


# PARCO



*Quarterly Report*

*FY 2015 Q2*

# 1 Performance Overview

Sales grew for the third consecutive second quarter as a result of the expansion of urban group business locations and other factors.

- In the Shopping Complex Business, revenue growth was boosted by the full H1 period operation of Fukuoka PARCO New Building, which opened in November last year, and by the opening of the Fukuoka PARCO Main Building extension and Nagoya PARCO midi in March. Sales were driven by the Urban Stores Group, which achieved synergies between the above new developments and existing stores Fukuoka PARCO and Nagoya PARCO, and which saw growth in inbound sales, primarily at Shibuya PARCO and Sapporo PARCO.
- New store openings from NEUVE A CO., LTD. in the Retail Business and increased construction orders for Space Engineering and Management Business PARCO SPACE SYSTEMS CO., LTD. contributed to earnings.
- Operating income increased 5.5%. Net income declined 5.4% compared to the same period of the previous fiscal year mainly due to loss on closure of operations associated with the closure of Chiba PARCO. Based on Q2 results, initial full-year sales and net income forecasts for the fiscal year ending February 29, 2016 have been lowered slightly while forecasts for operating income and ordinary income have been revised upward.

# 2 Comments from the President

The major achievement of the second quarter performance was the strengthening of PARCO's core stores and progress on business strategies for the future. Revenue was boosted by the expansion of business locations of core stores in November last year and March this year. The decline in net income was the result of the decision to close Chiba PARCO (scheduled for November 2016), which was made in consideration of changes to the commercial environment and outlook.

In the Shopping Complex Business, PARCO introduced urban lifestyle propositions across Fukuoka PARCO as a whole, something which was not possible prior to the Main Building extension because of space restrictions. In addition, the opening of Nagoya PARCO midi adjacent to the West Building enlivened the entire Nagoya PARCO area.

In the second quarter, we announced new projects as part of our business strategies for the future. We are currently proposing an urban development plan to the Tokyo Metropolitan Government for the Shibuya PARCO area as a special urban renaissance district. In addition, we are planning Kyoto ZERO GATE\*, PARCO Group's first shopping complex in central Kyoto, which is scheduled to open in spring 2017. Also in the second quarter, PARCO Group agreed a business and capital alliance with Apparel-Web Inc., and we look forward to collaborating on ICT strategy to support growth of our domestic retail businesses and on cross-border EC in anticipation of overseas business.

With the aim of growing the TICTAC business, Neuve A Co., Ltd. gained five excellent locations in the center of Osaka's commercial district through the acquisition of a business operator. PARCO Group also established the Restaurant Business Development Group to promote initiatives under the theme of "dining", an essential ingredient in our lifestyle propositions, and opened restaurants with direct street access.

Through these initiatives, PARCO Group is pursuing aggressive forward-looking strategies while further strengthening trend communication and store selection and developing attractive stores that put smiles on the faces of customers from all over the world. We ask for the continued understanding and support of our many stakeholders as we move forward.

**Kozo Makiyama**  
President and Representative Executive Officer

### 3 Store-Opening Plans

2016(spring)

Scheduled opening of  
**Sapporo ZERO GATE**  
(provisional name)

2016(early summer)

Scheduled opening of  
**Sendai PARCO New Building**  
(provisional name)

2017(spring)

Scheduled opening of  
**Kyoto ZERO GATE**  
(provisional name)

2017(autumn)

Scheduled opening of  
**the new store in Ueno**

### 4 Financial Highlights

Millions of yen

	FY 2015 Q2	FY 2014 Q2	Change	Change	FY 2014
<b>For the Period</b>					
Net sales	¥ 136,721	¥ 131,183	¥ 5,537	4.2%	¥ 269,889
Operating income	6,669	6,319	349	5.5%	12,508
Ordinary income	6,602	6,329	272	4.3%	12,499
Net income	3,422	3,619	(197)	(5.4%)	6,294
EBITDA	9,683	9,118	564	6.2%	18,402
Cash flows from operating activities	10,317	9,990	327	-	15,281
Cash flows from investing activities	(10,614)	(2,265)	(8,349)	-	(7,612)
Cash flows from financing activities	1,638	(7,002)	8,641	-	(7,206)
Cash and cash equivalents at end of period	5,401	4,257	1,341	-	4,059
<b>At the Period End</b>					
Total assets	229,966	-	3,135	-	226,830
Net assets	114,923	-	1,712	-	113,211
<b>Per Share Data</b>					
Net income (yen)	33.74	35.68	(1.94)	2.9%	62.04

#### Consolidated Results by Segment

	Millions of yen		
	FY 2015 Q2	change	change
<b>Shopping Complex Business</b>			
Sales	¥ 122,478	¥ 3,642	3.1%
Segment income	6,151	237	4.0%
<b>Retail Business</b>			
Sales	10,395	731	7.6%
Segment income	318	35	12.6%
<b>Space Engineering and Management Business</b>			
Sales	10,429	1,196	13.0%
Segment income	203	84	71.6%
<b>Other Business</b>			
Sales	3,524	394	12.6%
Segment income	16	(14)	(46.4%)
<b>Total</b>			
Sales	146,828	5,964	4.2
Segment income	6,690	343	5.4
<b>Consolidated (after adjustment)</b>			
Sales	139,103	5,938	4.5%
Segment income	6,669	349	5.5%

Millions of yen

	FY 2015 Q2	change
<b>Credit Card</b>		
Credit card sales amount	¥ 57,097	4.3%
PARCO Card sales amount	28,032	3.5%

#### Non-consolidated Tenant Sales by Store

	Millions of yen	
	FY 2015 Q2	Change
<b>Urban store group</b>		
Sapporo PARCO	¥ 6,113	7.8%
Sendai PARCO	6,355	0.1%
Ikebukuro PARCO	13,626	(1.0%)
Shibuya PARCO	7,792	6.2%
Shizuoka PARCO	5,074	3.4%
Nagoya PARCO	17,556	4.5%
Hiroshima PARCO	7,943	(2.6%)
Fukuoka PARCO	9,701	50.5%
<b>8 store total</b>	<b>74,163</b>	<b>6.8%</b>
<b>Community store group</b>		
Utsunomiya PARCO	2,172	(2.1%)
Urawa PARCO	8,512	(3.6%)
Shin-Tokorozawa	4,581	3.0%
Chiba PARCO	2,752	(7.2%)
Tsudanuma PARCO	4,366	(2.5%)
Hibarigaoka PARCO	3,603	(3.9%)
Kichijoji PARCO	3,582	(3.8%)
Chofu PARCO	8,368	(0.5%)
Matsumoto PARCO	3,479	(5.6%)
Otsu PARCO	1,821	(16.8%)
Kumamoto PARCO	2,533	(0.7%)
<b>11 store total</b>	<b>45,775</b>	<b>(3.1%)</b>
<b>Total</b>	<b>119,938</b>	<b>2.8%</b>
<b>Existing store total</b>	<b>116,417</b>	<b>(0.2%)</b>