

PARAMOUNT

Unaudited 1Q2019 Results

23 May 2019

1Q2019 Results

1Q2019 vs 1Q2018 Financial Results

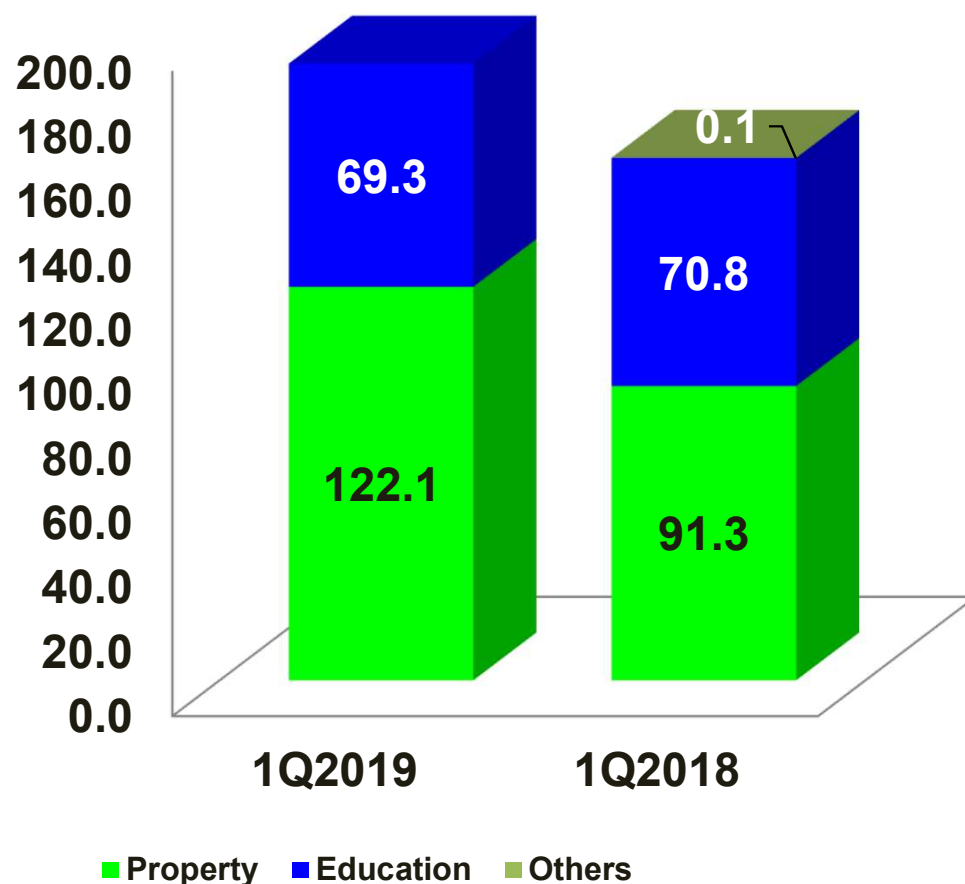
		1Q2019	1Q2018	+/-	%
Revenue	RM'Mil	191.4	162.2	29.2	18%
Profit before tax	RM'Mil	19.2	18.0	1.2	7%
EBITDA	RM'Mil	36.1	28.4	7.7	27%
Profit net of tax	RM'Mil	12.0	13.2	(1.2)	-9%
Profit attributable to ordinary equity holders of the Company	RM'Mil	6.2	7.0	(0.8)	-11%
Earnings per share	Sen	1.44	1.64	(0.20)	-12%
Dividend per share	Sen	0.00	0.00	0.00	0%
Net asset per share	RM	2.49	2.37	0.12	5%
Shareholders' funds	RM'Mil	1,077.5	1,016.9	60.6	6%
ROE	%	0.6	0.8	(0.2)	-25%
Gearing ratio	Times	0.85	0.68	0.17	25%

The Group's revenue was 18% higher, with improved contribution from the property division.

The Group's profit before tax (PBT), was 7% higher at RM19.2 million mainly due to the higher property division's PBT by RM5.9 million but was mitigated by the lower education division's PBT by RM3.1 million.

