



Parkson Retail Asia Limited
Financial Results Presentation
Q1 FY2014

14 November 2013



Contents

1. Overview

2. Financial Statements

- i) Consolidated income statement
- ii) Consolidated statement of financial position
- iii) Consolidated statement of cash flows
- iv) Segment results

3. Operational Highlights

- i) Floor area
- ii) Gross sales proceeds, revenue and SSS growth
- iii) Merchandise sales mix
- iv) Merchandise sales by segment
- v) Merchandise gross margin
- vi) EBITDA and net profit

4. Going Forward

- i) Strategies
- ii) Expansion plan
- iii) New stores



Overview

Overview

	Group					
	Reported			Like for Like Comparable *		
	Quarter ended			Quarter ended		
	30.09.2013	30.09.2012	+/(-)	30.09.2013	30.09.2012	+/(-)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gross Sales Proceeds	276,137	283,145	(2.5)	267,265	265,189	0.8
Revenue	108,729	113,363	(4.1)	105,425	106,611	(1.1)
Profit Before Tax	14,505	16,651	(12.9)	13,664	15,036	(9.1)
Net Profit Attributable to Owners	10,266	11,590	(11.4)	9,677	10,460	(7.5)

* 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. There were 3 stores temporarily closed for renovation during the current Q1 FY2014 period. There was also 1 store permanently closed in the preceding Q4 FY2013 period. The operational results of these closed stores for the current Q1 FY2014 and the comparative Q1 FY2013 periods are excluded in arriving at the like for like comparable figures.

- The Group encountered a challenging retail environment in Q1 FY2014.

SSSG	Quarter ended	
	Q1 FY2014	Q1 FY2013
Malaysia	-0.1%	+5.7%
Vietnam	-1.1%	-6.3%
Indonesia	+3.9%	+8.9%



- Topline figures declined for the Q1 FY2014 period:
 - Reported GSP declined by (2.5)% to S\$276.1 million. On like for like basis (excluding results of closed stores), GSP would have increased by 0.8%. Further adjusting the like for like GSP figure to exclude impact of currency fluctuations would result in GSP increasing by 3.6%.
 - Reported revenue declined by (4.1)% to S\$108.7 million. Excluding the results of closed stores would result in revenue declining by a lesser (1.1)%. Further excluding the impact of currency fluctuations would result in revenue increasing by 1.7%.
- Pre-tax profit for Q1 FY2014 declined by (12.9)% to S\$14.5 million. Among the reasons for the decline:
 - weak SSSG for the Malaysia and Vietnam operations at -0.1% and -1.1% respectively (relative to the costs pressure);
 - temporary closure of 3 stores for renovation in Malaysia resulting in absence of gross profit contribution from these stores;
 - currency weakness especially of the Indonesian Rupiah which reduced the profit contribution from the foreign operations upon translation to the presentation currency of Singapore Dollar.

On like for like basis (excluding results of closed stores), pre-tax profit would have declined by a lesser (9.1)%. Further adjusting the like for like pre-tax profit figure to exclude impact of currency fluctuations would result in pre-tax profit declining by a lesser (6.3)%.



	Group		
	Quarter ended		
	30.09.2013	30.09.2012	+ / (-)
<u>PBT Summary</u>	S\$'000	S\$'000	%
Malaysia (excluding results of closed stores)	11,663	12,843	(9.2)
Vietnam	(175)	875	>(100.0)
Indonesia	1,818	2,098	(13.3)
Myanmar	(208)	-	>(100.0)
Share of profits of an associate (Sri Lanka)	300	264	13.6
Investment holding / Others	266	(1,044)	>100.0
PBT (like for like comparable excluding results of closed stores)	13,664	15,036	(9.1)
Malaysia (results of closed stores)	841	1,615	(47.9)
Group PBT	14,505	16,651	(12.9)

