

# Unaudited FY2016 Results

10 February 2017

# 4Q2016 & FY2016 Results

## 4Q2016 vs 4Q2015 Financial Results

|   |        | 4Q2016 | 4Q2015 | +/-  | %    |
|---|--------|--------|--------|------|------|
| Revenue   | RM'Mil | 179.7  | 148.1  | 31.6 | 21%  |
| Profit before tax   | RM'Mil | 37.8   | 22.7   | 15.1 | 67%  |
| EBITDA  | RM'Mil | 45.4   | 27.6   | 17.8 | 64%  |
| Profit net of tax   | RM'Mil | 31.9   | 16.5   | 15.4 | 93%  |
| Profit attributable to ordinary equity holders of the company | RM'Mil | 30.3   | 14.9   | 15.4 | 103% |
| Earnings per share  | Sen    | 7.15   | 3.53   | 3.62 | 103% |
| Dividend per share  | Sen    | 6.00   | 5.75   | 0.25 | 4%   |

Group revenue increased by 21% due to higher contribution from the Property and the Education Divisions.

As a result of the higher revenue, Group PBT increased by 67%.

## FY2016 vs FY2015 Financial Results

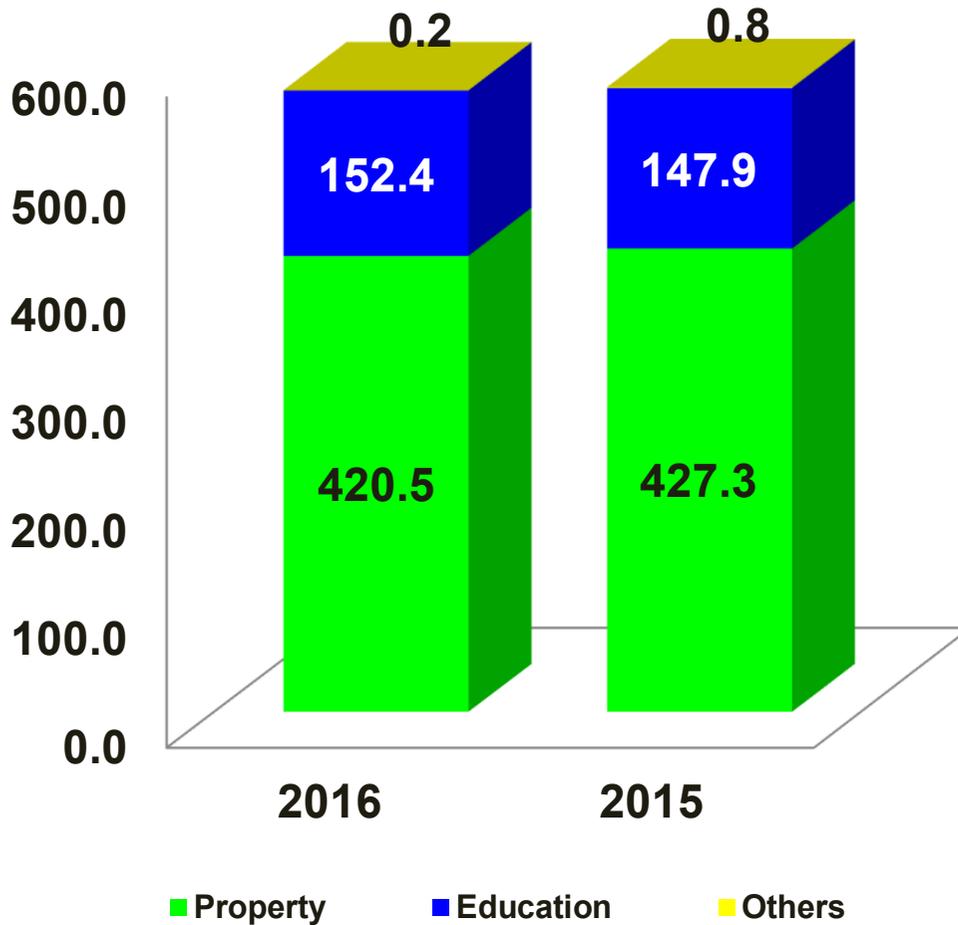
|   |        | 2016  | 2015  | +/-   | %   |
|---|--------|-------|-------|-------|-----|
| Revenue   | RM'Mil | 573.1 | 576.0 | (2.9) | -1% |
| Profit before tax   | RM'Mil | 112.5 | 101.7 | 10.8  | 11% |
| EBITDA  | RM'Mil | 140.9 | 126.6 | 14.3  | 11% |
| Profit net of tax   | RM'Mil | 88.7  | 74.2  | 14.5  | 20% |
| Profit attributable to ordinary equity holders of the company | RM'Mil | 75.0  | 67.7  | 7.3   | 11% |
| Earnings per share  | Sen    | 17.74 | 16.03 | 1.71  | 11% |
| Dividend per share  | Sen    | 8.50  | 8.25  | 0.25  | 3%  |
| Net asset per share   | RM     | 2.21  | 2.11  | 0.10  | 5%  |
| Shareholders' funds   | RM'Mil | 934.6 | 890.8 | 43.8  | 5%  |
| ROE   | %      | 8.4   | 7.9   | 0.5   | 6%  |
| Gearing ratio   | Times  | 0.56  | 0.50  | 0.06  | 12% |

