



Parkson Retail Asia Limited
Financial Results Presentation
Q1 FY2015

13 November 2014



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Overview

Overview

Business Environment

- Same Store Sales Growth, by countries:

SSSG	Quarter ended	
	Q1 FY2015	Q1 FY2014
Malaysia	-4.4%	-0.1%
Vietnam	-5.5%	-1.1%
Indonesia	+5.7%	+3.9%
Myanmar	+33.2%	n.a.

n.a. – not applicable

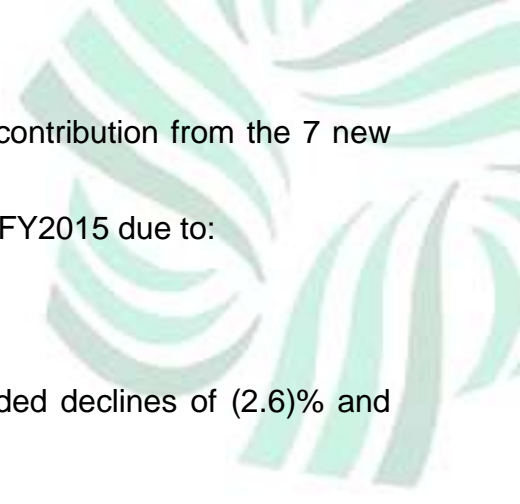
- SSSG for Malaysia :
 - decline in SSSG at -4.4% for the reported quarter.
 - consumer sentiment index reported by MIER fell below the 100-point threshold of confidence at 98.0.
- SSSG for Vietnam :
 - decline in SSSG at -5.5% for the reported quarter.
 - the discretionary retail environment continued to be difficult despite signs of economic recovery.
- SSSG for Indonesia :
 - SSSG at +5.7% for the reported quarter.
 - consumer confidence index reported by BI remained above the 100-point confidence threshold at 119.9.


- SSSG for Myanmar :
 - SSSG at +33.2% for the reported quarter.
 - store in FMI Centre recorded strong ramp-up in sales after the 1st year of operations.

Financial Summary

	Group					
	Reported			Like for Like Comparable *		
	Quarter ended			Quarter ended		
	30.09.2014	30.09.2013	+/(-)	30.09.2014	30.09.2013	+/(-)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gross Sales Proceeds	280,701	276,137	1.7	263,858	275,618	(4.3)
Revenue	109,991	108,729	1.2	104,362	108,562	(3.9)
Profit Before Tax	10,451	14,505	(27.9)	13,854	14,628	(5.3)
Net Profit Attributable to Owners	6,869	10,266	(33.1)	9,511	10,359	(8.2)

* 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 (i.e. excluding the operating results of new stores and renovated stores for the financial periods Q1 FY2015 and Q1 FY2014)

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- Reported topline figures increased for the quarter (GSP +1.7% and revenue +1.2%) due to sales contribution from the 7 new stores and 3 renovated stores which were opened/re-opened during FY2014.
 - On same store basis, GSP and revenue recorded declines of (4.3)% and (3.9)% respectively for Q1 FY2015 due to:
 - negative SSSG recorded by the Malaysia and Vietnam operations;
 - local currency weakness of the Indonesian Rupiah.
 - On same store basis and same currency basis, GSP and revenue for the reported quarter recorded declines of (2.6)% and (2.3)% respectively.

 - Reported pre-tax profit declined by (27.9)% for Q1 FY2015, impacted by :
 - de-leveraging impact from negative SSSG by the Malaysia and Vietnam operations;
 - initial loss-making periods of new stores.
 - On same store basis, pre-tax profit for the quarter recorded lesser decline of (5.3)%.
 - On same store basis and same currency basis, pre-tax profit for the quarter declined by (4.1)%.
 - Decline in reported pre-tax profit mitigated by improvement in gross profit margin by 70 bps to 23.8% for Q1 FY2015.
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Segmental Profit Before Tax

