

PARAMOUNT

Unaudited FY2018 Results

28 February 2019

4Q2018 Results

4Q2018 vs 4Q2017 Financial Results

		4Q2018	4Q2017	+/-	%
Revenue	RM'Mil	256.8	238.7	18.1	8%
Profit before tax	RM'Mil	43.7	37.1	6.6	19%
EBITDA	RM'Mil	56.6	51.0	5.6	11%
Profit net of tax	RM'Mil	33.1	26.2	6.9	26%
Profit attributable to ordinary equity holders of the company	RM'Mil	30.0	24.1	5.9	24%
Earnings per share	Sen	7.02	5.69	1.33	23%
Dividend per share	Sen	6.00	13.50	(7.50)	0%

The Group's revenue was 8% higher, with improved contribution from the property and education divisions.

The Group's PBT was RM6.6 million higher than 4Q2017 mainly due to due to the lower amortisation of goodwill arising from the acquisition of the R.E.A.L Education Group.

FY2018 vs FY2017 Financial Results

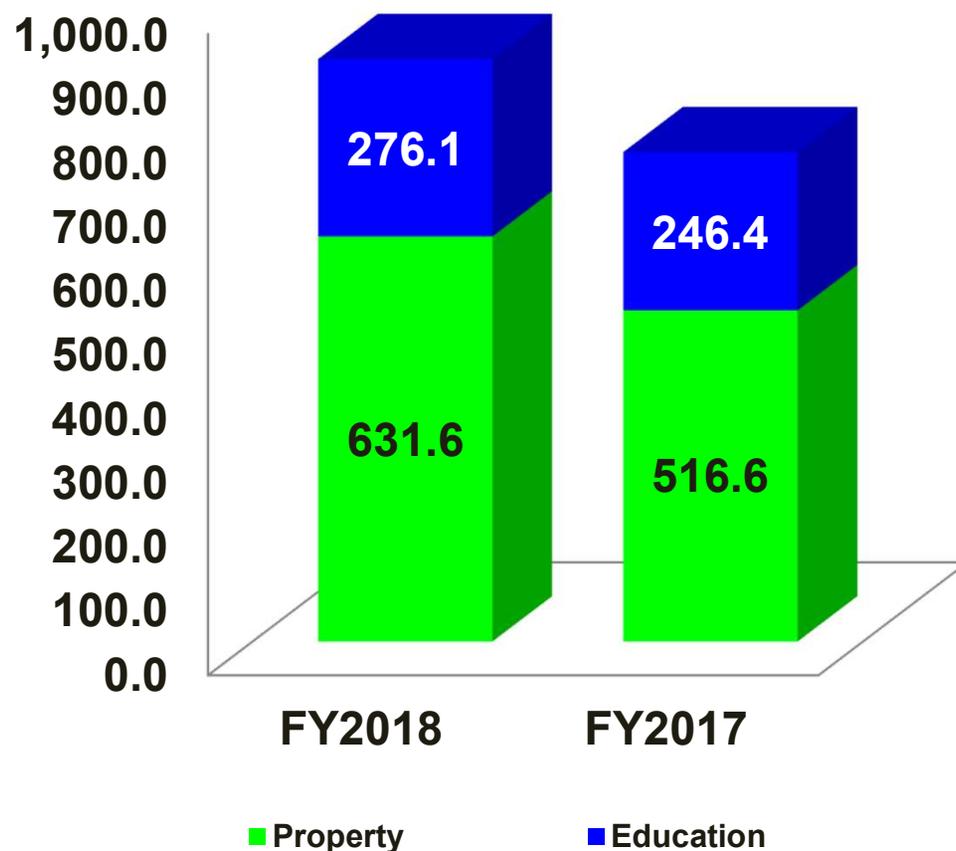
		FY2018	FY2017 (Restated)	+/-	%
Revenue	RM'Mil	907.7	763.0	144.7	19%
Profit before tax	RM'Mil	151.3	182.6	(31.3)	-17%
EBITDA	RM'Mil	196.6	225.7	(29.1)	-13%
Profit net of tax	RM'Mil	112.6	150.5	(37.9)	-25%
Profit attributable to ordinary equity holders of the Company	RM'Mil	94.9	133.6	(38.7)	-29%
Earnings per share	Sen	22.20	31.52	(9.32)	-30%
Dividend per share	Sen	8.50	16.00	(7.50)	0%
Net asset per share	RM	2.51	2.46	0.05	2%
Shareholders' funds	RM'Mil	1,074.4	1,042.1	32.3	3%
ROE	%	9.2	14.2	(5.0)	-35%
Gearing ratio	Times	0.67	0.63	0.04	6%

