

PARAMOUNT

# Unaudited 9M2019 Results

20 November 2019

# 3Q2019 Results

## 3Q2019 vs 3Q2018 Financial Results

		3Q2019	3Q2018	+/-	%
Revenue	RM'Mil	217.1	210.5	6.6	3%
Profit before tax	RM'Mil	44.3	28.8	15.5	54%
EBITDA	RM'Mil	59.3	40.3	19.0	47%
Profit net of tax	RM'Mil	34.9	21.6	13.3	62%
Profit attributable to ordinary equity holders of the company	RM'Mil	30.3	15.6	14.7	94%
Earnings per share	Sen	4.99	2.61	2.38	91%
Dividend per share	Sen	0.00	0.00	0.00	0%

The Group's revenue was 3% higher, with improved contribution from the property division.

The Group's profit before tax (PBT) was 54% higher at RM44.3 million mainly attributable to the gain of RM23.3 million on disposal of the controlling stake in KDU University College Sdn Bhd ("KDUUC"), KDU University College (PG) Sdn Bhd ("KDUPG") and KDU College (PJ) Sdn Bhd ("KDUPJ") ("KDU Disposal") that was completed on 3 September 2019.

## 9M2019 vs 9M2018 Financial Results

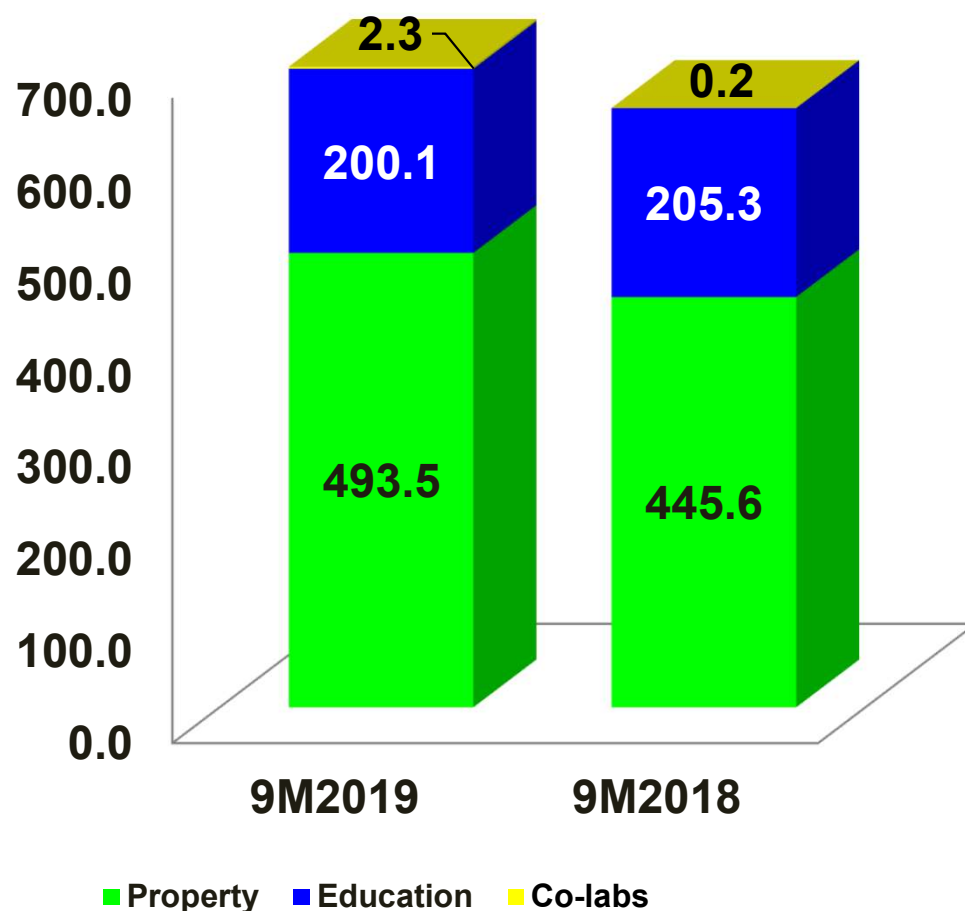
		9M2019	9M2018	+/-	%
Revenue	RM'Mil	696.0	651.1	44.9	7%
Profit before tax	RM'Mil	108.7	107.6	1.1	1%
EBITDA	RM'Mil	159.6	140.0	19.6	14%
Profit net of tax	RM'Mil	77.4	79.5	(2.1)	-3%
Profit attributable to ordinary equity holders of the Company	RM'Mil	64.9	64.9	0.0	0%
Earnings per share	Sen	10.72	10.86	(0.14)	-1%
Dividend per share	Sen	2.00	2.50	(0.50)	-20%
Net asset per share	RM	1.81	2.47	(0.66)	-27%
Shareholders' funds	RM'Mil	1,097.7	1,038.5	59.2	6%
ROE	%	6.1	6.3	(0.2)	-3%
Gearing ratio	Times	0.69	0.70	(0.01)	-1%

