

Unaudited 9M2017 Results

14 November 2017

3Q2017 Results

3Q2017 vs 3Q2016 Financial Results

		3Q2017	3Q2016	+/-	%
Revenue	RM'Mil	191.1	134.8	56.3	42%
Profit before tax	RM'Mil	101.5	21.7	79.8	368%
EBITDA	RM'Mil	114.5	29.6	84.9	287%
Profit net of tax	RM'Mil	92.9	16.3	76.6	470%
Profit attributable to ordinary equity holders of the company	RM'Mil	85.8	11.2	74.6	666%
Earnings per share	Sen	20.21	2.64	17.57	666%
Dividend per share	Sen	0.00	0.00	0.00	0%

Higher Group revenue, by 42%, with higher contribution from both the property and education divisions.

Higher Group PBT, by 368%, due to a gain of RM77.8 million recognised on the disposal of Sri KDU campus in 3Q2017.

9M2017 vs 9M2016 Financial Results

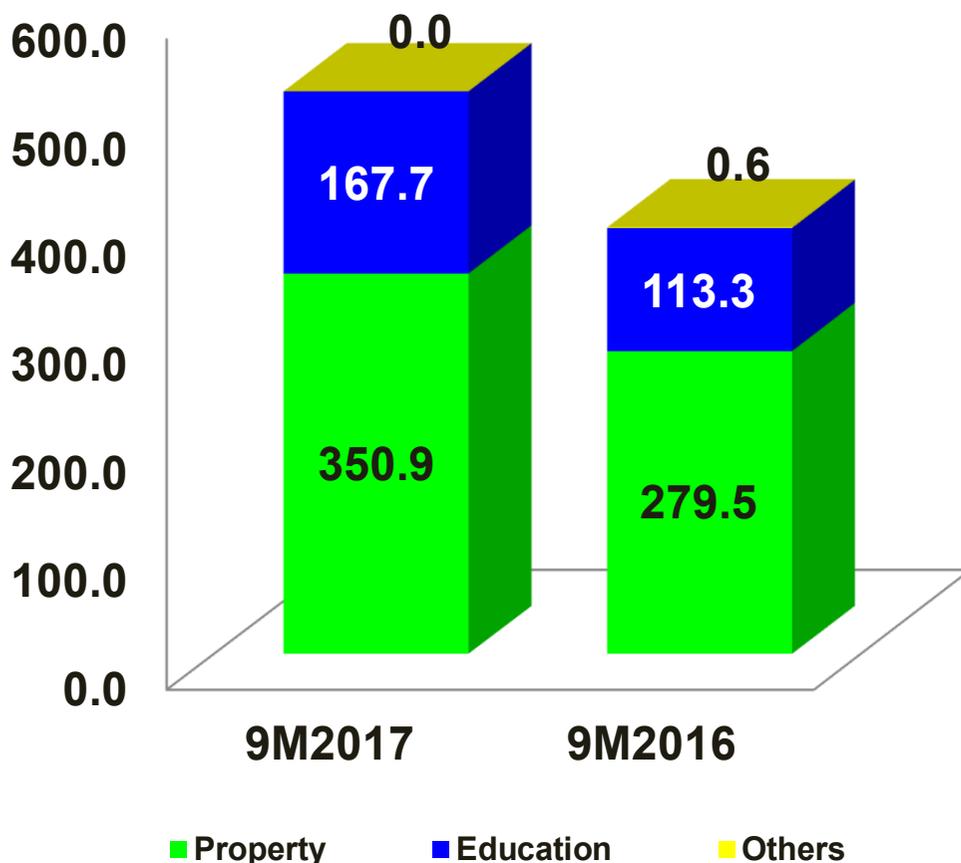
		9M2017	9M2016	+/-	%
Revenue	RM'Mil	518.6	393.4	125.2	32%
Profit before tax	RM'Mil	144.4	74.7	69.7	93%
EBITDA	RM'Mil	175.8	95.5	80.3	84%
Profit net of tax	RM'Mil	123.5	56.8	66.7	117%
Profit attributable to ordinary equity holders of the Company	RM'Mil	108.7	44.8	63.9	143%
Earnings per share	Sen	25.65	10.59	15.06	142%
Dividend per share	Sen	2.50	2.50	0.00	0%
Net asset per share	RM	2.37	2.13	0.24	11%
Shareholders' funds	RM'Mil	1,007.5	900.8	106.7	12%
ROE	%	11.6	5.0	6.6	132%
Gearing ratio	Times	0.70	0.52	0.18	35%

Higher Group revenue, by 32%, with higher contribution from both the property and education divisions.

