

PARAMOUNT

# Unaudited 9M2018 Results

21 November 2018

# 3Q2018 Results

## 3Q2018 vs 3Q2017 Financial Results

		3Q2018	3Q2017	+/-	%
Revenue	RM'Mil	210.5	187.8	22.7	12%
Profit before tax	RM'Mil	28.8	97.6	(68.8)	-69%
EBITDA	RM'Mil	40.3	109.8	(69.5)	-63%
Profit net of tax	RM'Mil	21.6	90.0	(68.4)	-76%
Profit attributable to ordinary equity holders of the company	RM'Mil	15.6	82.8	(67.2)	-81%
Earnings per share	Sen	3.65	19.52	(15.87)	-81%
Dividend per share	Sen	0.00	0.00	0.00	0%

Higher Group revenue, by 12%, with higher contribution from the property division.

Group PBT was RM68.8 million lower than 3Q2017 mainly due to the gain on disposal of Sri KDU campus to Alpha REIT that was completed in 3Q2017.

## 9M2018 vs 9M2017 Financial Results

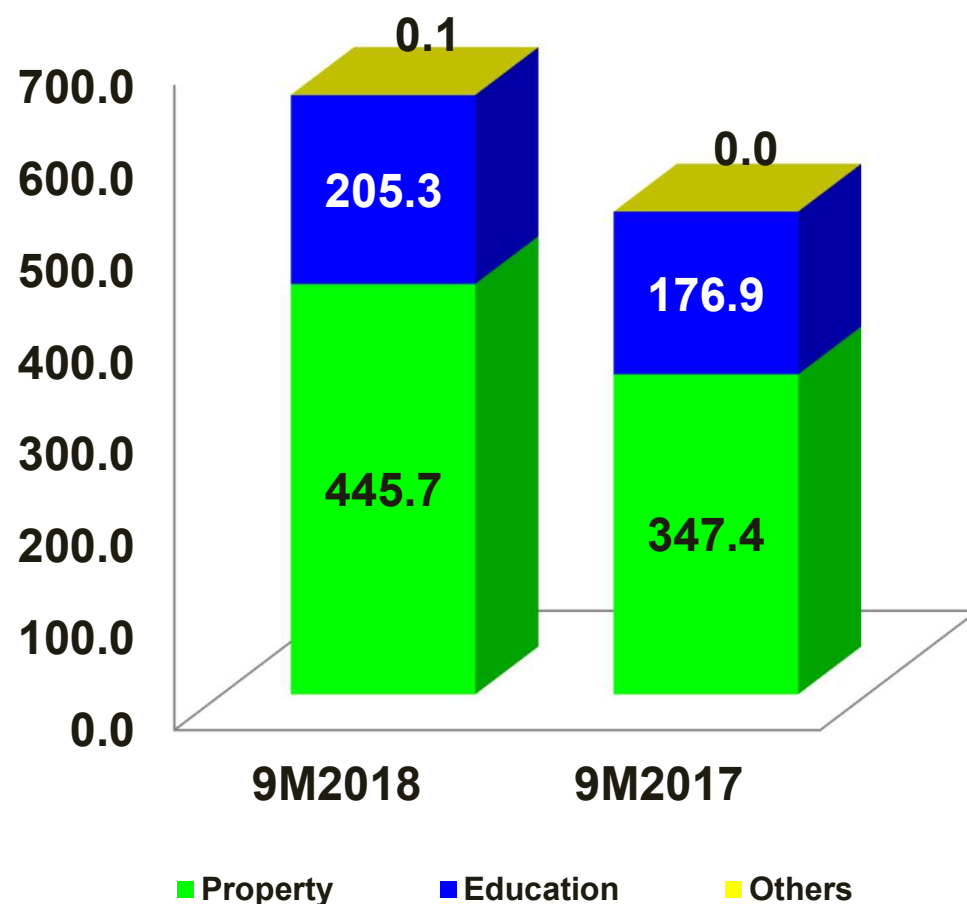
		9M2018	9M2017 (Restated)	+/-	%
Revenue	RM'Mil	651.1	524.3	126.8	24%
Profit before tax	RM'Mil	107.6	145.6	(38.0)	-26%
EBITDA	RM'Mil	140.1	174.8	(34.7)	-20%
Profit net of tax	RM'Mil	79.5	124.3	(44.8)	-36%
Profit attributable to ordinary equity holders of the Company	RM'Mil	64.9	109.6	(44.7)	-41%
Earnings per share	Sen	15.20	25.85	(10.65)	-41%
Dividend per share	Sen	2.50	2.50	0.00	0%
Net asset per share	RM	2.42	2.40	0.02	1%
Shareholders' funds	RM'Mil	1,037.9	1,013.4	24.5	2%
ROE	%	6.3	12.0	(5.7)	-48%
Gearing ratio	Times	0.70	0.70	0.00	0%