The Group's revenue was 7% higher, with improved contribution from the property division.

Excluding the gains from the disposal of Kota Damansara land in 2Q2018 and the KDU Disposal in 3Q2019, the Group's revenue and PBT in 9M2019 would be higher than that of 9M2018 by 25% and 33%, respectively.

# Revenue

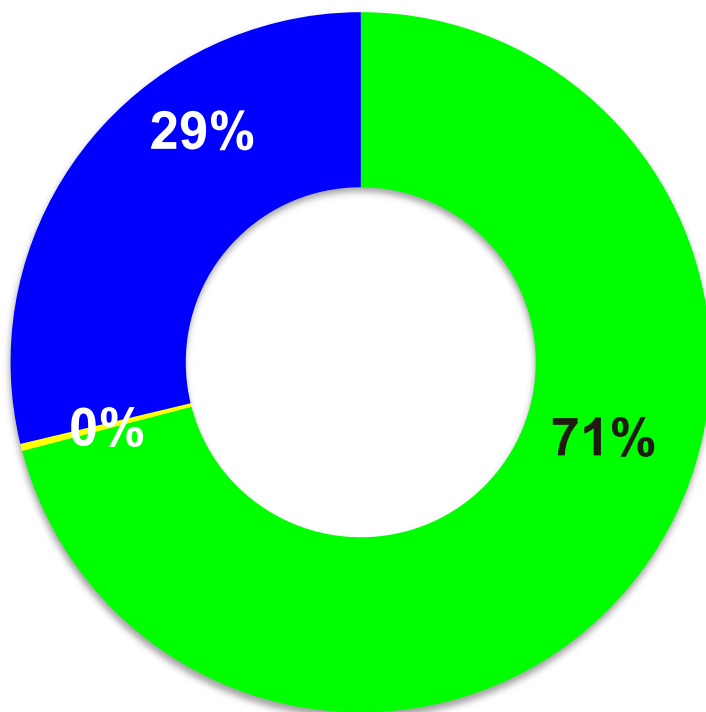
Revenue By Division (RM'Million)



<b>Property Division</b>	<p>Higher revenue, (excluding KD Land Disposal) by 40%, mainly due to:</p> <ul style="list-style-type: none"> <li>Higher revenue from Utropolis Glenmarie, Shah Alam development, Utropolis Batu Kawan, Penang development, Greenwoods, Salak Tinggi development, and Bukit Banyan, Kedah development.</li> </ul>
<b>Education Division</b>	<p>Marginally lower revenue, mainly due to:</p> <ul style="list-style-type: none"> <li>Completion of the KDU Disposal on 3 September 2019 resulting in the financial performance of these companies to be equity accounted as associated companies thereafter.</li> </ul>