Higher Group PBT, by 93%, due to a a gain of RM77.8 million recognised on the disposal of Sri KDU campus in 3Q2017.

Revenue

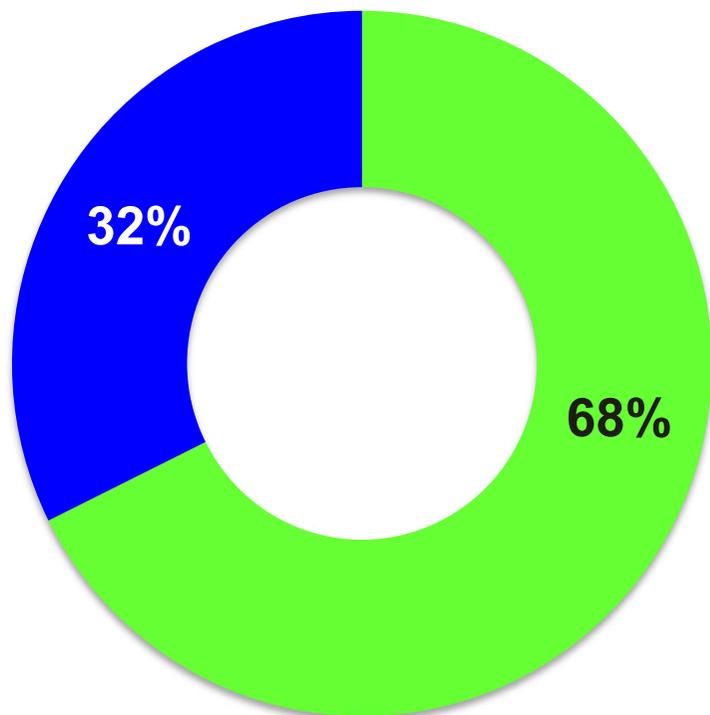
Revenue By Division (RM'Million)



<p>Property Division</p>	<p>Higher revenue, by 26%, due to: “ Higher sales and progressive billings from the Utropolis Batu Kawan, Sejati Residences and Greenwoods Salak Perdana developments.</p>
<p>Education Division</p>	<p>Higher revenue, by 48% due to: “ New stream of income from REAL Education which contributed RM52.5 million to Group revenue; “ Higher revenue from Sri KDU and KDU University College, Glenmarie, stemming from higher new student enrolments.</p>