- PBT for Malaysia for Q1 FY2014 declined by (9.2)% due significantly to the weak SSSG at -0.1% (relative to costs pressure). On a same currency basis, PBT for Malaysia would have recorded a lesser decline of (7.3)%.
- Vietnam recorded a loss of S\$(0.175) million for Q1 FY2014 due to sales decline with negative SSSG of -1.1% and compounded by costs pressure.
- PBT for Indonesia declined by (13.3)% due significantly to pre-opening expenses incurred on the new store at Bekasi and the translation effect of the weaken Indonesian Rupiah. On a same currency basis and excluding the pre-opening expenses, PBT for Indonesia increased by 2.6% YoY.
- The store in Myanmar commenced operations in May 2013 and a loss of S\$(0.208) million was incurred in Q1 FY2014 due largely to the accrual of pre-opening expenses and the operational gestation period.
- The share of profits of the associate, Odel PLC, increased for Q1 FY2014 by 13.6% due largely to increased interest income earned on the funds from the rights issue of shares completed in December 2012.
- Investment holding/Others recorded a profit of S\$0.266 million for Q1 FY2014 due to recognition of translation gain on foreign currency deposits of S\$0.626 million as compared to a translation loss of S\$(0.514) million recorded in the comparative Q1 FY2013.

Prospect

- The Malaysia and Indonesia operations are expected to register improvement in performances for the next reporting quarter Q2 FY2014. Consumer discretionary spending in Malaysia and particularly Indonesia is expected to pick-up in Q2 FY2014 contributed by the year-end festive and holiday spending. The performance of the Malaysia operations in Q2 FY2014 will also be helped by the re-opening of the 3 temporarily closed stores. The start of the Visit Malaysia Year 2014 in the 2nd half of FY2014 will see increase tourists spending which will benefit the Malaysia operations.
- The performance recovery of the Vietnam operations remains patchy. We anticipate gradual improvement in consumer discretionary spending for Vietnam leading to performance improvement for the Vietnam operations in the 2nd half of FY2014.
- Overall, the Group is of the view that operating results will improve in the coming quarters.



Financial Statements

Unaudited consolidated Income Statement

For the three months ended 30 September

(S\$'000)	Group		
	Reported		
	Quarter ended		
	30.09.2013	30.09.2012*	+/(-)
	S\$'000	S\$'000	%
Gross Sales Proceeds	276,137	283,145	(2.5)
- Direct sales	50,871	55,073	(7.6)
- Concessionaire sales	220,992	224,026	(1.4)
- Consultancy & management service fees	274	321	(14.6)
- Rental income	4,000	3,725	7.4
Revenue	108,729	113,363	(4.1)
Other income	3,331	2,612	27.5
Total expenses	(97,855)	(99,588)	(1.7)
- Changes in merchandise inventories and consumables	(41,758)	(44,969)	(7.1)
- Employee benefits expense	(12,381)	(11,630)	6.5
- Depreciation & amortisation expenses	(4,907)	(4,687)	4.7
- Rental expenses	(24,764)	(23,843)	3.9
- Finance costs	(119)	(64)	85.9
- Other expenses	(13,926)	(14,395)	(3.3)
Share of profits of an associate	300	264	13.6
Profit before tax	14,505	16,651	(12.9)
Net profit	9,817	11,242	(12.7)
Net profit attributable to owners	10,266	11,590	(11.4)

* certain comparative figures have been re-classified to conform to current period's presentation.

Unaudited consolidated Statement of Financial Position

(S\$'000)	As at 30 Sep 2013 (a)	As at 30 Jun 2013 (b)	% Change (a)-(b) / (b)	As at 30 Sep 2012 (c)	% Change (a)-(c) / (c)
Total Assets	439,068	437,625	+0.3%	454,198	-3.3%
- Non-current assets	158,763	164,638	-3.6%	149,319	+6.3%
- Current assets	280,305	272,987	+2.7%	304,879	-8.1%
<i>Cash and cash equivalents</i>	191,414	176,830	+8.2%	214,813	-10.9%
Total Liabilities	181,053	179,754	+0.7%	202,809	-10.7%
- Current liabilities	174,038	172,300	+1.0%	195,741	-11.1%
- Non-current liabilities	7,015	7,454	-5.9%	7,068	-0.7%
Net assets	258,015	257,871	+0.1%	251,389	+2.6%
Represented by,	258,015	257,871	+0.1%	251,389	+2.6%
- Equity and reserves	255,986	255,385	+0.2%	248,809	+2.9%
- Non-controlling interests	2,029	2,486	-18.4%	2,580	-21.4%

Unaudited consolidated Statement of Cash Flows

For three months ended 30 September

(S\$'000)	Q1 FY2014	Q1 FY2013	+/(-) %
Net cash generated from operating activities	26,184	41,522	-36.9%
Net cash used in investing activities	(6,831)	(17,369)	-60.7%
Net cash used in financing activities	-	(2)	>-100%
Net increase in cash and cash equivalents	19,353	24,151	-19.9%
Cash and cash equivalents at beginning of financial period	176,830	190,290	-7.1%
Effect of currency translation on cash & cash equivalents	(4,769)	372	>-100%
Cash and cash equivalents at end of financial period	191,414	214,813	-10.9%

