



Indexlivingmall

Index Living Mall Public Company Limited (ILM)

2019

Analyst Meeting

11 March 2020



Disclaimers

The information contained herein is intended to represent the Company's operating and financial position at a given point in time and may also contain forward looking information which only reflects expectations based on the prevailing geo-political, economic and non-controllable factors. Such information has been obtained from sources believed to be most reliable and the means in analyzing and preparation of such information for disclosure are based on approve practices and principles in the investment industry. The views are based on assumption subject to various risks and uncertainties and no assurance is made as to whether such future events will occur. No assurance is made as to the accuracy or completeness of information presented in this document.

Strength in Numbers

1st

Largest market share in Thailand home furnishing retailer industry

ILM sells not only furniture but also a full range of home decorative products, marking ILM a leading furniture and home furnishing retailer in Thailand

26

Years of furniture and home furnishing experience in Thailand

Experienced management team with continuous innovation

64

Branches to capture all diverse customer groups in Asia

31 Standalone Index Living Mall stores
13 Furniture Center and high-end brand stores
1 WINNER Store
19 franchise stores in 8 countries around Asia

9.8%

2019 Net profit growth

Improved net profit despite slower economic growth in Thailand



AGENDA



Business Overview



Financial Highlights



Future Outlook



Business Overview

Revenue from sale of goods

94% **SALES**

Index
livingmall

Revenue from rental and rendering of services

6% **RENTAL**

Domestic



97%

Of revenue from sales of goods

1. Retail Stores

- 5 brands of retail stores covering all groups of customers

81%

3. Dealers

- Products sold through 25 dealer stores nationwide

1%

2. Projects

- Focus on property developers, offices, shops, hospitals, schools, hotels, etc.

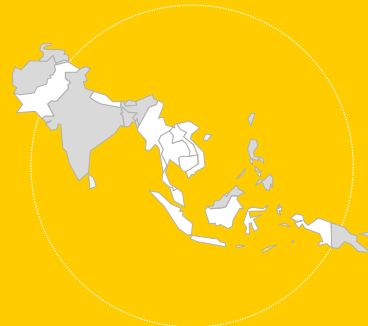
13%

4. Online

- Products sold through online channels

2%

Overseas



3% Of revenue from sales of goods

1. Retail stores: 19 stores in 8 countries
2. Oversea Projects
3. OEM & Trading

- 3 Mid-sized Community Malls

THE WALK

LITTLE WALK

- 2 Small Community Mall

- Rental spaces in 4 standalone Index Living Mall stores

Index
livingmall

+

- Other rental areas in 11 Index Living Mall stores

Business Overview

5 Brands of Retail Stores in Thailand

Index
livingmall

W
WINNER
FURNITURE

TRENDDSIGN®

BoConcept®

MOMENTOUS



TRENDDSIGN®

BoConcept®



One-stop shopping solution for modern, functional, simple, customized, and reasonably priced products