Revenue - Contribution By Division

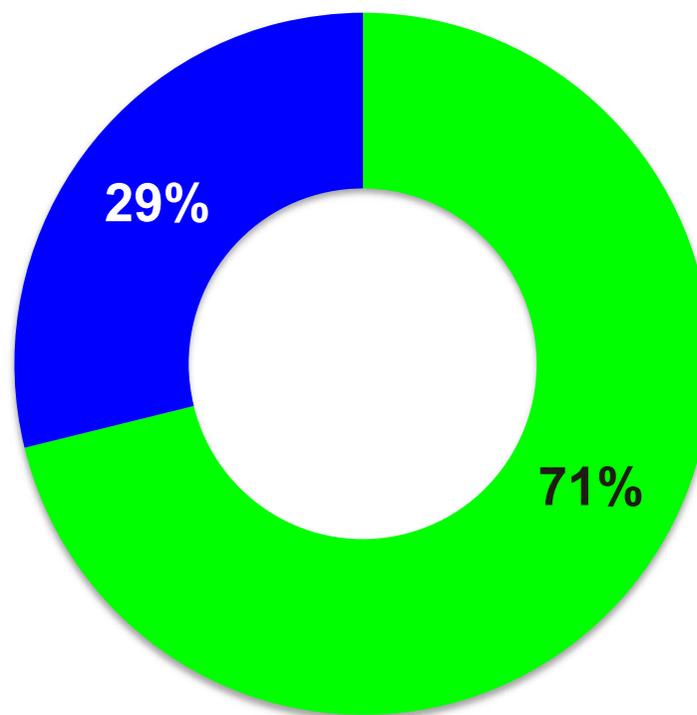
9M2017 Revenue



■ Property

■ Education

9M2016 Revenue

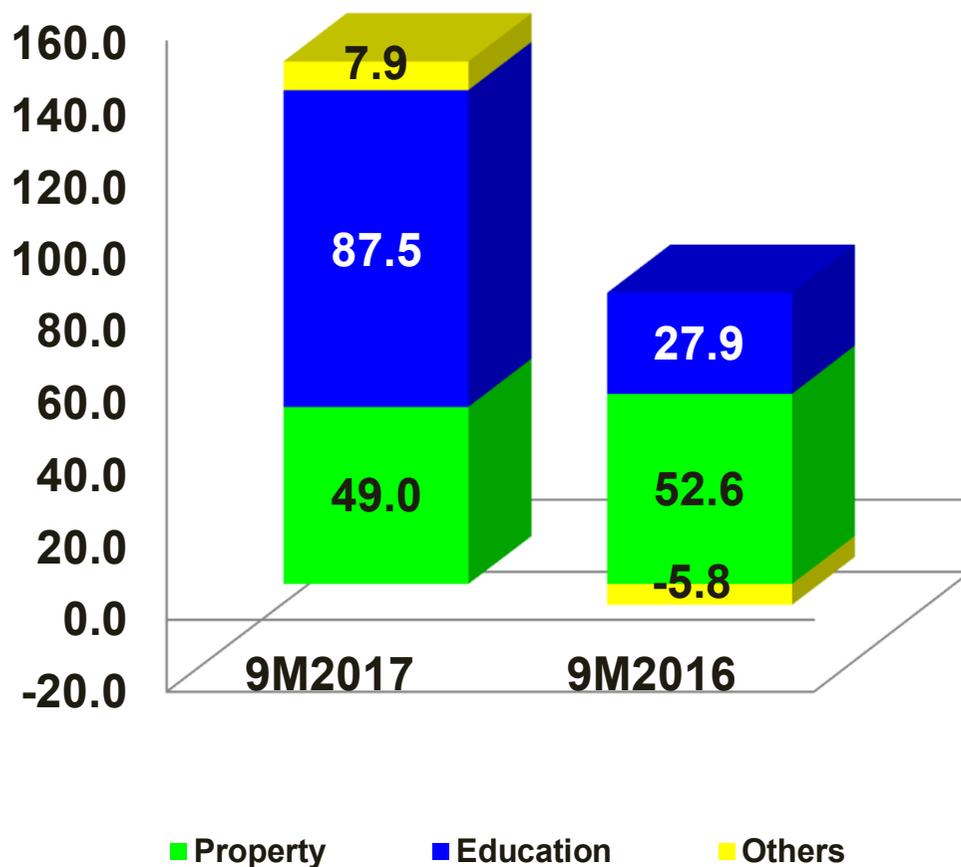


■ Property

■ Education

PBT

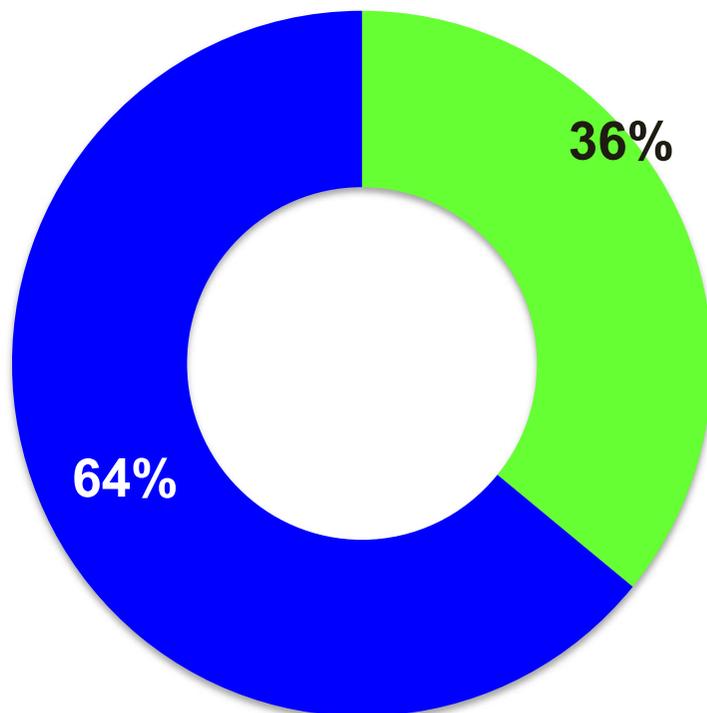
PBT By Division (RM'Million)



