

PARCO CO., LTD. FY2013 Q3 (Mar.-Nov.) Briefing Material

1. Overview of FY2013 Q3 results

Unit: Million yen

Sales and income up due to steady performance at PARCO and aggressive store openings in our Retail Business and ZERO GATE. Achieved record profit.

■ Q3 results

Consolidated	FY2013 Q3 Mar.-Nov.	FY2012 Q3 Mar.-Nov.	Change ¥	Change %
Net sales	194,069	193,855	213	0.1%
Operating income	8,698	7,341	1,356	18.5%
Ordinary income	8,560	6,922	1,637	23.7%
Net income	4,793	3,793	1,000	26.4%
EBITDA	13,048	11,869	1,178	9.9%

Non-consolidated	FY2013 Q3 Mar.-Nov.	FY2012 Q3 Mar.-Nov.	Change ¥	Change %
Net sales	177,921	177,454	466	0.3%
Operating income	8,572	6,915	1,656	23.9%
Ordinary income	8,540	7,083	1,456	20.6%
Net income	4,918	4,164	753	18.1%
EBITDA	12,612	11,171	1,440	12.9%

Notes:

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

•Non-consolidated ordinary income and Q3 net income includes dividends received from subsidiaries (¥500 million for FY2012 and ¥100 million for FY2013)

■ Consolidated results by segment

		FY2013 Q3 Mar.-Nov.	Change ¥	Change %
Shopping Complex Business	Net sales	176,961	1,763	1.0%
	Segment Income	8,384	1,573	23.1%
Retail Business	Net sales	13,014	836	6.9%
	Segment Income	153	(20)	(11.5%)
Space Engineering and Management Business	Net sales	13,554	(820)	(5.7%)
	Segment Income	256	(153)	(37.4%)
Other Business	Net sales	4,427	(355)	(7.4%)
	Segment Loss	(67)	(15)	-
Consolidated	Net sales	196,955	1,052	0.5%
	Segment Income	8,698	1,356	18.5%

Notes:

•Figures for net sales by segment include operating revenues

•Segment income or loss refers to operating income or loss

•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 selling and general administrative expenses

	FY2013 Q3 Mar.-Nov.	Change ¥	Change %
Personnel	7,311	173	2.4%
Lease/rental	6,078	(345)	(5.4%)
Advertising	2,707	82	3.1%
Agency services	3,947	(326)	(7.6%)
Building and repairs	1,331	78	6.2%
Depreciation	4,349	(178)	(3.9%)
Taxes and dues	1,047	62	6.4%
Reversal of common-service charges	(5,961)	(35)	0.6%

Total SG&A	23,523	(364)	(1.5%)
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■ Non-operating income and loss

	FY2013 Q3 Mar.-Nov.	Change ¥
Non-operating income	336	29
Non-operating loss	475	(251)
Interest paid	394	(107)
Equity method investment loss	0	(128)

■ Extraordinary income and loss

	FY2013 Q3 Mar.-Nov.	Change ¥
Extraordinary income	10	(559)
Compensation income for loss from damage	-	(569)
Extraordinary loss	481	(379)
Loss on disposal of noncurrent assets	357	(390)
Impairment loss	23	(69)
Loss on closing of stores	97	97

- Consolidated net sales increased on steady sales at PARCO and other factors such as the opening of 16 new NEUVE A stores.
- Consolidated operating income increased, reflecting sales growth as well as increased income from the opening of three ZERO GATE stores, along with reduced SG&A expenses through the acquisition of Fukuoka PARCO land and building, streamlining store operation, and other factors.
- Consolidated ordinary income increased due to growth in operating income and reflecting a year-on-year decline in interest paid, which is recorded as a non-operating expense, and reflecting an absence of equity method loss on investment, recorded as an extraordinary loss in Q3 2012.
- Consolidated net income increased despite a loss on closing of stores, recorded as an extraordinary loss, and the absence of compensation for loss from damage, which was recorded as extraordinary income in Q3 2012. The increases reflected growth in ordinary income and a year-on-year decrease in loss on disposal of noncurrent assets.