Revenue

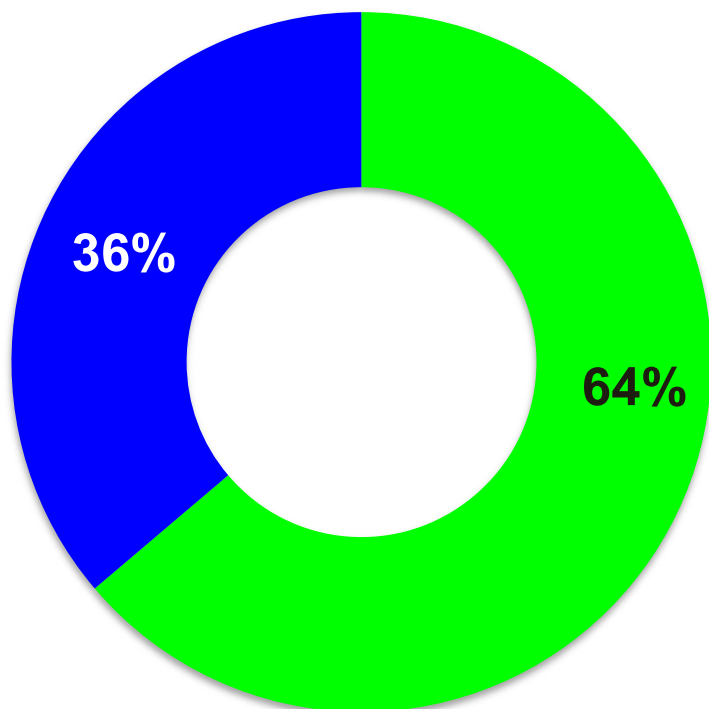
Revenue By Division (RM'Million)



Property Division	<p>Higher revenue, by 34%, mainly due to:</p> <ul style="list-style-type: none"> • More advanced stage of completion at the Utopolis Glenmarie • Contribution from new phases that were launched in FY2018, namely the Greenwoods, Salak Tinggi and the Utopolis Batu Kawan, Penang developments
Education Division	<p>Marginally lower revenue, mainly due to:</p> <ul style="list-style-type: none"> • Higher revenue from KDU University in Glenmarie, offset by • Lower revenue from KDU University in Penang, Sri KDU and R.E.A.L Education Group