<p>Property Division</p>	<p>Lower PBT, by 7%, due to:</p> <ul style="list-style-type: none"> “ Higher losses incurred by the retail mall, Utropolis Marketplace; “ Lower contribution from the construction business, offset by; “ Higher PBT from the Utropolis Batu Kawan, Sejati Residences and Greenwoods Salak Perdana developments
<p>Education Division</p>	<p>Higher PBT, by 214%, due to:</p> <ul style="list-style-type: none"> “ Non-recurring gains of RM56.3 million recorded on the disposal of Sri KDU campus, “ New stream of income from REAL Education, which contributed RM9.7 million to the Group PBT, and; “ Lower losses from KDU University College in Glenmarie.

PBT – Contribution By Division

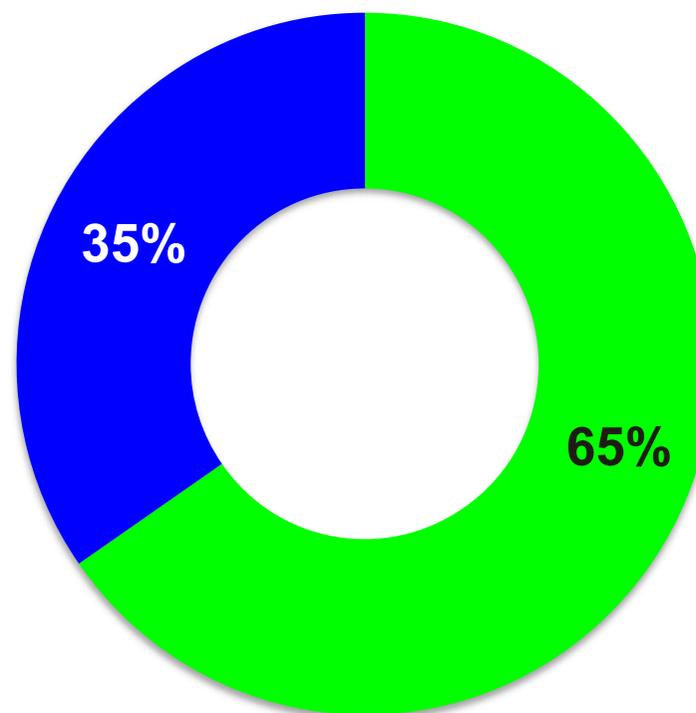
9M2017 PBT



■ Property

■ Education

9M2016 PBT



■ Property

■ Education

Statement of Financial Position

RM'000	30/9/2017	31/12/2016
Non-current assets	1,757,076	1,533,793
Current assets	746,096	484,918
Total assets	2,503,172	2,018,711
Current liabilities	522,013	450,695
Net current assets	224,083	34,223
Non-current liabilities	724,936	433,593
Total liabilities	1,246,949	884,288
Total equity	1,256,223	1,134,423
Total equity and liabilities	2,503,172	2,018,711

Debt/Equity Ratio

	30/9/2017	31/12/2016
	RM'Mil	RM'Mil
Borrowings	880.2	636.6
Cash & bank balances	161.6	149.2
Total equity*	1,256.2	1,134.4
	30/9/2017	31/12/2016
Gross D/E ratio	0.70	0.56
Net D/E ratio	0.57	0.43

*Included Private Debt Securities of RM200 million

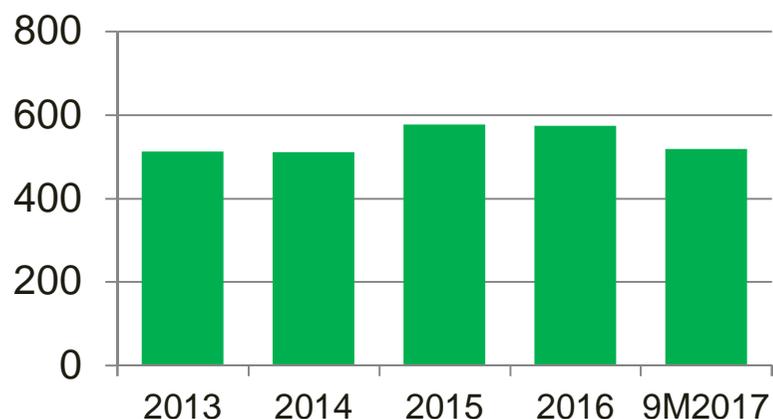
Gross D/E Ratio = Total Borrowings/Total Equity

