

PARCO CO., LTD. FY2015 Q1 (Mar.-May) Briefing Material

1. Overview of FY2015 Q1 results

Achieved fourth consecutive quarter of sales and profit growth by expanding urban group business locations, and achieved record-high consolidated and non-consolidated profit

■ Q1 results

Consolidated	FY2015 Q1 Mar.-May	FY2014 Q1 Mar.-May	Change ¥	Change %
Net sales	70,620	67,670	2,950	4.4%
Operating income	3,363	3,011	351	11.7%
Ordinary income	3,314	2,998	316	10.6%
Net income	1,965	1,647	318	19.3%
EBITDA	4,840	4,398	442	10.1%

Non-consolidated	FY2015 Q1 Mar.-May	FY2014 Q1 Mar.-May	Change ¥	Change %
Net sales	63,379	62,007	1,371	2.2%
Operating income	3,070	2,944	126	4.3%
Ordinary income	3,108	2,945	162	5.5%
Net income	1,914	1,695	218	12.9%
EBITDA	4,440	4,226	213	5.1%

EBITDA in these tables refers to operating income plus depreciation and amortization.

■ Results by segment

Consolidated		FY2015 Q1 Mar.-May	Change ¥	Change %
Shopping Complex Business	Net sales	62,725	1,361	2.2%
	Segment Income	2,979	148	5.2%
Retail Business	Net sales	5,055	265	5.5%
	Segment Income	105	(25)	(19.3%)
Space Engineering and Management Business	Net sales	6,171	1,283	26.3%
	Segment Income	209	112	116.6%
Other Business	Net sales	2,087	269	14.8%
	Segment Income	94	110	-
Consolidated	Net sales	71,844	3,148	4.6%
	Segment Income	3,363	351	11.7%

Figures for net sales by segment include operating revenue.

Segment income is adjusted to operating income in the quarterly consolidated statements of income.

PARCO's Entertainment Business earnings are included in Other Business.

Due to adjustments between business segment results, totals of business segment figures differ from consolidated figures.

- Consolidated net sales increased on the expansion of PARCO stores and retail business Neuve A locations, increased orders at Space Engineering and Management Business PARCO Space Systems, and strong performance at PARCO's Entertainment Business.
- Consolidated operating income, ordinary income, and net income increased, reflecting strong consolidated net sales and revenue growth at Nagoya ZERO GATE, which opened in the previous fiscal year, and despite an increase in SG&A associated with the increase in business locations.
- The Fukuoka PARCO extension and Nagoya PARCO midi opened in March. From next fiscal year we plan to open Sapporo ZERO GATE (spring 2016), Sendai New Building (early summer 2016), and a store in Ueno (autumn 2017).

■ Selling, general and administrative expenses

Consolidated	FY2015 Q1 Mar.-May	Change ¥	Change %
Personnel	2,532	46	1.9%
Lease/rental	2,255	121	5.7%
Advertising	1,129	89	8.6%
Agency services	1,329	34	2.7%
Depreciation	1,477	91	6.6%

Total SG&A	FY2015 Q1 Mar.-May	Change ¥	Change %
	8,434	337	4.2%

■ Non-operating income and loss

Consolidated	FY2015 Q1 Mar.-May	Change ¥
Non-operating income	61	(59)
Interest earned	11	(5)
Non-operating loss	109	(25)
Interest paid	100	(19)

■ Extraordinary income and loss

Consolidated	FY2015 Q1 Mar.-May	Change ¥
Extraordinary income	-	-
Extraordinary loss	117	(107)
Loss on disposal of noncurrent assets	96	(113)
Loss on sale of noncurrent assets	20	20
Impairment loss	-	(14)

2. Overview of sales by store

Opened Fukuoka PARCO extension and Nagoya PARCO midi.
YoY tenant sales were strong in Q1 with the exception of March, reflecting
rush demand in March 2014 ahead of the consumption tax increase.

