

PARCO CO., LTD. FY2015 Q3 (Mar.-Nov.) Briefing Material

1. Overview of FY2015 Q3 results

Unit: Million yen

Consolidated and non-consolidated net sales grew due to strong performances at all PARCO Group companies.

Consolidated operating income achieved record highs for third consecutive fiscal year.

■ Q3 results

Consolidated	FY2015 Q3 Mar.-Nov.	FY2014 Q3 Mar.-Nov.	Change ¥	Change %
Net sales	204,230	197,300	6,929	3.5%
Operating income	9,295	8,834	461	5.2%
Ordinary income	9,175	8,811	363	4.1%
Net income ¹	4,749	5,045	(295)	(5.9%)
EBITDA ²	13,901	13,135	766	5.8%

Non-consolidated	FY2015 Q3 Mar.-Nov.	FY2014 Q3 Mar.-Nov.	Change ¥	Change %
Net sales	184,213	179,800	4,413	2.5%
Operating income	8,637	8,542	95	1.1%
Ordinary income	8,601	8,504	97	1.1%
Net income ¹	4,683	4,995	(312)	(6.3%)
EBITDA ²	12,913	12,527	385	3.1%

¹The decrease in net income was mainly due to loss on closure of operations associated with the closure of Chiba PARCO.

²EBITDA in this table refers to operating income plus depreciation and amortization.

■ Results by segment

Consolidated		FY2015 Q3 Mar.-Nov.	Change ¥	Change %
Shopping Complex Business	Net sales	183,318	5,056	2.8%
	Segment Income	8,614	336	4.1%
Retail Business	Net sales	15,169	1,160	8.3%
	Segment Income	259	32	14.5%
Space Engineering and Management Business	Net sales	15,625	1,202	8.3%
	Segment Income	439	178	68.2%
Other Business	Net sales	5,048	(191)	(3.7%)
	Segment Income	13	(105)	(88.9%)
Consolidated	Net sales	207,787	7,324	3.7%
	Segment Income	9,295	461	5.2%

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.

■ Selling, general and administrative expenses

Consolidated	FY2015 Q3 Mar.-Nov.	Change ¥	Change %
Personnel	7,649	164	2.2%
Lease/rental	6,670	413	6.6%
Advertising	2,752	67	2.5%
Agency services	4,011	(11)	(0.3%)
Depreciation	4,606	304	7.1%

Total SG&A	FY2015 Q3 Mar.-Nov.	Change ¥	Change %
	25,192	944	3.9%

■ Non-operating income and loss

Consolidated	FY2015 Q3 Mar.-Nov.	Change ¥
Non-operating income	213	(146)
Interest earned	31	(1)
Dividend earned	21	(12)
Non-operating loss	333	(48)
Interest paid	296	(32)

■ Extraordinary income and loss

Consolidated	FY2015 Q3 Mar.-Nov.	Change ¥
Extraordinary income	1,250	1,148
Gain on sale of investment securities	1,220	1,120
Extraordinary loss	2,627	2,066
Loss on closure of store operations	1,886	1,886
Loss on disposal of noncurrent assets	678	176
Impairment loss	42	(11)

- Consolidated net sales increased on strong sales at PARCO CO., LTD., the expansion of retail business Neuve A locations, and increased orders at Space Engineering and Management Business PARCO Space Systems.
- Consolidated operating income increased due to growth in net sales, as well as contributions from Fukuoka PARCO New Building and Nagoya ZERO GATE, which opened in the previous fiscal year.
- Consolidated net income decreased as a result of loss on closure of operations associated with the announced 2016 closure of Chiba PARCO.
- The opening of a ZERO GATE store in Sannomiya, PARCO's first store opening in the Kobe area, one of Kansai's leading cities, was announced.
- PARCO's proposed urban development plan for Udagawa-cho 15 (an area including Shibuya PARCO) was approved by the Tokyo Metropolitan Government.
- Sapporo ZERO GATE is scheduled to open in spring 2016 and a new building is scheduled to open in Sendai in early summer. A ZERO GATE store is planned in Kyoto for spring 2017 and a store opening is planned in Ueno for autumn of the same year.

2. Overview of sales by store

Year-on-year tenant sales increased overall, driven by the positive effect of new stores in the urban store group.