Higher Group revenue, by 24%, with higher contribution from both the property and education divisions.

Excluding the gain on disposal of 9.4 acres of industrial land in Kota Damansara (“KD Land Disposal”) that was completed in 2Q2018, the Group's revenue and PBT for 9M2018 would be RM559 million (9M2017: RM524.3 million) and RM64.4 million (9M2017: RM67.8 million (excluding the gain on disposal of the Sri KDU campus), respectively.

# Revenue

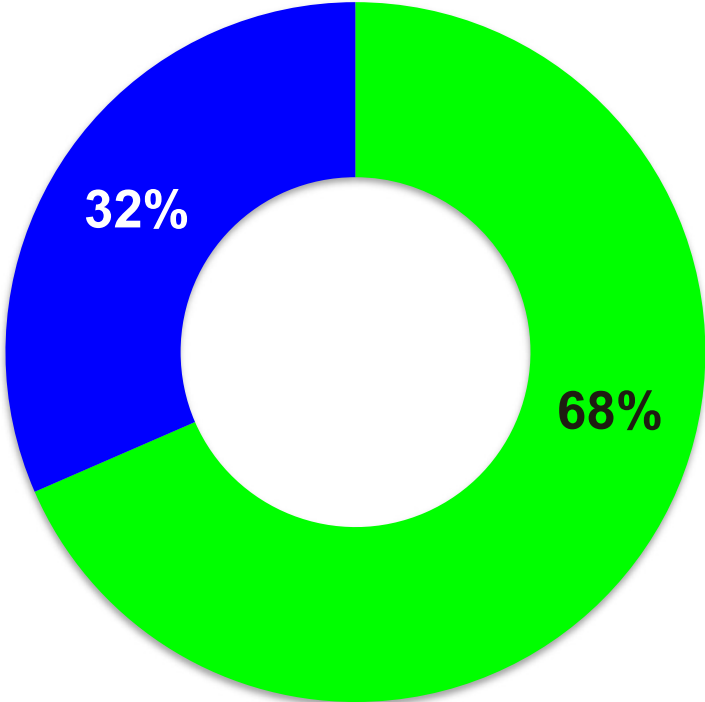
Revenue By Division (RM'Million)



<b>Property Division</b>	<p>Higher revenue, by 28%, mainly due to:</p> <ul style="list-style-type: none"> <li>• KD Land Disposal; off-set by</li> <li>• Completion of certain phases of Sejati Residences and Utropolis Glenmarie's serviced apartments in 2017</li> </ul>
<b>Education Division</b>	<p>Higher revenue, by 16%, mainly due to:</p> <ul style="list-style-type: none"> <li>• Consolidation of REAL Education Group's financial results from April 2017</li> </ul>