Simple and good quality furniture at reasonable prices

Imported high-quality furniture with unique modern design

Imported high-quality furniture and home décor products in Danish-style

Imported American luxury high-quality furniture and home décor products



Mass to Premium
Mass

Mass

Premium Mass to
Premium

Premium

Ultra Luxury



- 31 stores of Index Living Mall
- 6 stores of Index Furniture Center

- 1 WINNER store in Ratchaburi

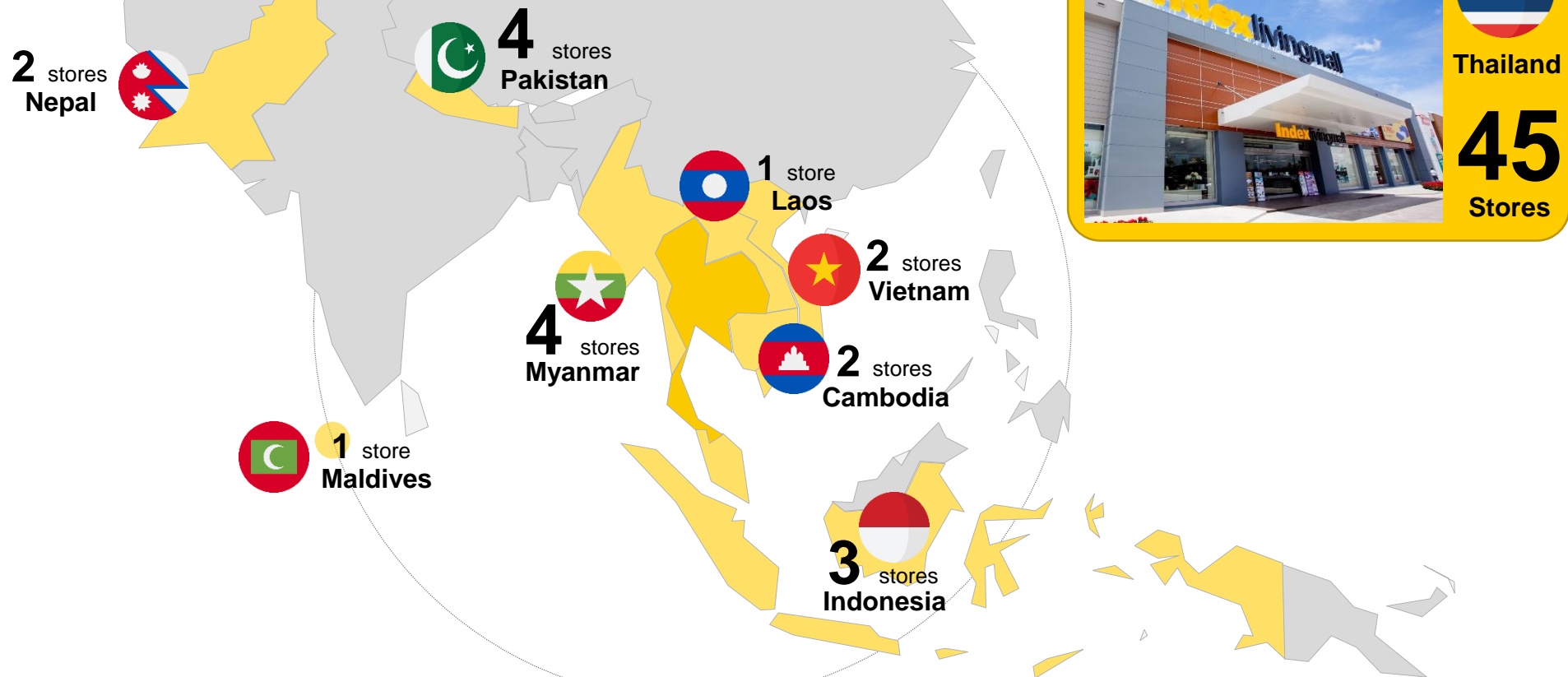
- 4 stores at Index Living Mall

- 1 Store at Siam Paragon
- 1 Store at Index Living Mall

- 1 Store at Siam Paragon
- 2 Shops at Index Living Mall

Business Overview

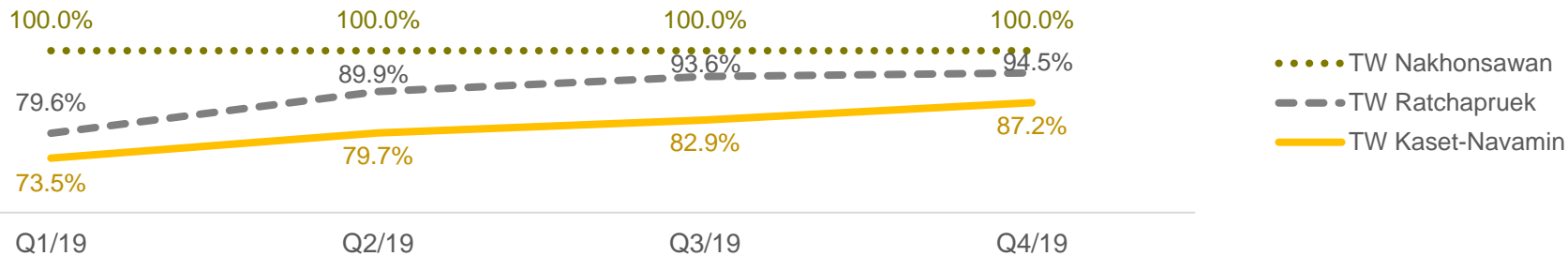
Index Living Mall Stores Across Asia



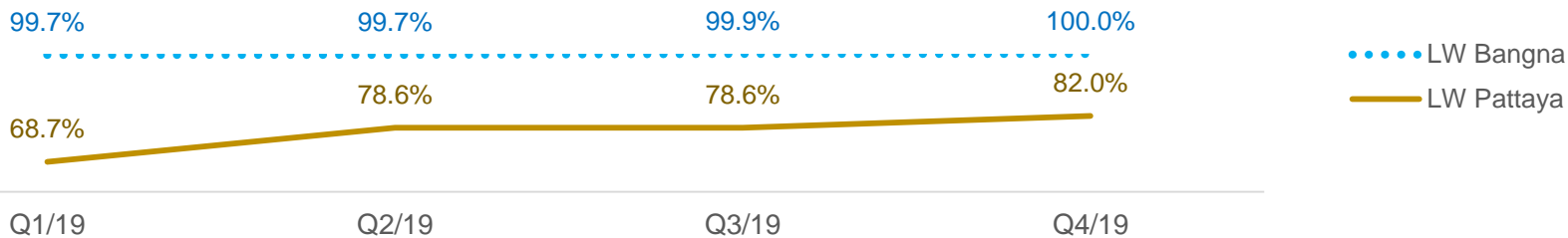
**Total of 64 Index Living Mall Stores
in 9 Countries**