Group revenue decreased marginally by 1% due to lower contribution from the Property Division, offset by the marginally higher contribution from the Education Division.

Group PBT increased by 11% attributable to higher contribution from the Education Division.

# Revenue

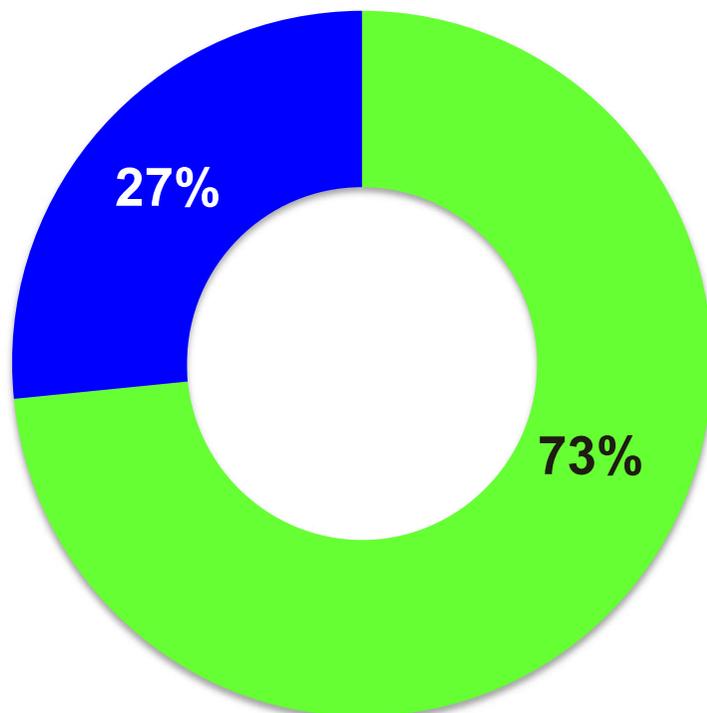
Revenue By Division (RM'Million)



|                                  |   |
|----------------------------------|---|
| <p><b>Property Division</b></p>  | <p>Revenue decreased marginally by 2% due to:</p> <ul style="list-style-type: none"> <li>“ Lower sales and progressive billings from the Sekitar26 Business developments, offset by;</li> <li>“ Higher contributions from the Bukit Banyan, Sejati Residences, Greenwoods Salak Perdana and Utropolis Batu Kawan developments.</li> </ul> |
| <p><b>Education Division</b></p> | <p>Revenue increased marginally by 3% due to higher revenue contribution from the primary and secondary schools, and KDU University College stemming from higher new student enrolments.</p>  |