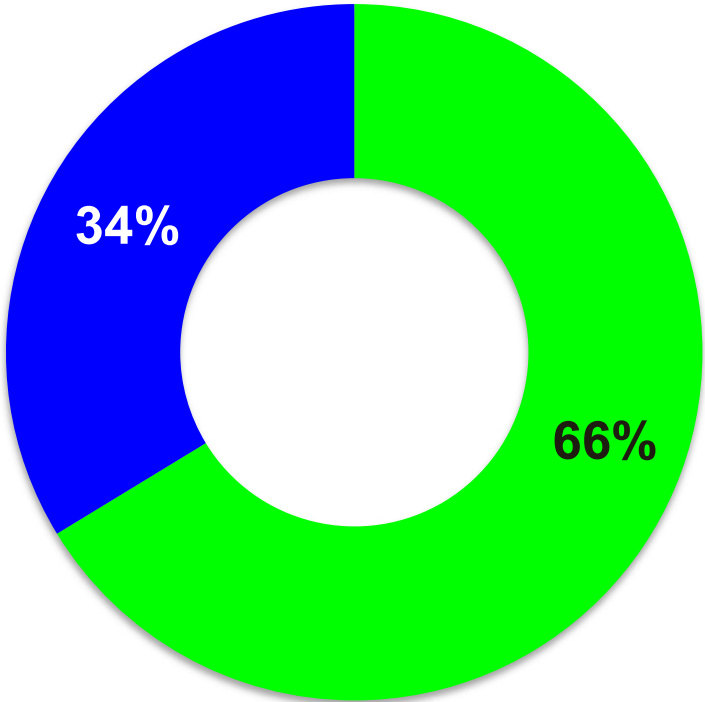
# Revenue - Contribution By Division

9M2018 Revenue



■ Property      ■ Education

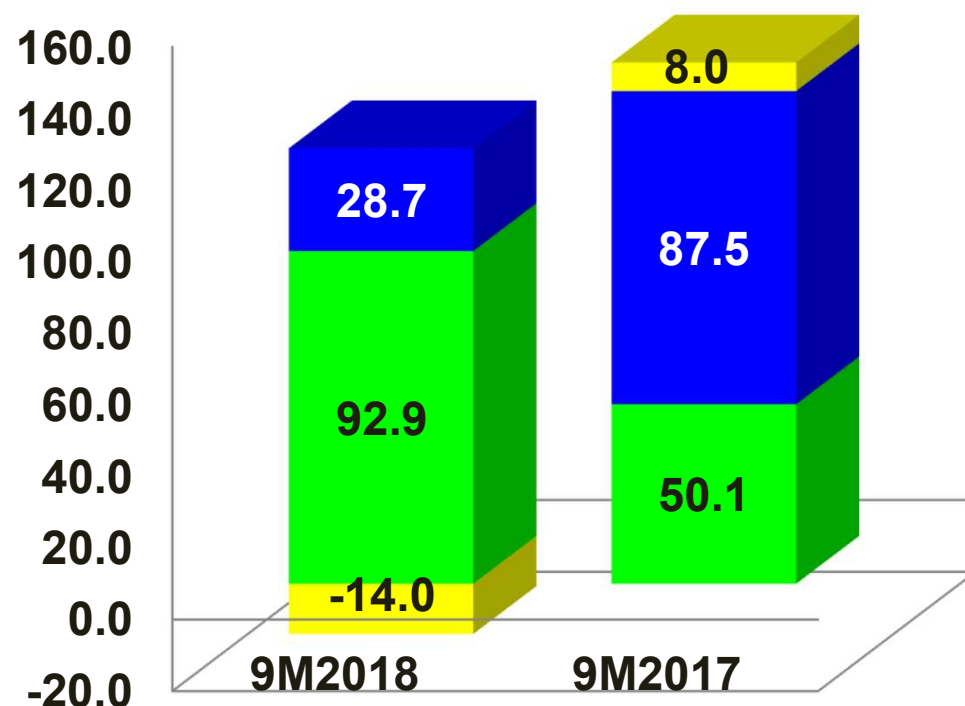
9M2017 Revenue



■ Property      ■ Education

# PBT

**PBT By Division (RM'Million)**

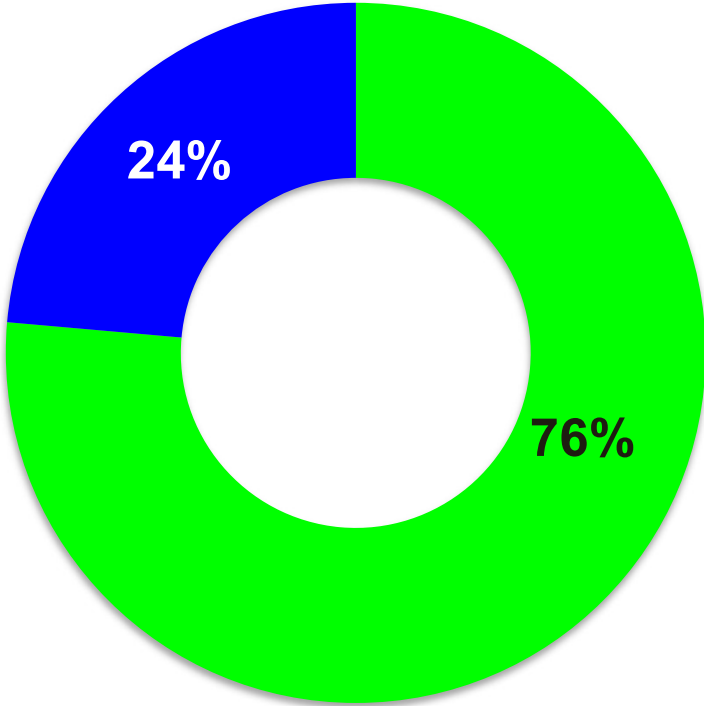


■ Property    ■ Education    ■ Others

<p><b>Property Division</b></p>	<p>Higher PBT, by 86%, mainly due to:</p> <ul style="list-style-type: none"> <li>• KD Land Disposal, off-set by</li> <li>• Completion of certain phases of Sejati Residences and Utropolis Glenmarie's serviced apartments in 2017</li> </ul>
<p><b>Education Division</b></p>	<p>Lower PBT, by 67%, mainly due to:</p> <ul style="list-style-type: none"> <li>• Gain on disposal of Sri KDU campus in 2017; and</li> <li>• Higher rental expenses of Sri KDU, off-set by</li> <li>• Consolidation of R.E.A.L Education Group's financial results from April 2017</li> </ul>