PBT Summary	Group		
	Quarter ended		
	30.09.2014	30.09.2013	+/(-)
	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	12,043	12,627	(4.6)
Vietnam	(525)	(175)	>(100.0)
Indonesia	2,969	1,818	63.3
Myanmar	(209)	(207)	(1.0)
Share of profits of an associate (Sri Lanka)	18	300	(94.0)
Investment holding / Others	(442)	265	>(100.0)
PBT (same store basis)	13,854	14,628	(5.3)
PBT / (Losses) of new and renovated stores			
Malaysia	(339)	(123)	>(100.0)
Vietnam	(371)	-	>(100.0)
Indonesia	(2,693)	-	>(100.0)
Group PBT	10,451	14,505	(27.9)

- On same store basis, pre-tax profit for Malaysia declined by (4.6)% due to negative SSSG of -4.4%. The Malaysia operations recorded improved gross profit margin by 70 bps.
- On same store basis, pre-tax profit for Vietnam declined by >(100.0)% due to the de-leveraging impact from the negative SSSG of -5.5%.
- On same store basis, pre-tax profit for Indonesia increased by 63.3% due to positive leverage impact from increase in SSSG of +5.7% and write-back of expired customer loyalty points. On same store basis and same currency basis, pre-tax profit for Indonesia increased by 83.6%.
- The share of profits of an associate, Odel PLC, declined by (94.0)% due to higher operating costs and decline in interest income.
- Investment holding / Others recorded a loss of S\$(0.442) million due largely to the absence of currency translation gain of S\$0.62 million recorded in the comparative quarter and not repeated for the current quarter.

PBT Variance (percentage terms)

Comparing the pre-tax profit variances for the (i) reported numbers, (ii) same store numbers and (iii) same store, same currency numbers across the Group's 4 markets:

PBT variance (comparing Q1 FY2015 vs Q1 FY2014)	Reported	Same store	Same store, same currency
	+/(-) %	+/(-) %	+/(-) %
Malaysia	(6.4)	(4.6)	(4.7)
Vietnam	>(100.0)	>(100.0)	>(100.0)
Indonesia	(84.8)	63.3	83.6
Myanmar	(1.0)	(1.0)	(2.7)
Group	(27.9)	(5.3)	(4.1)

Outlook

The Malaysia and Indonesia operations may encounter some challenges in the next reporting quarter Q2 FY2015. Consumer sentiment index ("CSI") in Malaysia may continue to be muted arising from the increase costs of living. However, we expect the Group's performance in Malaysia to be buffered due to consumer buying prior to the introduction of Goods and Services Tax in April 2015.

For Indonesia, it is anticipated that there will be a significant fuel price hike in Indonesia based on press reports, leading to a dampener in CSI for the country. Nevertheless, the CSI in Indonesia is expected to be encouraging due to continued economic growth and increase in the middle class population.

The Group's operations in Vietnam is expected to remain difficult in Q2 FY2015 due to the challenging discretionary retail environment and compounded by the entry of competing retailers. We aim to mitigate the challenges in Vietnam by improving store productivity and prudent costs management.



Financial Statements

Unaudited consolidated Income Statement

For the three months ended 30 September

(S\$'000)	Group		
	Reported		
	Quarter ended		
	30.09.2014	30.09.2013*	+ / (-)
	S\$'000	S\$'000	%
Gross Sales Proceeds	280,701	276,137	1.7
- Direct sales	49,874	50,871	(2.0)
- Concessionaire sales	226,901	220,992	2.7
- Consultancy & management service fees	228	274	(16.8)
- Rental income	3,698	4,000	(7.6)
Revenue	109,991	108,729	1.2
Other income	3,199	3,331	(4.0)
Total expenses	(102,757)	(97,855)	5.0
- Changes in merchandise inventories and consumables	(40,259)	(41,758)	(3.6)
- Employee benefits expense	(13,122)	(12,276)	6.9
- Depreciation & amortisation expenses	(5,179)	(4,913)	5.4
- Rental expenses	(29,011)	(24,764)	17.1
- Finance costs	(137)	(119)	15.1
- Other expenses	(15,049)	(14,025)	7.3
Share of profits of an associate	18	300	(94.0)
Profit before tax	10,451	14,505	(27.9)
Net profit	6,188	9,817	(37.0)
Net profit attributable to owners	6,869	10,266	(33.1)

