

PARAMOUNT

Unaudited 6M2020 Results

24 August 2020

2Q2020 Results

2Q2020 vs 2Q2019 Financial Results

		2Q2020	2Q2019	+/-	%
<u>Continuing</u>					
Revenue	RM'Mil	64.2	216.9	(152.7)	-70%
Profit/(loss) before tax	RM'Mil	(2.0)	35.4	(37.4)	-106%
EBITDA	RM'Mil	4.7	41.7	(37.0)	-89%
Profit/(loss) after tax	RM'Mil	(2.1)	24.6	(26.7)	-109%
<u>Discontinued</u>					
Profit after tax	RM'Mil	0.0	5.9	(5.9)	-100%
Profit/(loss) for the period					
	RM'Mil	(2.1)	30.5	(32.6)	-107%
Profit/(loss) attributable to ordinary equity holders of the company					
	RM'Mil	(3.7)	28.5	(32.2)	-113%
Earnings/(loss) per share	Sen	(0.60)	4.69	(5.29)	-113%
Dividend per share	Sen	0.00	2.00	(2.00)	-100%

For 2Q2020, the Group recorded a revenue from continuing operations of RM64.2 million, which was RM152.7 million lower than that of the corresponding quarter last year of RM216.9 million. The Group recorded a loss before tax (LBT) from continuing operations of RM2.0 million as compared to a profit before tax (PBT) of RM35.4 million in 2Q2019 mainly attributable to the unprecedented disruption caused by the COVID-19 pandemic to the property division.

6M2020 vs 6M2019 Financial Results

		6M2020	6M2019	+/-	%
<u>Continuing</u>					
Revenue	RM'Mil	186.3	339.2	(152.9)	-45%
Profit before tax	RM'Mil	2.3	44.0	(41.7)	-95%
EBITDA	RM'Mil	18.0	55.3	(37.3)	-67%
Profit after tax	RM'Mil	0.9	29.3	(28.4)	-97%
<u>Discontinued</u>					
Profit after tax	RM'Mil	470.6	13.2	457.4	3465%
Profit for the period					
	RM'Mil	471.5	42.5	429.0	1009%
Profit attributable to ordinary equity holders of the Company					
	RM'Mil	463.3	34.6	428.7	1239%
Earnings per share	Sen	75.71	5.73	69.98	1221%
Dividend per share	Sen	29.00	2.00	27.00	1350%
Net asset per share	RM	2.32	2.55	(0.23)	-9%
Shareholders' funds	RM'Mil	1,425.5	1,105.9	319.6	29%
ROE	%	40.6	3.3	37.3	1130%
Gearing ratio	Times	0.47	0.72	(0.25)	-35%