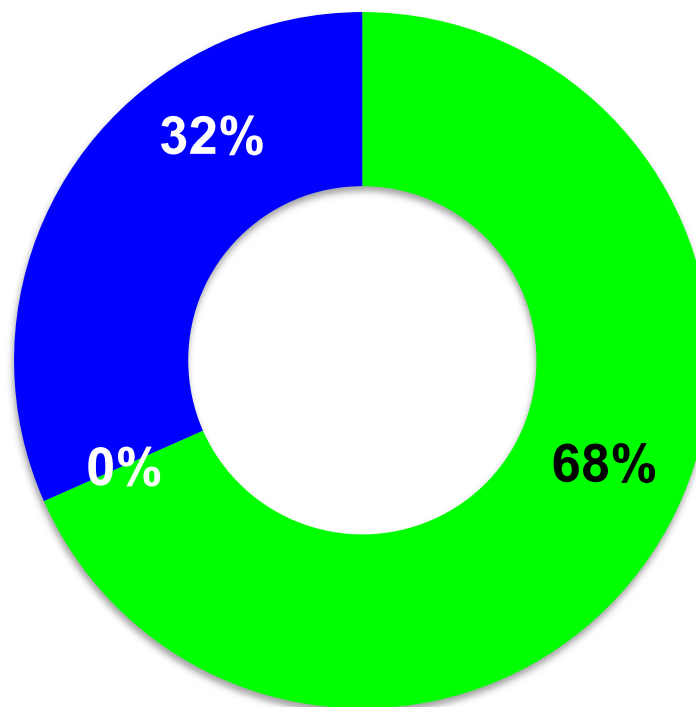
# Revenue - Contribution By Division

9M2019 Revenue



■ Property   ■ Co-labs   ■ Education

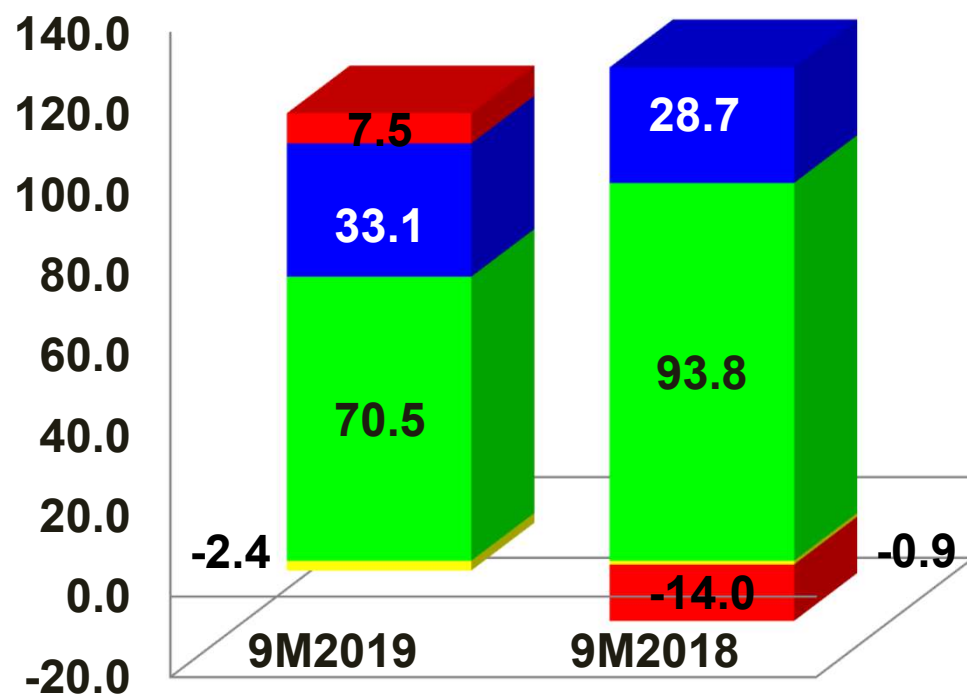
9M2018 Revenue



■ Property   ■ Co-labs   ■ Education

# PBT

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

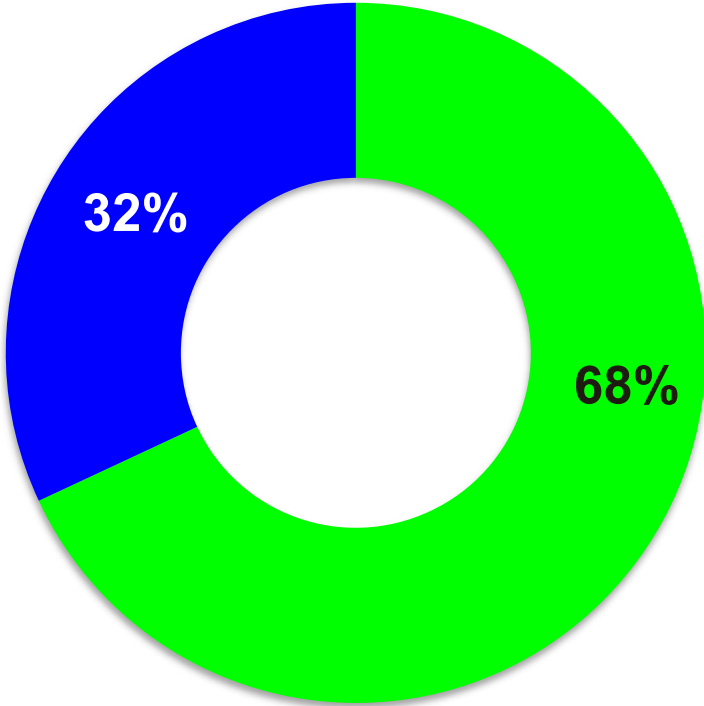


■ Property ■ Co-labs ■ Education ■ Others

<p><b>Property Division</b></p>	<p>Higher PBT (excluding KD Land Disposal) , by 39%, mainly due to:</p> <ul style="list-style-type: none"> <li>Higher revenue from Utropolis Glenmarie, Shah Alam development, Utropolis Batu Kawan, Penang development, Greenwoods, Salak Tinggi development, and Bukit Banyan, Kedah development.</li> </ul>
<p><b>Education Division</b></p>	<p>Higher PBT, by 14%, mainly due to:</p> <ul style="list-style-type: none"> <li>Costs associated with the campus properties of KDUUC, KDUPG and KDUPJ have been included in the property division in 3Q2019;</li> <li>The assets of Sri KDU and the R.E.A.L Education Group were not depreciated in line with the accounting treatment of "assets held for sale".</li> </ul>