The Group's revenue was 19% higher, with improved contribution from both the property and education divisions.

Excluding the gain on disposal of 9.4 acres of industrial land in Kota Damansara ("KD Land Disposal") that was completed in 2Q2018, the Group's revenue and PBT for FY2018 would be RM815.6 million (FY2017: RM763 million) and RM108.1 million (FY2017: RM104.8 million (excluding the gain on disposal of the Sri KDU campus)), respectively.

Revenue

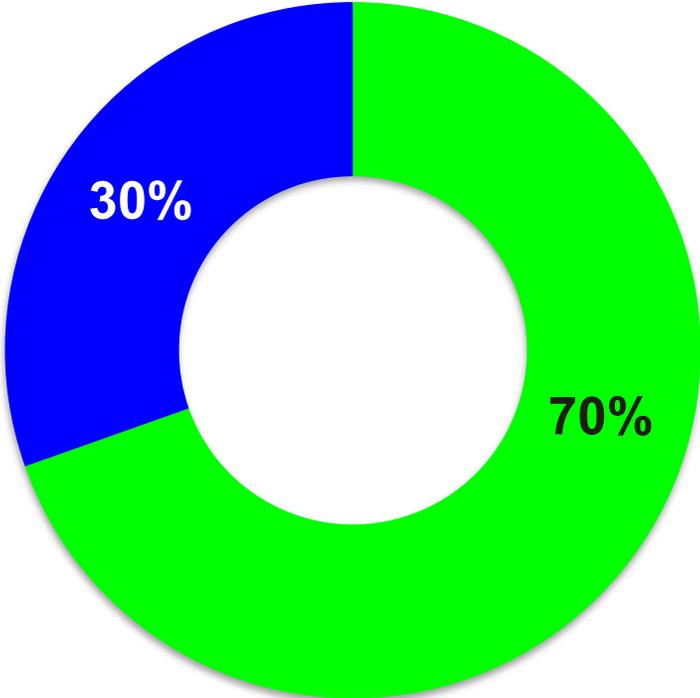
Revenue By Division (RM'Million)



<p>Property Division</p>	<p>Higher revenue, by 19%, mainly due to:</p> <ul style="list-style-type: none"> • KD Land Disposal; • Strong sales achieved from new launches in 2018 such as the Atwater service apartments and the Utopolis Batu Kawan service apartments (Phase 2), off-set by • Completion of certain phases of Sejati Residences and Utopolis Glenmarie's serviced apartments in 2017
<p>Education Division</p>	<p>Higher revenue, by 12%, mainly due to:</p> <ul style="list-style-type: none"> • Full year consolidation of REAL Education Group's financial results from April 2017