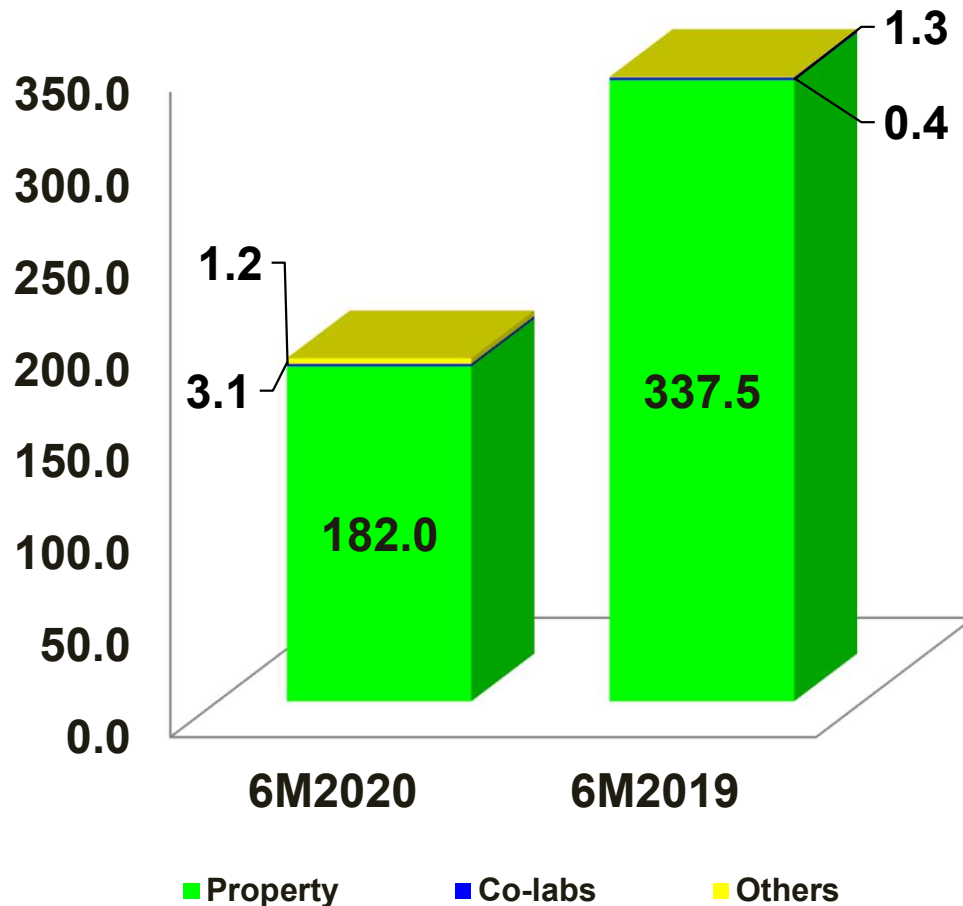
6M2020 vs 6M2019 Financial Results

Continuing operations

For 6M2020, the Group's revenue from continuing operations was RM186.3 million, which was RM152.9 million lower than that of the corresponding period last year of RM339.2 million. On the back of the lower revenue, the Group recorded a PBT from continuing operations of RM2.3 million as compared to RM44.0 million in 6M2019 mainly attributable to the impact of the COVID-19 pandemic to the property division. However, the Group's profit attributable to ordinary equity holders of the Company has increased by RM428.7 million to RM463.3 million (6M2019: RM34.6 million) contributed by the gain recognised on the disposal of the pre-tertiary education business of RM460.6 million.

Revenue – continuing operations

Revenue By Division (RM'Million)