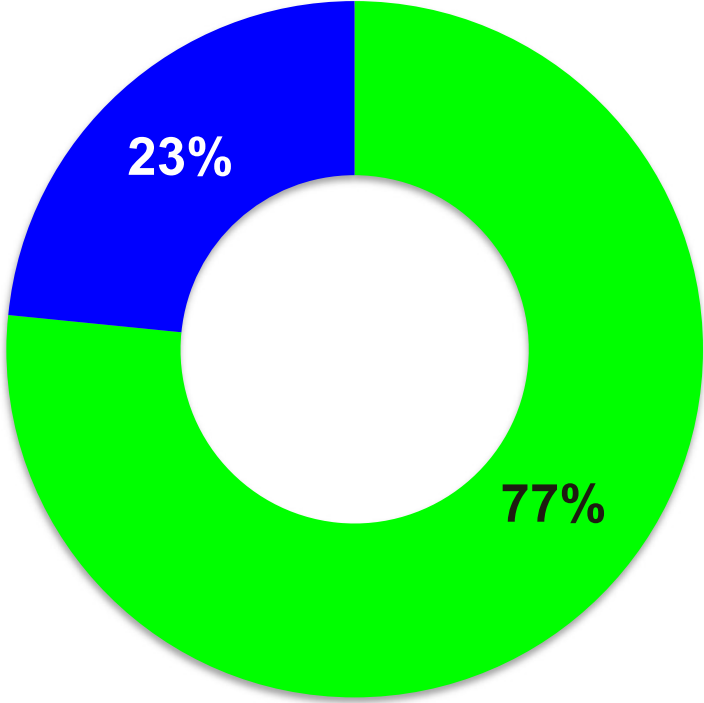
# PBT – Contribution By Division

9M2019 PBT



■ Property    ■ Education

9M2018 PBT



■ Property    ■ Education



## Statement of Financial Position

RM'000	30/9/2019	31/12/2018
Non-current assets	1,479,706	1,747,452
Current assets	1,527,895	928,178
Total assets	3,007,601	2,675,630
Current liabilities	742,974	835,218
Net current assets	784,921	92,960
Non-current liabilities	843,769	494,127
Total liabilities	1,586,743	1,329,345
Total equity	1,420,858	1,346,285
Total equity and liabilities	3,007,601	2,675,630

## Debt/Equity Ratio

	30/9/2019	31/12/2018
	RM'Mil	RM'Mil
Borrowings	977.0	900.7
Cash & bank balances	161.6	137.0
Total equity*	1,420.9	1,346.3
	30/9/2019	31/12/2018
Gross D/E ratio	0.69	0.67
Net D/E ratio	0.57	0.57

\*Included Private Debt Securities of RM250 million (2018: RM200 million)