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

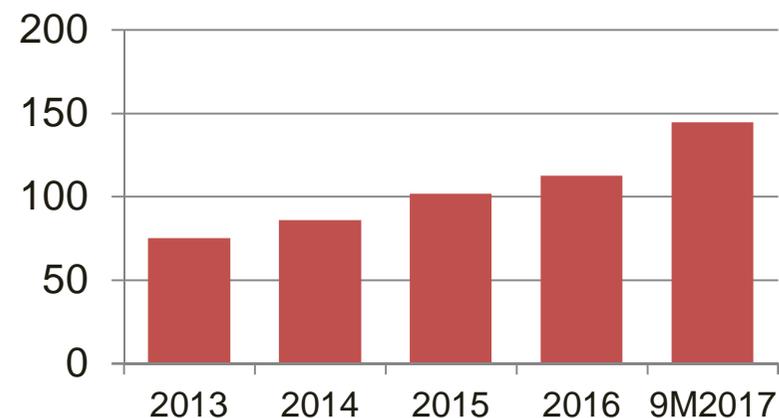
5-Year Financial Highlights

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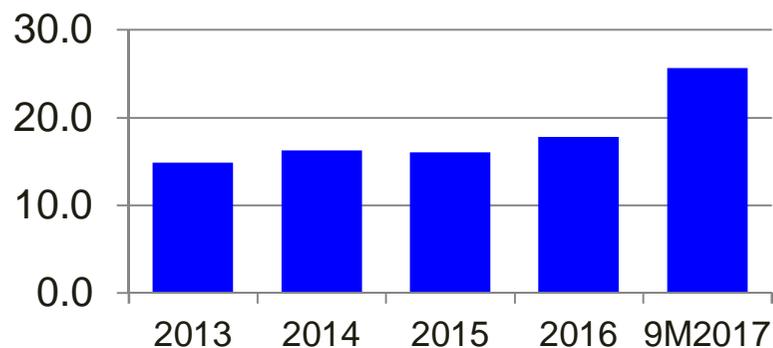
Revenue (RM'Mil)



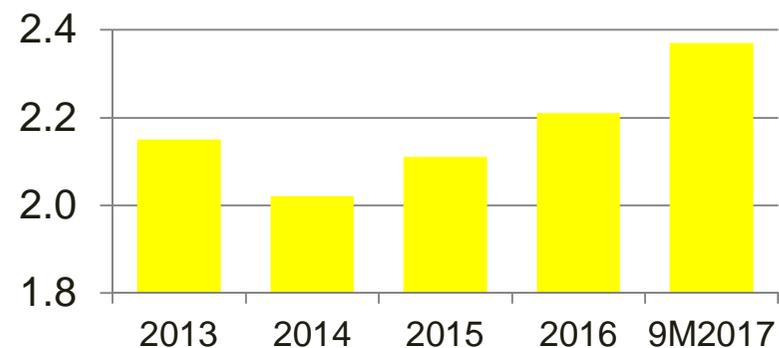
PBT (RM'Mil)



Earnings Per Share (Sen)