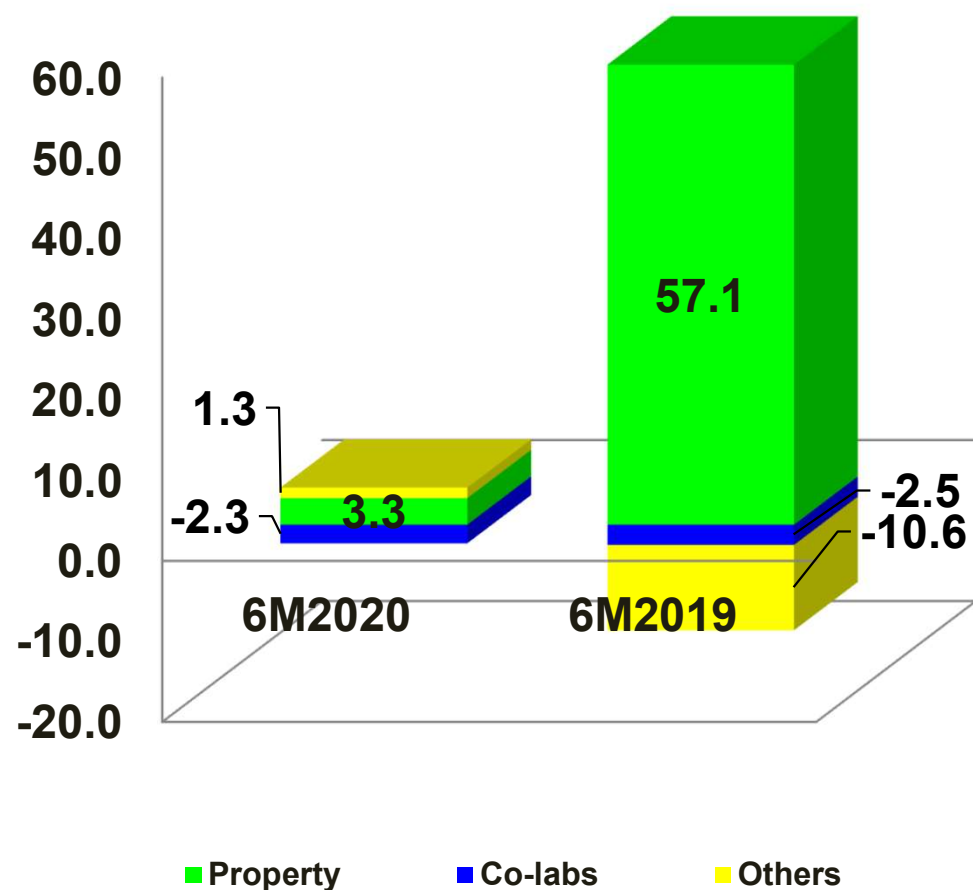
Property Division

Lower revenue mainly due to lower construction activities and lower sales achieved.

- Loss of 10 weeks on average of construction time in 6M2020 as construction sites of all projects were closed as in compliance to the Movement Control Order (MCO) and were progressively re-opened during the Conditional Movement Control Order phase (CMCO) after complying with health and safety guidelines
- Longer lead time for sales conversion & fewer property launches

PBT - continuing operations

PBT By Division (RM'Million)



Property Division	Lower PBT mainly due to lower revenue recorded as explained earlier
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Statement of Financial Position

RM'000	30/6/2020	31/12/2019
Non-current assets	1,671,928	1,538,447
Current assets	1,034,831	1,535,106
Total assets	2,706,759	3,073,553
Current liabilities	357,285	884,910
Net current assets	677,546	650,196
Non-current liabilities	674,948	724,494
Total liabilities	1,032,233	1,609,404
Total equity	1,674,526	1,464,149
Total equity and liabilities	2,706,759	3,073,553

Debt/Equity Ratio

	30/6/2020	31/12/2019
	RM'Mil	RM'Mil
Borrowings	782.8	911.9
Cash & bank balances	324.4	134.7
Total equity*	1,674.5	1,464.1
	30/6/2020	31/12/2019
Gross D/E ratio	0.47	0.62
Net D/E ratio	0.27	0.53

*Included Private Debt Securities of RM249 million (2019: RM249 million)

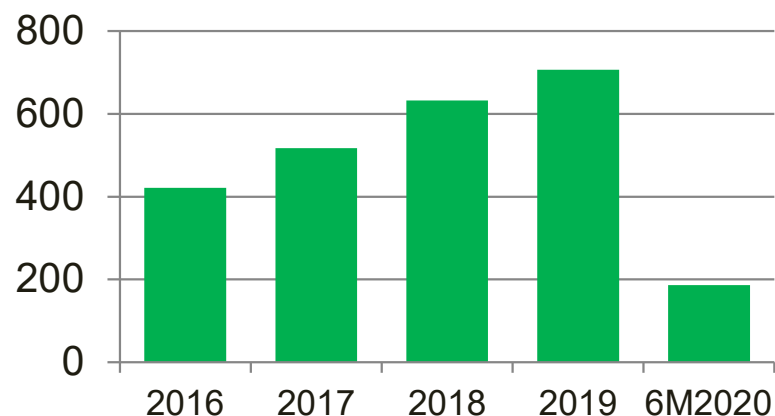
Gross D/E Ratio = Total Borrowings/Total Equity