Rental Occupancy Rate

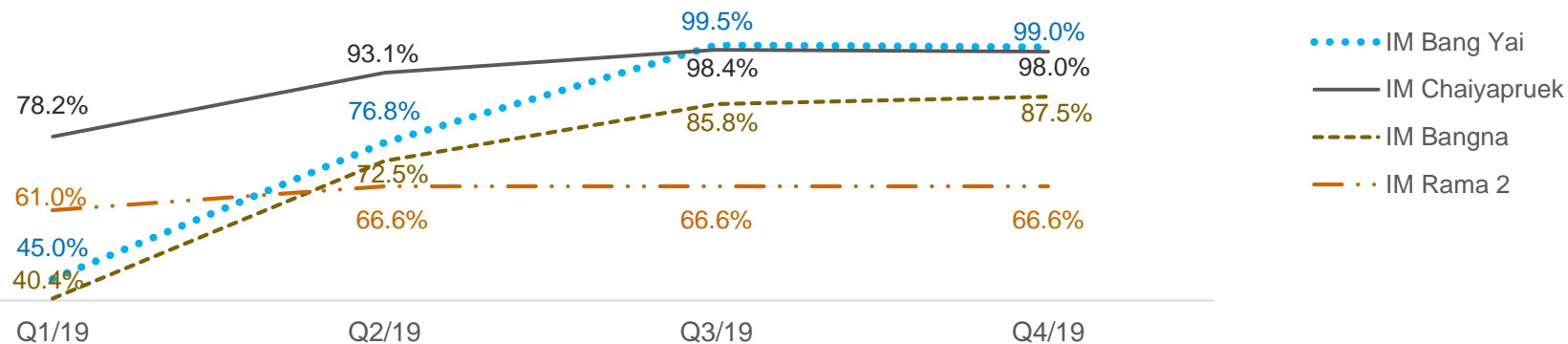
The Walk



Little Walk



Index Mall





AGENDA



Business Overview



Financial Highlights



Future Outlook

2019 Key Financial Highlights



1.4%

Operating Revenue

(2019) **9,798.0** MB

9,658.2 MB (2018)



9.8%

Net Profit

(2019) **596.1** MB

542.9 MB (2018)



15.1%

EBITDA

(2019) **1,566.8** MB

1,360.8 MB (2018)

From Q2-
Q4/2019
net profit

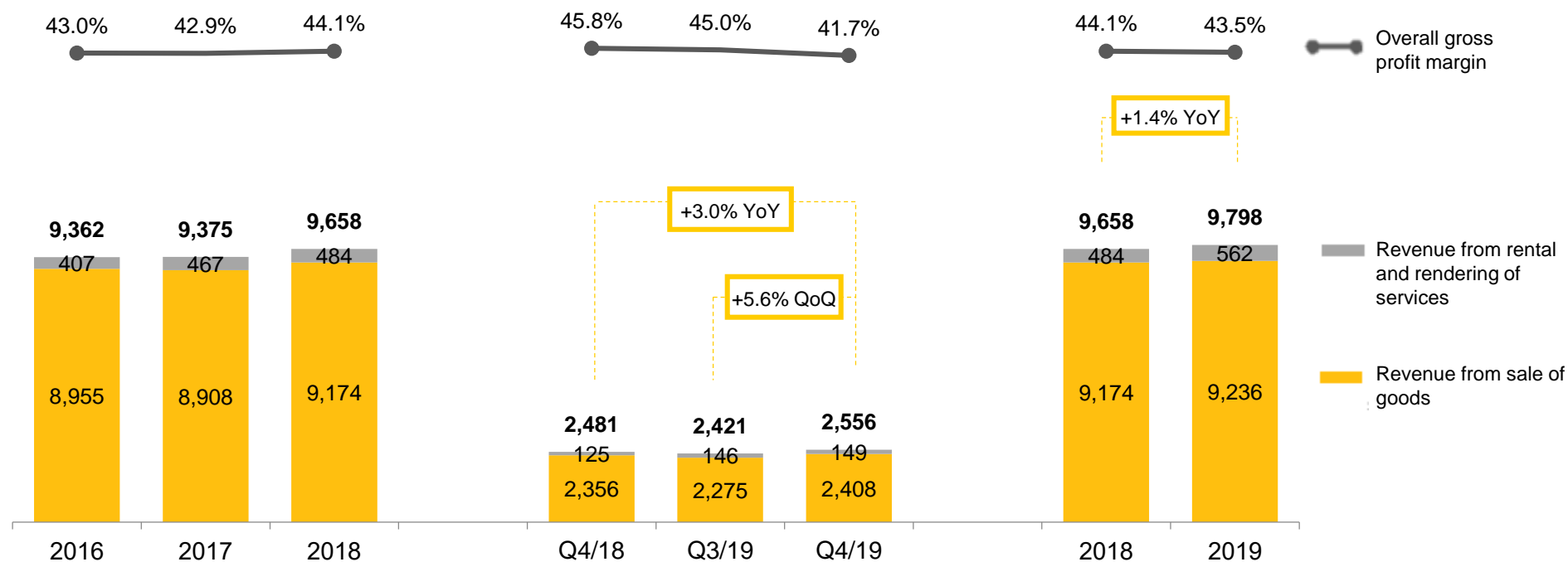
Dividend

(2019) **0.46** Baht per share

Dividend Yield of 4.6%*

(*Closing price as of 9 March 2020)