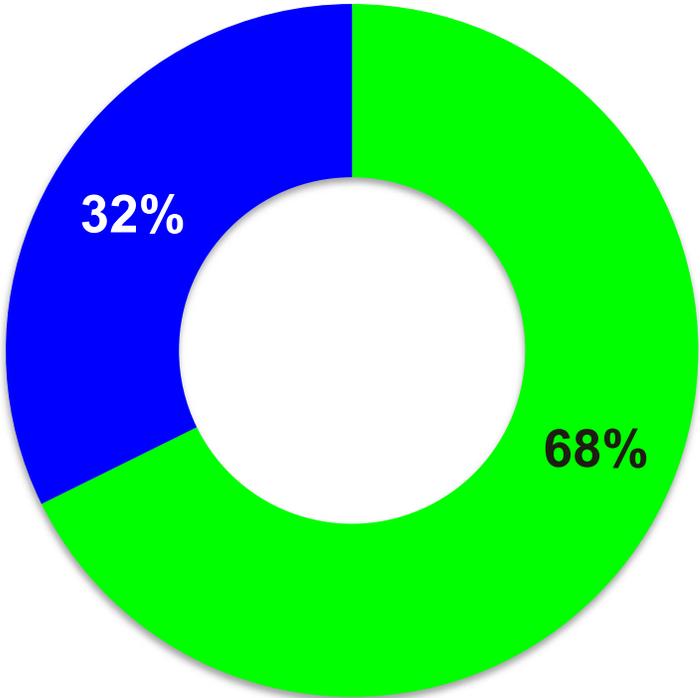
Revenue - Contribution By Division

FY2018 Revenue



■ Property ■ Education

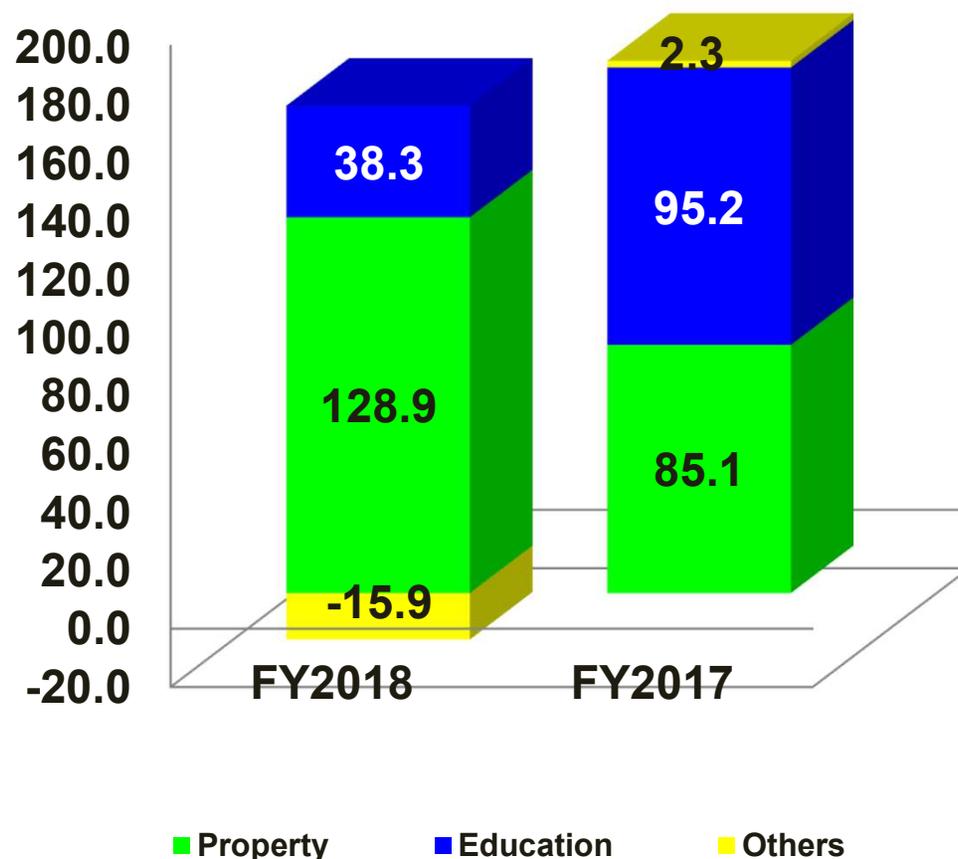
FY2017 Revenue



■ Property ■ Education

PBT

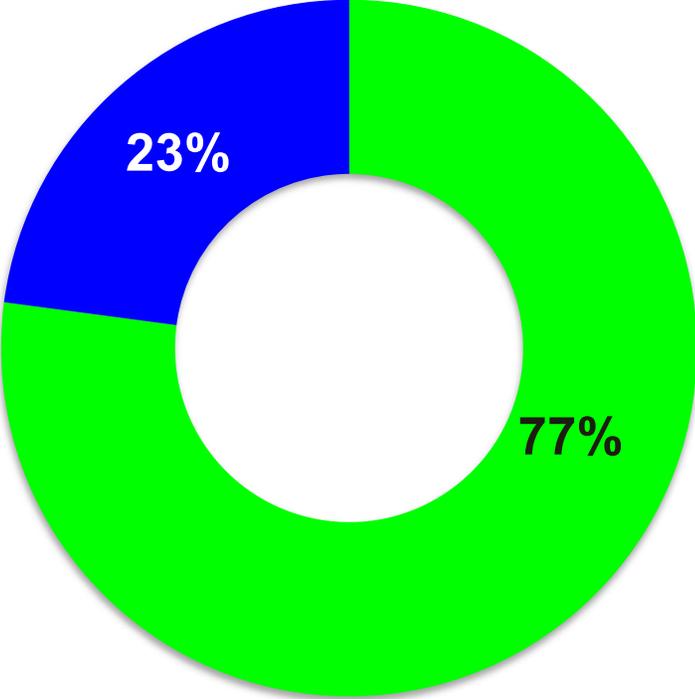
PBT By Division (RM'Million)



<p>Property Division</p>	<p>Higher PBT, by 51%, mainly due to:</p> <ul style="list-style-type: none"> • KD Land Disposal; • Strong sales achieved from new launches in 2018 such as the Atwater service apartments and the Utropolis Batu Kawan service apartments (Phase 2), off-set by • Completion of certain phases of Sejati Residences and Utropolis Glenmarie's serviced apartments in 2017