Segment results

For three months ended 30 September

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Period ended 30.09.2013						
Gross Sales Proceeds	200,166	36,346	38,640	985	-	276,137
Revenue	83,377	10,242	14,664	446	-	108,729
Profit/(Loss) before tax	12,504	(175)	1,818	(208)	-	13,939
Investment holding/Others					266	266
Share of profits of an associate					300	300
Total Profit/(Loss) Before Tax	12,504	(175)	1,818	(208)	566	14,505
Period ended 30.09.2012						
Gross Sales Proceeds	209,596	36,717	36,832	-	-	283,145
Revenue	88,701	10,614	14,048	-	-	113,363
Profit before tax	14,458	875	2,098	-	-	17,431
Investment holding/Others					(1,044)	(1,044)
Share of profits of an associate					264	264
Total Profit/(Loss) Before Tax	14,458	875	2,098	-	(780)	16,651



Operational Highlights

Geographic footprint



Malaysia

- Number of stores: 38
- Approx. GFA (leased): 402,000 sqm



Indonesia

- Number of stores: 10
- Approx. GFA (leased): 82,000 sqm



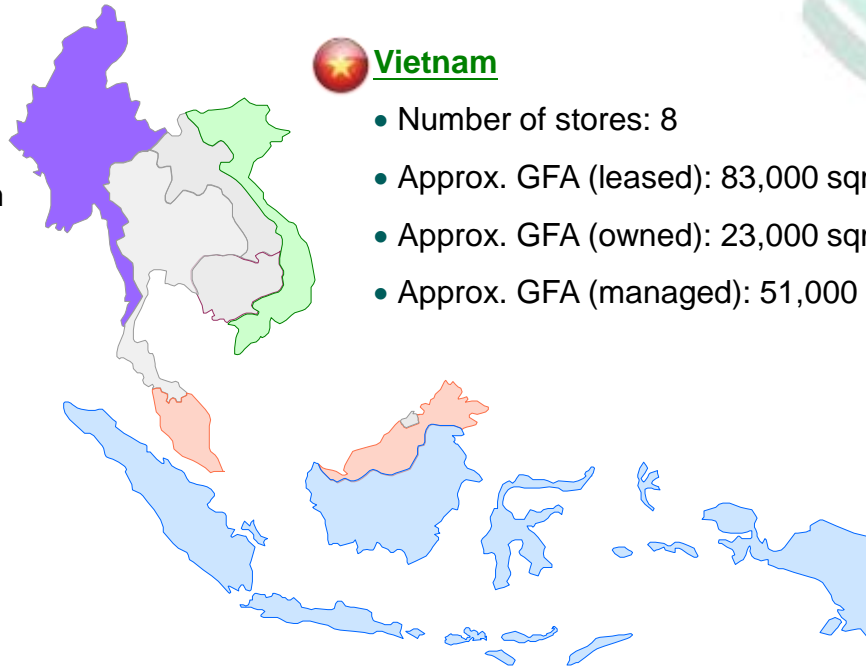
Myanmar

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



Vietnam

- Number of stores: 8
- Approx. GFA (leased): 83,000 sqm
- Approx. GFA (owned): 23,000 sqm
- Approx. GFA (managed): 51,000 sqm

