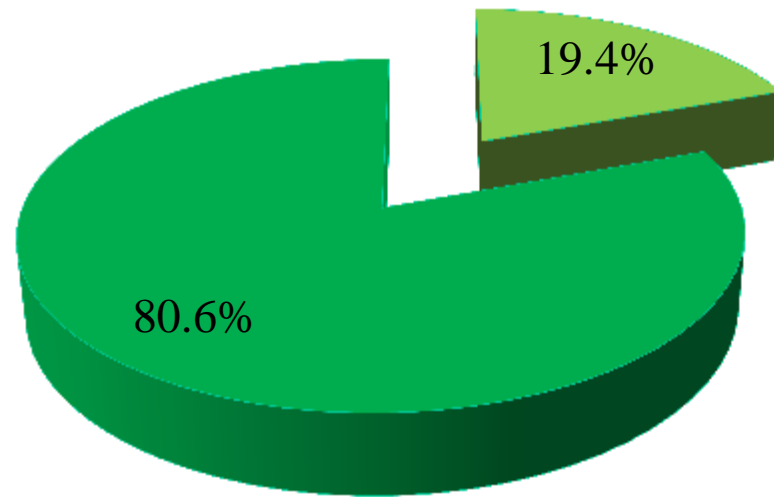
# Merchandise Sales Mix

## YTD Q2 FY2015



■ Direct sales   ■ Concessionaire sales

## YTD Q2 FY2016



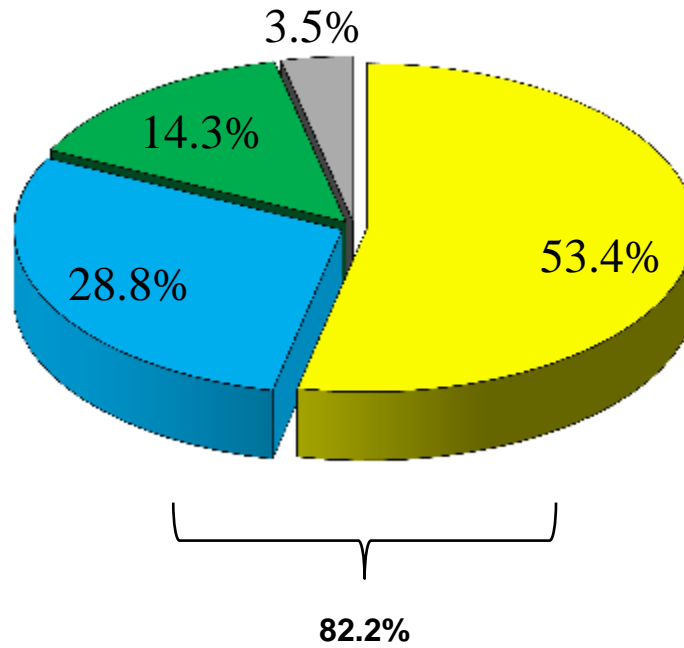
■ Direct sales   ■ Concessionaire sales



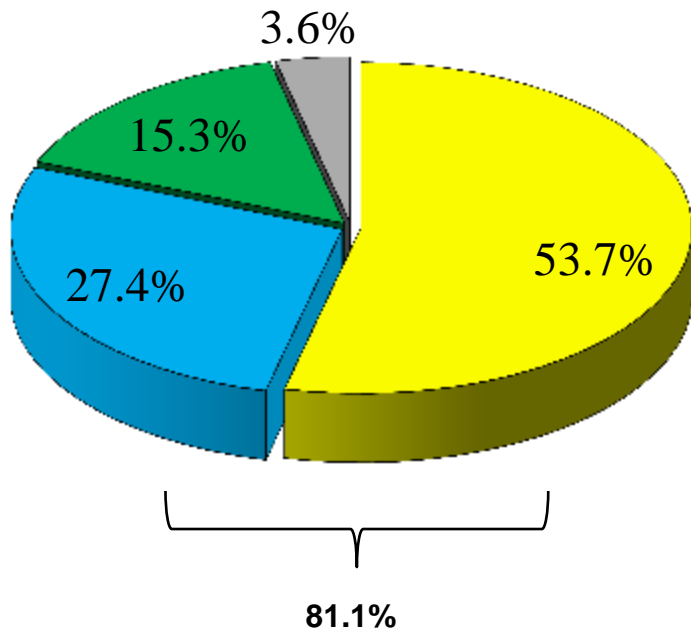
# Merchandise sales mostly from fashion and cosmetics segments