<p>Education Division</p>	<p>Lower PBT, by 60%, mainly due to:</p> <ul style="list-style-type: none"> • Gain on disposal of Sri KDU campus in 2017; and • Higher rental expenses of Sri KDU, off-set by • Profit contribution from the consolidation of R.E.A.L Education Group

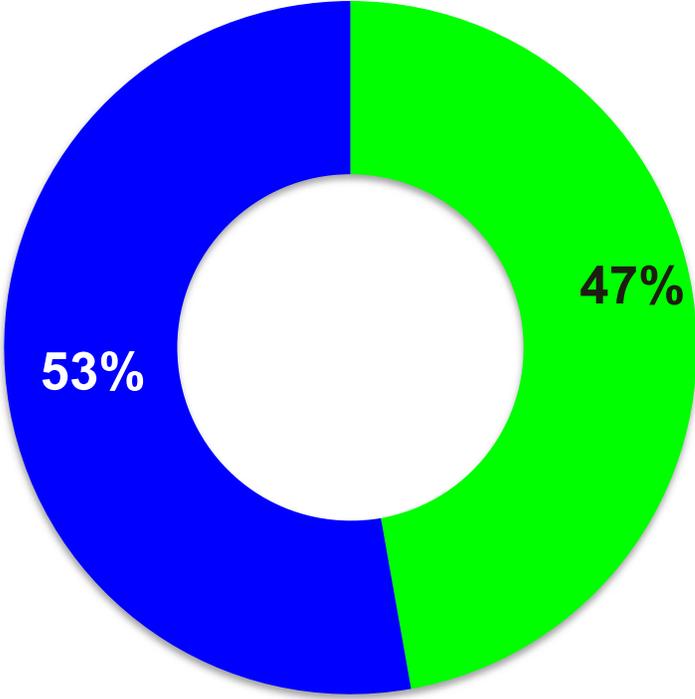
PBT – Contribution By Division

FY2018 PBT



■ Property ■ Education

FY2017 PBT



■ Property ■ Education

Statement of Financial Position

RM'000	31/12/2018	31/12/2017 (Restated)
Non-current assets	1,715,298	1,832,614
Current assets	929,138	690,215
Total assets	2,644,436	2,522,829
Current liabilities	681,152	514,993
Net current assets	247,986	175,222
Non-current liabilities	613,887	690,945
Total liabilities	1,295,039	1,205,938
Total equity	1,349,397	1,316,891
Total equity and liabilities	2,644,436	2,522,829