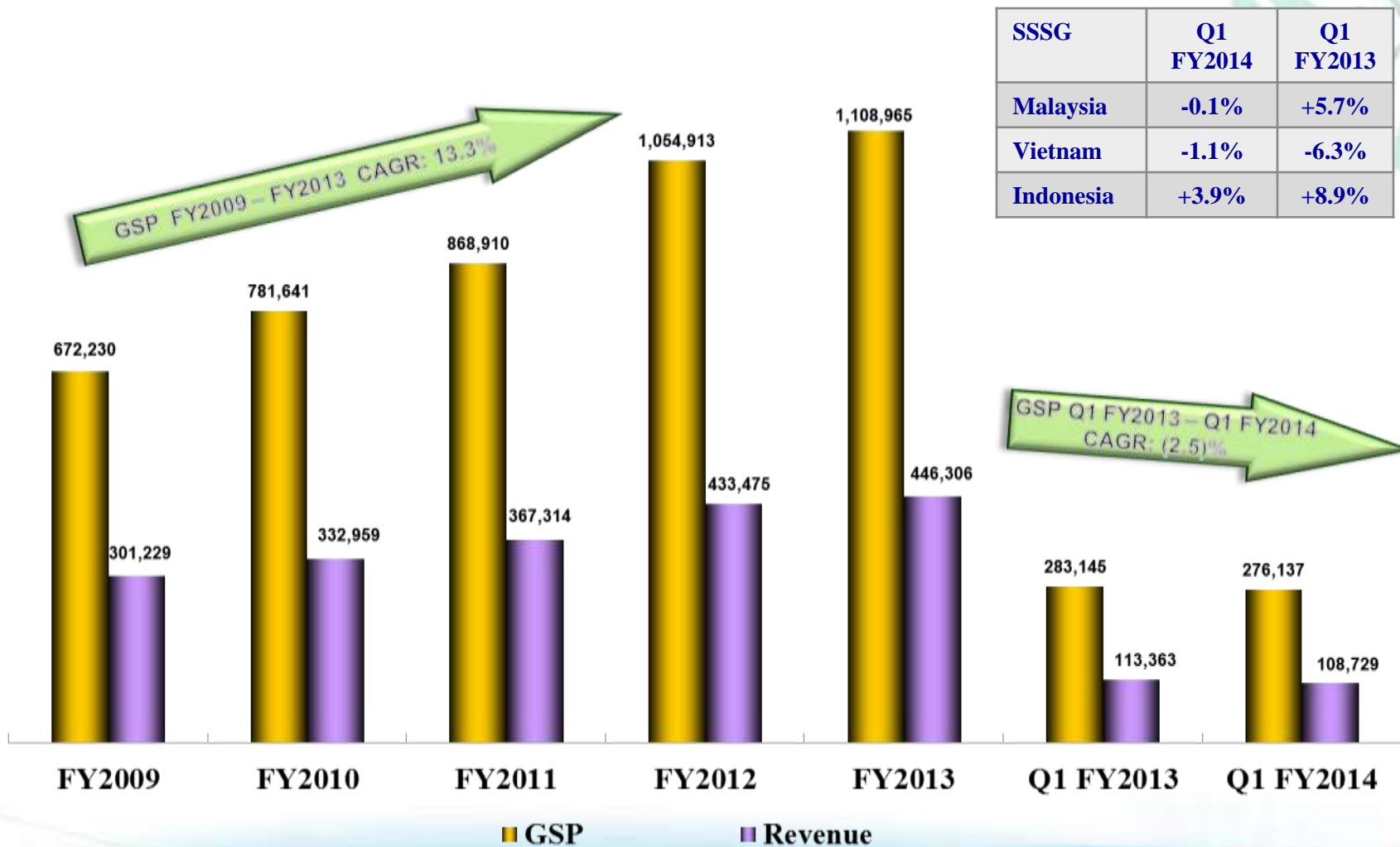


PRA's department store network comprised 57 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 645,000 sqm of gross floor area⁽¹⁾

1. PRA also has a 47.46% interest in an associate, Odel PLC, of Sri Lanka which operates 17 stores covering floor space of about 15,000 sqm.
2. Figures current as at 30 September 2013.