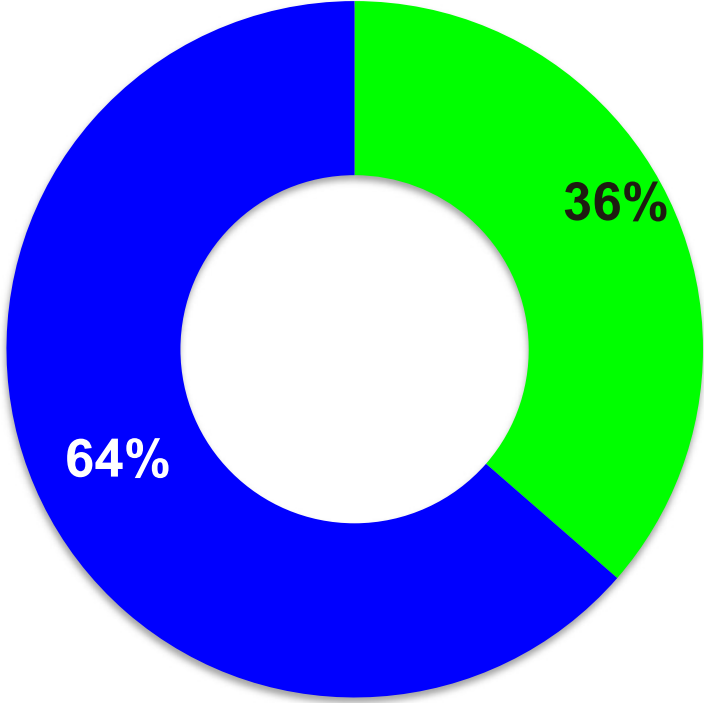
# PBT – Contribution By Division

9M2018 PBT



■ Property      ■ Education

9M2017 PBT



■ Property      ■ Education



## Statement of Financial Position

RM'000	30/9/2018	31/12/2017 (Restated)
Non-current assets	1,692,276	1,834,218
Current assets	898,669	697,092
Total assets	2,590,945	2,531,310
Current liabilities	533,951	523,051
Net current assets	364,718	174,041
Non-current liabilities	745,641	691,439
Total liabilities	1,279,592	1,214,490
Total equity	1,311,353	1,316,820
Total equity and liabilities	2,590,945	2,531,310

## Debt/Equity Ratio

	30/9/2018	31/12/2017
	RM'Mil	RM'Mil
Borrowings	917.4	823.8
Cash & bank balances	148.9	141.4
Total equity*	1,311.4	1,316.8
	30/9/2018	31/12/2017 (Restated)
Gross D/E ratio	0.70	0.63
Net D/E ratio	0.59	0.52