Debt/Equity Ratio

	31/12/2018	31/12/2017 (Restated)
	RM'Mil	RM'Mil
Borrowings	900.7	823.8
Cash & bank balances	137.0	141.4
Total equity*	1,349.4	1,316.9
	31/12/2018	31/12/2017 (Restated)
Gross D/E ratio	0.67	0.63
Net D/E ratio	0.57	0.52

*Included Private Debt Securities of RM200 million

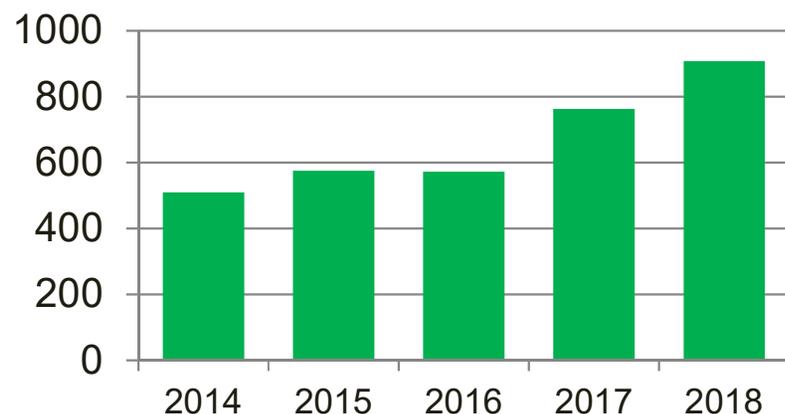
Gross D/E Ratio = Total Borrowings/Total Equity

Net D/E Ratio = (Total Borrowings-Cash & Bank Balances)/Total Equity

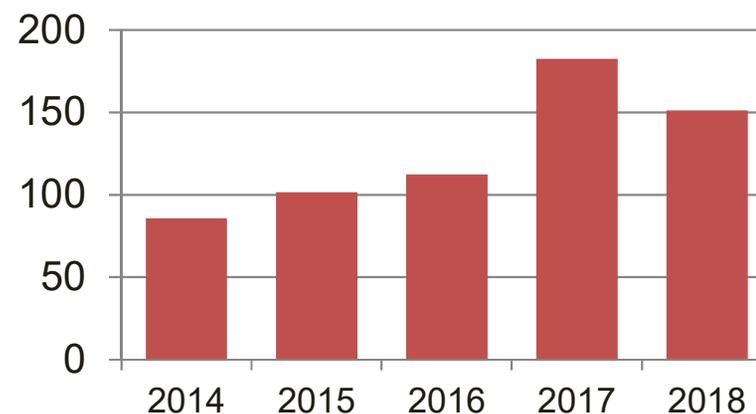
5-Year Financial Highlights

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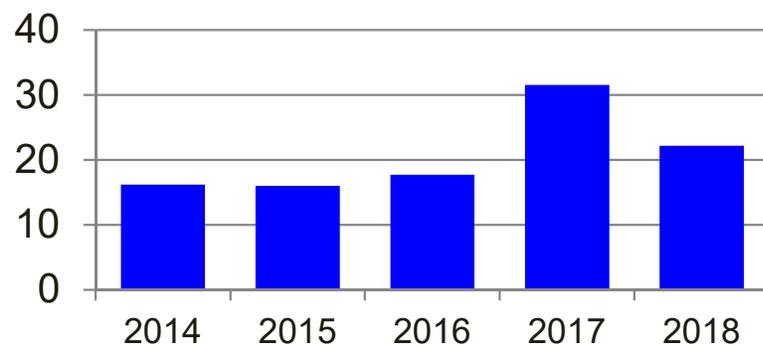
Revenue (RM'Mil)



