

PARAMOUNT

# Unaudited 6M2019 Results

22 August 2019

# 2Q2019 Results

## 2Q2019 vs 2Q2018 Financial Results

		2Q2019	2Q2018	+/-	%
Revenue	RM'Mil	287.4	278.4	9.0	3%
Profit before tax	RM'Mil	45.2	60.8	(15.6)	-26%
EBITDA	RM'Mil	64.1	71.4	(7.3)	-10%
Profit net of tax	RM'Mil	30.5	44.7	(14.2)	-32%
Profit attributable to ordinary equity holders of the company	RM'Mil	28.5	42.3	(13.8)	-33%
Earnings per share	Sen	6.57	9.88	(3.31)	-34%
Dividend per share	Sen	2.00	2.50	(0.50)	-20%

The Group's revenue was 3% higher, with improved contribution from the property and education divisions.

The Group's profit before tax (PBT), was 26% lower mainly attributable to the higher profit margin from disposal of 9.4 acres of industrial land in Kota Damansara which had contributed revenue and PBT of RM92.1 million and RM43.2 million, respectively ("KD Land Disposal") in 2Q2018.

## 6M2019 vs 6M2018 Financial Results

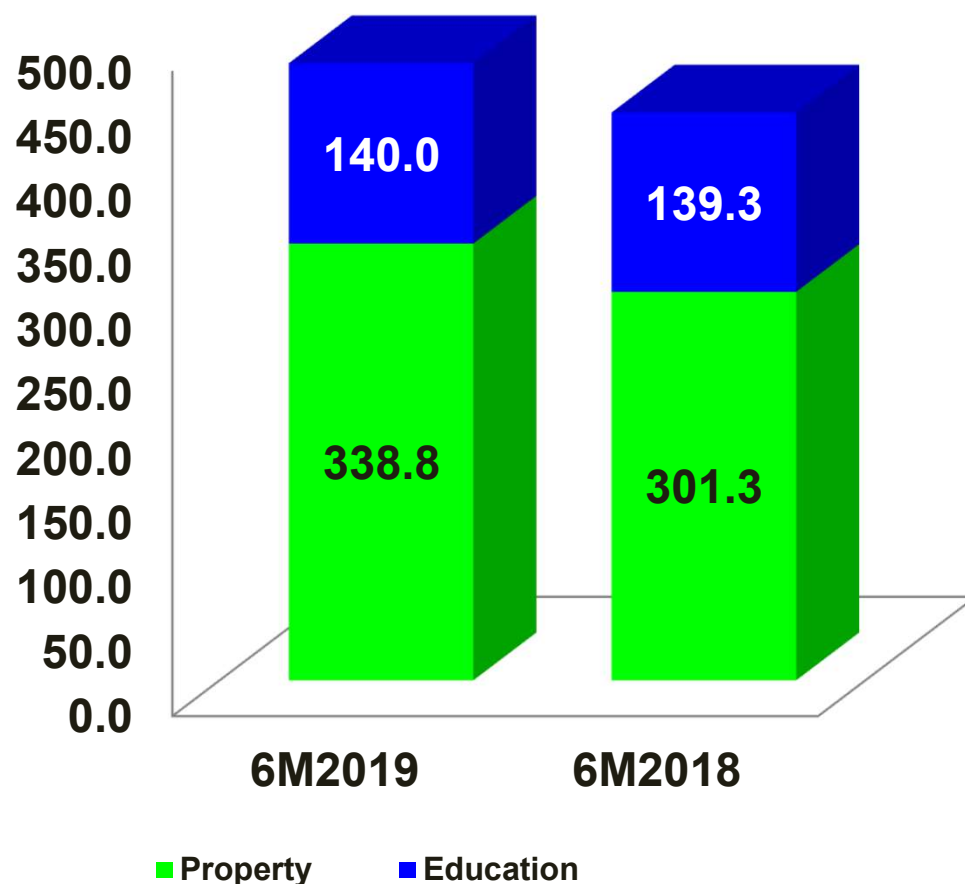
		6M2019	6M2018	+/-	%
Revenue	RM'Mil	478.9	440.6	38.3	9%
Profit before tax	RM'Mil	64.4	78.8	(14.4)	-18%
EBITDA	RM'Mil	100.2	99.7	0.5	1%
Profit net of tax	RM'Mil	42.5	57.9	(15.4)	-27%
Profit attributable to ordinary equity holders of the Company	RM'Mil	34.6	49.3	(14.7)	-30%
Earnings per share	Sen	8.02	11.56	(3.54)	-31%
Dividend per share	Sen	2.00	2.50	(0.50)	-20%
Net asset per share	RM	2.55	2.47	0.08	3%
Shareholders' funds	RM'Mil	1,105.9	1,059.3	46.6	4%
ROE	%	3.2	4.9	(1.7)	-35%
Gearing ratio	Times	0.72	0.70	0.02	3%