\*Included Private Debt Securities of RM200 million

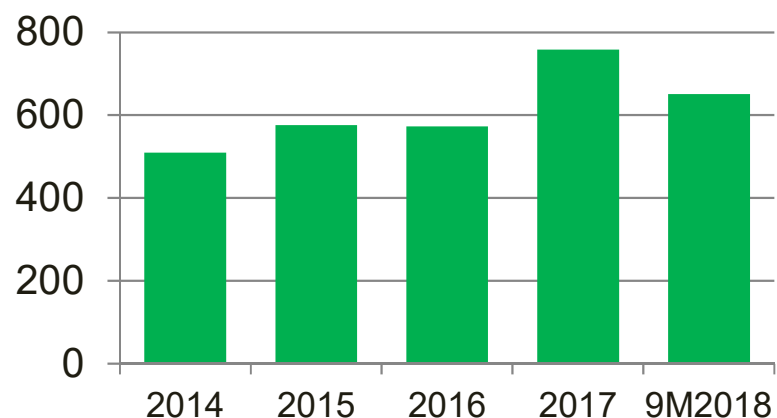
*Gross D/E Ratio = Total Borrowings/Total Equity*

*Net D/E Ratio = (Total Borrowings-Cash & Bank Balances)/Total Equity*

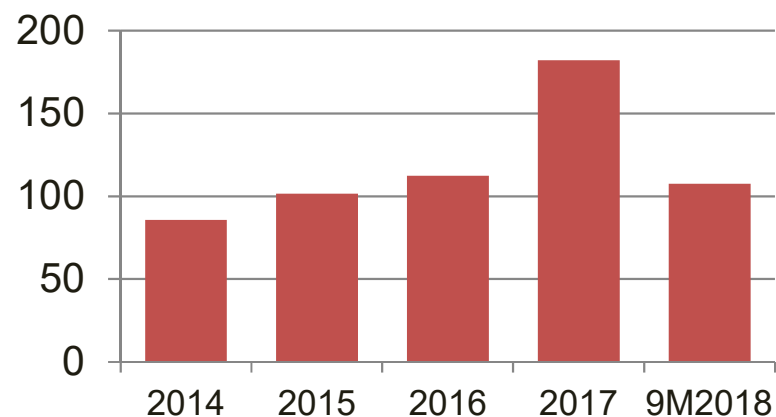
# 5-Year Financial Highlights

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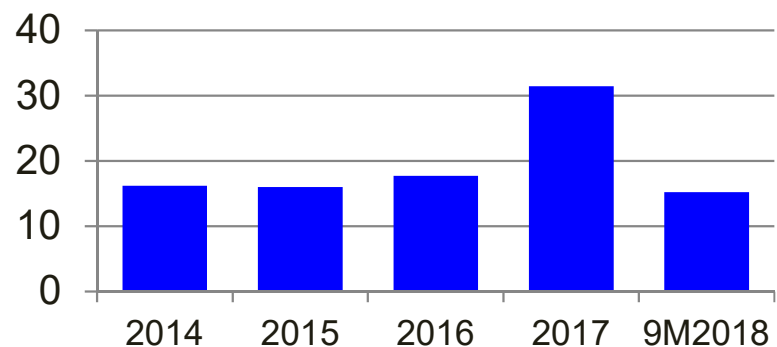
**Revenue (RM'Mil)**