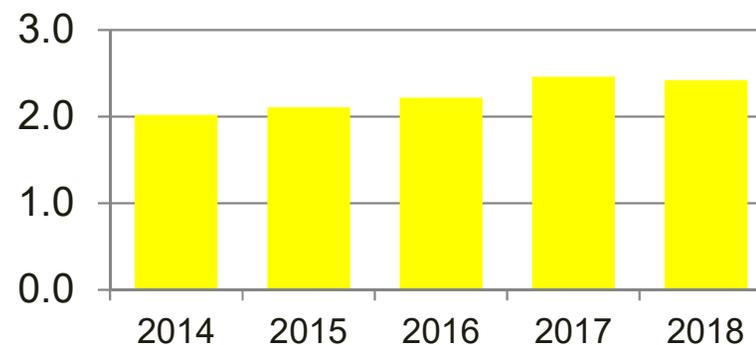
PBT (RM'Mil)



Earnings Per Share (Sen)

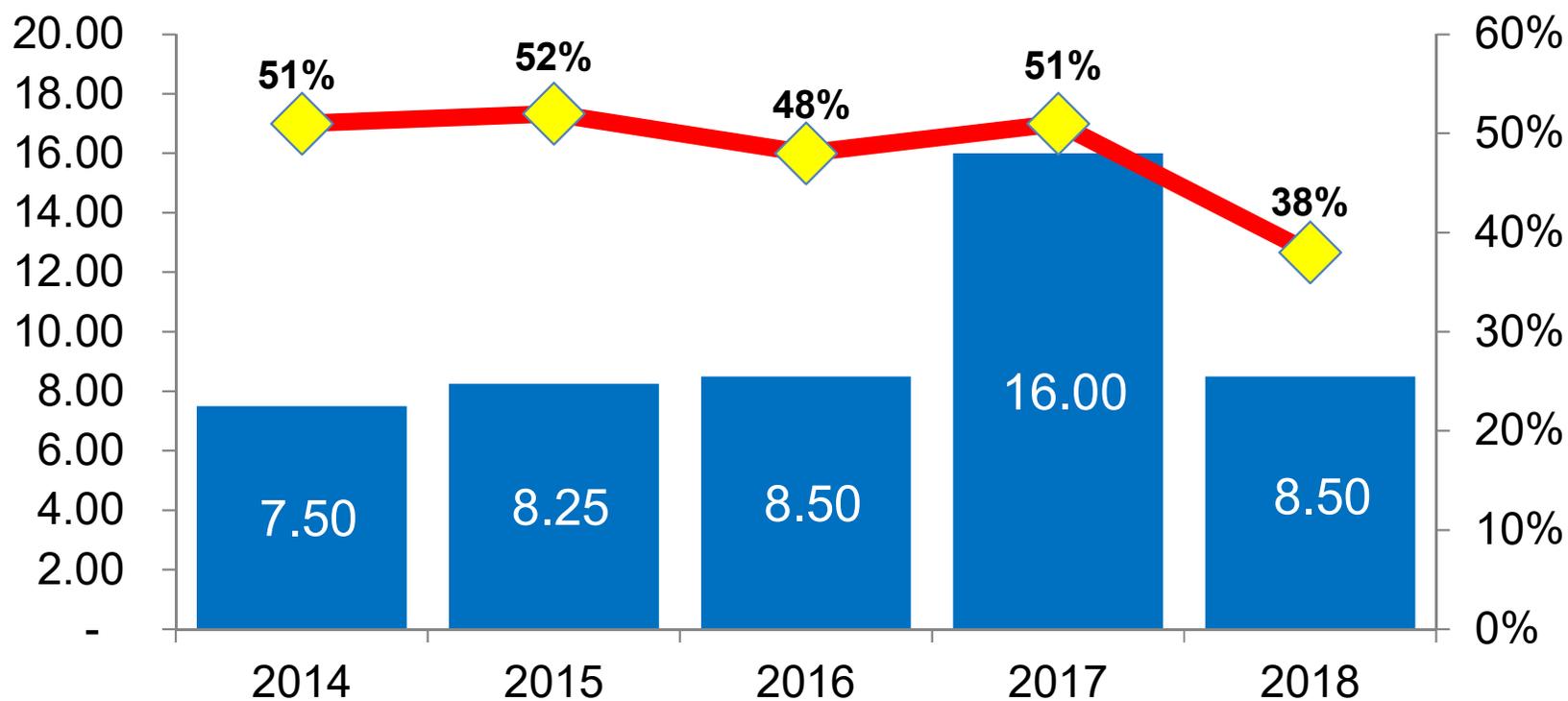


Net Assets Per Share (RM)



5-Year Financial Highlights

Gross Dividend Per Share (sen) and Payout Ratio (%)



FY2018 Highlights

FY2018 Highlights

Property Division

- Strong property sales of 1,553 units with a sales value of RM1,004 million;
- Unbilled sales of RM995 million as at 31 December 2018.

Education Division

- KDU UC Glenmarie and Penang registering higher new student enrolments;
- KDU UC Glenmarie registering a positive EBITDA of RM6.65 million.
- Full year consolidation of the R.E.A.L Education Group
- Rental expenses of Sri KDU

Total landbank & GDV

Total Landbank & GDV

Project	Remaining Gross Undeveloped Lands (Acres)	Remaining GDV* (Million)	Development Period	
			Start	End
On going Developments				
Kemuning Utama, Shah Alam	33.7	506	2004	2020
Sekitar26, Shah Alam	11.6	652	2013	2020
Bandar Laguna Merbok, Sungai Petani	0.0	6	1996	2018
Bukit Banyan, Sungai Petani	248.0	621	2012	2027
Sejati Residences, Cyberjaya	10.3	506	2013	2021
Greenwoods, Salak Perdana	141.0	902	2015	2023
Utropolis Batu Kawan, Penang	20.4	1,698	2016	2026
Atwater, Petaling Jaya	1.7	360	2018	2022
Utropolis Glenmarie, Shah Alam	0.0	25		
Total		5,277		

* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 31 December 2018

Total Landbank & GDV

Project	Remaining Gross Undeveloped Lands (Acres)	GDV* (Million)	Development Period	
			Start	End
Projects in the Pipeline				
Berkeley Uptown, Klang	20.5	1,200	2019	2026
Future Projects				
Machang Bubuk, Penang	69.2	420	2020	2025
Total		1,620		