Revenue - Contribution By Division

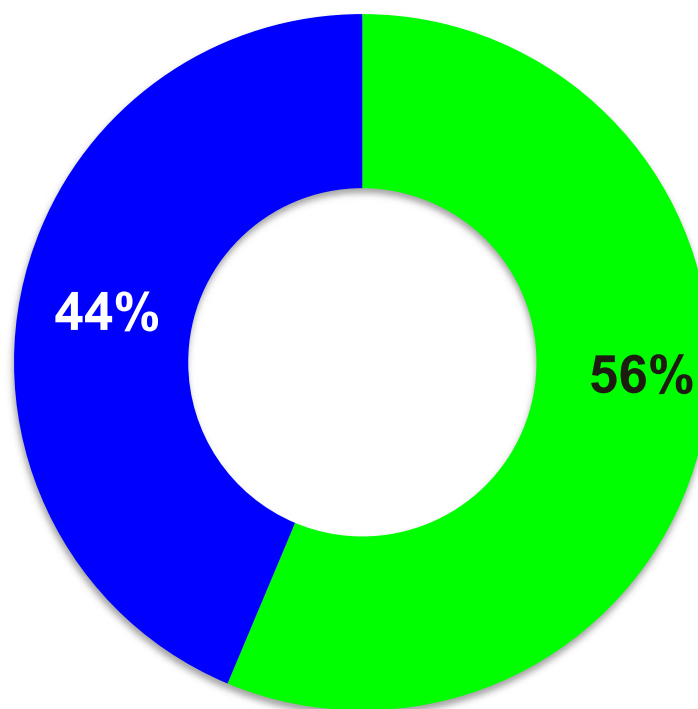
1Q2019 Revenue



■ Property

■ Education

1Q2018 Revenue

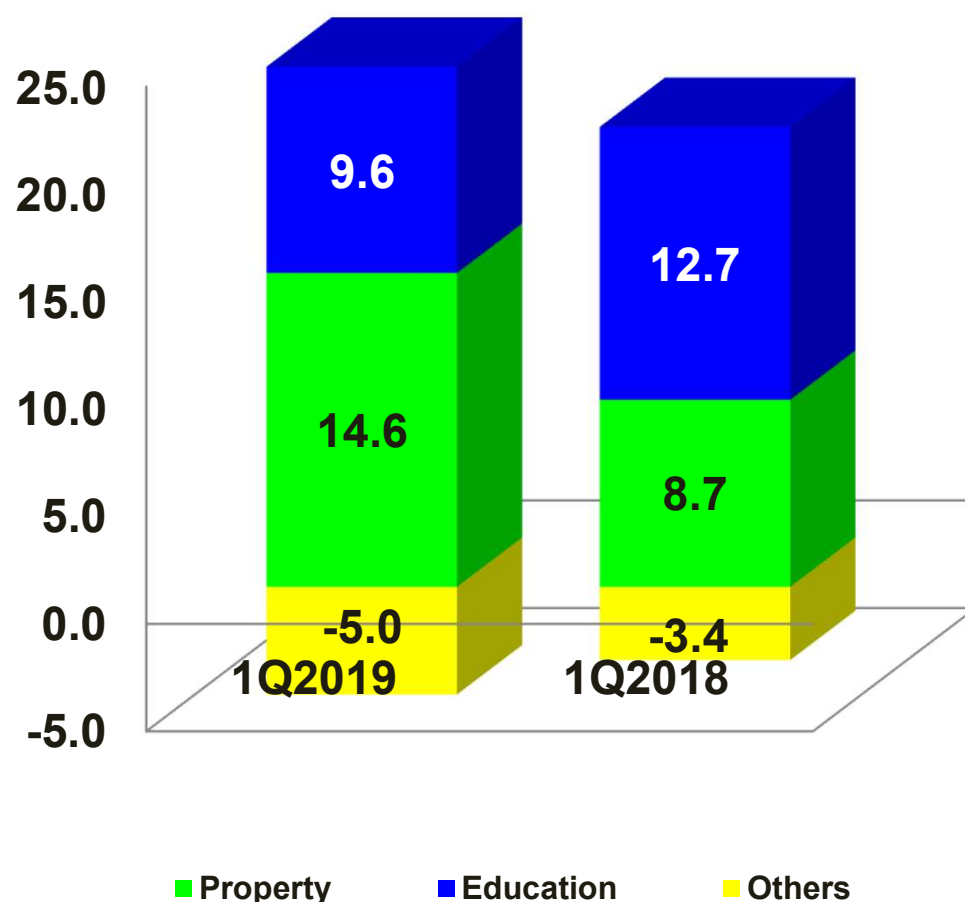


■ Property

■ Education

PBT

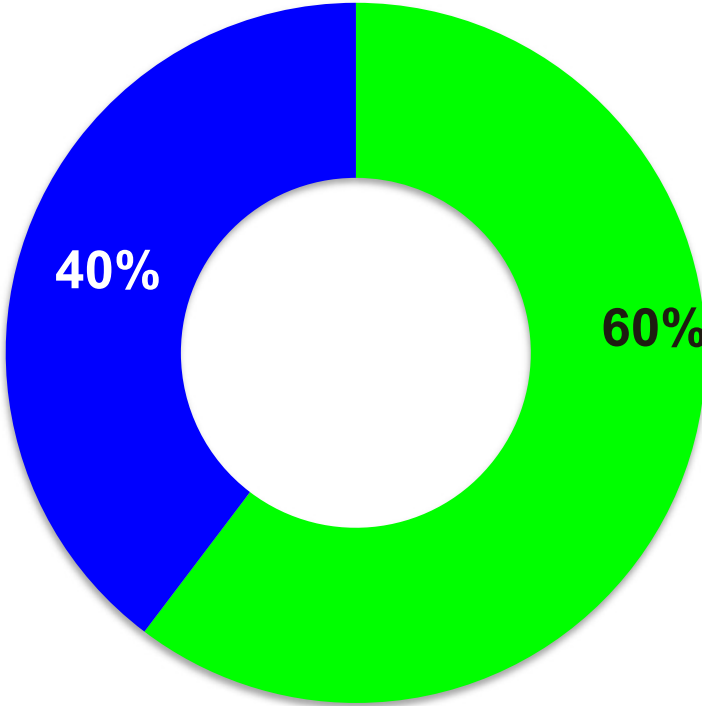
PBT By Division (RM'Million)



