

PARCO CO., LTD. FY2014 Q1 (Mar.-May) Briefing Material

1. Overview of FY2014 Q1 results

Unit: Million yen

Achieved sales and income growth for the third consecutive quarter and record non-consolidated income due to strong sales at PARCO stores and aggressive store openings in our Retail Business

■ Q1 results

Consolidated	FY2014 Q1 Mar.-May	FY2013 Q1 Mar.-May	Change ¥	Change %
Net sales	67,670	65,282	2,388	3.7%
Operating income	3,011	2,781	229	8.3%
Ordinary income	2,998	2,755	242	8.8%
Net income	1,647	1,587	59	3.8%
EBITDA	4,398	4,205	192	4.6%

Non-consolidated	FY2014 Q1 Mar.-May	FY2013 Q1 Mar.-May	Change ¥	Change %
Net sales	62,007	59,900	2,106	3.5%
Operating income	2,944	2,710	233	8.6%
Ordinary income	2,945	2,794	151	5.4%
Net income	1,695	1,678	17	1.0%
EBITDA	4,226	4,035	191	4.7%

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

■ Results by segment

Consolidated		FY2014 Q1 Mar.-May	Change ¥	Change %
Shopping Complex Business	Net sales	61,364	1,834	3.1%
	Segment income	2,831	239	9.2%
Retail Business	Net sales	4,789	489	11.4%
	Segment income	130	80	161.4%
Space Engineering and Management Business	Net sales	4,888	55	1.2%
	Segment income	96	(17)	(15.6%)
Other Business	Net sales	1,817	316	21.0%
	Segment loss	(16)	(63)	-
Consolidated	Net sales	68,696	2,498	3.8%
	Segment income	3,011	229	8.3%

Figures for net sales by segment include operating revenue

Segment income and loss 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

■ SG&A expenses

Consolidated	FY2014 Q1 Mar.-May	Change ¥	Change %
Personnel	2,485	66	2.7%
Lease/rental	2,134	101	5.0%
Advertising	1,039	(38)	(3.5%)
Agency services	1,294	(26)	(2.0%)
Building and repairs	363	(11)	(2.9%)
Utilities	307	61	25.0%
Depreciation	1,386	(37)	(2.6%)
Tax and dues	348	(87)	(20.0%)
Reversal of common-service charges	(1,951)	33	(1.7%)
Total SG&A	8,097	79	1.0%

■ Non-operating income and loss

Consolidated	FY2014 Q1 Mar.-May	Change ¥
Non-operating income	120	(11)
Interest earned	16	(0)
Non-operating expenses	134	(24)
Interest paid	119	(16)

■ Extraordinary income and loss

Consolidated	FY2014 Q1 Mar.-May	Change ¥
Extraordinary income	-	(10)
Gain in sale of investment securities	-	(10)
Extraordinary loss	225	150
Loss on disposal of fixed assets	209	135
Impairment loss	14	14

- Consolidated net sales increased on higher sales at PARCO and other factors such as the opening of 7 new NEUVE A stores
- Operating income, ordinary income, and quarterly net income increased, reflecting higher sales at PARCO as well as income from the full operation of three ZERO GATE stores, which opened in the previous fiscal year, and new NEUVE A store openings
- Nagoya ZERO GATE and Fukuoka PARCO New Building are scheduled to open this autumn. Sapporo ZERO GATE and Sendai New Building are scheduled to jointly open in spring 2016 and we are planning a store opening in Ueno in autumn 2017

Names of planned stores are provisional

2. Overview of sales by store

In tenant sales, both the urban store group and community store group performed strongly, improving YoY.

In May, sales recovered from demand decline in reaction to a last-minute rise before the consumption tax increase

■ Non-consolidated tenant sales by store Unit: Million yen

Store		FY2014 Q1 Mar.-May total	Change %
Urban store group	Sapporo PARCO	2,872	9.0%
	Sendai PARCO	3,328	0.9%
	Ikebukuro PARCO	7,080	1.2%
	Shibuya PARCO	3,707	8.9%
	Shizuoka PARCO	2,473	(2.2%)
	Nagoya PARCO	8,746	2.3%
	Hiroshima PARCO	4,283	3.4%
	Fukuoka PARCO	3,248	11.7%
8 store total		35,741	3.7%
Community store group	Utsunomiya PARCO	1,154	(5.9%)
	Urawa PARCO	4,562	8.4%
	Shin-Tokorozawa PARCO	2,336	6.5%
	Chiba PARCO	1,484	(8.5%)
	Tsudanuma PARCO	2,311	(1.6%)
	Hibarigaoka PARCO	1,980	2.3%
	Kichijoji PARCO	1,921	(0.6%)
	Chofu PARCO	4,377	0.8%
	Matsumoto PARCO	1,899	4.2%
	Otsu PARCO	1,145	1.3%
	Kumamoto PARCO	1,323	2.9%
11 store total		24,496	1.8%
Total		60,238	2.9%

■ Non-consolidated monthly tenant sales

	March	April	May	Mar. - May
YoY comparison	11.3%	(5.2%)	1.5%	2.9%

■ Non-consolidated YoY comparison of monthly paying customers, av. spend per customer

	March	April	May	Mar. - May
Paying customers	3.1%	(2.4%)	2.5%	1.2%
Av. spend per customer	8.2%	(1.7%)	(0.4%)	2.4%

■ Non-consolidated renovation

Scale of renovation	Number of sections	139
	Of which are new store sections	81
Effect of renovation	Renovation area	Approx. 18,00m ²
	Zone sale YoY comparison	133.1%

■ Non-consolidated sales by item

Comparisons are with FY2013 Q1

		FY2014 Q1 Mar.-May total
Clothing	Womenswear	(4.5%)
	Menswear	(4.7%)
	General clothing	8.7%
Total		(0.5%)
Personal items	Shoes	(1.0%)
	Bags	31.7%
	Accessories	3.7%
	Cosmetics	10.0%
Total		6.6%
General merchandise	Culture-related	6.7%
	Living-related	5.0%
Total		5.7%
Foods		(0.8%)
Restaurants		6.5%
Other (services, etc.)		12.7%

■ Credit Card

Credit card sales (unit: million yen)	29,188	
YoY comparison, share of sales	8.4%	41.9%
PARCO Card sales (unit: million yen)	15,125	
YoY comparison, share of sales	9.7%	21.7%
Number of PARCO Card members (thousands)	1,706	

■ Non-consolidated stores/tenants/sales area

No. of stores	19	No. of contract corporations	817
Total tenants	2,366		
Sales area	442,600m ²		

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, 2014

- Sales were driven by stores such as Shibuya PARCO, Fukuoka PARCO, and Urawa PARCO, which are adjusting their lineup in response to customer needs, and by stores that performed strongly due to inbound demand, such as Shibuya PARCO and Fukuoka PARCO
- Approximately 18,000m² of floor space was renovated in Q1 (up 17.6% YoY), and sales in the renovated zones performed strongly (up 33.1% YoY)
- In sales by item, personal items performed strongly and bags were particular popular. General merchandise and restaurants were also strong
- Credit card sales were steady, increasing 9.7% YoY