Grand Total		6,896		

* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 31 December 2018

Prospect for 2019

Prospect

Amid escalating trade tensions and tighter global financial conditions, the Malaysian economy recorded a respectable growth of 4.7% in 2018. For 2019, the Malaysian economy is expected to continue to expand at a steady pace. Private sector demand is expected to remain the main driver of growth amid fiscal rationalisation while the external sector would be weighed down by weaker global demand.

Paramount Property

Despite the challenging conditions, Paramount Property continued to aggressively pursue its strategies, and succeeded to buck industry trends. Amidst a down trending market, the property division achieved its property sales target of RM1.0 billion in 2018, surpassing its 2017 sales by 23%. The Central region achieved RM710.0 million of sales whereas the Northern region contributed sales of RM294.0 million. Anchored by seven (7) on-going projects in the Central and Northern regions, the Group's unbilled sales stood at a record of RM995 million as at 31 December 2018, exceeding RM610 million recorded last year. This is expected to contribute positively to the Group's financial performance in the near future.

For 2019, the Group foresees the property sector to remain soft. Nevertheless, there are nascent hopes of a recovery, given the initiatives introduced by the government in Budget 2019. Raising the income levels would be an effective way of resolving the unaffordability of homeownership in Malaysia and to address the mismatch between demand and supply of properties.