* 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 2014 (a)	As at 30 Jun 2014 (b)	% Change (a)-(b) / (b)	As at 30 Sep 2013 (c)	% Change (a)-(c) / (c)
Total Assets	436,450	418,743	+4.2%	439,068	-0.6%
- Non-current assets	174,626	172,079	+1.5%	158,763	+10.0%
- Current assets	261,824	246,664	+6.1%	280,305	-6.6%
<i>Cash and cash equivalents</i>	163,775	150,881	+8.5%	191,414	-14.4%
Total Liabilities	189,618	179,924	+5.4%	181,053	+4.7%
- Current liabilities	178,814	169,654	+5.4%	174,038	+2.7%
- Non-current liabilities	10,804	10,270	+5.2%	7,015	+54.0%
Net assets	246,832	238,819	+3.4%	258,015	-4.3%
Represented by,	246,832	238,819	+3.4%	258,015	-4.3%
- Equity and reserves	247,384	238,665	+3.7%	255,986	-3.4%
- Non-controlling interests	(552)	154	>-100.0%	2,029	>-100.0%

Unaudited consolidated Statement of Cash Flows

For three months ended 30 September

(S\$'000)	Q1 FY2015	Q1 FY2014	+/(-) %
Net cash generated from operating activities	17,866	26,184	-31.8%
Net cash used in investing activities	(5,403)	(6,831)	+20.9%
Net increase in cash and cash equivalents	12,463	19,353	-35.6%
Cash and cash equivalents at beginning of financial period	150,881	176,830	-14.7%
Effect of currency translation on cash & cash equivalents	431	(4,769)	>+100%
Cash and cash equivalents at end of financial period	163,775	191,414	-14.4%

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 30.09.2014						
Gross Sales Proceeds	198,822	37,090	43,494	1,295	-	280,701
Revenue	82,762	10,614	16,187	428	-	109,991
Profit/(Loss) before tax	11,704	(896)	276	(209)	-	10,875
Investment holding/Others					(442)	(442)
Share of profits of an associate					18	18
Total Profit/(Loss) Before Tax	11,704	(896)	276	(209)	(424)	10,451
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

Operational Highlights



Geographic footprint



Malaysia

- Number of stores: 39
- Approx. GFA (leased): 415,000 sqm



Indonesia

- Number of stores: 14
- Approx. GFA (leased): 136,000 sqm



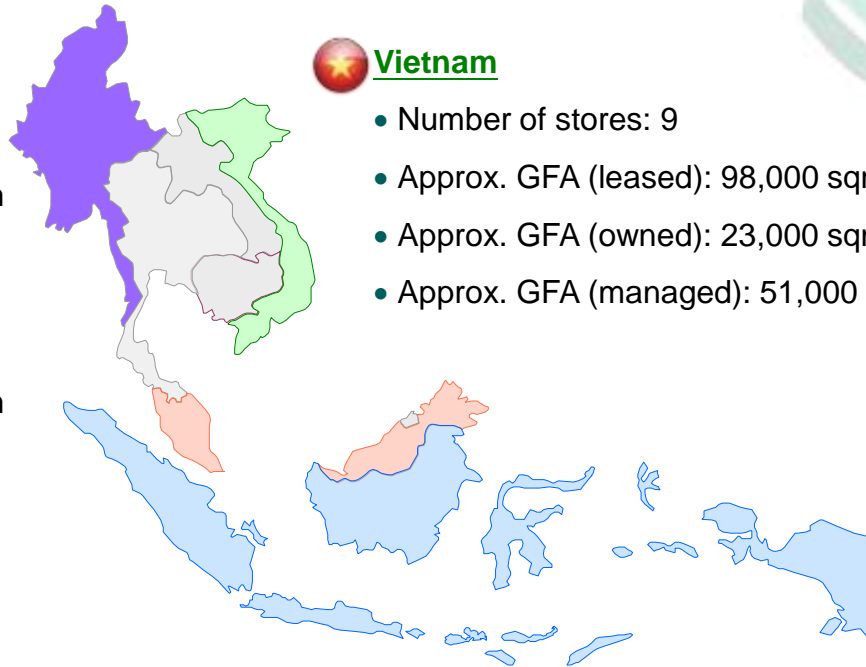
Myanmar

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



Vietnam

- Number of stores: 9
- Approx. GFA (leased): 98,000 sqm
- Approx. GFA (owned): 23,000 sqm
- Approx. GFA (managed): 51,000 sqm