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

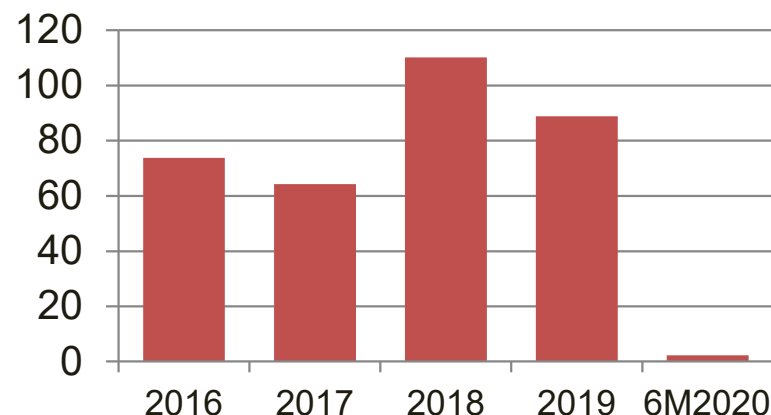
5-Year Financial Highlights

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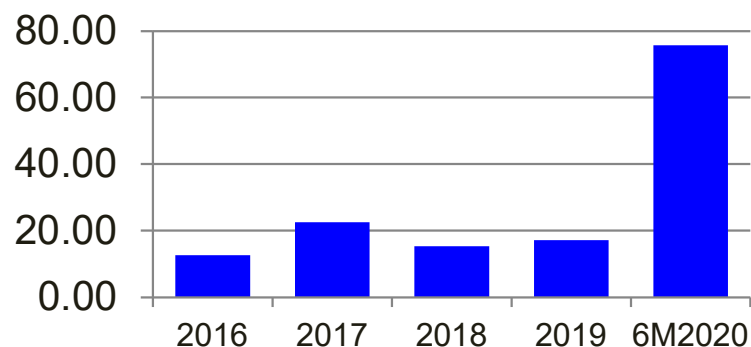
Revenue (RM'Mil)



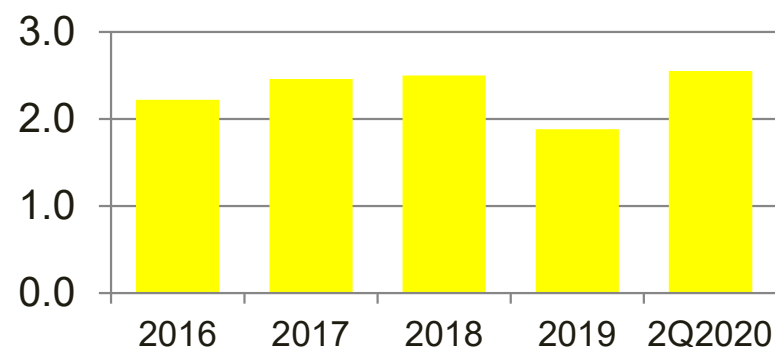
PBT (RM'Mil)



Earnings Per Share (Sen)



Net Assets Per Share (RM)



