

# PARCO CO., LTD. FY2014 Q3 (Mar.-Nov.) Briefing Material

## 1. Overview of FY2014 Q3 results

Unit: Million yen

Achieved sales and profit growth. Record 3rd-quarter profit for second consecutive year.  
Expanded urban group business locations with opening of Nagoya ZERO GATE and Fukuoka PARCO New Building.

### ■Q3 results

Consolidated	FY2014 Q3 Mar.-Nov.	FY2013 Q3 Mar.-Nov.	Change ¥	Change %
Net sales	197,300	194,069	3,231	1.7%
Operating income	8,834	8,698	135	1.6%
Ordinary income	8,811	8,560	251	2.9%
Net income	5,045	4,793	251	5.2%
EBITDA	13,135	13,048	86	0.7%

Non-consolidated	FY2014 Q3 Mar.-Nov.	FY2013 Q3 Mar.-Nov.	Change ¥	Change %
Net sales	179,800	177,921	1,879	1.1%
Operating income	8,542	8,572	(29)	(0.3%)
Ordinary income	8,504	8,540	(36)	(0.4%)
Net income	4,995	4,918	77	1.6%
EBITDA	12,527	12,612	(84)	(0.7%)

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

### ■Results by segment

Consolidated		FY2014 Q3 Mar.-Nov.	Change ¥	Change %
Shopping Complex Business	Net sales	178,261	1,299	0.7%
	Segment Income	8,277	(107)	(1.3%)
Retail Business	Net sales	14,008	994	7.6%
	Segment Income	226	72	47.4%
Space Engineering and Management Business	Net sales	14,422	868	6.4%
	Segment Income	261	5	2.0%
Other Business	Net sales	5,240	812	18.4%
	Segment Income	118	185	-
Consolidated	Net sales	200,463	3,508	1.8%
	Segment Income	8,834	135	1.6%

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 and general administrative expenses

Consolidated	FY2014 Q3 Mar.-Nov.	Change ¥	Change %
Personnel	7,484	172	2.4%
Lease/rental	6,256	178	2.9%
Advertising	2,685	(21)	(0.8%)
Agency services	4,022	75	1.9%
Depreciation	4,301	(48)	(1.1%)

Total SG&A	FY2014 Q3 Mar.-Nov.	Change ¥	Change %
Total SG&A	24,247	724	3.1%

### ■Non-operating income and loss

Consolidated	FY2014 Q3 Mar.-Nov.	Change ¥
Non-operating income	360	23
Interest earned	33	(8)
Dividend earned	33	(1)
Non-operating loss	382	(92)
Interest paid	329	(64)

### ■Extraordinary income and loss

Consolidated	FY2014 Q3 Mar.-Nov.	Change ¥
Extraordinary income	101	90
Gain on sale of investment securities	99	89
Extraordinary loss	561	80
Loss on disposal of noncurrent assets	501	144
Impairment loss	53	30
Loss on closing of stores	-	(97)

- Consolidated net sales increased on steady sales at PARCO and increased sales at new and existing Neuve A stores.
- Consolidated operating income, ordinary income, and net income increased, increased, reflecting full-scale operation of the three ZERO GATE stores that opened in the previous fiscal year in addition to sales growth from PARCO stores, Entertainment Business and Neuve A
- Opened ZERO GATE in the Nagoya area in October and plan to open a property on land adjacent to the Nagoya PARCO West Building in spring 2015. Fukuoka PARCO New Building opened in November and Fukuoka PARCO expansion is scheduled for completion in spring 2015. Further ahead, there are plans for Sapporo ZERO GATE (scheduled to open in spring 2016), Sendai PARCO New Building (early summer 2016), and a store in Ueno (autumn 2017).

Names of planned stores are provisional.

## 2. Overview of sales by store

### Opened Fukuoka PARCO New Building.

Tenant sales were driven by the Urban Store Group, and both total store sales and existing store sales progressed favorably with year-on-year increases.