2. Overview of sales by store

Driven by the Urban Store Group, results of renovations, and strengthening of the credit card scheme, Q3 sales at existing-tenant stores were steady and increased YoY

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

Store		Mar. – Nov. total	Change %
Urban Store Group	Sapporo PARCO	8,264	5.5%
	Sendai PARCO	9,696	0.0%
	Ikebukuro PARCO	20,916	(3.5%)
	Shibuya PARCO	10,018	7.7%
	Shizuoka PARCO	7,458	0.3%
	Nagoya PARCO	25,693	3.2%
	Hiroshima PARCO	12,460	(0.5%)
	Fukuoka PARCO	8,709	(0.1%)
8 store total		103,217	1.1%
Community Store Group	Utsunomiya PARCO	3,528	(5.9%)
	Urawa PARCO	12,506	4.8%
	Shin-Tokorozawa PARCO	6,477	4.2%
	Chiba PARCO	4,799	(8.1%)
	Tsudanuma PARCO	6,861	0.5%
	Hibarigaoka PARCO	5,631	(3.1%)
	Kichijoji PARCO	5,610	(4.3%)
	Chofu PARCO	12,606	1.2%
	Matsumoto PARCO	5,441	(0.2%)
	Otsu PARCO	3,339	(3.2%)
	Kumamoto PARCO	3,774	(0.9%)
11 store total		70,576	(0.3%)
Total for all stores		173,794	0.5%

■ Non-consolidated renovation

Scale of renovation	Number of sections	407
	Of which are new store sections	225
	Renovated area	Approx. 38,000m ²
Effect of renovation	Zone sale YoY comparison	9.0%

■ Non-consolidated sales by item Comparisons are with FY2012 Q3

Existing stores		Mar. – Nov. total
Clothing	Womenswear	(5.3%)
	Menswear	(5.1%)
	General clothing	13.5%
Total		(0.8%)
Personal items	Shoes	0.6%
	Bags	6.2%
	Accessories	(5.1%)
	Cosmetics	2.4%
Total		1.5%
General merchandise	Culture-related	1.1%
	Living-related	(1.1%)
Total		0.5%
Foods		0.2%
Restaurants		4.5%
Other (services, etc.)		5.1%

■ Non-consolidated monthly tenant sales

YoY comparison	Mar. – May	Jun. – Aug.	Sept. – Nov.	Mar. – Nov.
Total of all stores	0.9%	1.6%	(0.8%)	0.5%

■ Non-consolidated paying customers, av. spend per customer

YoY comparison	Mar. – May	Jun. – Aug.	Sept. – Nov.	Mar. – Nov.
Paying customers	0.5%	0.1%	(1.9%)	(0.4%)
Average spend per customer	0.7%	1.2%	2.0%	1.3%

Notes:

• Sales by item, renovated zone sales year-on-year comparison, paying customers and average spend per customer are based on "integrated sales" of stores. "Integrated sales" demonstrate the overall sales capability of a store, and include net sales by tenants, sales at PARCO Theater and other facilities, and sales to tenants under fixed rent contracts

• Sales area is tenant area and common-use areas

• PARCO Card members and non-consolidated stores/sales area figures are correct as of November 30, 2013

■ Credit card

Credit card purchases (unit: million yen)	79,848
YoY comparison, Share of sales	4.4% 39.6%
PARCO Card purchases (unit: million yen)	39,484
YoY comparison, Share of sales	6.5% 19.6%
PARCO Card members (thousands)	1,644

■ Non-consolidated stores/tenants/sales area (PARCO business)

No. of PARCO stores	19	No. of contract corporations	823
Total tenants		2,390	
Sales area		442,60m ²	

- Sales were driven by Sapporo PARCO, Nagoya PARCO, and Shibuya PARCO (Urban Store Group) and Urawa PARCO (Community Store Group).
- Approximately 38,000m² of floor space was renovated in the first three quarters of 2013. Sales in the renovated zones were up 9% YoY.
- In sales by item, general clothing, driven by select stores, and related items, such as bags, were strong. Restaurants also performed strongly.
- PARCO Card purchases were strong, increasing 6.5% YoY, and sales were supported by growth in purchases by new PARCO Card members and Class S members (up 48.1% YoY and 47.4% YoY, respectively).
- In new business development, we opened three new ZERO GATE stores in Q3 and will open Fukuoka PARCO New Building and Nagoya ZERO GATE next autumn. We have announced plans to open Sapporo ZERO GATE in spring 2016. A new store is scheduled to open in Matsuzakaya Ueno New South Building in autumn 2017.

*Names of planned stores are provisional