<p>Property Division</p>	<p>Higher PBT, by 68%, mainly due to:</p> <ul style="list-style-type: none"> • More advanced stage of completion at the Utropolis Glenmarie • Contribution from new phases that were launched in FY2018, namely the Greenwoods, Salak Tinggi and the Utropolis Batu Kawan, Penang developments
<p>Education Division</p>	<p>Lower PBT, by 24%, mainly due to:</p> <ul style="list-style-type: none"> • Lower contribution from Sri KDU, R.E.A.L Education Group and KDU University in Penang, • Adoption of the MFRS 16 Leases since 1 January 2019 had lowered the PBT by about RM0.7 million, cushioned by, • KDU University College in Glenmarie's improved performance as a result of higher student enrolments

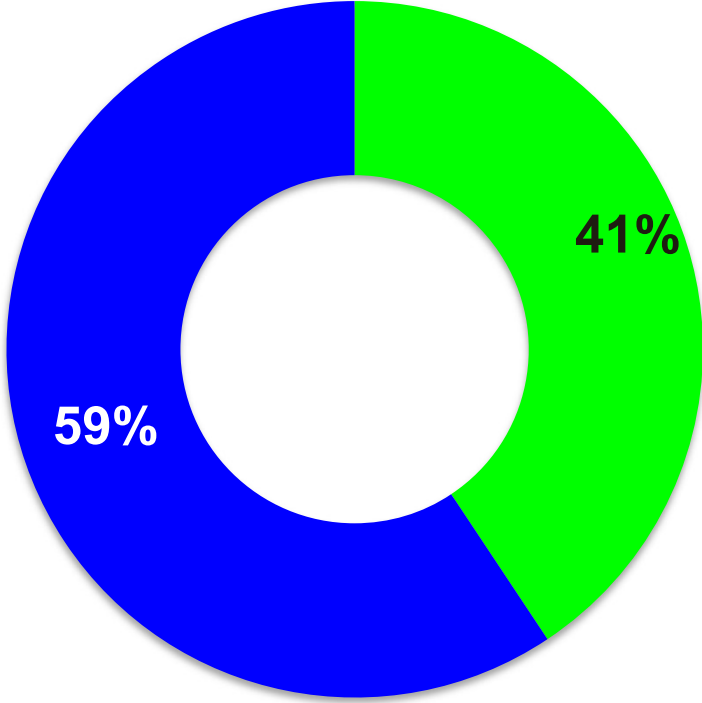
PBT – Contribution By Division

1Q2019 PBT



■ Property ■ Education

1Q2018 PBT



■ Property ■ Education

Statement of Financial Position

RM'000	31/3/2019	31/12/2018
Non-current assets	1,983,946	1,747,452
Current assets	905,827	928,178
Total assets	2,889,773	2,675,630
Current liabilities	836,455	835,218
Net current assets	69,372	92,960
Non-current liabilities	750,205	494,127
Total liabilities	1,586,660	1,329,345
Total equity	1,303,113	1,346,285
Total equity and liabilities	2,889,773	2,675,630

Debt/Equity Ratio

	31/3/2019	31/12/2018
	RM'Mil	RM'Mil
Borrowings	1,106.1	900.7
Cash & bank balances	106.4	137.0
Total equity*	1,303.1	1,346.3
	31/3/2019	31/12/2018
Gross D/E ratio	0.85	0.67
Net D/E ratio	0.77	0.57

*Included Private Debt Securities of RM150 million (2018: RM200 million)

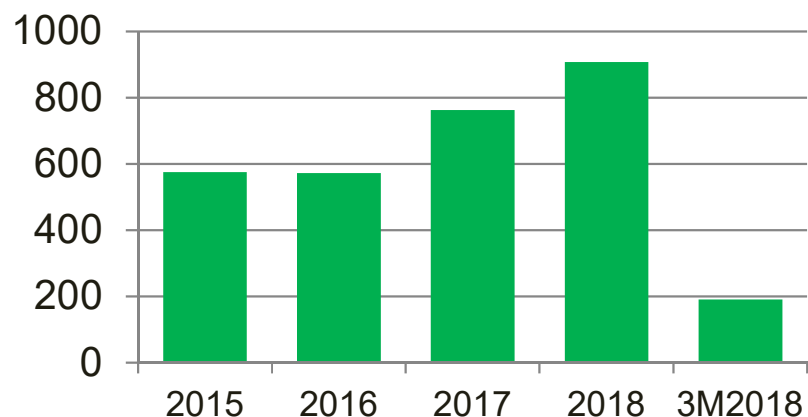
Gross D/E Ratio = Total Borrowings/Total Equity

