


PARCO



Quarterly Report
FY 2015 Q1

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Performance Overview

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

- In the Shopping Complex Business, the Fukuoka PARCO Main Building Extension and Nagoya PARCO midi opened in March. In addition to synergies between Fukuoka PARCO and Nagoya PARCO new stores and existing stores, urban store group sales were driven by Shibuya PARCO and Sapporo PARCO, where tenants have been successfully capturing inbound demand, and other urban stores.
- New store openings from NEUVE A CO., LTD. in the Retail Business, increased construction orders for Space Engineering and Management Business PARCO SPACE SYSTEMS CO., LTD., and strong performance by PARCO Entertainment Business all contributed to earnings.
- Operating income increased 11.7% and net income rose 19.3% compared to the same period of the previous fiscal year. Full-year forecasts for the fiscal year ending February 29, 2016 remain unchanged.

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Comments from the President

The major achievement of the first quarter performance was the strong start to fiscal 2015, the second year of our Medium-term Business Plan. This was our fourth consecutive quarter of sales and profit growth.

The year-on-year impact of the reaction to rush demand ahead of last year's consumption tax increase was extremely limited. Although PARCO store sales were affected in March, strong performances in April and May led to a 2.2% increase in sales in the Shopping Complex Business. In Related Businesses, aggressive store openings by NEUVE A CO., LTD., increased orders at PARCO SPACE SYTEMS CO., LTD., and strong performance by PARCO Entertainment Business theatres all led to favorable earnings.

The progress we have made through consistent implementation of the business strategies set out in our Medium-term Business Plan gives us confidence that achieving sustained growth is possible. Our strategy of cultivating major urban areas was realized in the Shopping Complex Business through the opening of the Fukuoka PARCO Main Building Extension and Nagoya PARCO midi in March, which brought synergies with existing stores, and in the Retail Business through the addition of 15 new NEUVE A CO., LTD. stores, including 10 in new locations. An example of the realization of our strategy to expand core targets was the growth in sales to customers visiting Japan at PARCO stores that are successfully capturing inbound demand.

In line with our strategy for the innovative use of information and communication technology (ICT) specifically tailored to our needs, Kaeru PARCO, our web-shopping service and Pocket PARCO, the accompanying official Smartphone app that provides customers with a fun and convenient new shopping experience, both of which were introduced last year, achieved steady uptake this year.

As described above, our medium-term management plan, launched in 2014, is moving steadily ahead and already bearing fruit. With PARCO's strengthened trend communication and store selection and coordination capabilities we are moving forward with steady growth.

As the company's leader, my mission is to create new value. I will continue to enhance the "PARCO Way" and build up attractive stores that put smiles on the faces of customers from all over the world. Please stay tuned to PARCO's progress.

Kozo Makiyama

President and Representative Executive Officer

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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 (autumn)

Scheduled opening of
the new store in Ueno

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Financial Highlights

Millions of yen

	FY 2015	FY 2014	Change	Change	FY 2014
	Q1	Q1			
For the Period					
Net sales	¥ 70,620	¥ 67,670	¥ 2,950	4.4%	¥ 269,889
Operating income	3,363	3,011	351	11.7%	12,508
Ordinary income	3,314	2,998	316	10.6%	12,499
Net income	1,965	1,647	318	19.3%	6,294
EBITDA	4,840	4,398	442	10.1%	18,402
Cash flows from operating activities	2,549	4,221	(1,672)	60.4%	15,281
Cash flows from investing activities	(6,138)	(417)	(5,720)	-	(7,612)
Cash flows from financing activities	3,657	(3,807)	7,464	-	(7,206)
Cash and cash equivalents at end of period	4,122	3,536	585	-	4,059
At the Period End					
Total assets	235,256	-	8,425	-	226,830
Net assets	114,187	-	975	-	113,211
Per Share Data					
Net income (yen)	19.37	16.23	3.14	-	62.04

Consolidated Results by Segment

	Millions of yen		
	FY 2015	change	change
Shopping Complex Business			
Sales	¥ 62,725	¥ 1,361	2.2%
Segment income	2,979	148	5.2%
Retail Business			
Sales	5,055	265	5.5%
Segment income	105	(25)	(19.3%)
Space Engineering and Management Business			
Sales	6,171	1,283	26.3%
Segment income	209	112	116.6%
Other Business			
Sales	2,087	269	14.8%
Segment income	94	110	-
Total	76,040	3,179	4.6%
Sales	3,388	346	11.4%
Segment income			
Consolidated (after adjustment)			
Sales	¥ 71,844	¥ 3,148	4.6%
Segment income	3,363	351	11.7%

Millions of yen

FY 2015 change

	FY 2015	change
Credit Card		
Credit card sales amount	30,320	3.9%
PARCO Card sales amount	15,568	2.9%

Non-consolidated Tenant Sales by Store

	Millions of yen	
	FY 2015	Change
Urban store group		
Sapporo PARCO	¥ 3,068	6.8%
Sendai PARCO	3,295	(1.0%)
Ikebukuro PARCO	6,916	(2.3%)
Shibuya PARCO	3,918	5.7%
Shizuoka PARCO	2,571	4.0%
Nagoya PARCO	8,952	2.4%
Hiroshima PARCO	4,184	(2.3%)
Fukuoka PARCO	4,971	53.0%
8 store total	37,879	6.0%
Community store group		
Utsunomiya PARCO	1,125	(2.5%)
Urawa PARCO	4,406	(3.4%)
Shin-Tokorozawa	2,384	2.1%
Chiba PARCO	1,373	(7.5%)
Tsudanuma PARCO	2,225	(3.7%)
Hibarigaoka PARCO	1,900	(4.1%)
Kichijoji PARCO	1,777	(7.5%)
Chofu PARCO	4,366	(0.3%)
Matsumoto PARCO	1,760	(7.3%)
Otsu PARCO	929	(18.9%)
Kumamoto PARCO	1,298	(1.9%)
11 store total	23,547	(3.9%)
Total	61,426	2.0%
Existing store total	59,629	(1.0%)