(Million Baht, %)

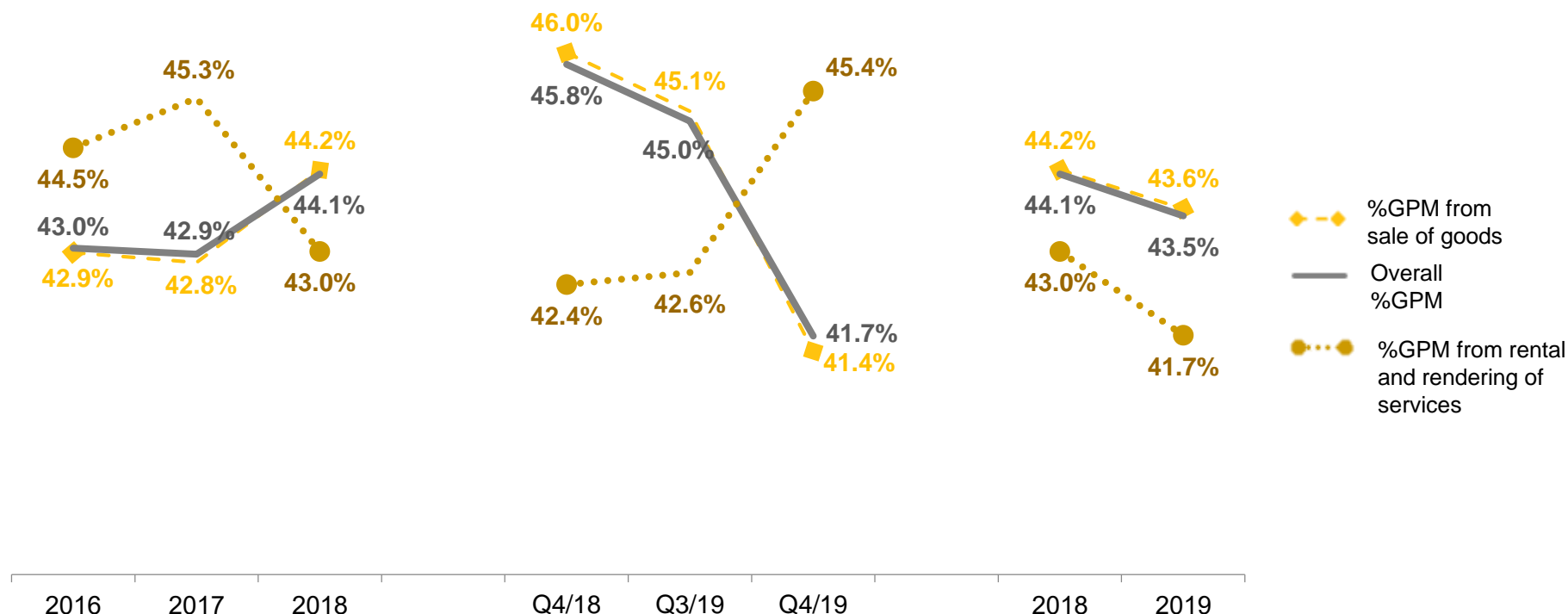


Q4/2019

- Increased operating revenue was mainly supported by higher revenue from sale of goods both domestic and overseas (YoY and QoQ) as well as more rental spaces (YoY), improved occupancy rates (YoY and QoQ), and higher revenue from home service (YoY and QoQ). An increase QoQ was additionally supported by the festive season, increased domestic project sales, and 2 new franchise stores in Vietnam.
- Decreased %GPM (YoY and QoQ) was mainly resulted from decreased %GPM from sale of goods in Q4/2019 due to clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales.

2019

- Operating revenue in 2019 increased mainly as a result of domestic sales growth including online sales, Younique, and domestic project as well as growth from revenue from rental and rendering of services resulted from more rental spaces, improved occupancy rates, and higher revenue from home service.
- Decreased %GPM was mainly resulted from decreased %GPM from sale of goods in Q4/2019 due to clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales. As a result, inventories have decreased significantly at the end of Q4/2019, thus the Company expects gross profit margin from sales to get back to a normal level in Q1/2020.