The Group's revenue was 9% higher, with improved contribution from the property and education divisions.

The Group's profit before tax (PBT), was 18% lower at RM64.4 million mainly attributable to the KD Land Disposal in 2Q2018.

# Revenue

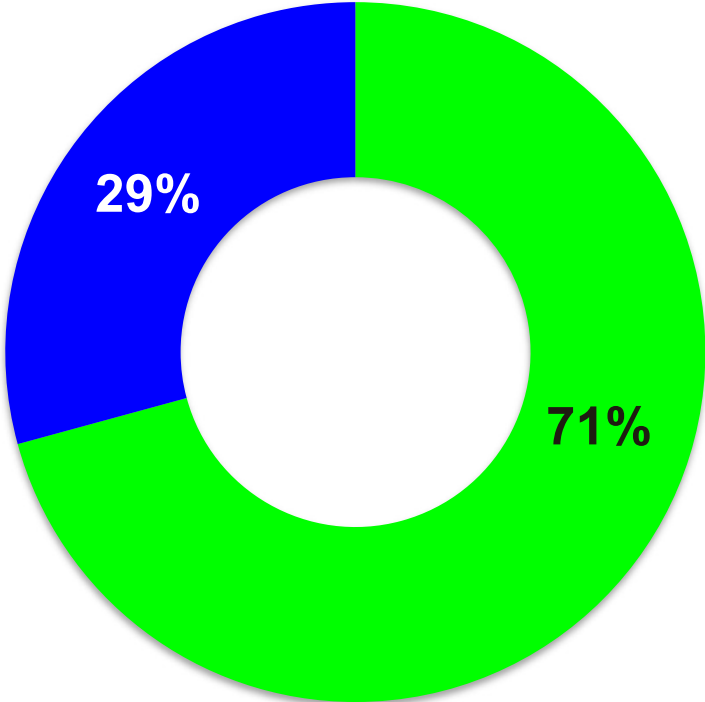
Revenue By Division (RM'Million)



<p><b>Property Division</b></p>	<p>Higher revenue, by 12%, mainly due to:</p> <ul style="list-style-type: none"> <li>• Higher sales from Sejati Residences and the completion of its Phase 3A in 2Q2019;</li> <li>• Higher sales from Bukit Banyan boosted by its participation in the House Ownership Campaign and the completion of certain phases in 2Q2019; and</li> <li>• More advanced stage of completion at Utropolis Glenmarie and Utropolis Batu Kawan</li> </ul>
<p><b>Education Division</b></p>	<p>Marginally higher revenue, mainly due to:</p> <ul style="list-style-type: none"> <li>• Higher revenue from KDU University in Glenmarie and Sri KDU, offset by</li> <li>• Lower revenue from KDU University in Penang and R.E.A.L Education Group</li> </ul>