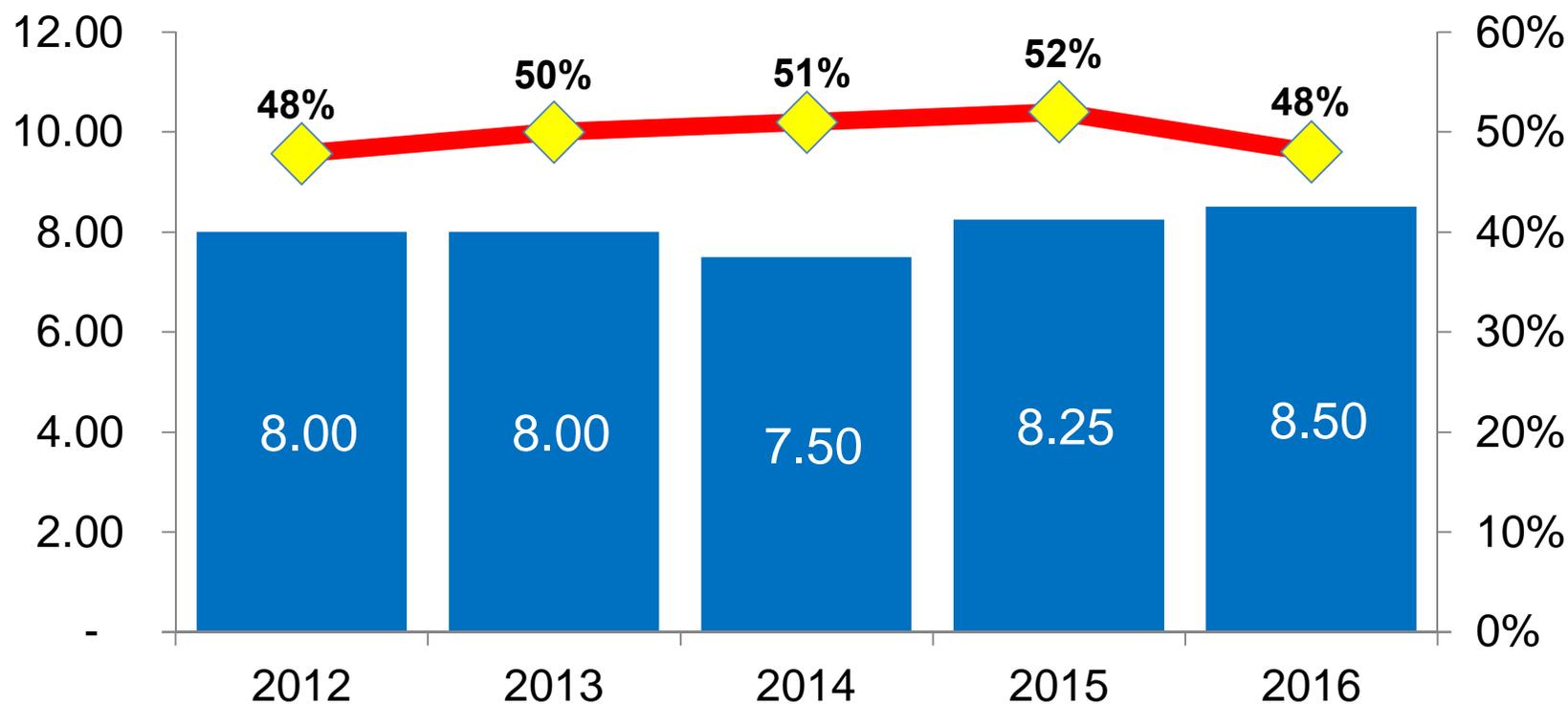


Net Assets Per Share (RM)



5-Year Financial Highlights

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



An interim dividend of 2.50 sen per share for the financial year ending 31 December 2017 was paid on 28 September 2017.

9M2017 Highlights

9M2017 Highlights

Property Division

- “ Strong property sales of 1,031 units with a sales value of RM633 million surpassing the full year 2016 sales of RM402 million;
- “ Unbilled sales of RM588 million as at 30 September 2017.

Education Division

- “ New stream of income from REAL Education Group which contributed revenue and PBT of RM52.5 million and RM9.7 million, respectively;
- “ KDU UC and Sri KDU registering higher new student enrolments;
- “ KDU UC registering a positive EBITDA of RM3.29 million.
- “ Completion of disposal of Sri KDU campus to Alpha REIT

Total landbank & GDV

Total Landbank & GDV

Project	Original Land Size (Acre)	Remaining GDV (Million)	Development Period	
			Start	End
On going Developments				
Sekitar26 Business, Shah Alam	13.5	0	2013	2016
Paramount Utropolis, Glenmarie	11.8	330	2013	2023
Bandar Laguna Merbok, Sungai Petani	500	3	1996	2016
Bukit Banyan, Sungai Petani	520	719	2012	2027
Sejati Residences, Cyberjaya	50	513	2013	2021
Greenwoods, Salak Perdana	238	1,005	2015	2023
Batu Kawan, Penang	28.7	1,422	2016	2026
Total		3,992		