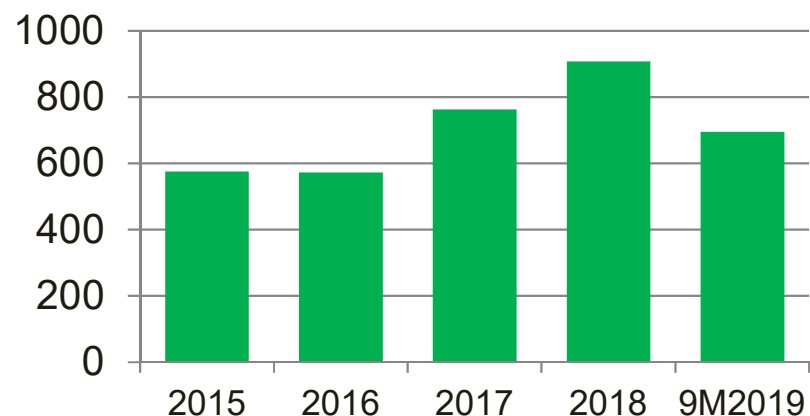
*Gross D/E Ratio = Total Borrowings/Total Equity*

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

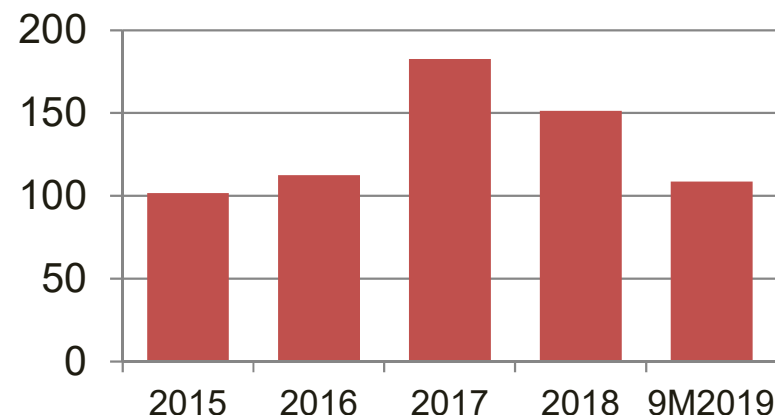
# 5-Year Financial Highlights

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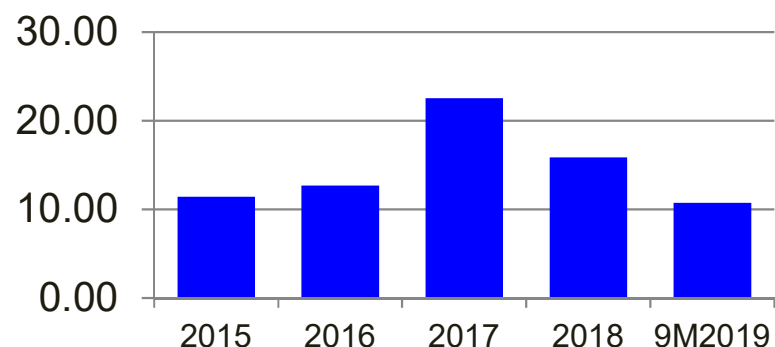
**Revenue (RM'Mil)**