## YTD Q2 FY2016

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

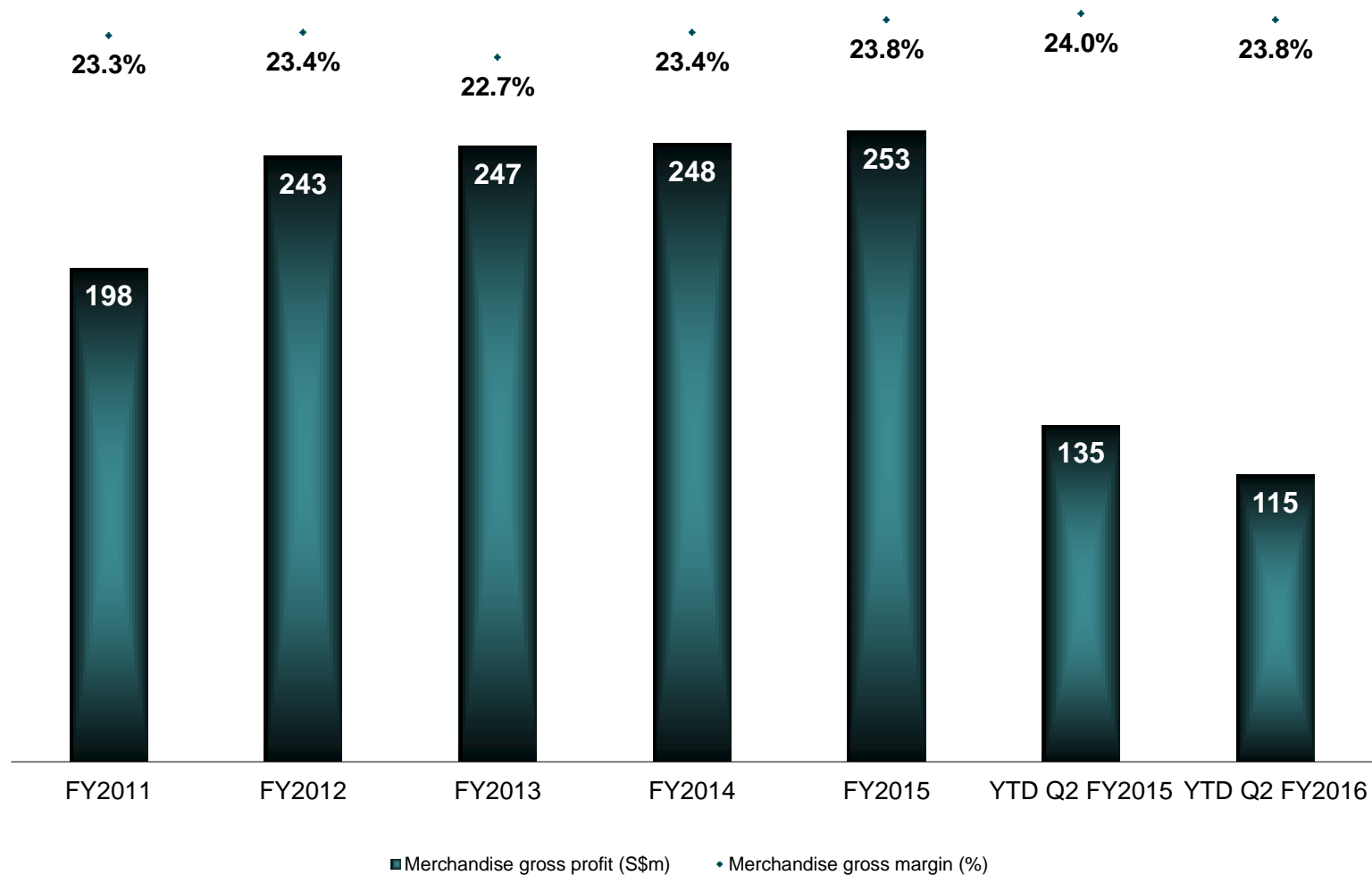