# Revenue - Contribution By Division

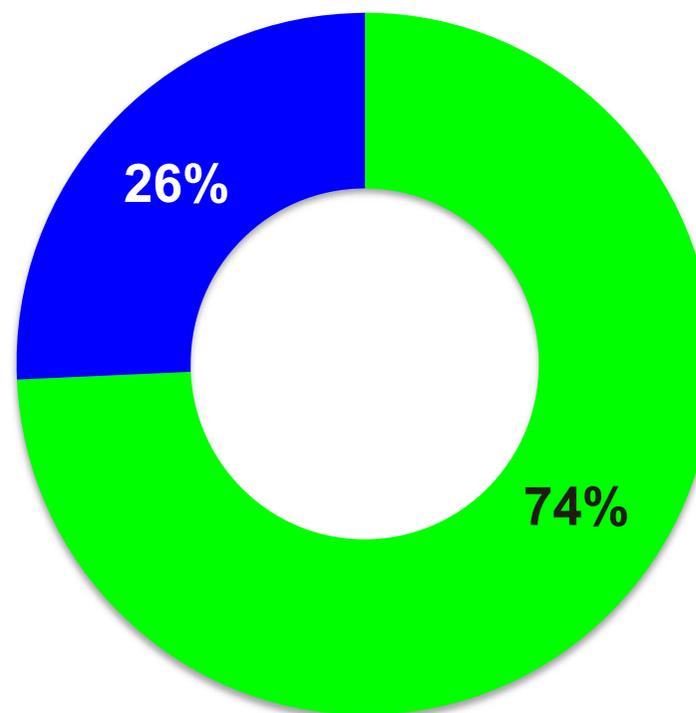
2016 Revenue



■ Property

■ Education

2015 Revenue

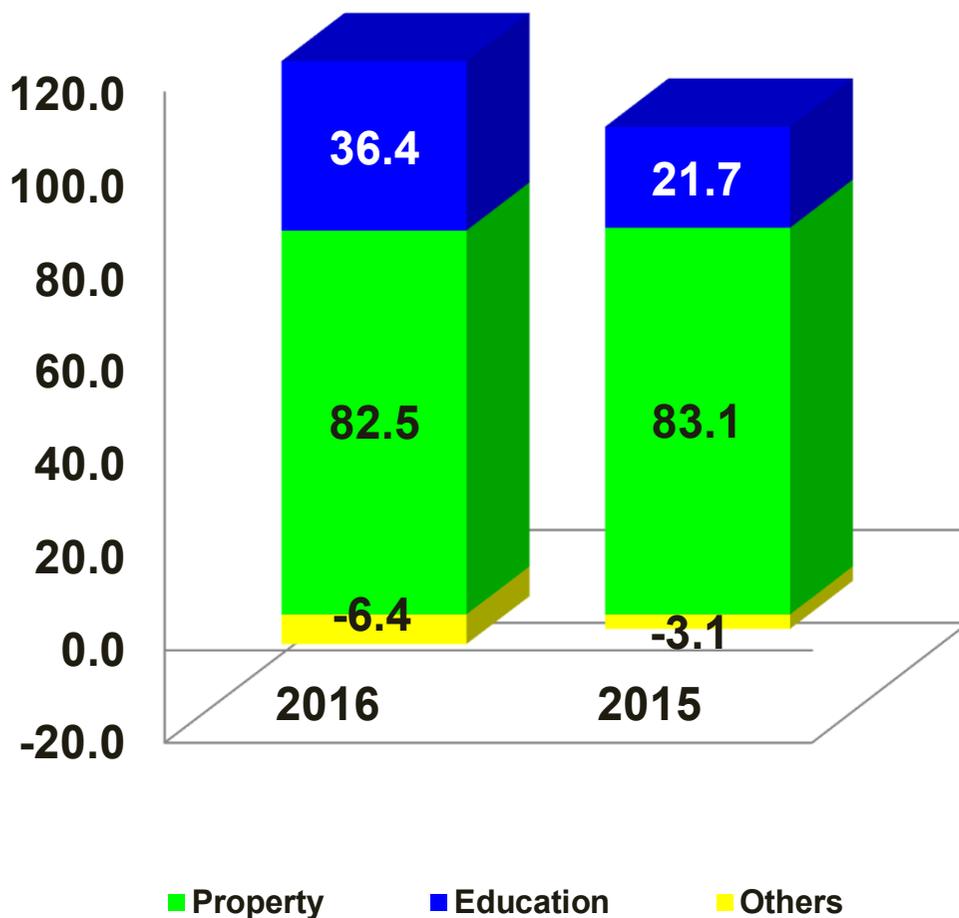


■ Property

■ Education

# PBT

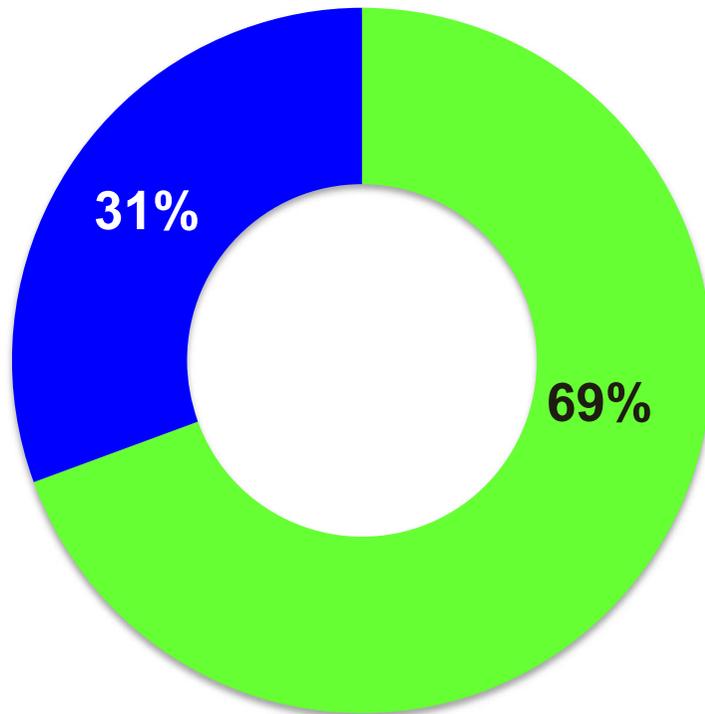
**PBT By Division (RM'Million)**



|                                  |  |
|----------------------------------|--|
| <p><b>Property Division</b></p>  | <p>PBT decreased marginally by 1% due to:</p> <ul style="list-style-type: none"> <li>“ Higher losses from property investment, offset by;</li> <li>“ Higher contributions from the Bukit Banyan, Sejati Residences and Greenwoods Salak Perdana developments, and</li> <li>“ Recognition of remaining construction profits from a completed external project.</li> </ul> |
| <p><b>Education Division</b></p> | <p>PBT increased by 68% due to:</p> <ul style="list-style-type: none"> <li>“ Gains of RM8.8 million on the disposal of student accommodation apartments</li> <li>“ Higher PBT from Sri KDU primary and secondary schools</li> <li>“ Lower losses from KDU University College in Utropolis.</li> </ul>  |