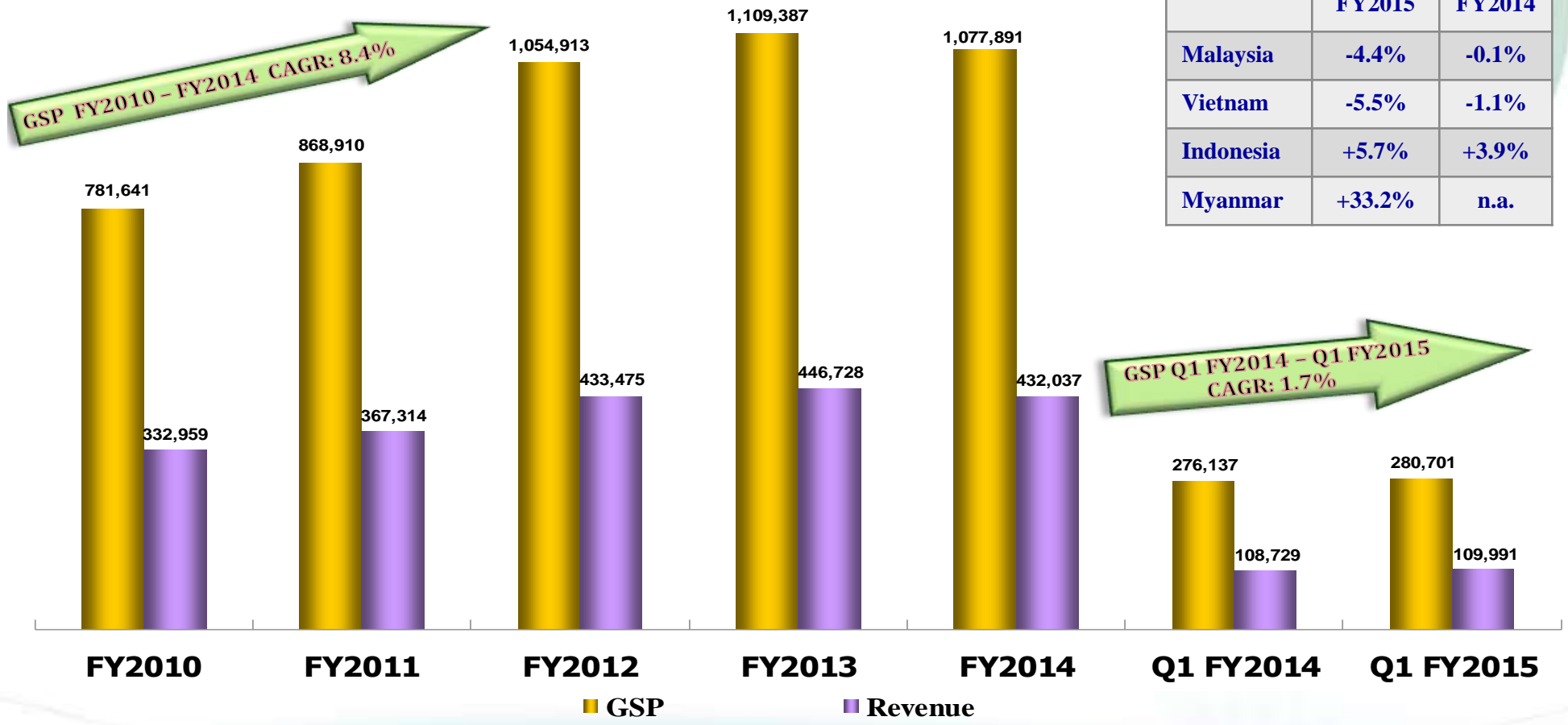


PRA's department store network comprised 63 stores in Malaysia, Vietnam, Indonesia and Myanmar, spanning approx. 727,000 sqm of gross floor area⁽¹⁾