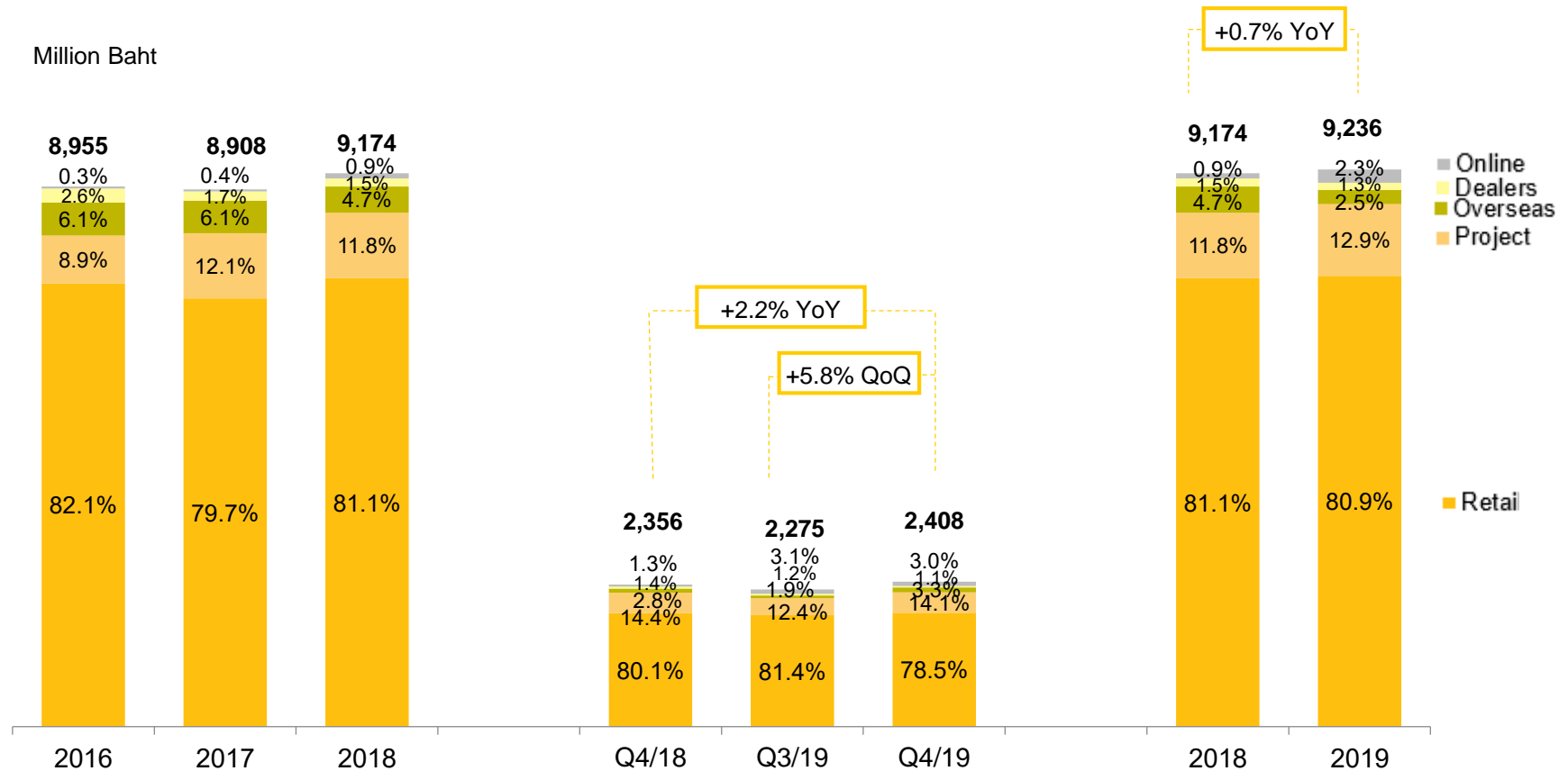


Q4/2019

- Despite the decreased %GPM from sale of goods in Q4/2019 (YoY and QoQ) due to clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales, %GPM from rental and rendering of services continued to improve in Q4/2019 as a result of higher rental spaces (YoY) and the improved occupancy rates (YoY and QoQ).

2019

- Decreased %GPM from sale of goods in 2019 due to the same reasons as Q4/2019.
- Lower %GPM from rental and rendering of services in 2019 was mainly due to immediate full expenses recognition of new rental spaces from the beginning of the year, while occupancy rates and revenue have been gradually increasing.

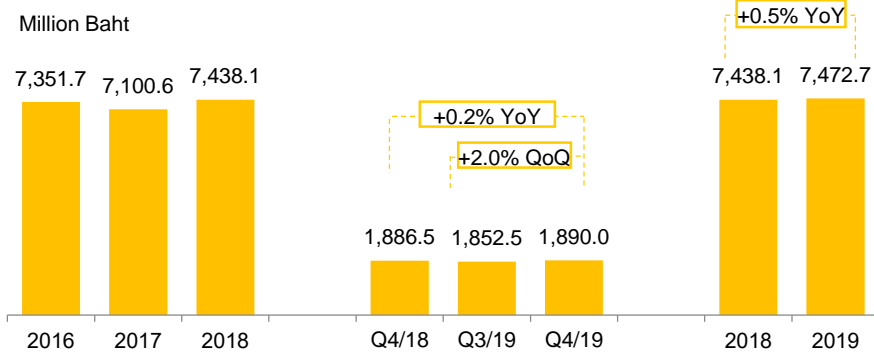
**Q4/2019**

- Q4/2019 Sales increased YoY mainly supported by both improved domestic and overseas sales.
- Q4/2019 Sales increased QoQ mainly from the festive season, increased domestic project sales, and 2 new franchise stores in Vietnam.