# PBT – Contribution By Division

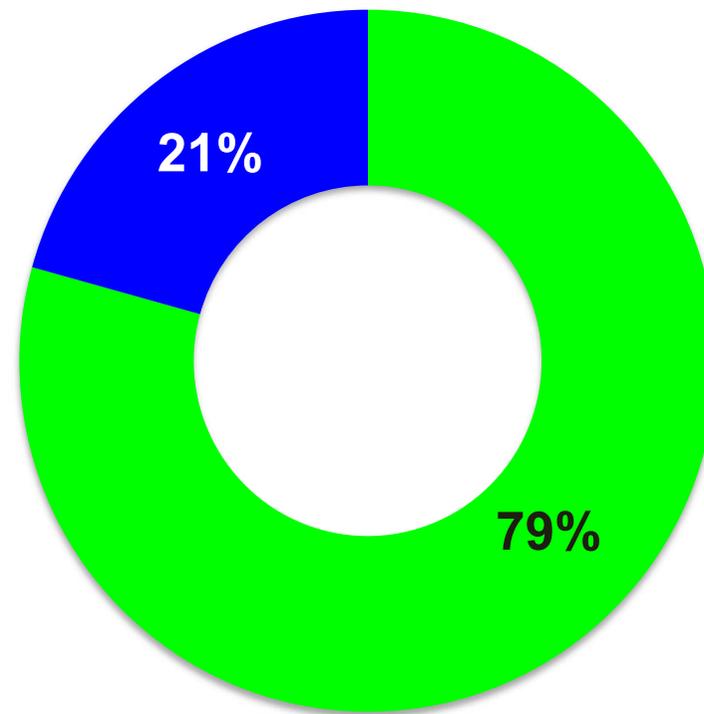
2016 PBT



■ Property

■ Education

2015 PBT



■ Property

■ Education

## Statement of Financial Position

| <b>RM'000</b>                | <b>31/12/2016</b> | <b>31/12/2015</b> |
|------------------------------|-------------------|-------------------|
| Non-current assets           | 1,533,793         | 1,479,919         |
| Current assets               | 484,918           | 450,304           |
| Total assets                 | 2,018,711         | 1,930,223         |
| Current liabilities          | 450,695           | 377,484           |
| Net current assets           | 34,223            | 72,820            |
| Non-current liabilities      | 433,593           | 462,116           |
| Total liabilities            | 884,288           | 839,600           |
| Total equity                 | 1,134,423         | 1,090,623         |
| Total equity and liabilities | 2,018,711         | 1,930,223         |

## Debt/Equity Ratio

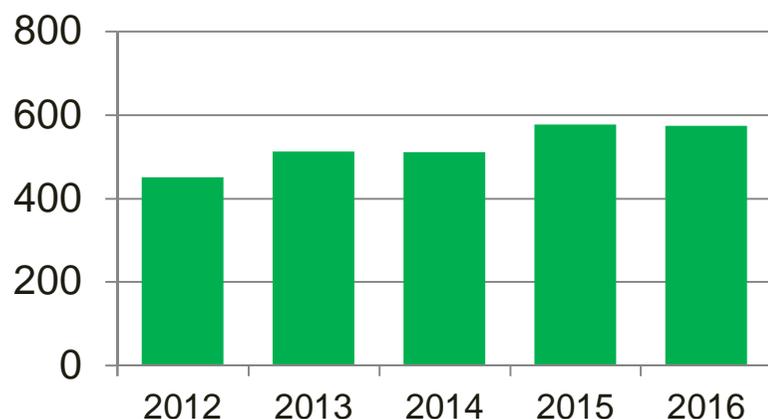
|                      | 31/12/2016 | 31/12/2015 |
|----------------------|------------|------------|
|                      | RM'Mil     | RM'Mil     |
| Borrowings           | 636.6      | 549.6      |
| Cash & bank balances | 149.2      | 149.6      |
| Total equity*        | 1,134.4    | 1,090.6    |
|                      | 31/12/2016 | 31/12/2015 |
| Gross D/E ratio      | 0.56       | 0.50       |
| Net D/E ratio        | 0.43       | 0.37       |