1. Figures current as at 30 September 2014.

Gross Sales Proceeds, Revenue and SSS Growth

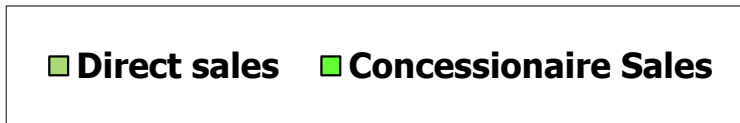
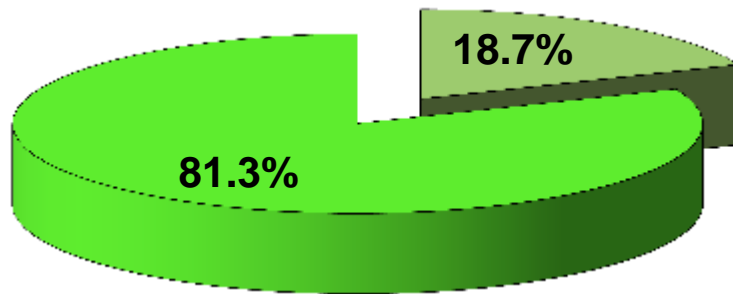
Overall top line growth



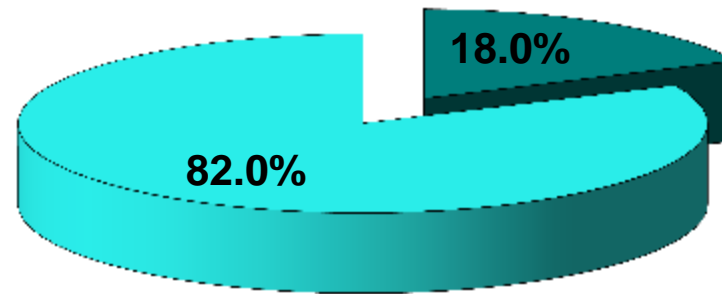