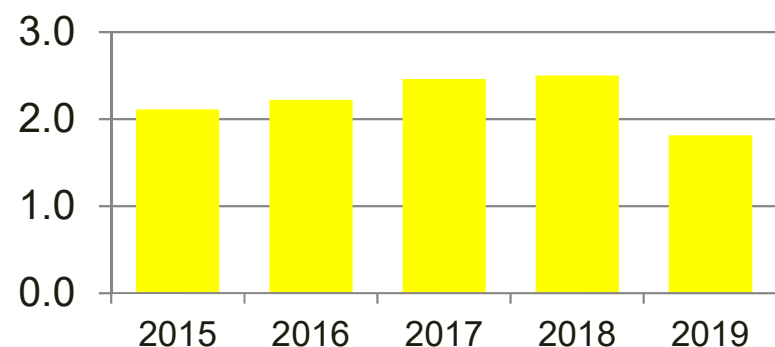
**PBT (RM'Mil)**



**Earnings Per Share (Sen)**



**Net Assets Per Share (RM)**



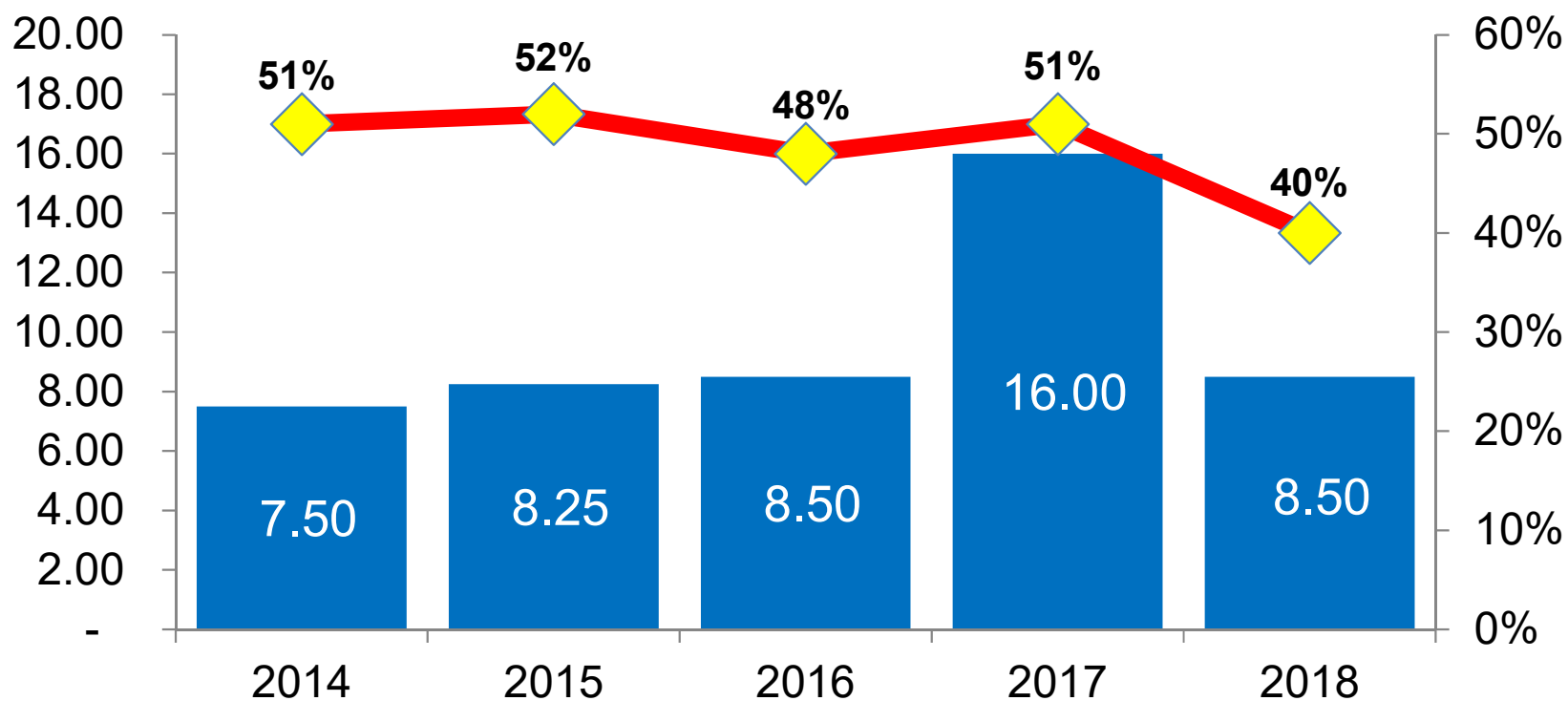
**Note:**

Earnings per share – The comparatives have been restated to account for the effects of the bonus issue that was completed in 3Q2019

Net assets (NA) per share - The NA per share as at 30/9/2019 was based on the enlarged issued share capital after the bonus issue.

# 5-Year Financial Highlights

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



Note:

The Group had paid an interim dividend of 2.0 sen per share on 25 September 2019 for FY2019.

# 9M2019 Highlights

## 9M2019 Highlights

### Property Division

- Property sales of 959 units with a sales value of RM481 million;
- Unbilled sales of RM957 million as at 30 September 2019.
- Acquisition of land measuring approximately 41.406 acres in Mukim Dengkil, Daerah Sepang, Negeri Selangor at a total cash consideration of RM149.7 million was completed on 26 March 2019

### Education Division

- Paramount has entered in a sale and purchase agreement to dispose its controlling equity interests in the pre-tertiary education group for an indicative cash consideration of RM540.5 million to Prestigion Education Sdn Bhd
- Disposal of the controlling stake in KDU University College Sdn Bhd ("KDUUC"), KDU University College (PG) Sdn Bhd ("KDUPG") and KDU College (PJ) Sdn Bhd ("KDUPJ") was completed on 3 September 2019.