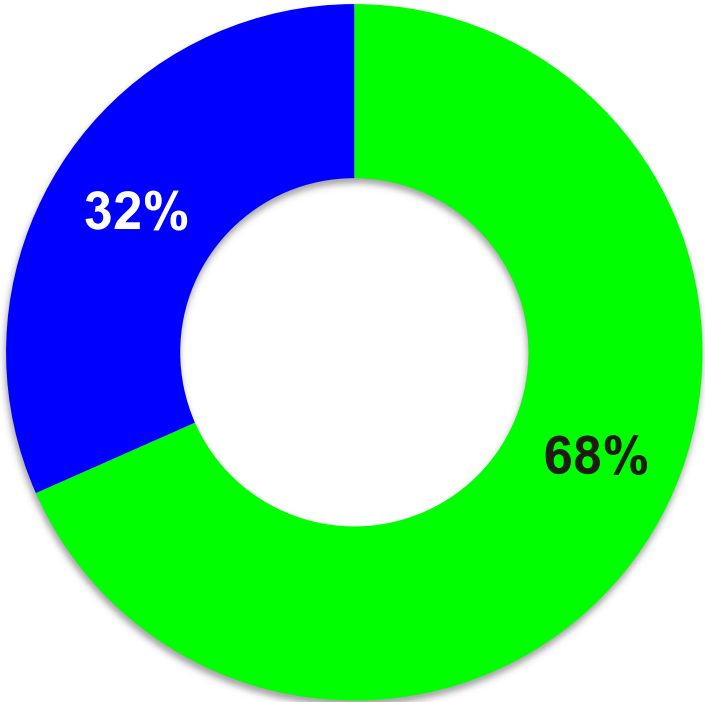
# Revenue - Contribution By Division

6M2019 Revenue



■ Property      ■ Education

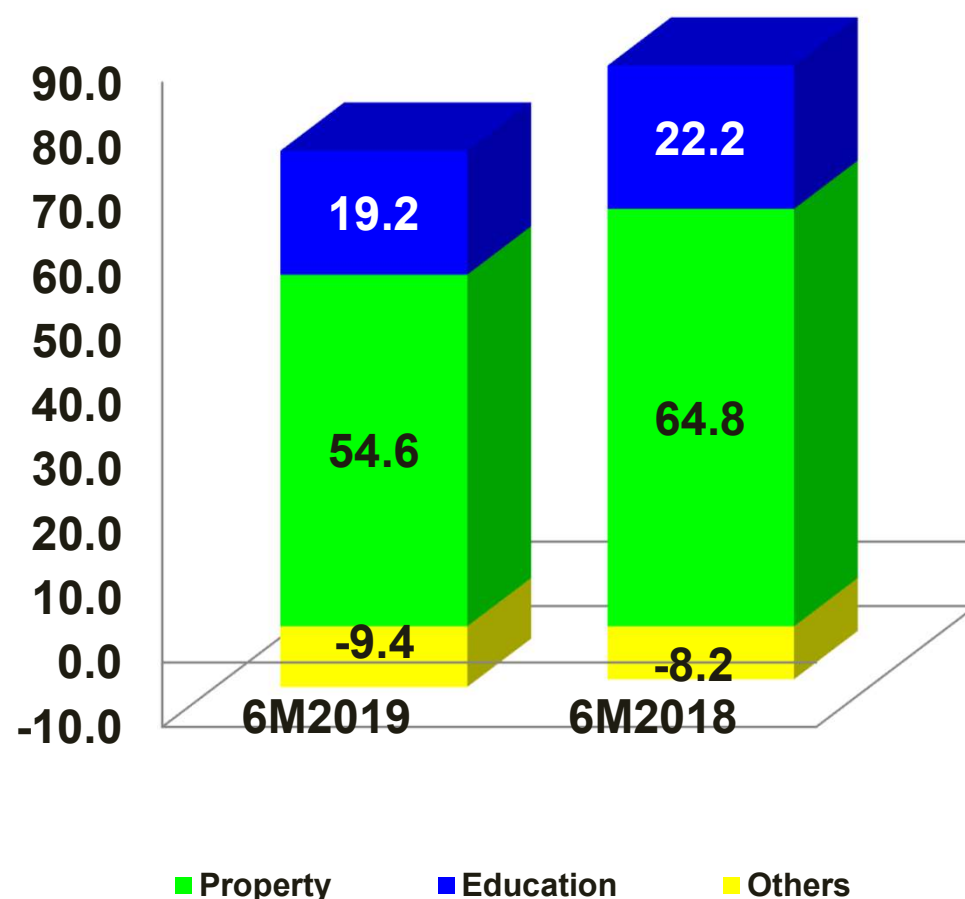
6M2018 Revenue



■ Property      ■ Education

# PBT

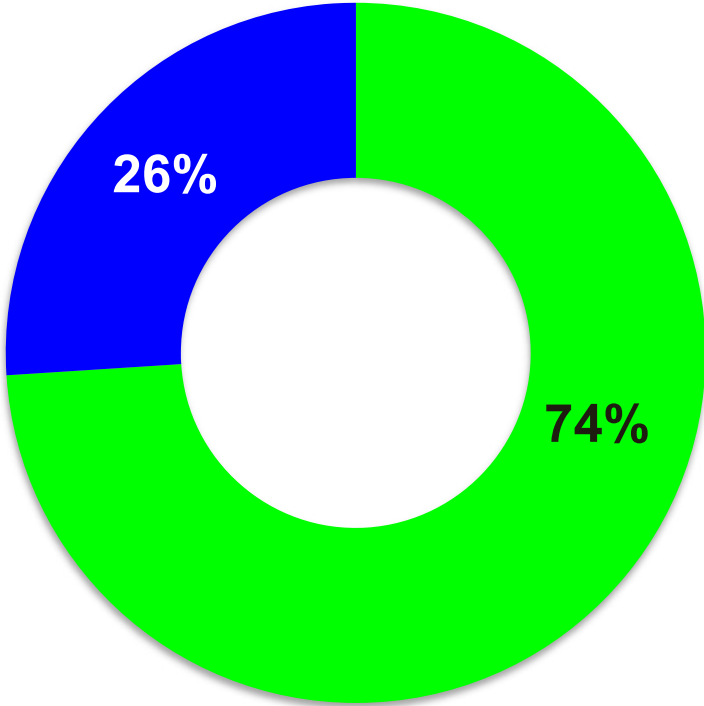
**PBT By Division (RM'Million)**



<p><b>Property Division</b></p>	<p>Higher PBT (excluding KD Land Disposal) , by 153%, mainly due to:</p> <ul style="list-style-type: none"> <li>• Higher sales from Sejati Residences and the completion of its Phase 3A in 2Q2019;</li> <li>• Higher sales from Bukit Banyan boosted by its participation in the House Ownership Campaign and the completion of certain phases in 2Q2019; and</li> <li>• More advanced stage of completion at Utropolis Glenmarie and Utropolis Batu Kawan</li> </ul>
<p><b>Education Division</b></p>	<p>Lower PBT, by 14%, mainly due to:</p> <ul style="list-style-type: none"> <li>• Lower contribution from R.E.A.L Education Group and KDU University in Penang, and</li> <li>• Adoption of the MFRS 16 Leases since 1 January 2019 had lowered the PBT by about RM1.3 million</li> </ul>