\*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*

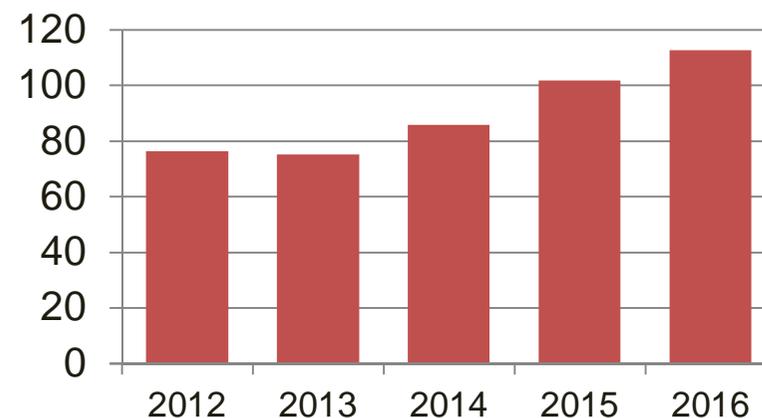
# 5-Year Financial Highlights

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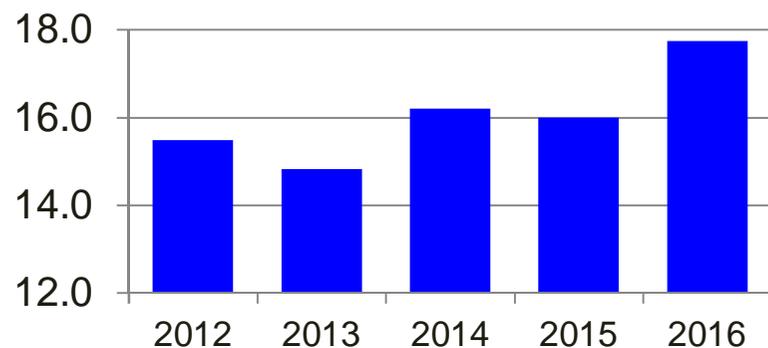
**Revenue (RM'Mil)**