#### ■ Non-consolidated tenant sales by store

Unit: Million yen

Store		FY2014 Q3 Mar.-Nov.	Change %
Urban Store Group	Sapporo PARCO	8,563	3.6%
	Sendai PARCO	9,557	(1.4%)
	Ikebukuro PARCO	20,742	(0.8%)
	Shibuya PARCO	10,878	8.6%
	Shizuoka PARCO	7,256	(2.7%)
	Nagoya PARCO	25,458	(0.9%)
	Hiroshima PARCO	12,426	(0.3%)
	Fukuoka PARCO <sup>1</sup>	9,586	10.1%
8 store total		104,469	1.2%
Community Store Group	Utsunomiya PARCO	3,295	(6.6%)
	Urawa PARCO	13,000	4.0%
	Shin-Tokorozawa PARCO	6,710	3.6%
	Chiba PARCO	4,282	(10.8%)
	Tsudanuma PARCO	6,608	(3.7%)
	Hibarigaoka PARCO	5,604	(0.5%)
	Kichijoji PARCO	5,416	(3.5%)
	Chofu PARCO	12,546	(0.5%)
	Matsumoto PARCO	5,478	0.7%
	Otsu PARCO	3,255	(2.5%)
	Kumamoto PARCO	3,781	0.2%
11 store total		69,981	(0.8%)
Existing store total		174,451	0.4%
Fukuoka PARCO New Building		397	—
Total		174,848	0.6%

<sup>1</sup>Fukuoka PARCO figures do not include sales at Fukuoka PARCO New Building (opened November 13, 2014).

#### ■ Non-consolidated quarterly tenant sales(existing stores)

	Mar. – May	Jun. – Aug.	Sept. – Nov.	Mar. – Nov.
YoY comparison	2.9%	(1.9%)	0.1%	0.4%

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

	Mar. – May	Jun. – Aug.	Sept. – Nov.	Mar. – Nov.
Paying customers	1.2%	(1.6%)	(0.5%)	(0.3%)
Av. spend per customer	2.4%	0.5%	1.2%	1.4%

Existing stores total does not include sales at Fukuoka PARCO New Building (opened November 13, 2014).

YoY comparisons of sales by item, 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 November 30, 2014.

#### ■ Non-consolidated renovation

Scale of renovation	Number of sections	376
	Of which are new store sections	208
Effect of renovation	Renovated area	Approx. 41,000m <sup>2</sup>
	Zone sale YoY comparison	21.8%

#### ■ Non-consolidated sales by item

Item category (YoY comparison)		FY2014 Q3 Mar.-Nov.	
		Total of all stores	Existing store total
Clothing	Womenswear	(5.1%)	(5.3%)
	Menswear	(7.1%)	(7.1%)
	General clothing	5.0%	4.4%
Total		(2.1%)	(2.4%)
Personal items	Shoes	(2.4%)	(2.4%)
	Bags	23.2%	23.2%
	Accessories	(2.1%)	(2.2%)
	Cosmetics	2.5%	2.3%
Total		3.0%	3.0%
Sundry goods	Culture-related	3.1%	3.0%
	Living-related	0.4%	0.0%
Total		1.3%	1.1%
Foods		(1.5%)	(1.5%)
Restaurants		10.2%	9.3%
Other (services, etc.)		7.0%	7.0%

#### ■ Credit card

Credit card sales (unit: million yen)	85,103	
YoY comparison, share of sales	6.6%	41.7%
PARCO Card sales (unit: million yen)	42,831	
YoY comparison, share of sales	8.5%	21.0%
Number of PARCO Card members (thousands)	1,736	

#### ■ Non-consolidated stores/tenants/sales area

No. of stores	19	No. of contract corporations	841
Total tenants	2,383		
Sales area	456,600m <sup>2</sup>		

- Opened Fukuoka PARCO New Building in November. Sales and customer numbers started strongly, exceeding forecasts. Promotional efforts to attract visitors to the store--based on diverse lifestyle offerings that respond to new consumption needs, and unique use of ICT--were successful.
- Supported by aggressive promotions and other initiatives in response to high inbound demand, sales were supported by Shibuya PARCO (Overseas customer share of net sales:6.8%), Sapporo PARCO (2.9%), Fukuoka PARCO (0.6%) and other locations.
- Completed renovation of approximately 41,000m<sup>2</sup> of floor space by Q3. Sales in renovated areas were strong, increasing 21.8% year on year.
- Personal items, in particular bags, continued to perform well and restaurants were strong due to the success of themed cafes.

<sup>1</sup>"Overseas customer share of net sales" refers to percentage of overall store sales accounted for by credit cards issued overseas.