# Total landbank & GDV



## Total Landbank & GDV

Project	Remaining Gross Undeveloped Lands (Acres)	Remaining GDV* (Million)	Development Period	
			Start	End
<b>On going Developments</b>				
Kemuning Utama, Shah Alam	26.7	470	2004	2026
Sekitar26, Shah Alam	11.6	631	2013	2026
Bandar Laguna Merbok, Sungai Petani	0.0	6		
Bukit Banyan, Sungai Petani	178.0	552	2012	2027
Sejati Residences, Cyberjaya	10.3	452	2013	2021
Greenwoods, Salak Perdana	141.0	906	2015	2027
Utropolis Batu Kawan, Penang	25.4	2,074	2016	2027
Atwater, Petaling Jaya	0.0	295	2018	2022
Berkeley Uptown, Klang	15.4	1,150	2019	2028
<b>Total</b>	<b>408.4</b>	<b>6,536</b>		

\* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 30 September 2019

# Total Landbank & GDV

Project	Remaining Gross Undeveloped Lands (Acres)	GDV* (Million)	Development Period	
			Start	End
<b>Projects in the Pipeline</b>				
Lakeside, Cyberjaya	41.4	570	2019	2025
<b>Future Projects</b>				
Machang Bubuk, Penang	69.2	420	2020	2025
<b>Total</b>	<b>110.6</b>	<b>990</b>		
<b>Grand Total</b>	<b>519</b>	<b>7,526</b>		

\* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 30 September 2019

# Prospect for 2019

# Prospect

Growth in the Malaysian economy moderated to 4.4% in 3Q2019 (2Q2019: 4.9%), primarily attributed to lower growth in key sectors and a decline in the mining and construction activities. Overall, the Malaysian economy is expected to grow at a respectable rate of 4.7% in 2019.

## Paramount Property

For the 4Q 2019, the Group foresees the property sector to remain soft. Nevertheless, the lower lending rate following the reduction in the Overnight Policy Rate by Bank Negara Malaysia in May 2019 coupled with the Government's extension of the Home Ownership Campaign to 31 December 2019 are expected to improve consumer sentiments for the purchase of properties.

During the nine months ended 30 September 2019, the Group achieved property sales of RM481 million on the back of RM714 million of properties launched in 9M2019. The Group's total unbilled sales of RM957 million as at 30 September 2019 is expected to contribute positively to the Group's financial performance in the near future.

In 4Q2019, Paramount Property will be launching a new landed development that is located in close proximity to its existing project, Sejati Residences in Cyberjaya to replicate the success of Sejati Residences. Sejati Residences is a multiple award winning residential development which has been completed in 3Q2019. As for the northern region, Paramount Property will also be launching the third phase of its serviced apartments in Utropolis Batu Kawan on the back of strong sales achieved thus far.

# Prospect

On the coworking space front, Co-labs Coworking has added two new locations in 3Q 2019 bringing the total of about 85,800 sq ft available coworking space in the Klang Valley. In addition, with encouraging uptake from The Starling Mall coworking space, another 15,500 sq ft would be opened in 4Q2019. The demand for coworking space is expected to be on the rise in Malaysia, in line with the global trend in coworking space that offer flexibility, hassle-free and cost efficient alternative to conventional office space. Hence, this will allow Paramount Property to create coworking space within its selected commercial developments to leverage on the branding of Co-labs Coworking.

## Paramount Education

The proposed disposal by Paramount of its controlling equity interests in Paramount Education Sdn Bhd, Paramount Education (Klang) Sdn Bhd and Sri KDU Sdn Bhd (as set out in Note B6(ii)) ("Proposed Disposal") will enable the Paramount Group to monetise and unlock the value of part of its investments in the Pre-Tertiary Education Group at an attractive valuation which is comparable to regional education service providers operating in developed markets. The Proposed Disposal is expected to be completed in 4Q2019 wherein the Group will continue to hold an effective 20% equity interests in the Target Companies (as defined in Note B6(ii)) post completion to participate in the future growth of the Pre-Tertiary Education Group.

The Group's financial performance for the financial year ending 31 December 2019 is expected to be comparable to the previous year, excluding the gain from the impending completion of the Pre-Tertiary Education Group disposal.

## **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**