Paramount Property will continue to pursue its tried and tested strategies which have fuelled its continuous growth thus far. In 2019, Paramount Property looks forward to launching seven projects (including new phases of existing projects) with an estimated gross development value of RM1.3 billion, albeit adopting a more cautious approach in response to market conditions. For the central region, Paramount Property will be expanding its footprint to Klang, Selangor, an integrated property-education development project of 33.3 acres located at Jalan Goh Hock Huat, Klang. It will be anchored by a new 1,500 student capacity Sri KDU International School campus and is supported by residential and various lifestyle components. In addition, Atwater, Section 13, Petaling Jaya commercial development will be launched to complement the residential units that were 84% sold last year.

Prospect

For the northern region, the Paramount Property would also be launching the third phase of its serviced apartments in Batu Kawan on the back of strong sales achieved thus far. The opening of the KDU Penang University College, Batu Kawan campus targeted in September 2019 is a game-changer for Penang – marking the arrival of the university metropolis concept in Penang.

In addition to the above, the Group will be replenishing its land bank in 2019 by another 41.4 acres of land located close to the existing project, Sejati Residences, Cyberjaya with a projected gross development value of RM570 million pursuant to the expected completion of the land sale and purchase in 1Q 2019. The Group is working towards launching the first phase of the development in 4Q 2019 in line with the strategy to improve the speed to market for better cost management.

In line with the Group's asset light strategy, the Group will jointly develop a Transit-Oriented Development with projected GDV of RM1 billion in Section 14, Petaling Jaya with the land owner, Kumpulan Hartanah Selangor Berhad. In addition, the Group expects contribution from its land development business to complement its property development business.

On the co-working space front, the Group is planning to open another three co-working sites in 2019, expanding its footprint in Klang Valley. This is on the back of encouraging uptake from its existing total floor space of 23,500 sq ft (Starling Mall, Petaling Jaya and Utropolis Marketplace, Shah Alam) and in line with the growing acceptance of co-working space among young entrepreneurs, start-ups and multinational companies.

Prospect

Paramount Education

In spite of the challenging economic conditions affecting the K-12 segment, price wars are likely to persist as the effects of lower birth rates over the past two decades become more evident coupled with the increase in capacity which is expected to level off.

Given the near full capacity of the Sri KDU schools, Paramount Education's growth strategy would be focusing on the REAL Schools. Strategies are in place to beef up the academic quality, restructure the curriculum to meet the needs of target markets as well as undertake refurbishment and upgrade of school premises and facilities to improve the appeal of the schools to parents and students. In addition, more aggressive marketing efforts, including social media and digital marketing are undertaken to improve its market reach.

In 2019, REAL Kids has added one new pre-school centre in Rawang, Selangor making it the 34th centre operated by REAL Kids across Klang Valley and five states in Peninsular Malaysia. In addition, the Group is also sourcing for suitable locations to open another three to five centres.

On the tertiary education front, the agreement for the strategic partnership between Paramount and UOWM Sdn Bhd (owned by the University of Wollongong) is expected to be completed in 2Q 2019. The entry of University of Wollongong, a well-established and high-ranking public research and teaching university from Australia, will enhance value for the KDU tertiary institutions, and help differentiate KDU from other education institutions in the market. In addition, the asset securitisation proposal involving the sale of the university campuses and the subsequent leaseback by the tertiary institutions would also be completed in 2Q 2019, generating recurring rental income to the Group. Hence, the Group will continue to explore opportunities to unlock the value of these real estate assets to enhance returns on capital employed and create long-term shareholder value.

Prospect

In line with the Group's strategic plan of becoming a pure-play property company, it will continue to explore opportunities to unlock value of its investments. Barring any unforeseen circumstances, the Group is expected to remain resilient for the financial year ending 31 December 2019, against prevailing market challenges and uncertainties.

Statement Regarding Unaudited Financial Information

The unaudited financial information set forth above is preliminary and subject to adjustments and modifications.

Disclaimer on Forward-Looking Statements

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We therefore caution against placing undue reliance on the forward-looking statements contained in this presentation, which are based on current view of management on future events.

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Thank You