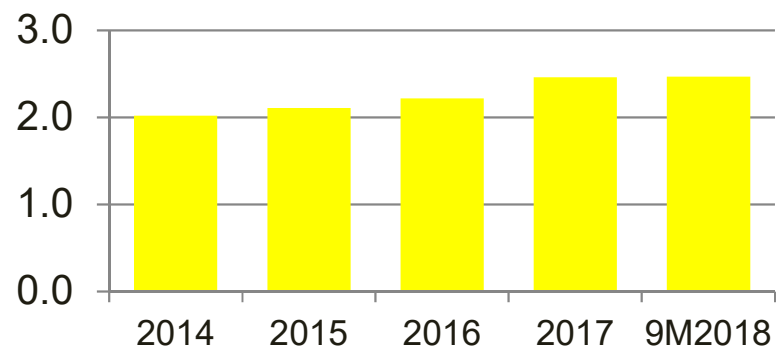
**PBT (RM'Mil)**



**Earnings Per Share (Sen)**

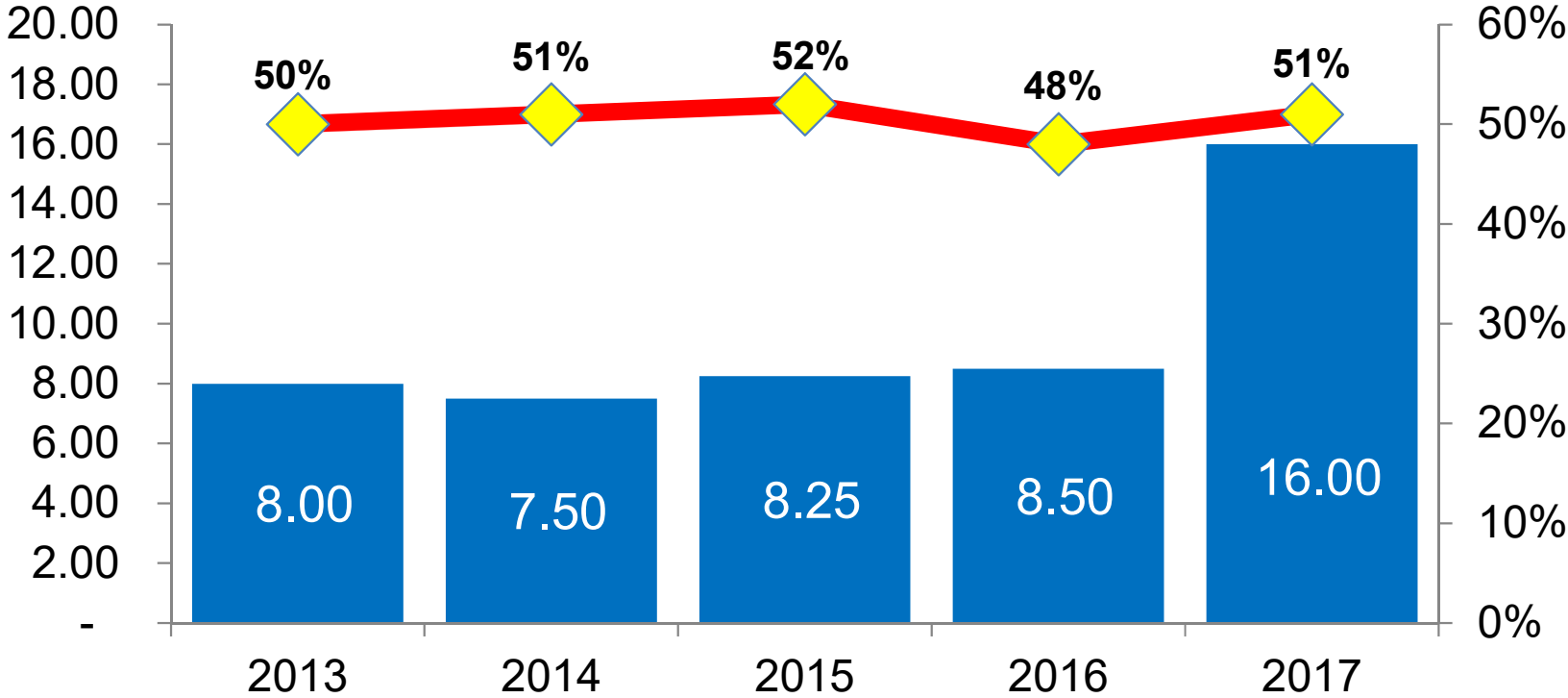


**Net Assets Per Share (RM)**



# 5-Year Financial Highlights

Gross Dividend Per Share (sen) and Payout Ratio (%)



# 9M2018 Highlights

# 9M2018 Highlights

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## Property Division

- Strong property sales of 1,180 units with a sales value of RM787 million;
- Unbilled sales of RM920 million as at 30 September 2018.

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## Education Division

- KDU UC Glenmarie and Penang registering higher new student enrolments;
- KDU UC Glenmarie registering a positive EBITDA of RM5.68 million.