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

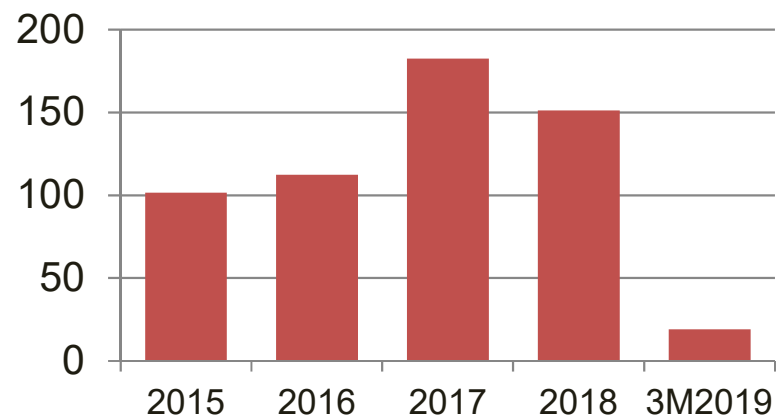
5-Year Financial Highlights

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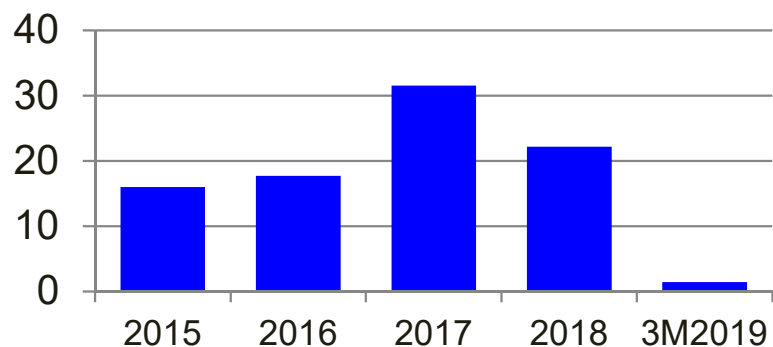
Revenue (RM'Mil)



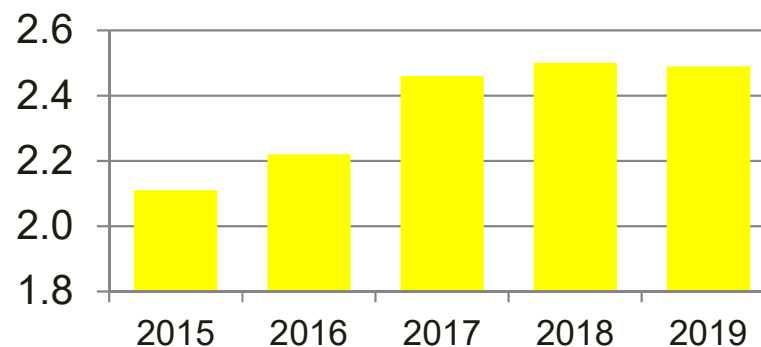
PBT (RM'Mil)



Earnings Per Share (Sen)