SSSG	Q1 FY2015	Q1 FY2014
Malaysia	-4.4%	-0.1%
Vietnam	-5.5%	-1.1%
Indonesia	+5.7%	+3.9%
Myanmar	+33.2%	n.a.

Merchandise Sales Mix

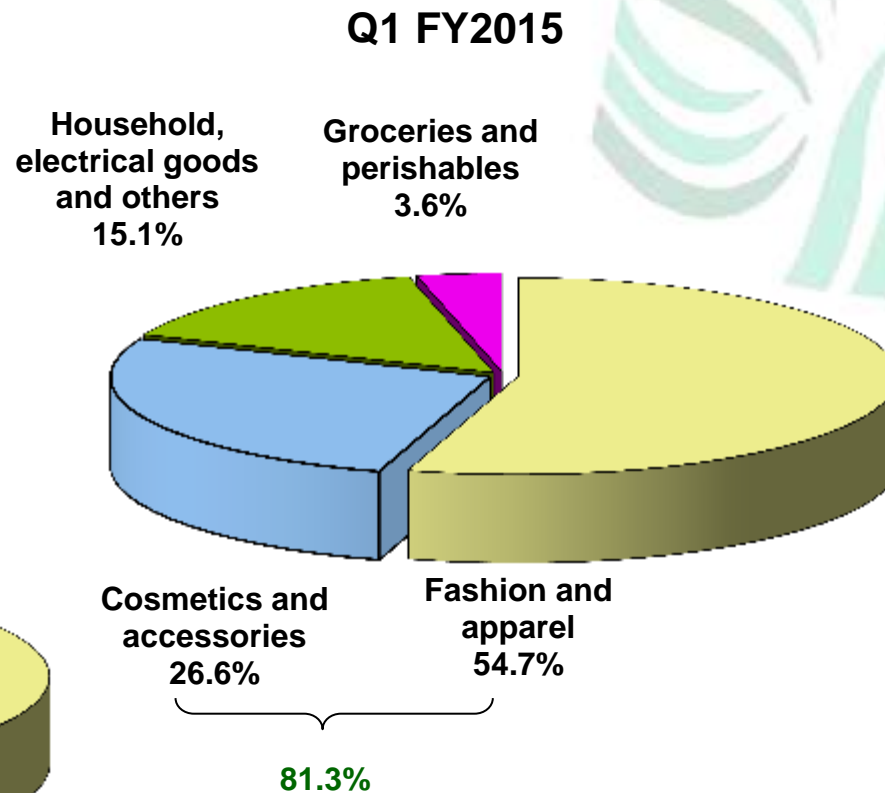
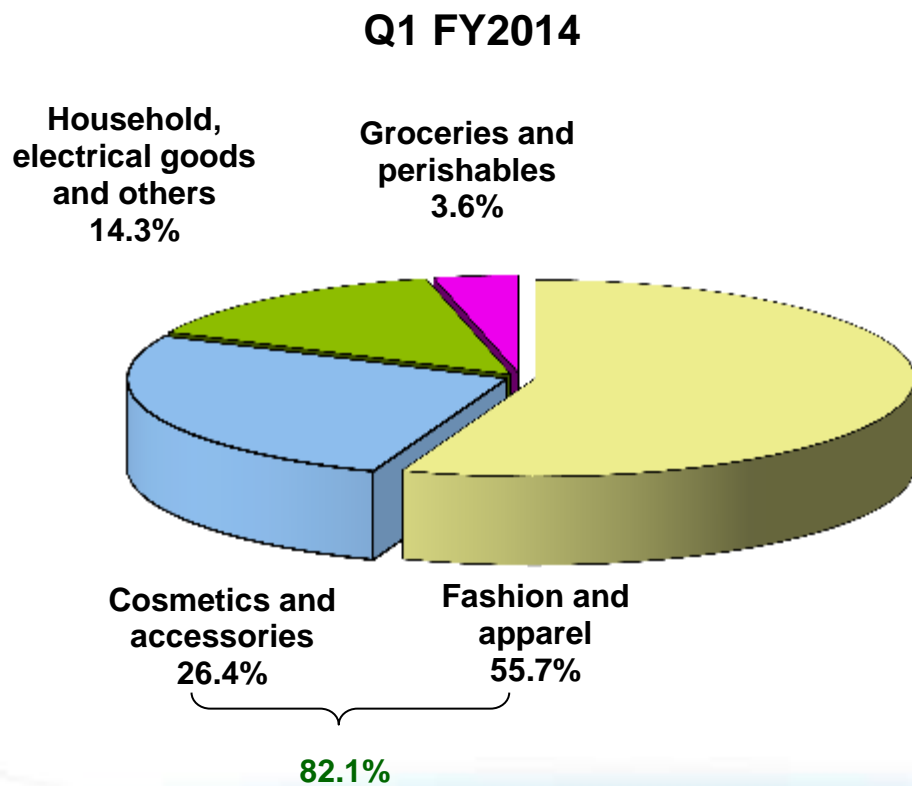
Q1 FY2014