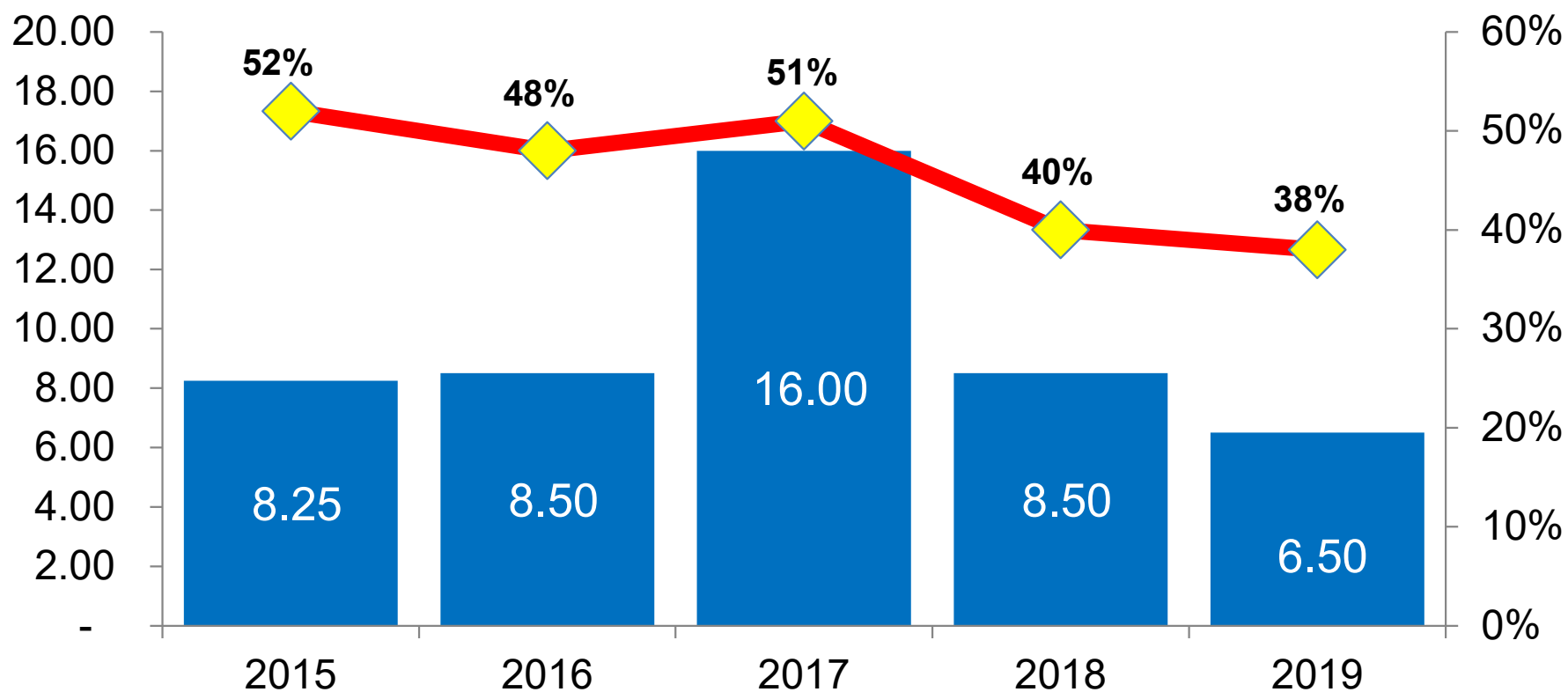
Note:

Revenue & PBT – These represent financials from continuing operations

Net assets (NA) per share - The NA per share as at 31/3/2020 and 31/12/2019 were based on the enlarged issued share capital after the bonus issue.

5-Year Financial Highlights

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



6M2020 Highlights

6M2020 Highlights

Property Division

- Property sales of 448 units with a sales value of RM193 million;
- Unbilled sales stood at RM873 million as at 30 June 2020.
- Unprecedented disruption caused by the COVID-19 pandemic resulting in lower construction activities and sales achieved

Education Division

- The disposal of Paramount's controlling equity interests in the pre-tertiary education business was completed on 20 February 2020 and a gain of RM460.6 million has been recognised in 1Q2020. Thereafter, the financial results of this business has been equity accounted as part of the Group's profit after taxation from continuing operations under the "Investment and Others" segment as Paramount retains an effective 20% equity interest in the pre-tertiary education group.

Total landbank & GDV

Total Landbank & GDV

Projects developed by subsidiary companies	Remaining Gross Undeveloped Lands (Acres)	Remaining GDV* (Million)	Development Period	
			Start	End
On going Developments				
Kemuning Utama, Shah Alam	26.7	512	2004	2026
Sekitar26, Shah Alam	11.6	609	2013	2026
Bandar Laguna Merbok, Sungai Petani	0.0	5	1996	2018
Utropolis Glenmarie, Shah Alam	0.0	7	2013	2020
Bukit Banyan, Sungai Petani	178.0	474	2012	2027
Sejati Residences, Cyberjaya	10.3	443	2013	2025
Greenwoods, Salak Perdana	141.0	841	2015	2027
Utropolis Batu Kawan, Penang	21.4	2,036	2016	2027
Atwater, Petaling Jaya	0.0	286	2018	2022
Berkeley Uptown, Klang	15.4	675	2019	2028
Sejati Lakeside, Cyberjaya	31.5	406	2019	2023
Total	435.9	6,294		