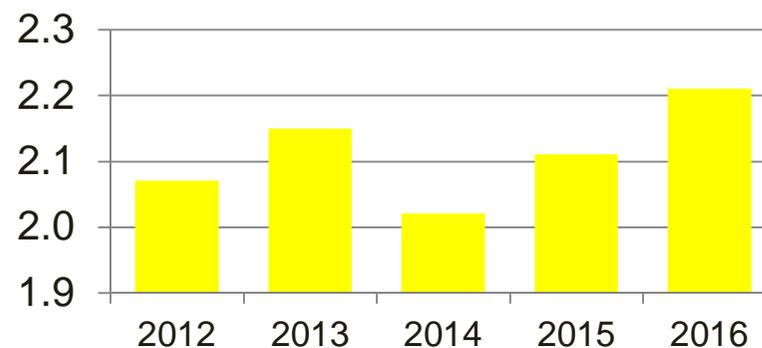
**PBT (RM'Mil)**



**Earnings Per Share (Sen)**

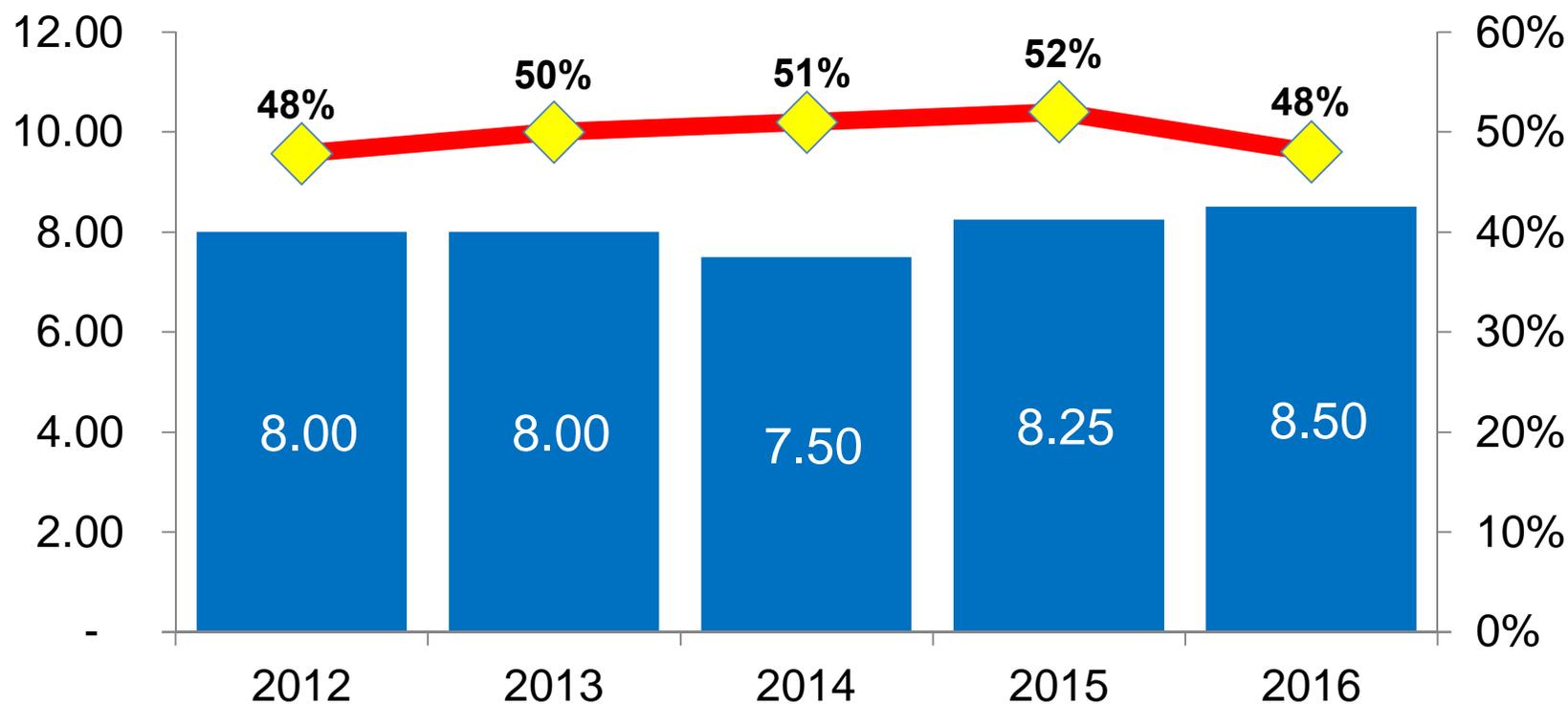


**Net Assets Per Share (RM)**



# 5-Year Financial Highlights

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



A single tier final dividend of 6.00 sen per share was proposed for the financial year ended 31 December 2016.

# 2016 Highlights

# 2016 Highlights

## Property Division

- “ Strong sales momentum seen across most developments
  - New launch of Utropolis Batu Kawan, 1<sup>st</sup> phase of commercial properties registered take-up rate of 55%;
  - Utropolis Glenmarie sales quadrupled in Q4.
- “ 2016 property sales - 459 units with a total sales value of RM420 million;
- “ Locked-in sales of RM407 million as at 31 December 2016.

## Education Division

- “ Higher student number at KDU UC and KDU College PJ;
- “ Gains of RM8.8 million recognized from sale of student accommodation apartments;
- “ Record profit from Sri KDU, the primary and secondary schools.

# Total landbank & GDV

## Total Landbank & GDV

| Project                             | Original Land Size (Acre) | Remaining GDV (Million) | Development Period |      |
|-------------------------------------|---------------------------|-------------------------|--------------------|------|
|                                     |                           |                         | Start              | End  |
| <b>On going Developments</b>        |                           |                         |                    |      |
| 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                       | 1,144                   | 2015               | 2023 |
| Batu Kawan, Penang                  | 28.7                      | 1,427                   | 2016               | 2026 |
| <b>Total</b>                        |                           | <b>4,136</b>            |                    |      |

## Total Landbank & GDV

| Project                         | Land Size (Acre) | GDV (Million) | Development Period |      |
|---------------------------------|------------------|---------------|--------------------|------|
|                                 |                  |               | Start              | End  |
| <b>Projects in the Pipeline</b> |                  |               |                    |      |
| Sekitar26, Shah Alam            | 16.8             | 546           | 2017               | 2020 |
| Section 13, Petaling Jaya       | 5.2              | 608           | 2017               | 2020 |
| Jalan Goh Hock Huat, Klang      | 29.16            | 1,367         | 2017               | 2026 |
| Machang Bubuk, Penang           | 65               | 324           | 2017               | 2025 |
| <b>Future Projects</b>          |                  | 2,845         |                    |      |
| Lots 7&9, Kota Damansara*       | 9.4              | 870           |                    |      |
| <b>Total</b>                    |                  | <b>4,750</b>  |                    |      |
| <b>Grand Total</b>              |                  | <b>7,851</b>  |                    |      |