## YTD Q2 FY2015



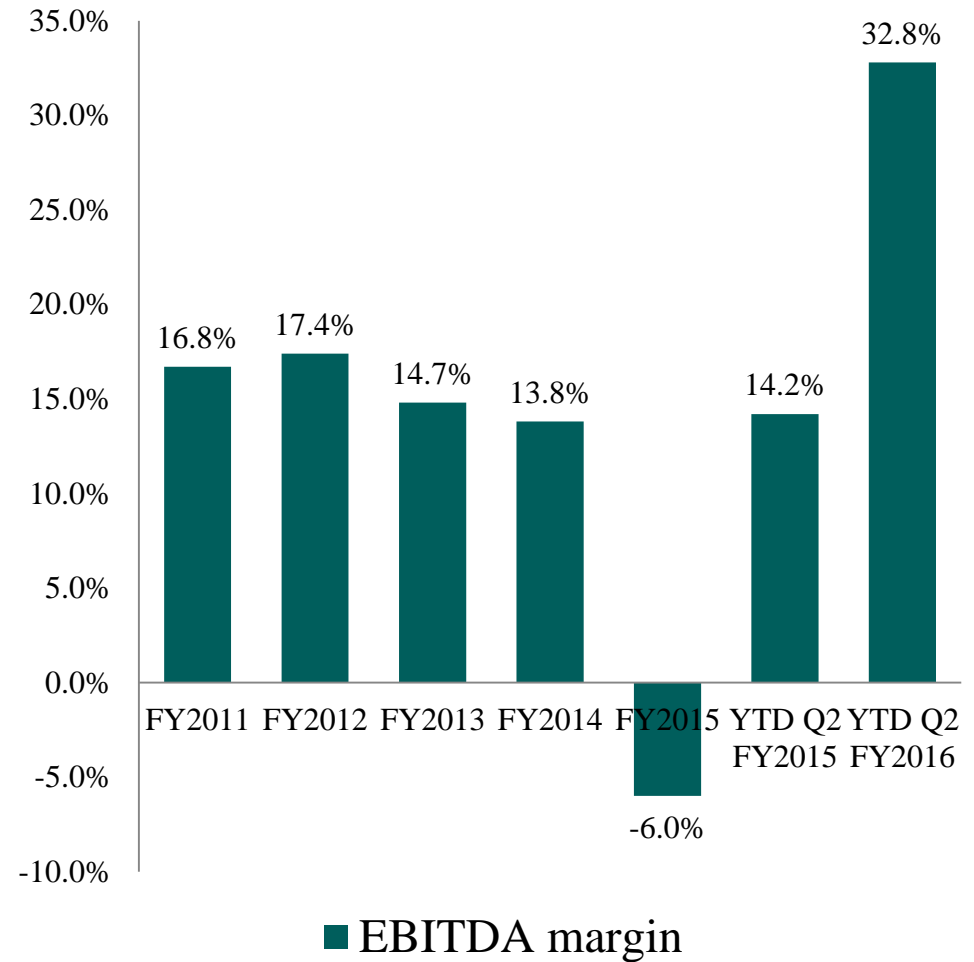
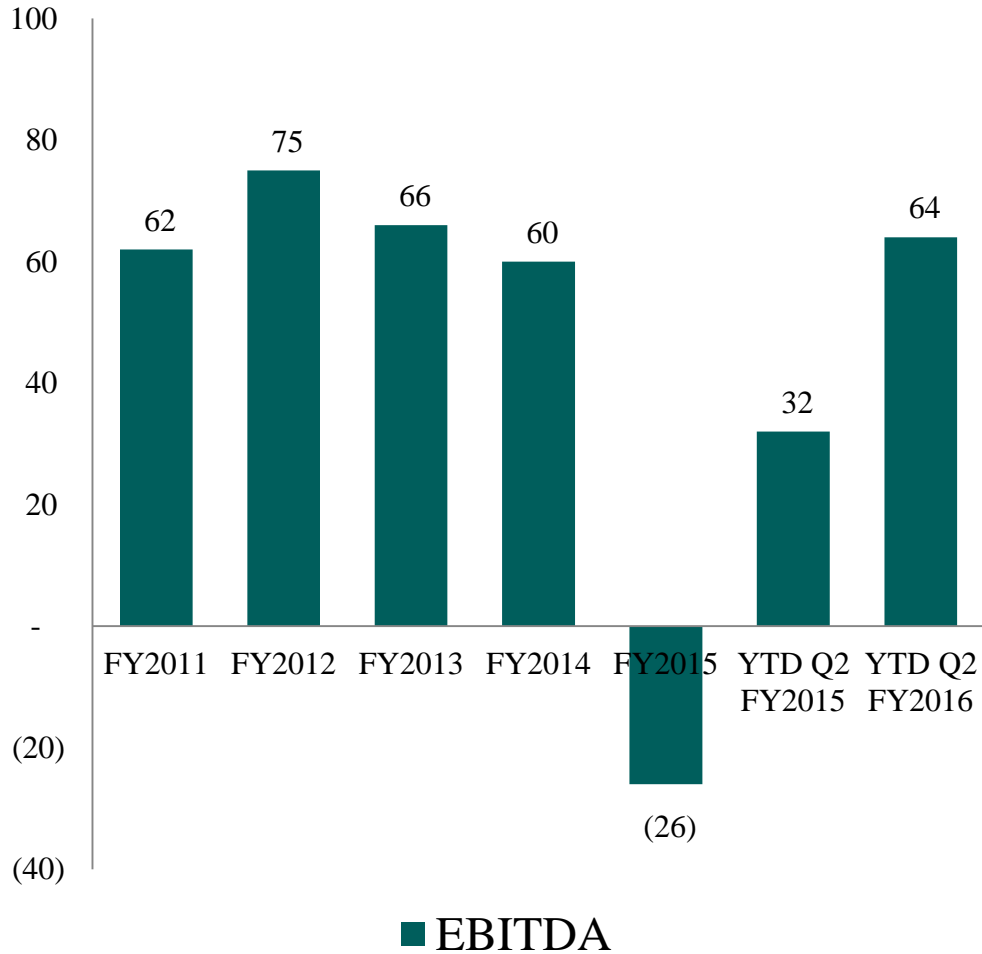
## Blended gross margins