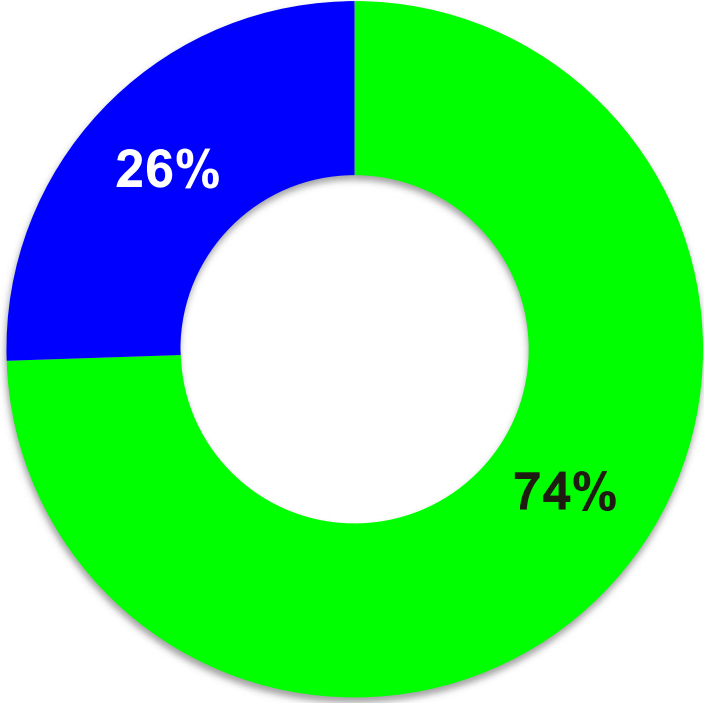
# PBT – Contribution By Division

6M2019 PBT



■ Property      ■ Education

6M2018 PBT



■ Property      ■ Education



## Statement of Financial Position

RM'000	30/6/2019	31/12/2018
Non-current assets	1,535,927	1,747,452
Current assets	1,389,778	928,178
Total assets	2,925,705	2,675,630
Current liabilities	1,009,184	835,218
Net current assets	380,594	92,960
Non-current liabilities	584,510	494,127
Total liabilities	1,593,694	1,329,345
Total equity	1,332,011	1,346,285
Total equity and liabilities	2,925,705	2,675,630

## Debt/Equity Ratio

	30/6/2019	31/12/2018
	RM'Mil	RM'Mil
Borrowings	957.7	900.7
Cash & bank balances	68.4	137.0
Total equity*	1,332.0	1,346.3
	30/6/2019	31/12/2018
Gross D/E ratio	0.72	0.67
Net D/E ratio	0.67	0.57

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

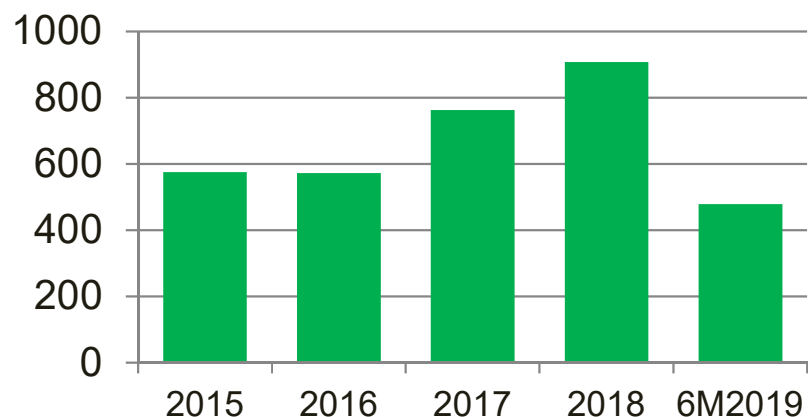
*Gross D/E Ratio = Total Borrowings/Total Equity*