Total Landbank & GDV

Projects developed by subsidiary companies	Remaining Gross Undeveloped Lands (Acres)	GDV* (Million)	Development Period	
			Start	End
Future Projects				
Machang Bubuk, Penang	69.2	420	2023	2027
Grand Total	505.1	6,714		

* Comprising potential GDV from undeveloped lands and GDV from properties launched but remained unsold as at 30 June 2020

Project developed by associate company	Remaining Gross Undeveloped Lands (Acres)	GDV^ (Million)	Development Period	
			Start	End
Na Reva	-	78	2020	2023

^ Being the Group's share of GDV from properties launched by Navarang Charoennakhon Company Limited but remained unsold as at 30 June 2020

Prospect for 2020

Prospect

The Malaysian economy contracted by 17.1% in the 2Q2020 (1Q2020: 0.7%). The decline reflected the unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically. However, with the reopening of economic activities, a concurrent improvement in labour market conditions is expected. Overall, the Malaysian economy is therefore forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

(Source: Press release issued by Bank Negara Malaysia dated 14 August 2020)

The property market will be weighed down by the uncertainties associated with cautious household, business expenditure and employment market. Nevertheless, the relief measures and economic stimulus packages announced by the Government will play a key role in encouraging consumption and boosting employment. In addition, the low interest rate environment coupled with the reintroduction of the home ownership campaign in June 2020 is expected to incentivise property purchases.

Property

In June 2020, Paramount Property launched Sinaran, the third phase of service apartments at its award winning Utropolis Batu Kawan development receiving encouraging response thus far. Paramount Property's pipeline launches for the second half of FY2020 is estimated at RM640 million, comprising entirely of residential properties (including new phases of existing projects) to capitalise on the home ownership campaign. Although the Group's unbilled sales of RM873 million as at 30 June 2020 provides some visibility on the Group's cashflow in the near term, the pace at which this can be converted into billings would depend largely on the construction progress of the projects. Hence, the Group is reviewing its processes and product designs to allow construction to progress smoothly and efficiently under the new normal, which is key in generating cashflows and profits to the Group.

Prospect (cont'd)

In line with the Group's strategy of replenishing land bank at strategic locations with strong growth potential and to scale up its property development activities to generate long term sustainable income, the Group has entered into a sale and purchase agreement to acquire 137.1 acres of land contiguous to its existing Bukit Banyan development in Sungai Petani. In addition, the Group has entered into sales and purchase agreements to purchase 4.542 acres of land with buildings erected thereon for redevelopment that is located at Jalan Ampang Hilir, within the prestigious U-Thant enclave of Kuala Lumpur City Centre. These land purchases are expected to be completed by end of 2020.

Co-labs Coworking

Co-labs Coworking will be capitalising on opportunities arising from the change in business landscape as a result of the COVID-19 pandemic. This includes the demand for flexible workplace on a consult, design, build and manage workspace solutions service that cater to the specific needs of corporates under the new normal and the need for multiple work locations as part of office redesign, expansion and business continuity plans.

Prospect (cont'd)

Although a gradual recovery in demand is expected on the easing of containment measures, the resurgence of COVID-19 infections remains a risk. Hence, the Group will continue to be vigilant and have taken measures to safeguard its staff wellbeing and minimise disruption to its supply chain. As cash and liquidity management are critical during this challenging time, the Group has also put in place risk mitigation plans and cost rationalisation measures to manage the Group's expenses but will continue to invest for long term business sustainability.

For the financial year ending 31 December 2020, the Group expects the COVID-19 pandemic to significantly affect the demand of its products and services as well as the projects' construction progress and hence, the Group's financial performance. However, this would be bolstered by the RM460.6 million gain on disposal of the pre-tertiary education business that was recognised in 1Q2020.

Hence, the Board has exercised prudence not to declare any dividend in this quarter. Nevertheless, a special interim dividend of 29 sen per ordinary share was paid on 23 April 2020 for the financial year ending 31 December 2020 from the gain on disposal of the pre-tertiary education business.

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