Gross Sales Proceeds, Revenue and SSS Growth

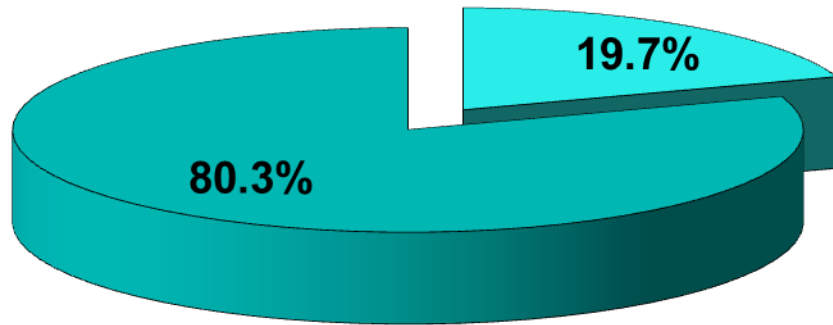
Overall top line growth



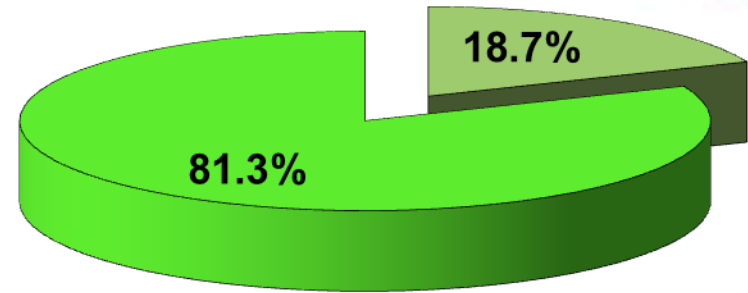
SSSG	Q1 FY2014	Q1 FY2013
Malaysia	-0.1%	+5.7%
Vietnam	-1.1%	-6.3%
Indonesia	+3.9%	+8.9%

Merchandise Sales Mix

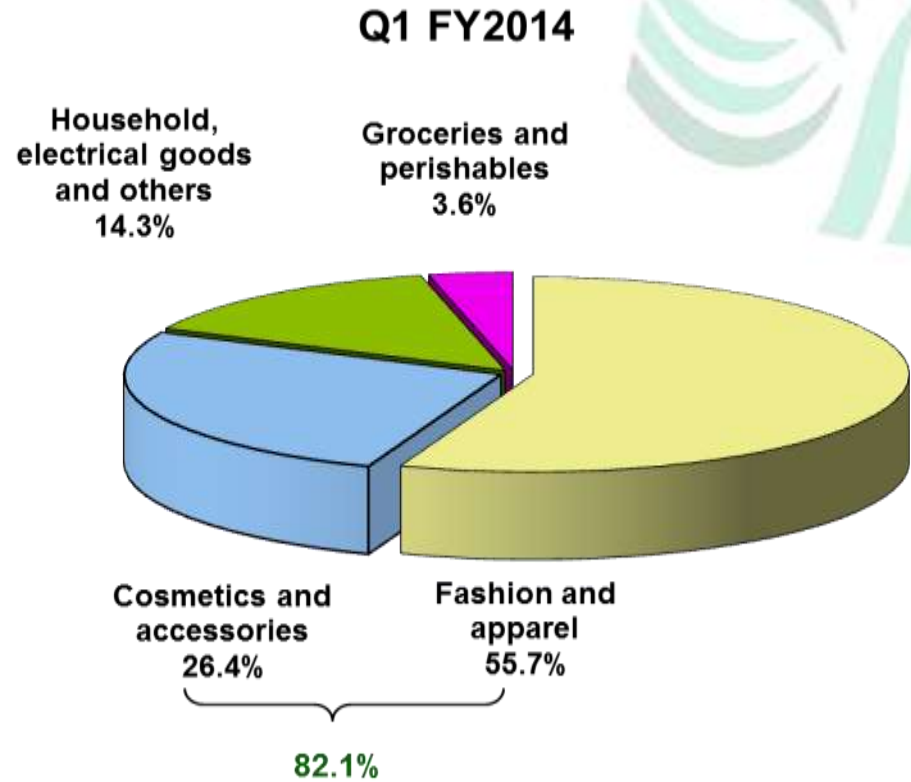
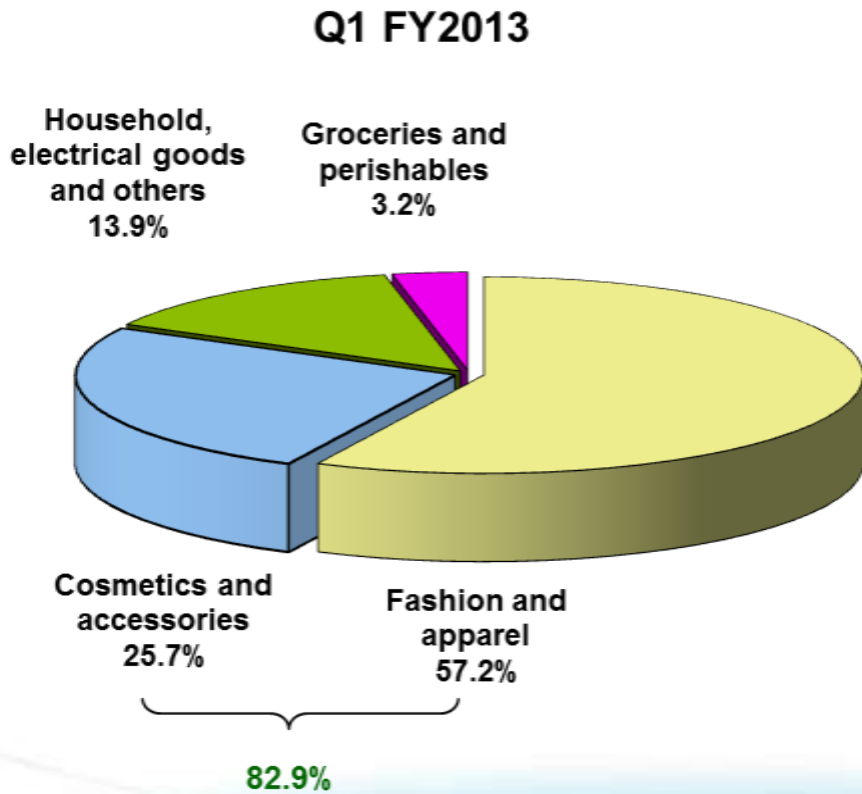
Q1 FY2013