■ Non-consolidated tenant sales by store

Unit: Million yen

Store	FY2015 Q3 Mar. – Nov.		
	Net sales	Change %	
Urban Store Group	Sapporo PARCO	9,081	6.0%
	Sendai PARCO	9,628	0.7%
	Ikebukuro PARCO	20,375	(1.8%)
	Shibuya PARCO	11,533	6.0%
	Shizuoka PARCO	7,504	3.4%
	Nagoya PARCO	26,699	4.9%
	Hiroshima PARCO	12,184	(1.9%)
	Fukuoka PARCO	14,428	44.5%
8 store total	111,434	6.3%	
Community Store Group	Utsunomiya PARCO	3,232	(1.9%)
	Urawa PARCO	12,550	(3.5%)
	Shin-Tokorozawa PARCO	6,994	4.2%
	Chiba PARCO	3,942	(7.9%)
	Tsudanuma PARCO	6,470	(2.1%)
	Hibarigaoka PARCO	5,440	(2.9%)
	Kichijoji PARCO	5,200	(4.0%)
	Chofu PARCO	12,554	0.1%
	Matsumoto PARCO	5,207	(4.9%)
	Otsu PARCO	2,722	(16.4%)
	Kumamoto PARCO	3,781	(0.0%)
11 store total	68,097	(2.7%)	
Total	179,531	2.7%	
Existing store total	174,303	(0.1%)	

■ Non-consolidated tenant store sales by quarter (existing store total)

	Mar.– Nov.	Mar. – May	Jun.– Aug.	Sept.– Nov.
YoY comparison	(0.1%)	(1.0%)	0.6%	0.2%

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

	Mar.– Nov.	Mar. – May	Jun.– Aug.	Sept.– Nov.
Paying customers	(2.2%)	(1.4%)	(2.3%)	(3.1%)
Av. spend per customer	1.2%	0.2%	1.8%	1.9%

Existing stores total does not include sales at Nagoya PARCO midi (opened Mar. 27, 2015), Fukuoka PARCO New Building (opened Nov. 13, 2014), or Fukuoka Main Building extension (opened Mar.19, 2015).

YoY comparisons of paying customers, average spend per customer, sales by item, sales in renovated zones, as well as share of sales by credit card 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 Nov. 30, 2015.

■ Non-consolidated sales by item

Comparisons are with FY2014 Q3

Item category	FY2015 Q3 Mar. – Nov.		
	All Stores	Existing Stores	
Clothing	Womenswear	(4.0%)	(5.3%)
	Menswear	(6.6%)	(6.9%)
	General clothing	6.5%	2.3%
Total	(1.6%)	(3.4%)	
Personal items	Shoes	2.1%	1.8%
	Bags	10.3%	10.3%
	Accessories	(0.7%)	(1.6%)
	Cosmetics	11.1%	9.8%
Total	5.0%	4.5%	
Sundry goods	Culture-related	3.8%	(1.7%)
	Living-related	6.1%	2.7%
Total	5.5%	0.9%	
Foods	(0.3%)	(0.7%)	
Restaurants	11.1%	(0.5%)	
Other (services, etc.)	(2.3%)	(2.4%)	

■ Non-consolidated Credit card

Credit card sales (unit: million yen)	88,486
YoY comparison, share of sales	4.0% 42.7%
PARCO Card sales (unit: million yen)	44,440
YoY comparison, share of sales	3.8% 21.5%
Number of PARCO Card members (thousands)	1,864

■ Non-consolidated renovation

Scale of renovation	Number of sections	334
	Of which are new store sections	198
	Renovated area	Approx. 33,000m ²
Effect of renovation	Zone sale YoY comparison	19.8%

■ Non-consolidated stores/tenants/sales area

No. of stores	19	No. of contract corporations	831
Total tenants	2,321		
Sales area	Approx. 456,000m ²		

- With the exception of Q1, which was impacted by the reaction to rush demand ahead of the consumption tax hike in the previous year, tenant sales, including existing store sales, were steady.
- The urban store group drove sales with synergistic effects from the expansion of Fukuoka PARCO (existing store sales up 1.1% YoY) and Nagoya PARCO (up 2.9%), as well as Shibuya PARCO and Sapporo PARCO, where renovated zones catering to inbound demand performed strongly (overseas customer share of sales* =10.4% and 6.2% respectively).
- In the community store group, stores contributed to sales by pursuing effective renovations, such as major improvements to the first-floor entrance to Chofu PARCO in timing with the opening of multi-storey car park, and efforts by Shin-Tokorozawa PARCO to enhance its tenant lineup in response to market needs.
- In sales by item, sundry goods were steady, as were personal items, where bags in particular continued to perform strongly. General clothing was also steady.

*Overseas customer share of net sales is the percentage of total store sales made by foreign-issued credit cards between March and November.