Total Landbank & GDV

Project	Land Size (Acre)	GDV (Million)	Development Period	
			Start	End
Projects in the Pipeline				
Sekitar26, Shah Alam	16.8	554	2017	2020
Section 13, Petaling Jaya	5.2	608	2018	2020
Jalan Goh Hock Huat, Klang	29.16	1,379	2018	2026
Future Projects		2,541		
Machang Bubuk, Penang	65	324		
Lots 7&9, Kota Damansara*	9.4	870		
Total		3,735		
Grand Total		7,727		

Prospect for 2017

Prospects

- “ Paramount Property recorded sales of RM213 million for 3Q2017 mainly from the encouraging take-up rate of new launches, namely Urbano at Glenmarie and Sekitar Business Park at Shah Alam. 9M2017 sales of RM633 million had surpassed the 2016 full-year sales of RM402 million. Unbilled sales as at the end of 3Q2017 had increased to RM588 million from RM534 million as at the end of 2Q2017.
- “ Spurred by domestic demand and public investments, Malaysia is expected to continue the buoyant momentum for the remaining of 2017 with both World Bank and the Government revising Malaysia’s gross domestic product (GDP) growth forecast for 2017 upwards from 4.9% to 5.2% and from 4.8% to 5.5% - 5.7% respectively.
- “ Paramount Property is expected to benefit from the positive market sentiment by promoting and developing properties that are affordably priced and innovatively conceptualised.
- “ The encouraging response received from the market at the recent ballot launch of high-rise residential development, Urbano at the self-sustaining eco-system Glenmarie solidifies our compelling value proposition to the public and Urbano shall continue to drive the growth for the property division. Paramount Property strives to continue with such good value offering in our new projects.
- “ Utropolis Batu Kawan also mirrors the very successful university metropolis concept in Glenmarie, offering a mix of affordably-priced commercial and residential apartments for those seeking to live in Penang’s third satellite city.
- “ Sejati Residences is a 40-acre township development comprising super-links, semi-detached units, courtyard villas and bungalows, anchored by the 2016 FIABCI award-winning Chengal House clubhouse, boasts of being one of the anchor developments for Paramount Property. The thriving sales for this best value for money offering is expected to continue for the remaining year.

Prospects (cont'd)

- “ Sekitar26 Enterprise, a neighbourhood community retail centre designed for a myriad of uses and anchored by Paramount Property’s new development office, has also been receiving satisfactory take-up rate.
- “ Paramount Property’s performance will be further supported by the rolling out of another two innovative concept developments in near future. Section 13 in Petaling Jaya will cater to those interested in investing in this mature and highly-accessible mid-town address complete with senior living concepts, while Greenwoods at Salak Perdana shall have double storey landed properties at affordable pricing value proposition.
- “ On the education front, Paramount Education will continue to face intense competition in a highly price-sensitive environment. Tertiary education institutions have gone into a price war in an attempt to hold their respective market positions and compete for new students. In the primary and secondary school segments, competition is also escalating, with the mushrooming of new schools over the last few years and the rapidly increasing capacity of new schools. Amidst this challenging business environment, even established schools are now giving discounts, fee rebates, waivers and scholarships.
- “ Against this scenario, the tertiary education segment is stepping up its marketing efforts to reach new markets within Malaysia, whilst also beefing up on its strategies for international marketing and relationship building with recruitment agencies. Efforts are also being invested into building Unique Selling Propositions to raise the profiles of selected flagship schools, as well as the quality of programmes. The tertiary unit is placing greater emphasis on a structured entrepreneurship programme as a key attribute of KDU graduates.
- “ On the operational front, cost management and consolidation, as well as strategies for improving work efficiencies continue to be focus areas in an effort to optimise cost of operations.

Prospects (cont'd)

- “ With the enlarged K-12 segment, comprising Sri KDU and REAL Education which offer premium and more affordably priced alternative private and international schools respectively, Paramount Education is now able to reach a wider segment of the K-12 market. Sri KDU’s mark of excellence in quality education continues to prevail in the market. Following the success of PISA in 2012, Sri KDU International School achieved the International School Quality Mark (ISQM) Gold Award this year, the first in Malaysia and third in Asia to procure this award.
- “ With the completion of the Sale and Leaseback agreement with Alpha REIT, as part of its asset-light strategy, the Group would continue to explore opportunities to enter into similar ventures in future.
- “ The Group achieved RM144.4 million of PBT for 9M2017 and expects the operating PBT to remain strong until the end of the year.

Disclaimer

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