Q1 FY2014

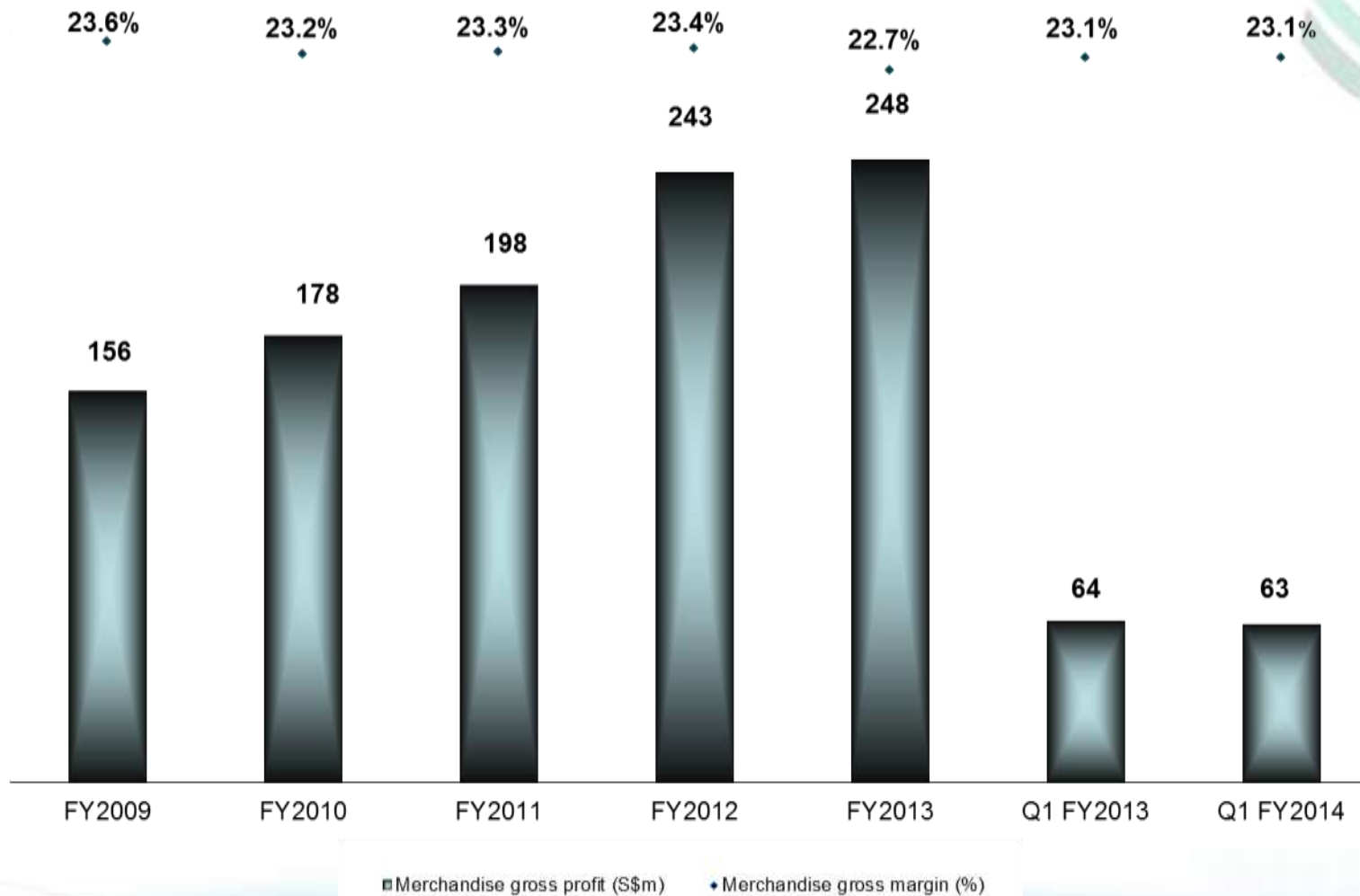


Merchandise sales mostly from fashion and cosmetics segments



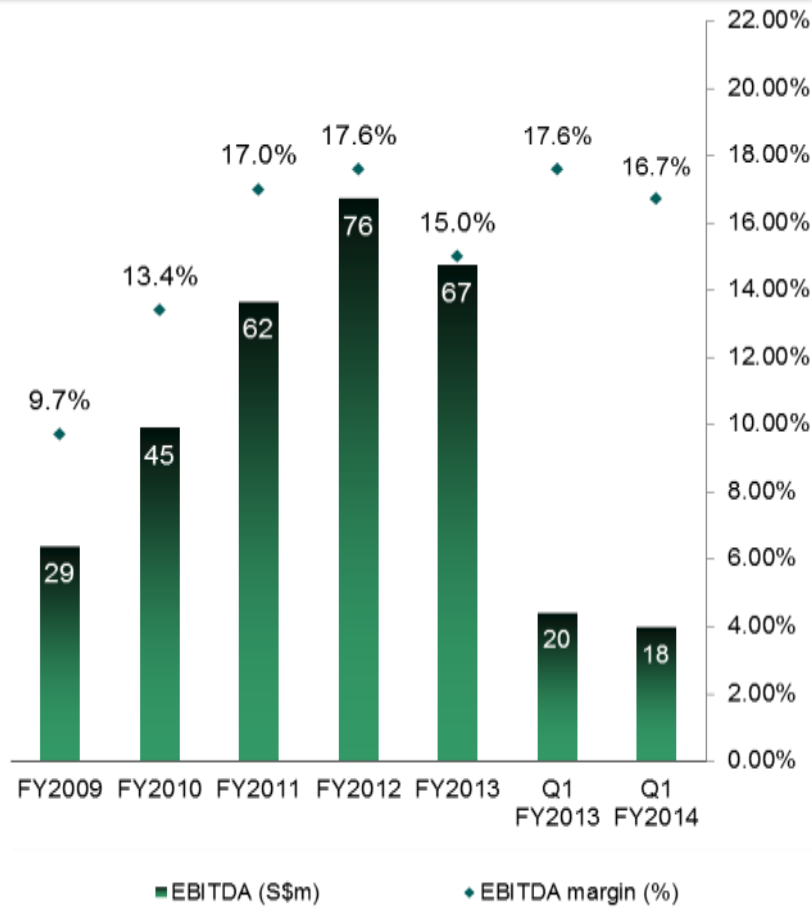
Blended gross margins

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

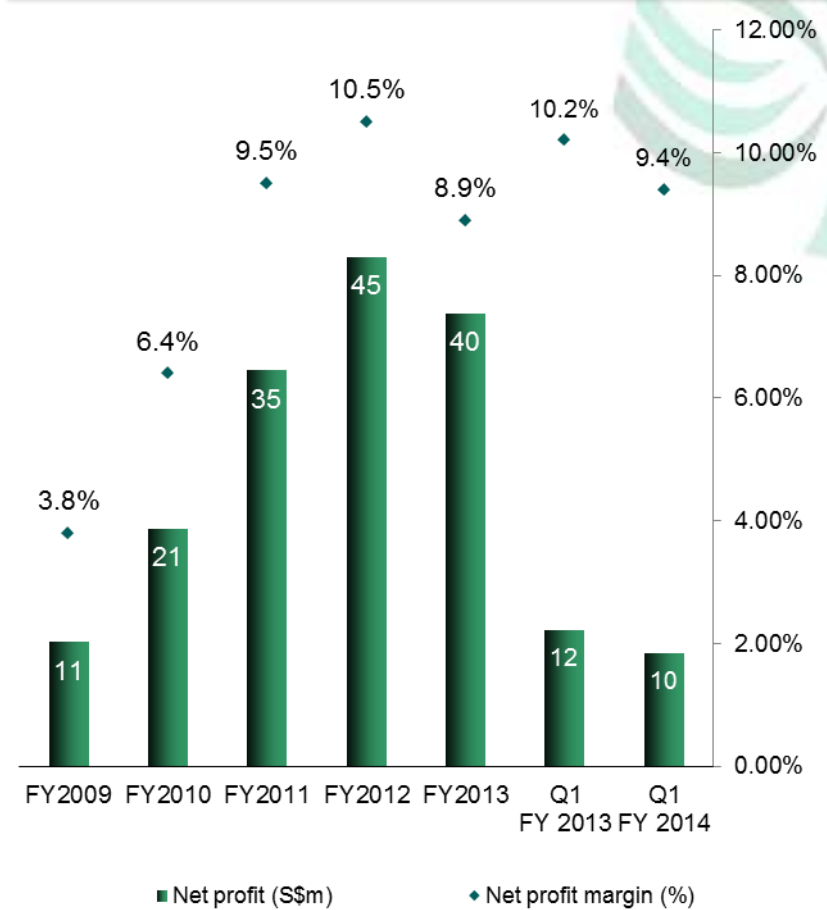


Profit margins

EBITDA⁽¹⁾



Net profit attributable to Owners of the Company



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

Going Forward



Strategies

- Improving productivity and enhancing market share.
- Target a healthy SSS growth through more targeted promotional activities and improving productivity of the floor space.
- Continue to increase operating area by opening new stores, with 16 new stores confirmed for FY2014 and FY2015.
- Continue to remodel and refurbish the existing outlets.
- Continue to upgrade brand mix in line with each individual market to increase ticket value and transaction size.
- Enhance cost rationalisation to improve operating efficiency.
- Build economies of scale in the Indonesian operations.