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

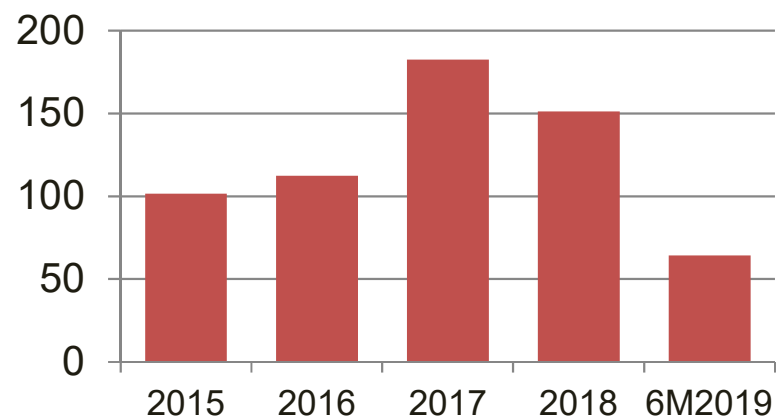
# 5-Year Financial Highlights

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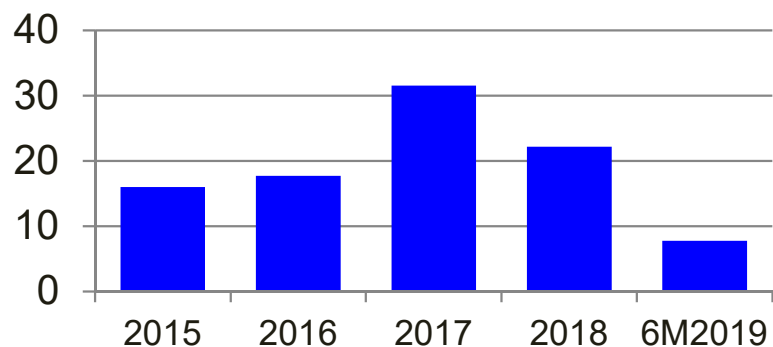
**Revenue (RM'Mil)**