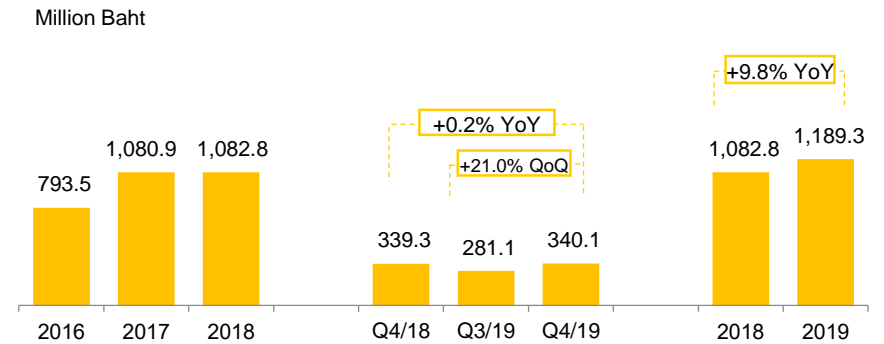
2019

- 2019 Sales increased mainly as a result of sales growth from online sales, Younique, and domestic project.

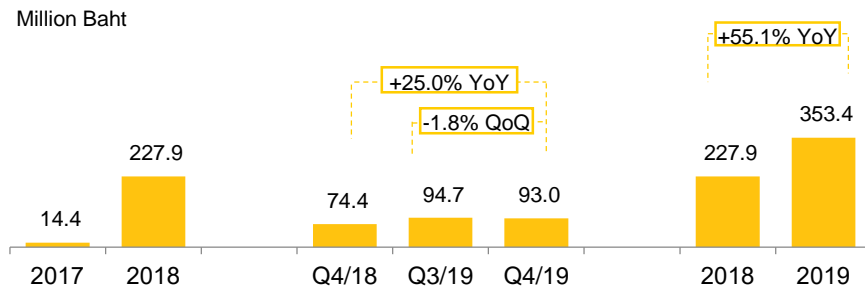
Retail



Domestic Project Sales

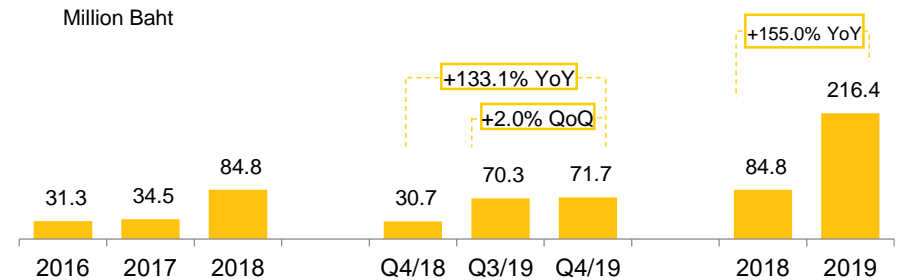


Younique Sales

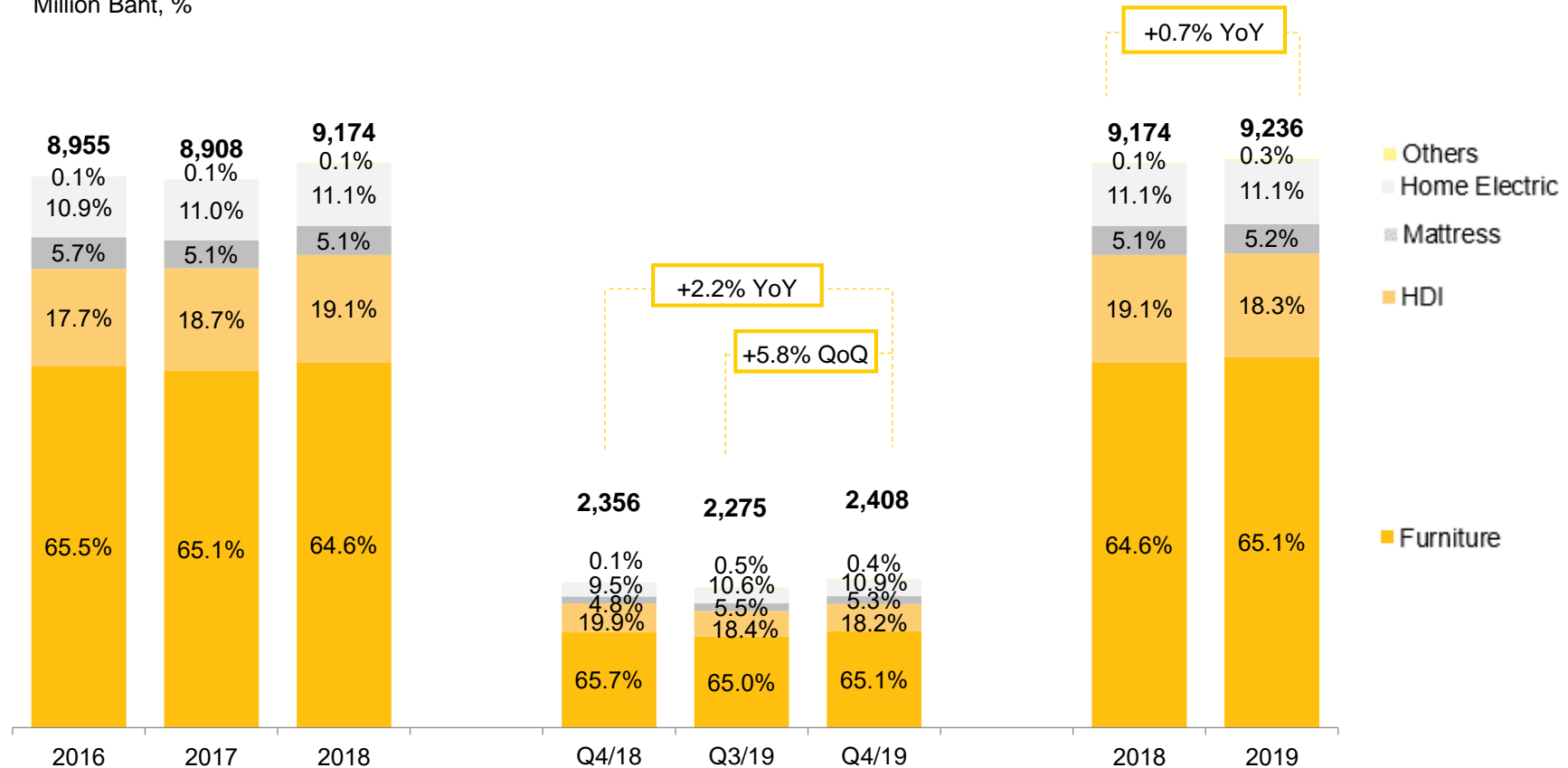


Note: Younique sales are part of retail sales