- Expand the Sri Lanka operations through store openings and development of own floor space.

Expansion Plan (confirmed sites)

Location	FY2014 Approx. GFA (sq.m)		FY2015 Approx. GFA (sq.m)
<u>Malaysia</u>			
1. Paya Bungah, K Terengganu (Q4FY2014)	9,796	1. Imago, Kota Kinabalu	12,879
2. Nu Sentral, Kuala Lumpur (Q3FY2014)	12,833	2. IOI City Mall, Putrajaya	20,673
	22,629		33,552
<u>Vietnam</u>			
3. Parkson Cantavil, HCMC (Q2FY2014)	15,293	3. Parkson TD Plaza, HCMC	30,000
4. Parkson Emperor, HCMC (Q3FY2014)	11,448		
	26,741		
<u>Indonesia</u>			
5. Metropolitan Grand**, Bekasi (opened July 2013)	11,370	4. Manado Town Square, Manado	10,000
6. Bintaro Xchange**, Bintaro (Q2FY2014)	9,500	5. Balikpapan Supermal, Balikpapan	6,000
7. Centro Point*, Medan (Q2FY2014)	16,050		16,000
8. St Moritz 2*, Jakarta (Q4FY2014)	17,101		
9. Graze Mall 2**, Cirebon (Q4FY2014)	8,955		
10. Green City**, Pekanbaru (Q4FY2014)	7,300		
	70,276		
*Parkson-branded stores			
**Centro stores			
<u>Cambodia</u>			
11. Parkson Cambodia, Phnom Penh (Q4FY2014)	36,500		
Total	156,146	Total	79,552
Balance opening GFA	634,656		790,802
% Increase	24.6%		10.1%
Closing GFA	790,802		870,354

New store – July 2013, Metropolitan Grand, Bekasi (Indonesia)



New store – October 2013, K-Zone, Colombo (Sri Lanka)



THANK YOU

- ***Disclaimer***
 - This presentation is to provide general background information of Parkson Retail Asia Limited (the “Company”). The information provided is in summary form and no representation or warranty, express or implied is made and no reliance should be placed on the fairness and completeness of the information.
 - This presentation is not and does not constitute or form part of any offer, invitation, or recommendation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.
 - Any recirculation, transmission or distribution of this presentation or any part thereof by any third party requires the prior written permission of the Company. The Company disclaim all responsibility and liability arising in connection with any unauthorised recirculation, transmission or distribution of this presentation or any part thereof.