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



# Profit margins

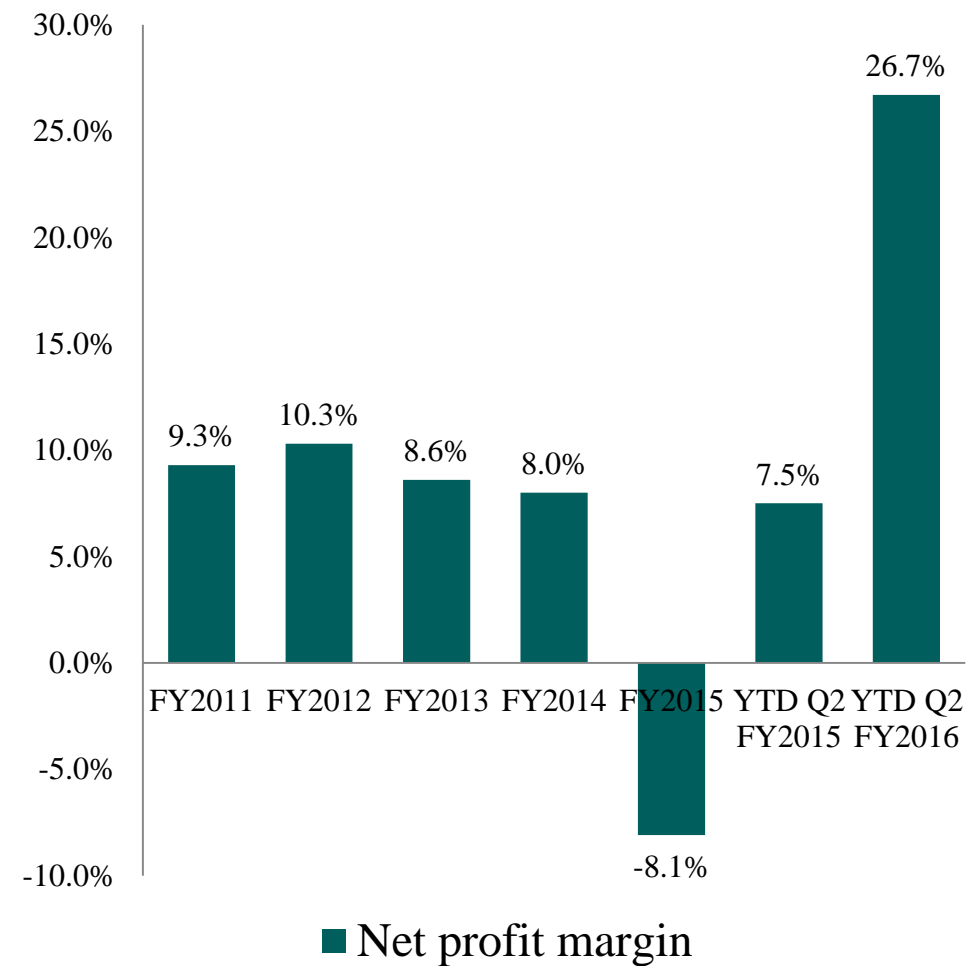
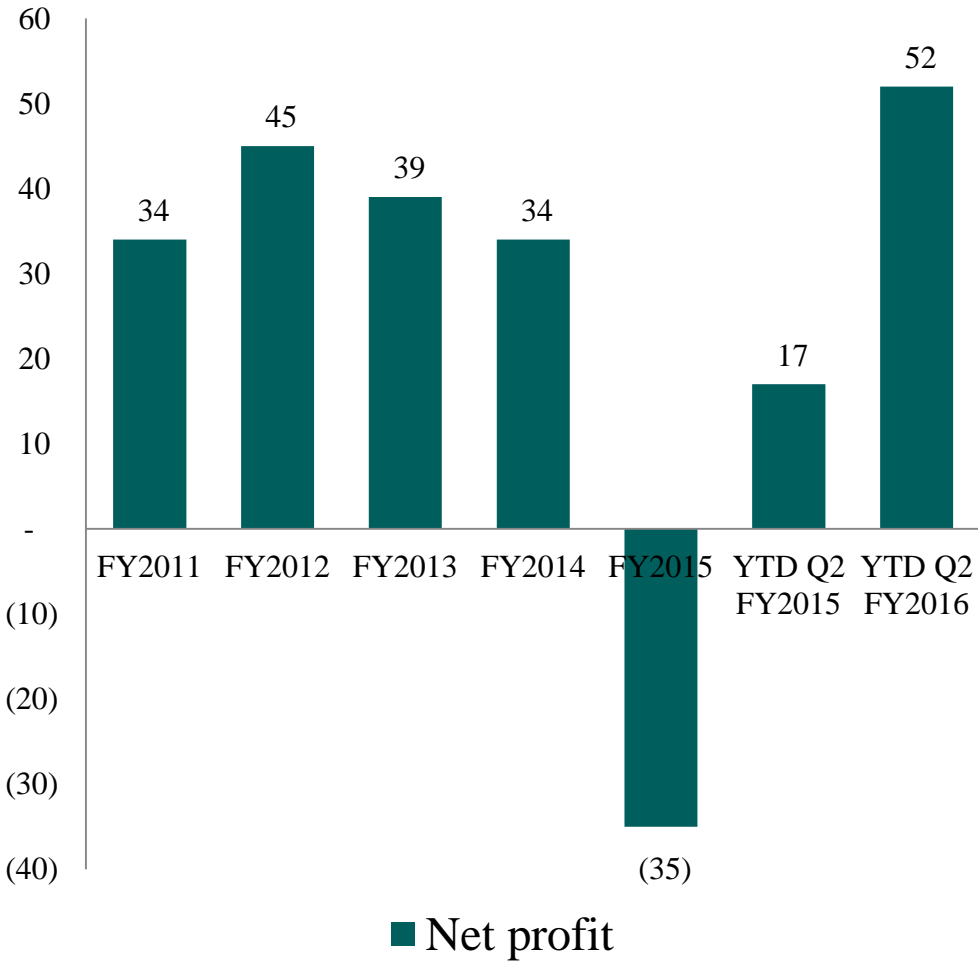
## EBITDA<sup>(1)</sup>



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)

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. The Spring, Bintulu (Q4FY2017)^	11,152
3. Viva City, Kuching (opened December 2015)	12,795		25,104
4. M Square, Puchong (Q4FY2016)^	35,316		
5. Fahrenheit88, Kuala Lumpur (Q4FY2016)^	10,408	<u>Indonesia</u>	
	107,019	3. Pesona Khayangan Mall, Depok (Q4FY2017)^	7,841
<u>Indonesia</u>			
6. Hartono Lifestyle, Yogyakarta (opened Dec 2015)	11,650	<u>Cambodia</u>	
7. Manado Town Square, Manado (opened Nov 2015)	10,000	4. Parkson Cambodia, Phnom Penh (Q1FY2017)^	36,500
	21,650		
Total	128,669	Total	69,445
Balance opening GFA	756,647		885,316
% Increase	17.0%		7.8%
Closing GFA	885,316		954,761

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

# THANK YOU

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