Online Sales



Million Baht, %

**Q4/2019**

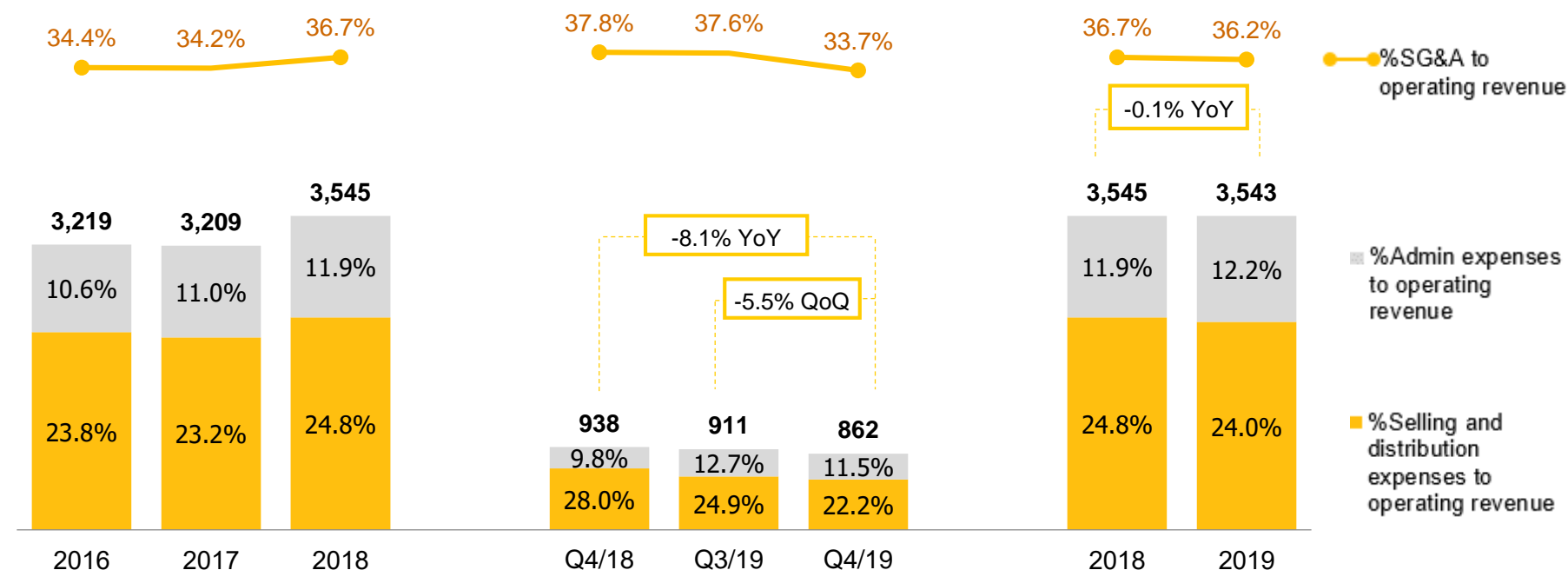
- Q4/2019 Sales increased YoY mainly due to sales growth from Home Electric, mattress, and furniture.
- Q4/2019 Sales increased QoQ from all product groups as a result of festive season, higher project sales, and 2 new franchise stores in Vietnam.