# Total landbank & GDV



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Project	Original Land Size (Acre)	Remaining GDV (Million)	Development Period	
			Start	End
<b>On going Developments</b>				
Kemuning Utama, Shah Alam	524.7	506	2004	2020
Sekitar26, Shah Alam	11.6	372	2013	2020
Bandar Laguna Merbok, Sungai Petani	500	6	1996	2018
Bukit Banyan, Sungai Petani	520	624	2012	2027
Sejati Residences, Cyberjaya	50	214	2013	2021
Greenwoods, Salak Perdana	238	1,084	2015	2023
Batu Kawan, Penang	28.7	2,083	2016	2026
Atwater, Petaling Jaya	5.2	861	2018	2022
<b>Total</b>		<b>5,750</b>		

# Total Landbank & GDV

Project	Land Size (Acre)	GDV (Million)	Development Period	
			Start	End
<b>Projects in the Pipeline</b>				
Berkeley Uptown, Klang	33.3	1,410	2018	2026
<b>Future Projects</b>				
Machang Bubuk, Penang	69.2	410	2019	2027
<b>Total</b>		<b>1,820</b>		
<b>Grand Total</b>		<b>7,570</b>		

# Prospect for 2018

# Prospects

- During the nine months ended 30 September 2018, the Group achieved sales of RM787 million. The Group targets to achieve property sales of approximately RM1.0 billion backed by new launches of properties of approximately RM1.2 billion for the financial year 2018. The gross development values of the projects launched in the nine months ended 30 September 2018 was RM1.1 billion. In addition, the Group has achieved a new milestone, its unbilled sales stood at RM920 million as at 30 September 2018 on the back of its 7 on-going projects. This is expected to contribute positively to the Group's financial performance in the near future.
- During the quarter ended 30 September 2018, the Group launched Phase 2 of Suasana and Phase 2 of Keranji on the back of encouraging sales achieved for the earlier phases. The commercial development at Atwater is targeted to be launched in 4Q2018. In addition, the Group will be launching in 4Q2018, a new mixed development project located in the vicinity of Klang's main business and commercial area, where the Group is constructing a new Sri KDU international school targeting for completion in 2020.
- The K-12 segment will be the main driver within the education segment with R.E.A.L targeting the mass affluent segment while Sri KDU offers premium private and international schools. The Group is cognizant that the target customers of the R.E.A.L private and international schools are more price sensitive. Hence, student attrition is analysed while internal processes are streamlined to deliver quality education at reasonable cost. In addition, more aggressive marketing efforts, including social media and digital marketing, will be undertaken to improve student enrolments. The Group believes there is untapped growth potential in the pre-school and enrichment centre segments. In line with this, the Group has opened three (3) new pre-school centres in Klang Valley and a new language programme has been launched under the enrichment centre segment, "Mandarin for Life" during the year. The student enrolments at the new pre-school centres and the franchisees response received thus far has been encouraging. In addition, the Group will also leverage on the synergies and opportunities for student continuity and retention, with R.E.A.L Kids kindergarten students moving to R.E.A.L Schools or Sri KDU national and international schools, and for R.E.A.L School students moving to KDU University Colleges.

## Prospects (cont'd)

- For the tertiary business, the Group has restructured the international marketing strategy and intensify its social media and digital marketing to promote its flagship schools. The total tertiary student enrolments has improved during the nine (9) months ended 30 September 2018 as compared to the corresponding period last year.
- In line with the Group's asset light strategy, it will continue to build strategic partnerships to undertake property development projects on joint venture basis if such opportunities arise. In addition, the Group seeks to unlock value through the monetisation of land bank and strategic divestments. The Group has entered into a strategic partnership with the University of Wollongong, one of Australia's leading regional public universities, in relation to the Group's tertiary education business. The Group does not expect any financial impact arising from this exercise for the financial year ending 31 December 2018 as the target completion is in 1Q2019.
- Barring any unforeseen circumstances, the Group is confident to deliver a better operating performance for the current financial year ending 31 December 2018.

# Disclaimer

## **Statement Regarding Unaudited Financial Information**

The unaudited financial information set forth above is preliminary and subject to adjustments and modifications.

## **Disclaimer on Forward-Looking Statements**

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We therefore caution against placing undue reliance on the forward-looking statements contained in this presentation, which are based on current view of management on future events.

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**Thank You**