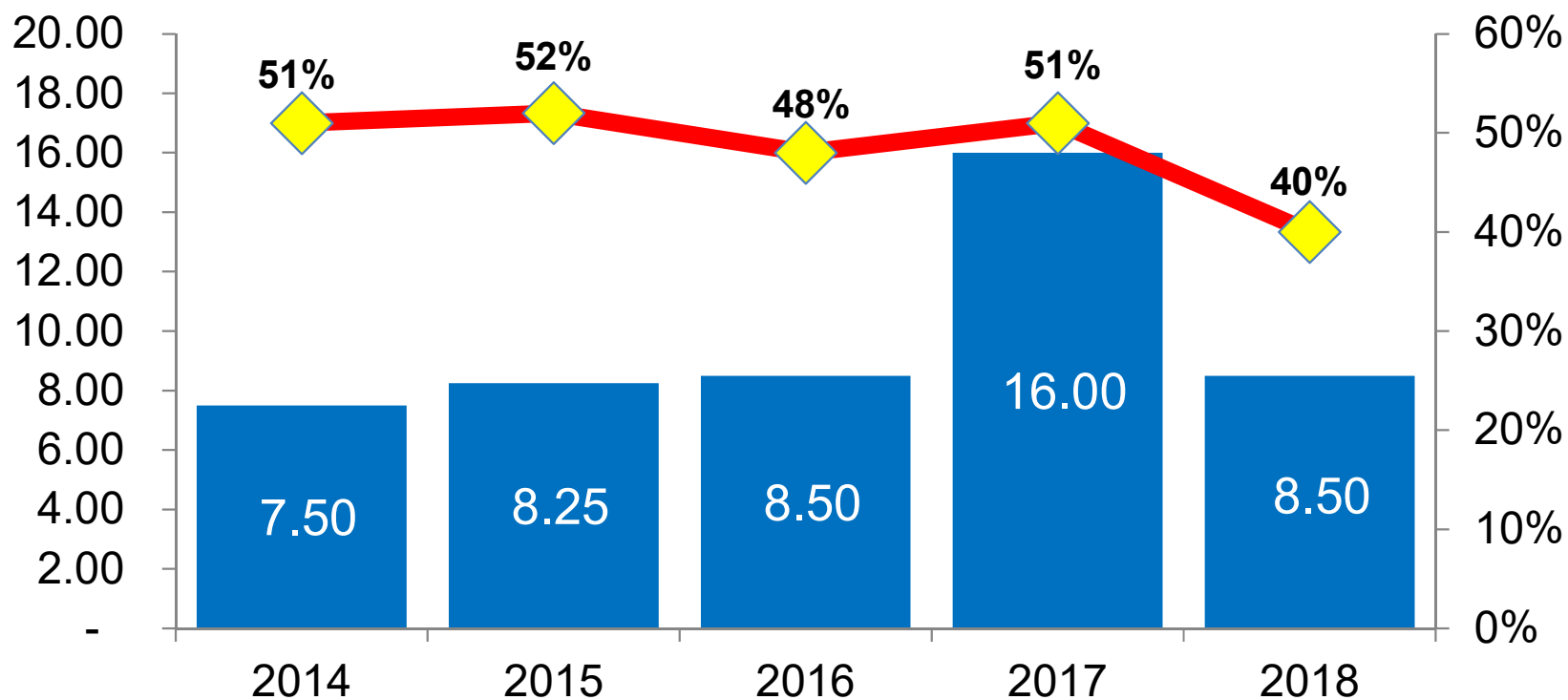


Net Assets Per Share (RM)



5-Year Financial Highlights

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



1Q2019 Highlights

1Q2019 Highlights

Property Division

- Property sales of 201 units with a sales value of RM104 million;
- Unbilled sales of RM907 million as at 31 March 2019.
- Acquisition of land measuring approximately 41.406 acres in Mukim Dengkil, Daerah Sepang, Negeri Selangor at a total cash consideration of RM149.7 million was completed on 26 March 2019

Education Division

- KDU UC Glenmarie registering a higher EBITDA of RM2.44 million (1Q2018: RM1.32 million).
- Adoption of the MFRS 16 Leases since 1 January 2019 had lowered the PBT by about RM0.7 million
- Agreement for the strategic partnership between Paramount and UOWM expected to be completed in 3Q2019

Total landbank & GDV

Total Landbank & GDV

Project	Remaining Gross Undeveloped Lands (Acres)	Remaining GDV* (Million)	Development Period	
			Start	End
On going Developments				
Kemuning Utama, Shah Alam	33.7	506	2004	2026
Sekitar26, Shah Alam	11.6	646	2013	2026
Bandar Laguna Merbok, Sungai Petani	0.0	6		
Bukit Banyan, Sungai Petani	230.0	621	2012	2027
Sejati Residences, Cyberjaya	10.3	497	2013	2021
Greenwoods, Salak Perdana	141.0	938	2015	2027
Utropolis Batu Kawan, Penang	20.4	1,698	2016	2026
Atwater, Petaling Jaya	1.7	354	2018	2022
Utropolis Glenmarie, Shah Alam	0.0	21		
Total	448.7	5,287		

* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 31 March 2019

Total Landbank & GDV

Project	Remaining Gross Undeveloped Lands (Acres)	GDV* (Million)	Development Period	
			Start	End
Projects in the Pipeline				
Berkeley Uptown, Klang	20.5	1,200	2019	2028
Lakeside, Cyberjaya	41.4	570	2019	2023
Future Projects				
Machang Bubuk, Penang	69.2	420	2020	2025
Total	131.1	2,190		
Grand Total	579.8	7,477		

* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 31 March 2019

Prospect for 2019

Prospect

The Malaysian economy grew by 4.5% in the 1Q2019. Private sector activity remained the key driver of growth, supported mainly by firm private consumption growth during the quarter. Going forward, the Malaysian economy is expected to remain on a steady growth path. Private sector demand is expected to remain the anchor of growth amid lower public sector spending. The external sector is likely to grow marginally in tandem with modest global demand. Overall, the baseline projection is for the Malaysian economy to grow between 4.3% - 4.8% for the year.

Paramount Property

For 2019, the Group foresees the property sector to remain soft. Nevertheless, there are nascent hopes of a recovery, given the initiatives introduced by the government in Budget 2019. Raising the income levels would be an effective way of resolving the unaffordability of homeownership in Malaysia and to address the mismatch between demand and supply of properties.

Nevertheless, the reduction in the Overnight Policy Rate by 25 basis point to 3% by Bank Negara Malaysia recently is expected to be positive to the property developers as sentiment to purchase properties will likely improve due to the lower loan instalments.

During the quarter ended 31 March 2019, the Group achieved property sales of RM104 million and the Group's unbilled sales stood at RM907 million as at 31 March 2019, is expected to contribute positively to the Group's financial performance in the near future.

Paramount Property will continue to pursue its tried and tested strategies which have fueled its continuous growth thus far. In 2019, Paramount Property looks forward to launching seven projects including new phases of existing projects, albeit adopting a more cautious approach in response to market conditions.

Prospect

During 1Q2019, the Group has completed the acquisition of 41.4 acres of land located close to the existing project, Sejati Residences, Cyberjaya with a projected gross development value of RM570 million. Paramount Property is working towards launching the first phase of the development in 4Q2019 in line with its strategy to improve the speed to market for better cost management.

In line with the Group's asset light strategy, the Group will jointly develop a Transit-Oriented Development with projected GDV of RM1 billion in Section 14, Petaling Jaya with the land owner, Kumpulan Hartanah Selangor Berhad. In addition, the Group expects contribution from its land development business to complement its property development business.

On the co-working space front, the Group is planning to open another three co-working sites in 2019, expanding its footprint in Klang Valley. This is on the back of encouraging uptake from its existing total floor space of 23,500 sq ft (Starling Mall, Petaling Jaya and Utropolis Marketplace, Shah Alam) and in line with the growing acceptance of co-working space among young entrepreneurs, start-ups and multinational companies.

Prospect

Paramount Education

In spite of the challenging economic conditions affecting the K-12 segment, price wars are likely to persist as the effects of lower birth rates over the past two decades become more evident coupled with the increase in capacity which is expected to level off.

Given the near full capacity of the Sri KDU schools, Paramount Education's growth strategy would be focusing on the REAL Schools. Strategies are in place to beef up the academic quality, restructure the curriculum to meet the needs of target markets as well as undertake refurbishment and upgrade of school premises and facilities to improve the appeal of the schools to parents and students. In addition, more aggressive marketing efforts, including social media and digital marketing are undertaken to improve its market reach.

In 2019, REAL Kids has added one new pre-school centre in Rawang, Selangor making it the 34th centre operated by REAL Kids across Klang Valley and five states in Peninsular Malaysia. In addition, the Group is also sourcing for suitable locations to open another three to five centres.

On the tertiary education front, the agreement for the strategic partnership between Paramount and UOWM Sdn Bhd (owned by the University of Wollongong) is expected to be completed in 3Q2019. The entry of University of Wollongong, a well-established and high-ranking public research and teaching university from Australia, will enhance value for the KDU tertiary institutions, and help differentiate KDU from other education institutions in the market. In addition, the asset securitisation proposal involving the sale of the university campuses and the subsequent leaseback by the tertiary institutions would also be completed in 3Q2019, generating recurring rental income to the Group. Hence, the Group will continue to explore opportunities to unlock the value of these real estate assets and other education assets to enhance returns on capital employed and create long-term shareholder value.

Barring any unforeseen circumstances, the Group is expected to remain resilient for the financial year ending 31 December 2019, against prevailing market challenges and uncertainties.

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