

PARCO CO., LTD. FY2013 Q1 (Mar.-May) Briefing Material

1. Overview of FY2013 Q1 results

Unit: Million yen

Achieved growth in sales and income through increases in sales at existing PARCO stores, aggressive store openings in our Retail Business, and the opening of ZERO GATE stores

■ Q1 results

Consolidated	FY2013 Q1 Mar.-May	FY2012 Q1 Mar.-May	Change ¥	Change %
Net sales	65,282	64,704	578	0.9%
Operating income	2,781	2,112	669	31.7%
Ordinary income	2,755	1,918	837	43.6%
Net income	1,587	696	890	127.9%
EBITDA	4,205	3,593	611	17.0%

Non-consolidated	FY2013 Q1 Mar.-May	FY2012 Q1 Mar.-May	Change ¥	Change %
Net sales	59,900	59,628	272	0.5%
Operating income	2,710	2,007	703	35.0%
Ordinary income	2,794	2,357	437	18.5%
Net income	1,678	1,302	375	28.8%
EBITDA	4,035	3,401	633	18.6%

* EBITDA in these tables refers to operating income plus depreciation and amortization
 * Non-consolidated ordinary income and net income include dividends received from subsidiaries of ¥0.5 billion for FY2012 and ¥0.1 billion yen for FY2013

■ Consolidated results by segment

		FY2013 Q1 Mar.-May	Change ¥	Change %
Shopping Complex Business	Net sales	59,529	714	1.2%
	Segment income	2,591	580	28.9%
Retail Business	Net sales	4,300	288	7.2%
	Segment income	49	(11)	(18.7%)
Space Engineering and Management Business	Net sales	4,832	351	7.8%
	Segment income	114	41	56.2%
Other Business	Net sales	1,501	(138)	(8.4%)
	Segment income	47	81	-
Consolidated	Net sales	66,197	790	1.2%
	Segment income	2,781	669	31.7%

* Figures for net sales by segment include operating revenue
 * Segment income refers to operating 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

■ Consolidated SG&A expenses

	FY2013 Q1 Mar.-May	Change ¥	Change %
Personnel	2,419	72	3.1%
Lease/rental	2,032	(99)	(4.7%)
Advertising	1,077	(57)	(5.0%)
Agency services	1,320	(202)	(13.3%)
Building and repairs	374	18	5.3%
Depreciation	1,423	(58)	(3.9%)
Tax and dues	435	102	30.9%
Reversal of common-service charges	(1,984)	(11)	0.6%

Total SG&A	8,018	(186)	(2.3%)
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■ Non-operating income and loss

	FY2013 Q1 Mar.-May	Change ¥
Total non-operating income	(26)	167
Interest earned	17	4
Interest paid	(131)	27
Interest paid on bonds	(4)	29
Equity method investment loss	(0)	61

■ Extraordinary income and loss

	FY2013 Q1 Mar.-May	Change ¥
Total extraordinary income or loss	(64)	613
Gain in sale of investment securities	10	10
Loss on disposal of fixed assets	(73)	308
loss on valuation of investment securities	-	293

* Expenses in non-operating income and loss, and losses in extraordinary income and loss are shown in brackets

- Consolidated net sales increased on higher sales at PARCO and other factors such as the opening of 11 new NEUVE A stores
- Operating income increased, reflecting strong sales at PARCO as well as income from the opening of two ZERO GATE stores, along with reduced SG&A expenses through the acquisition of Fukuoka PARCO land and building, streamlining store operation, and other factors
- Ordinary income increased, reflecting an absence of an equity-method loss on investment, recorded as an operating expense which impacted results in Q1 2012
- Consolidated quarterly net income increased because losses on disposal of fixed assets, which are recorded as an extraordinary loss, were less than in Q1 2012 and because of a loss on valuation of investment securities in Q1 2012

2. Overview of sales by store

As a result of renovations and the strengthening of the card scheme, Q1 sales at existing-tenant stores in both urban and community groups were strong and increased YoY

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

Store		Mar.-May total	Change %	
Urban store group	Sapporo PARCO	2,634	3.6%	
	Sendai PARCO	3,299	(0.5%)	
	Ikebukuro PARCO	6,998	(4.0%)	
	Shibuya PARCO	3,403	10.7%	
	Shizuoka PARCO	2,529	4.0%	
	Nagoya PARCO	8,549	3.9%	
	Hiroshima PARCO	4,143	(0.5%)	
	Fukuoka PARCO	2,908	(2.5%)	
8 store total		34,467	1.3%	
Community store group	Utsunomiya PARCO	1,227	(3.6%)	
	Urawa PARCO	4,208	4.9%	
	Shin-Tokorozawa PARCO	2,193	4.4%	
	Chiba PARCO	1,622	(8.2%)	
	Tsudanuma PARCO	2,349	0.7%	
	Hibarigaoka PARCO	1,936	(2.6%)	
	Kichijoji PARCO	1,933	(5.0%)	
	Chofu PARCO	4,344	2.8%	
	Matsumoto PARCO	1,823	(0.4%)	
	Otsu PARCO	1,130	(0.4%)	
	Kumamoto PARCO	1,285	(0.6%)	
	11 store total		24,055	0.2%
	Total		58,523	0.9%

■ Non-consolidated Monthly tenant sales

YoY comparison	March	April	May	Mar. - May
Total for all stores	4.5%	(3.2%)	0.9%	0.9%

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

YoY comparison	Mar. - May
Paying customers	0.5%
Av. spend per customer	0.7%

*Sales by item, YoY comparisons of 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, 2013

■ Non-consolidated renovation

Scale of renovation	Number of sections	158
	Of which are new store sections	91
	Renovation area	Approx. 16,000m ²
Effect of renovation	Zone sale YoY comparison	7.5%

■ Non-consolidated sales by item

Comparisons are with FY2012 Q1

Existing stores		Mar.-May total
Clothing	Womenswear	(4.5%)
	Menswear	(4.3%)
	General clothing	16.8%
Total		0.2%
Personal items	Shoes	2.2%
	Bags	4.5%
	Accessories	(7.5%)
	Cosmetics	3.2%
	Total	2.0%
General merchandise	Culture-related	0.6%
	Living-related	(3.6%)
	Total	(0.4%)
Foods		0.5%
Restaurants		4.9%
Other		5.0%

■ Credit Card

Credit card sales (unit: million yen)	26,913	
YoY comparison, share of sales	4.5%	40.1%
PARCO Card sales (unit: million yen)	13,794	
YoY comparison, share of sales	6.9%	20.5%
Number of PARCO Card members (thousands)	1,675	

■ Non-consolidated stores/tenants/sales area

No. of stores	19	No. of contract corporations	824
Total tenants		2,391	
Sales area		442,600m ²	

- Sales were driven by Nagoya PARCO, Shibuya PARCO, and Shizuoka PARCO (urban store group), and Urawa PARCO (community store group)
- Approximately 16,000m² of floor space was renovated in Q1. Sales in the renovated zones were up 7.5% YoY
- In sales by item, general clothing, driven by select stores, and related items such as shoes and bags were strong. Restaurants also performed strongly.
- PARCO Card purchases were strong, increasing 6.9% YoY, and sales were supported by growth in purchases by new PARCO Card members and Class S members (up 160.5% YoY and 20.5% YoY, respectively)
- In new business development, Hiroshima ZERO GATE is scheduled to open in Autumn 2013 and Fukuoka PARCO New Building (tentative name) is scheduled to open in Autumn 2014