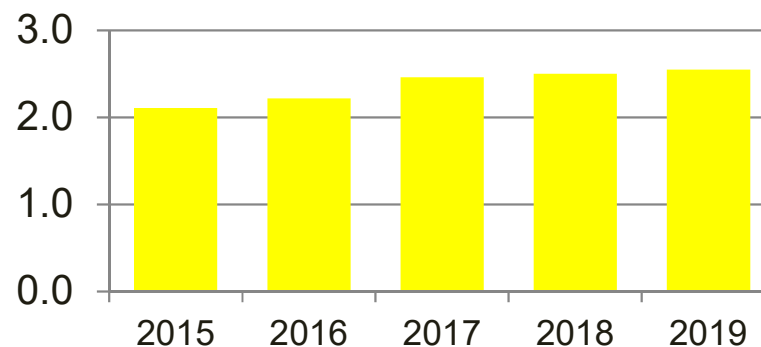
**PBT (RM'Mil)**



**Earnings Per Share (Sen)**

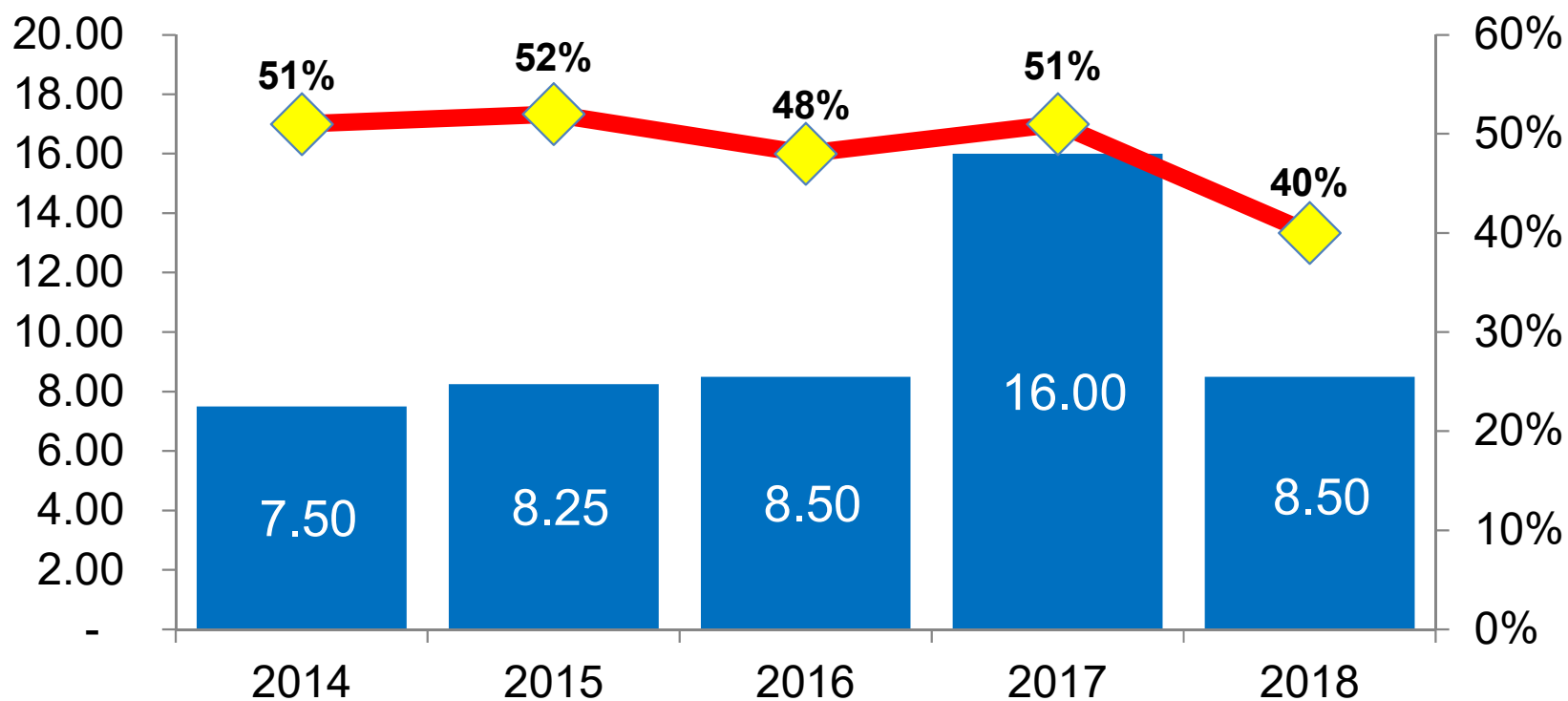


**Net Assets Per Share (RM)**



# 5-Year Financial Highlights

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



# 6M2019 Highlights

## 6M2019 Highlights

### Property Division

- Property sales of 497 units with a sales value of RM310 million;
- Unbilled sales of RM978 million as at 30 June 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 RM5.50 million (6M2018: RM4.61 million).
- Adoption of the MFRS 16 Leases since 1 January 2019 had lowered the PBT by about RM1.3 million
- Paramount has entered in a sale and purchase agreement to dispose its controlling equity interests in the pre-tertiary education group for an indicative cash consideration of RM540.5m to Prestigion Education Sdn Bhd

# Total landbank & GDV



## Total Landbank & GDV

Project	Remaining Gross Undeveloped Lands (Acres)	Remaining GDV* (Million)	Development Period	
			Start	End
<b>On going Developments</b>				
Kemuning Utama, Shah Alam	33.7	506	2004	2026
Sekitar26, Shah Alam	11.6	636	2013	2026
Bandar Laguna Merbok, Sungai Petani	0.0	6		
Bukit Banyan, Sungai Petani	190.0	602	2012	2027
Sejati Residences, Cyberjaya	10.3	464	2013	2021
Greenwoods, Salak Perdana	141.0	927	2015	2027
Utropolis Batu Kawan, Penang	25.4	2,082	2016	2027
Atwater, Petaling Jaya	0.0	292	2018	2022
<b>Total</b>	<b>412.0</b>	<b>5,515</b>		

\* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 30 June 2019

## Total Landbank & GDV

Project	Remaining Gross Undeveloped Lands (Acres)	GDV* (Million)	Development Period	
			Start	End
<b>Projects in the Pipeline</b>				
Berkeley Uptown, Klang	20.5	1,200	2018	2028
Lakeside, Cyberjaya	41.4	570	2019	2025
<b>Future Projects</b>				
Machang Bubuk, Penang	69.2	420	2020	2025
<b>Total</b>	<b>131.1</b>	<b>2,190</b>		
<b>Grand Total</b>	<b>543.1</b>	<b>7,705</b>		

\* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 30 June 2019

# Prospect for 2019

# Prospect

The Malaysian economy grew by 4.9% in 2Q2019 (1Q2019: 4.5%) supported by higher household spending and private investment. Following the strong economic performance in the first half of 2019, the 2019 real gross domestic product growth for Malaysia is forecasted to be 4.6%, according to an affiliate of Fitch Ratings Inc.