# Prospect for 2017

# Prospects

- “ The weak consumer sentiment experienced in 2016 is expected to continue into 2017. The ringgit remains volatile, although BNM’s recent measures are expected to stabilise the ringgit. In the property sector, the Bank’s stringent lending policies is not expected to ease anytime soon and without any near-term broad cooling measures to boost the property market, 2017 is expected to continue to be competitive. We expect a cautious market, with more homebuyers, upgraders and astute investors looking for properties in good locations, in particular townships/integrated developments that are affordably priced and innovatively conceptualised.
- “ Under this scenario, Paramount Property’s performance will be underpinned by the breadth of its product portfolio, which includes both affordably-priced properties and innovatively conceptualised developments. The current portfolio consisting of Sejati Residences in Cyberjaya, Utropolis Glenmarie in Shah Alam, Bukit Banyan in Sungai Petani, Greenwoods Salak Perdana in Sepang and the newly launched integrated mixed development, Utropolis Batu Kawan in Penang, is expected to well serve market demand.
- “ Sejati Residences’s 40-acre development comprising three storey super-links, semi-detached units, courtyard villas and bungalows, all anchored by the 2016 FIABCI award-winning Chengal House clubhouse boasts of being one of the developments in Cyberjaya offering the best value for money+. Utropolis Glenmarie’s innovative university metropolis concept, anchored by the 10-acre KDU University College is being enhanced with the opening of a 120,000 sq ft retail centre and, in the pipeline, a hotel and co-working cum incubator space, which will complete the self-sustaining eco-system of the development.
- “ Bukit Banyan and Greenwoods Salak Perdana both offer affordably priced homes while Utropolis Batu Kawan mirrors the very successful university metropolis concept in Glenmarie and offers a mix of affordably priced commercial and residential apartments for those seeking to live in Penang’s planned 3<sup>rd</sup> satellite city, as properties on the island are priced out of the reach of many. Utropolis Batu Kawan is centrally located in this 3<sup>rd</sup> satellite city, earmarked to serve as the Central Business District and Lifestyle Hub for the Northern region, and is within walking distance to Design Village premium outlet to the North and Aspen Vision City, Columbia Asia Hospital and IKEA to the South.

## Prospects (cont'd)

- “ This product portfolio will be further supported by the rolling out of another two innovative concept developments in 2017. The first, in 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 the second will be Sekitar26 Enterprise, a neighbourhood community retail centre designed for a myriad of uses, and anchored by Paramount Property’s new development office.
- “ On the education front, Paramount Education will continue to face challenges, particularly in the tertiary segment where competition is intense and highly price-sensitive. 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 stepping up due to the accelerated increase in capacity both from the rapid opening of new schools over the last few years and expansion of existing schools resulting in schools, even the established ones, giving discounts, fee rebates, waivers and scholarships.
- “ Against this scenario, Paramount Education’s prospects remain good, as overall enrolment to-date has registered growth over the previous year. The primary and secondary schools, with their strong value proposition, will continue to drive the performance of the division.
- “ The recent acquisition of R.E.A.L Education Group, an established K-12 player with three key brands - REAL Kids, REAL Schools and the Cambridge English for Life - will boost Paramount Education’s income, accelerate its growth plans, and allow instant access to REAL’s 18,000 strong student base, in the process establishing Paramount Education as one of the largest full-spectrum education services providers in Malaysia.
- “ The acquisition also provides Paramount Education the opportunity to offer a more affordable alternative for high quality K-12 education, in turn allowing it to reach out to a wider student universe and diversify into a new kindergarten market. There are also many synergies to be reaped, from staffing and training, marketing and shared services, as well as opportunities for student continuity and retention into the Sri KDU schools and KDU university colleges.

## Prospects (cont'd)

- “ In the tertiary segment, 2016 saw many new programmes being approved, ready for offering in 2017. Several articulation relationships were established with universities worldwide to provide more options for students who wish to continue their studies overseas. Efforts were also invested into building USP for flagship schools to raise their profiles, as well as the value and quality of programmes. Increased focus was also placed on a structured entrepreneurship programme as a key attribute of KDU graduates. With these efforts, Paramount Education is confident that overall enrolment, which has registered growth over the previous year, will continue to hold steady. Additionally the division's pursuit of an asset-lite strategy to improve the utilisation of its real estate assets will enhance returns on capital employed and create long term shareholder value.
- “ Barring any unforeseen circumstances, the Group is expected to deliver a comparable performance for 2017.

## 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**