■ Non-consolidated tenant sales by store

Unit: Million yen

Store	Mar. – May		Monthly change (%)			
	Net sales	Change %	Mar.	Apr.	May	
Urban Store Group	Sapporo PARCO	3,068	6.8%	(0.9%)	14.0%	9.8%
	Sendai PARCO	3,295	(1.0%)	(8.5%)	3.4%	4.8%
	Ikebukuro PARCO	6,916	(2.3%)	(9.2%)	2.6%	1.3%
	Shibuya PARCO	3,918	5.7%	1.1%	10.5%	6.1%
	Shizuoka PARCO	2,571	4.0%	(6.0%)	15.9%	6.5%
	Nagoya PARCO	8,952	2.4%	(10.4%)	12.3%	9.5%
	Hiroshima PARCO	4,184	(2.3%)	(13.1%)	4.1%	5.9%
	Fukuoka PARCO	4,971	53.0%	42.2%	59.0%	60.5%
	8 store total	37,879	6.0%	(3.4%)	13.1%	11.1%
Community Store Group	Utsunomiya PARCO	1,125	(2.5%)	(8.0%)	2.0%	(0.2%)
	Urawa PARCO	4,406	(3.4%)	(14.5%)	8.1%	0.6%
	Shin-Tokorozawa PARCO	2,384	2.1%	(11.1%)	12.4%	8.3%
	Chiba PARCO	1,373	(7.5%)	(16.6%)	(3.1%)	(1.2%)
	Tsudanuma PARCO	2,225	(3.7%)	(12.8%)	0.8%	3.0%
	Hibarigaoka PARCO	1,900	(4.1%)	(13.3%)	3.4%	0.6%
	Kichijoji PARCO	1,777	(7.5%)	(18.4%)	(2.1%)	1.2%
	Chofu PARCO	4,366	(0.3%)	(11.1%)	7.8%	4.9%
	Matsumoto PARCO	1,760	(7.3%)	(15.8%)	(3.7%)	0.3%
	Otsu PARCO	929	(18.9%)	(27.8%)	(13.5%)	(13.9%)
	Kumamoto PARCO	1,298	(1.9%)	(11.8%)	4.1%	4.7%
11 store total	23,547	(3.9%)	(14.0%)	3.4%	1.8%	
Total	61,426	2.0%	(7.7%)	9.1%	7.3%	
Existing store total	59,629	(1.0%)	(10.1%)	5.6%	4.0%	

■ Non-consolidated YoY comparison of quarterly paying customers, av. spend per customer (existing stores)

	Mar. – May	Mar.	Apr.	May
Paying customers	(1.4%)	(4.6%)	0.1%	0.7%
Av. spend per customer	0.2%	(5.4%)	3.5%	4.2%

Existing stores total does not include sales at Nagoya PARCO midi (opened March 27, 2015), Fukuoka PARCO New Building, or Fukuoka Main Building extension (opened March 19, 2015).

YoY comparisons of sales by item, sales in renovated zones, paying customers, and average spend per customer are based on overall store sales, which are calculated by adding tenant sales, PARCO Theatre sales, and fixed-rent tenant sales to show the overall selling power of stores.

Sales area is tenant floor area and shared-use area.

Figures for PARCO Card members and non-consolidated stores/tenants/sales area are as of May 31, 2015.

- Opened Nagoya PARCO midi and Fukuoka PARCO extension in March. Achieved synergies at Nagoya PARCO (existing tenant store sales up 0.5% YoY) and Fukuoka PARCO (up 2.6% YoY).
- Tenant sales were driven by newly opened stores and by urban store group, in particular Shibuya PARCO and Sapporo PARCO.
- Overseas customer share of net sales* increased to 9.1% at Shibuya PARCO and to 6.3% at Sapporo PARCO, where tenants have been successfully capturing inbound demand, and contributed to overall sales performance.

*Overseas customer share of net sales is the percentage of total store sales made by foreign-issued credit cards

■ Non-consolidated sales by item

Comparisons are with FY2014 Q1 (existing store total)

Item category	Mar. – May	Monthly change (%)			
		Mar.	Apr.	May	
Clothing	Womenswear	(6.0%)	(11.2%)	(2.8%)	(2.7%)
	Menswear	(9.6%)	(18.2%)	(5.3%)	(3.5%)
	General clothing	1.8%	(5.6%)	5.3%	6.6%
	Total	(4.1%)	(10.7%)	(0.2%)	0.0%
Personal items	Shoes	3.0%	(6.7%)	8.6%	8.0%
	Bags	4.9%	(5.6%)	15.4%	9.3%
	Accessories	(3.7%)	(19.2%)	8.0%	7.0%
	Cosmetics	4.1%	(16.1%)	22.2%	17.9%
Total	3.2%	(12.5%)	16.3%	12.0%	
Sundry goods	Culture-related	(3.0%)	(18.3%)	12.0%	4.7%
	Living-related	(0.6%)	(13.1%)	10.5%	6.5%
	Total	(2.1%)	(15.9%)	10.6%	5.5%
Foods	(1.2%)	(4.2%)	2.1%	(0.6%)	
Restaurants	2.6%	1.6%	1.4%	4.9%	
Other (services, etc.)	1.5%	(3.6%)	(5.0%)	14.2%	

■ Credit card

Credit card sales (unit: million yen)	30,320
YoY comparison, share of sales	3.9% 43.0%
PARCO Card sales (unit: million yen)	15,568
YoY comparison, share of sales	2.9% 22.1%
Number of PARCO Card members (thousands)	1,810

■ Non-consolidated renovation

Scale of renovation	Number of sections	138
	Of which are new store sections	90
	Renovated area	Approx. 13,000m ²
Effect of renovation	Zone sale YoY comparison	25.3%

■ Non-consolidated stores/tenants/sales area

No. of stores	19	No. of contract corporations	835
Total tenants	2,358		
Sales area	Approx. 456,000m ²		