## Paramount Property

For the 2nd Half of 2019, the Group foresees the property sector to remain soft. Nevertheless, the lower lending rate following the reduction in the Overnight Policy Rate by Bank Negara Malaysia in May 2019 coupled with the Government's extension of the Home Ownership Campaign to 31 December 2019 are expected to improve consumer sentiments for the purchase of properties.

During the six months ended 30 June 2019, the Group achieved property sales of RM310 million. The Group's unbilled sales of RM978 million as at 30 June 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 fuelled its continuous growth thus far. In the 2nd Half of 2019, Paramount Property plans to launch six projects including new phases of existing projects. Hence, for the central region, Paramount Property will be expanding its footprint to Klang known as Berkeley Uptown - an integrated property-education development project of 33.3 acres located at Jalan Goh Hock Huat, Klang. Berkeley Uptown will be anchored by a new 1,500 student capacity Sri KDU International School campus and is supported by residential and various lifestyle components. In 4Q2019, Paramount Property will be launching a new landed development that is located in close proximity to its existing project, Sejati Residences in Cyberjaya to replicate the success of Sejati Residences. Sejati Residences is a multiple award winning residential development which has achieved strong sales of 85% for its on-going phase as at 30 June 2019 which is targeted to be completed by end 2019. As for the northern region, Paramount Property will also be launching the third phase of its serviced apartments in Utropolis Batu Kawan on the back of strong sales achieved thus far. The opening of the KDU Penang University College, Batu Kawan campus targeted in September 2019 is a game-changer for Utropolis Batu Kawan – marking the arrival of the university metropolis concept.

# Prospect

On the coworking space front, the Group has opened a coworking space of 27,700 sq ft at Naza Tower, KL City Center in June 2019 while the Sekitar26, Shah Alam co-working space of 34,400 sq ft was opened in July 2019. In addition, the expansion at The Starling Mall site is targeted to be completed in 4Q2019. This is on the back of encouraging uptake from its existing total floor space of 23,700 sq ft (The Starling Mall, Petaling Jaya and Utropolis Marketplace, Shah Alam) and in line with the growing acceptance of coworking space among young entrepreneurs, start-ups and multinational companies.

# Prospect

## Paramount Education

### Pre-Tertiary Education

The proposed disposal by Paramount of its controlling equity interests in Paramount Education Sdn Bhd, Paramount Education (Klang) Sdn Bhd and Sri KDU Sdn Bhd (as set out in Note B6(iii)) ("Proposed Disposal") will enable the Paramount Group to monetise and unlock the value of part of its investments in the Pre-Tertiary Education Group at an attractive valuation which is comparable to regional education service providers operating in developed markets. The Proposed Disposal is expected to be completed in 4Q2019 wherein the Group will continue to hold an effective 20% equity interests in the Target Companies (as defined in Note B6(iii)) post completion to participate in the future growth of the Pre-Tertiary Education Group.

### Tertiary Education

The agreement for the strategic partnership between Paramount and UOWM Sdn Bhd (owned by the University of Wollongong) as set out in Note B6(ii) 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, as a controlling shareholder of the Tertiary Education Group will enhance value for the KDU tertiary institutions, and help differentiate KDU from other education institutions in the market. Post completion, Paramount will continue to participate in the growth of the Tertiary Education Group via its equity interest of 35% in KDU University College Sdn Bhd ("KDUUC") and KDU University College (PG) Sdn Bhd ("KDUPG"). In respect of the campus properties of KDUUC and KDUPG, these had been disposed to Dynamic Gates Sdn Bhd ("DGSB"). Hence, the Group will continue to explore opportunities to unlock the value of these real estate assets to enhance returns on capital employed and create long-term shareholder value, given Paramount's call option to purchase these campus properties from DGSB.

Barring any unforeseen circumstances, the Group's financial performance for the financial year ending 31 December 2019 is expected to be better than the previous year upon completion of the proposals involving the disposals of the Pre-Tertiary Education Group and the Tertiary Education Group.

## **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**