Q1 FY2015

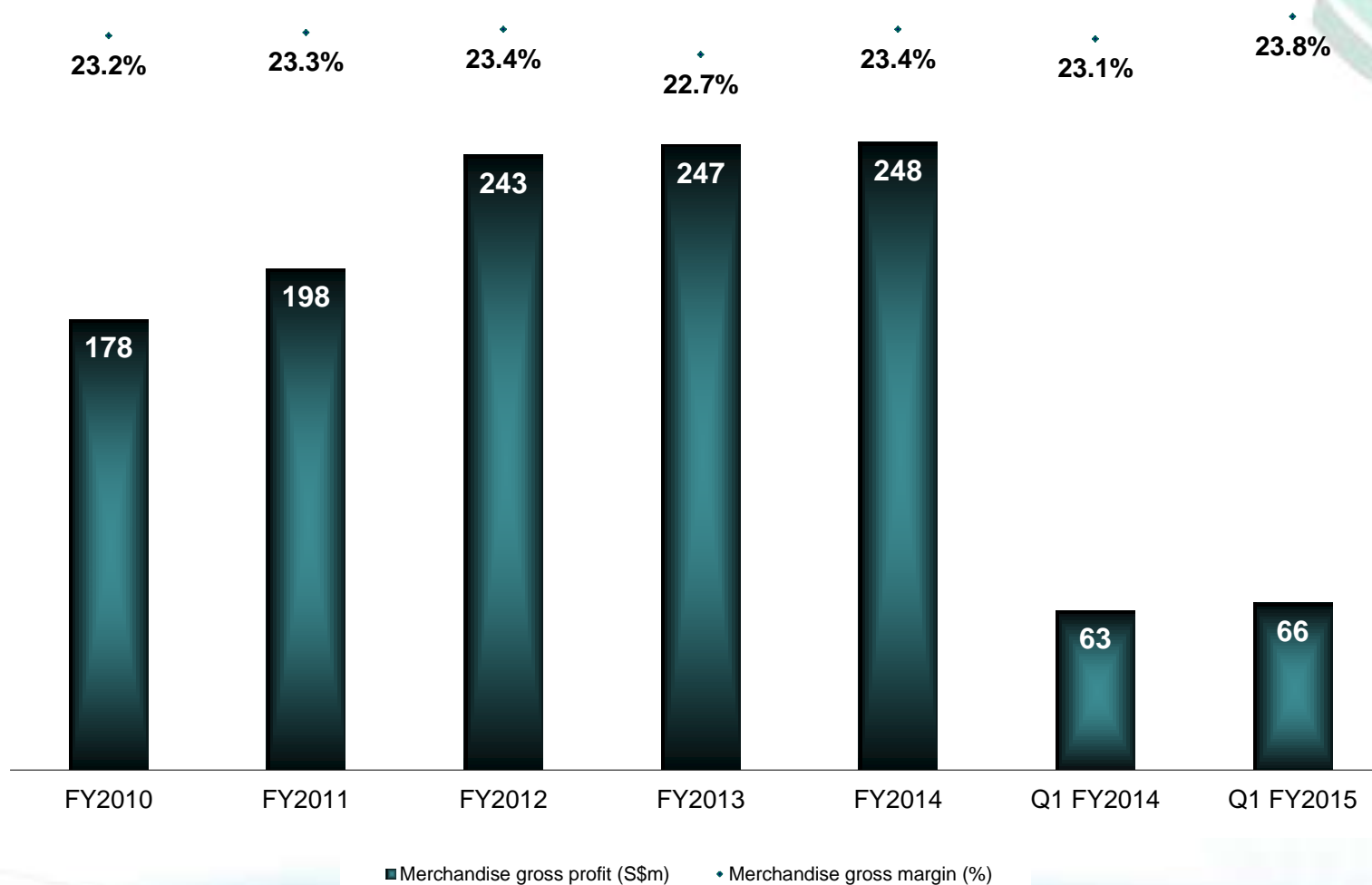


Merchandise sales mostly from fashion and cosmetics segments



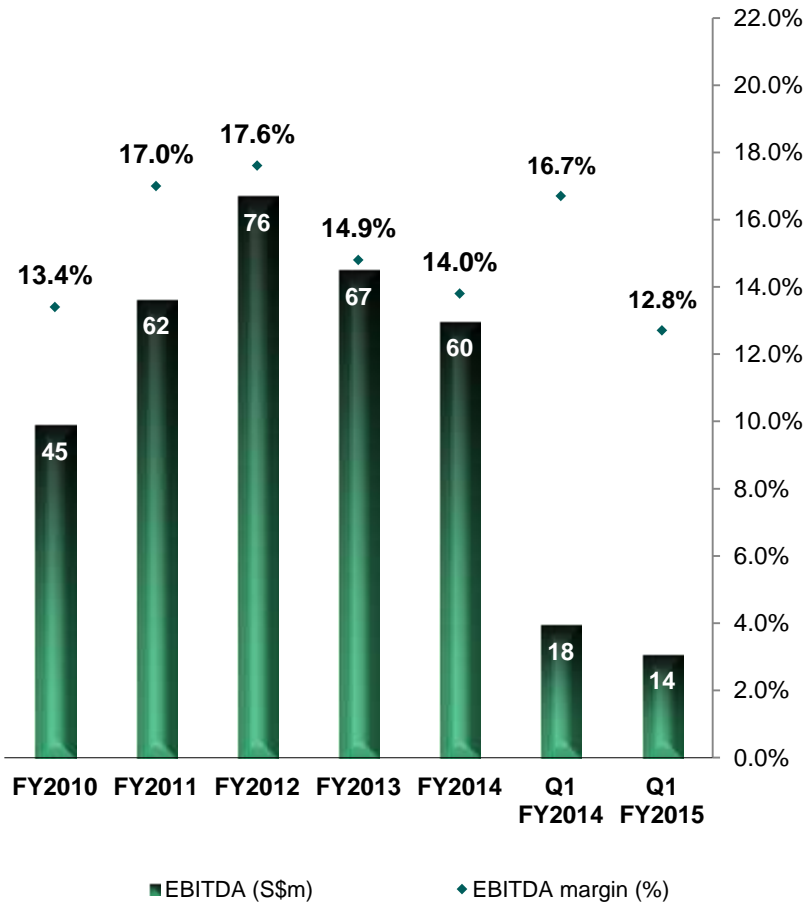
Blended gross margins

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

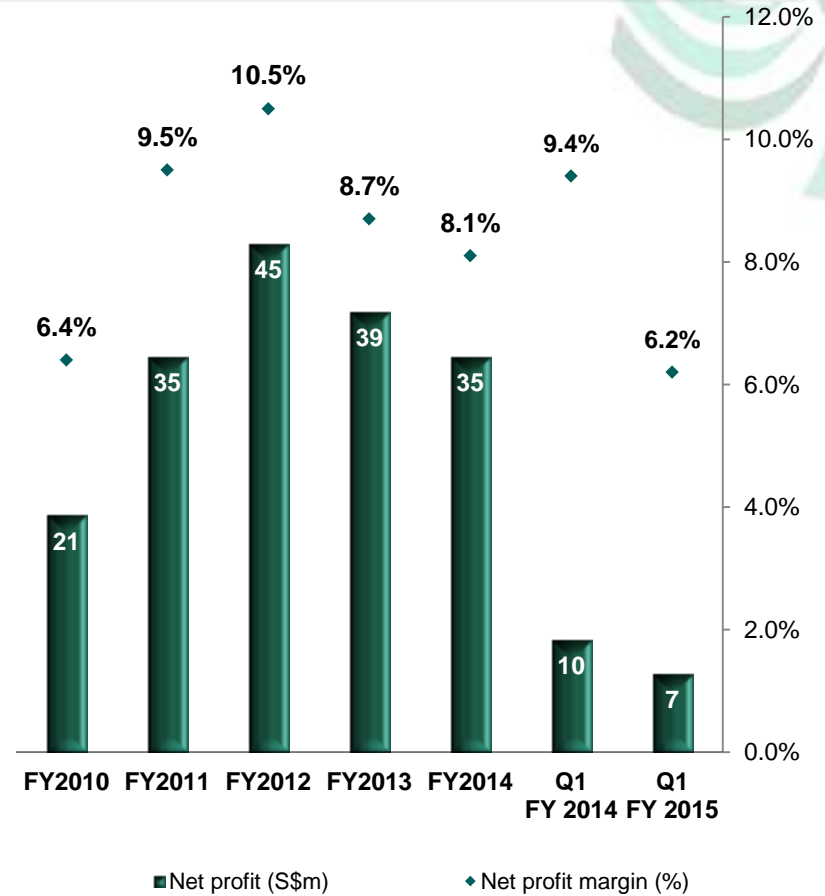


Profit margins

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



Expansion Plan (confirmed sites)

Location	FY2015 Approx. GFA (sq.m)		FY2016 Approx. GFA (sq.m)
<u>Malaysia</u>		<u>Malaysia</u>	
1. Imago, Kota Kinabalu (Q2FY2015)^	12,875	1. Aman Central, Alor Setar (Q1FY2016)^	12,546
2. IOI City Mall, Putrajaya (Q2FY2015)^	20,665	2.. Viva City, Kuching (Q2FY2016)^	12,795
3. Perda City Mall, Seberang Prai (Q3FY2015)^	13,018		25,341
4. Maju Junction, Kuala Lumpur (Q4FY2015)^	35,954	<u>Indonesia</u>	
	82,512	3. Hartono Lifestyle, Yogyakarta (Q2FY2016)^	11,650
<u>Vietnam</u>		4. Green City Mall, Pekanbaru (Q2FY2016)^	7,300
5. Parkson Vinh Trung, Danang (Q3FY2015)^	10,000	5. U City Mall, Medan (Q4FY2016)^	10,450
6. Parkson Le Man, HCMC (Q4FY2015)^	11,448		29,400
	21,448	<u>Cambodia</u>	
<u>Indonesia</u>		6. Parkson Cambodia, Phnom Penh (Q2FY2016)^	36,500
7. Manado Town Square, Manado* (Q2FY2015)^	10,000		
8. Balikpapan Supermal, Balikpapan* (Q4FY2015)^	5,982		
*Centro stores	15,982		
Total	119,942	Total	91,241
Balance opening GFA	726,752		846,694
% Increase	16.5%		10.8%
Closing GFA	846,694		937,935

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

THANK YOU

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