2019

- 2019 Sales increased from almost all product groups.

Selling & Administrative Expenses

Million Baht, %



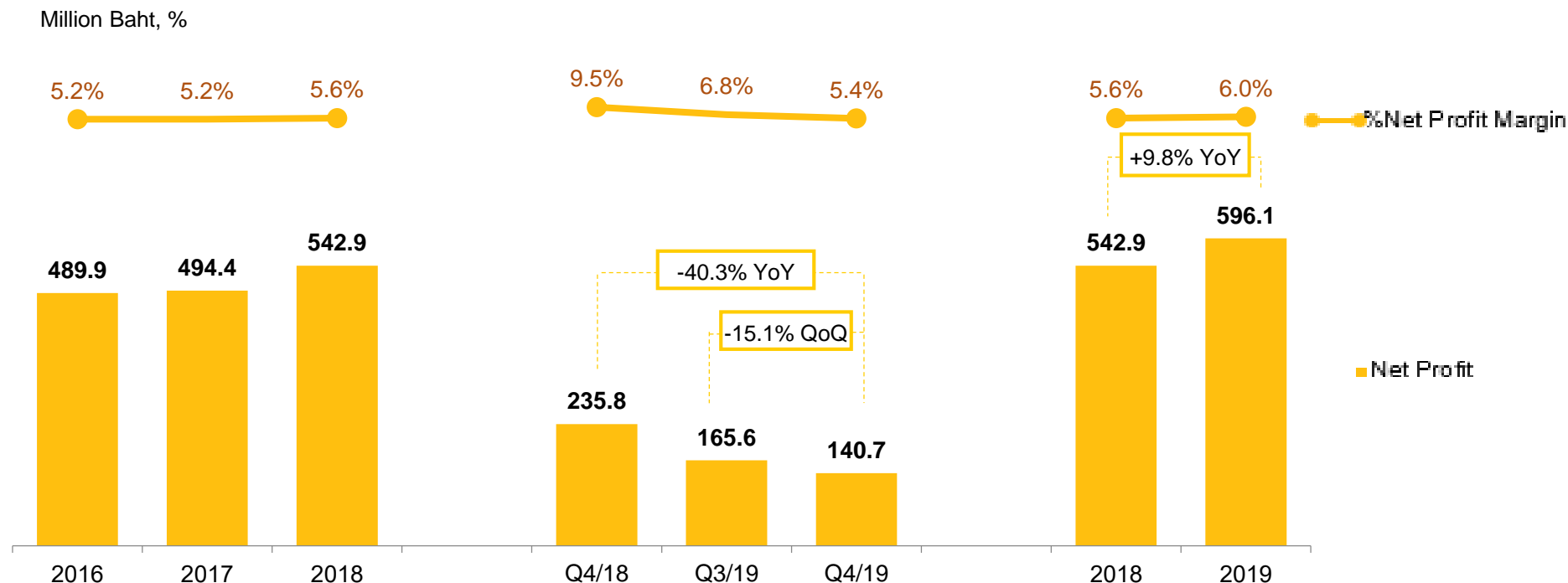
- Selling and distribution expenses are expenses of the Company's retail stores and rental spaces, e.g., employee expenses, depreciation, utilities expenses, rental costs, etc.
- Administrative expenses are back office expenses, e.g., employee expenses, delivery costs, depreciation, etc.

Q4/2019

- Selling expenses in Q4/2019 decreased YoY & QoQ, mainly supported by lower number of non-sales workforce at Index Living Mall stores (YoY), lower utilities expenses (YoY & QoQ), and decreased promotional expenses (YoY & QoQ), despite additional expenses from new stores (YoY & QoQ).
- Administrative expenses in Q4/2019 increased YoY mainly due to higher delivery costs caused by the rise in number of delivery trips as a result of the increase in sales. In addition, there were reversal expenses from ILM Malaysia in Q4/2018.
- However, administrative expenses decreased QoQ mainly due to lower employee expenses and better cost management, despite higher delivery costs caused by the rise in number of delivery trips as a result of the increase in sales

2019

- Selling expenses in 2019 decreased mainly due to lower number of non-sales workforce employees at Index Living Mall stores, lower utilities expenses, and decreased promotional expenses, despite additional expenses from new stores, both from retail and rental spaces.
- Administrative expenses in 2019 increased due to higher employee expenses, depreciation, delivery costs caused by the rise in number of delivery trips as a result of the increase in sales, and higher outsource transportation rate adjusted since May 2018. In addition, there was a one-time expense of 26.2 MB from employee retirement benefits in Q1/2019.



Q4/2019

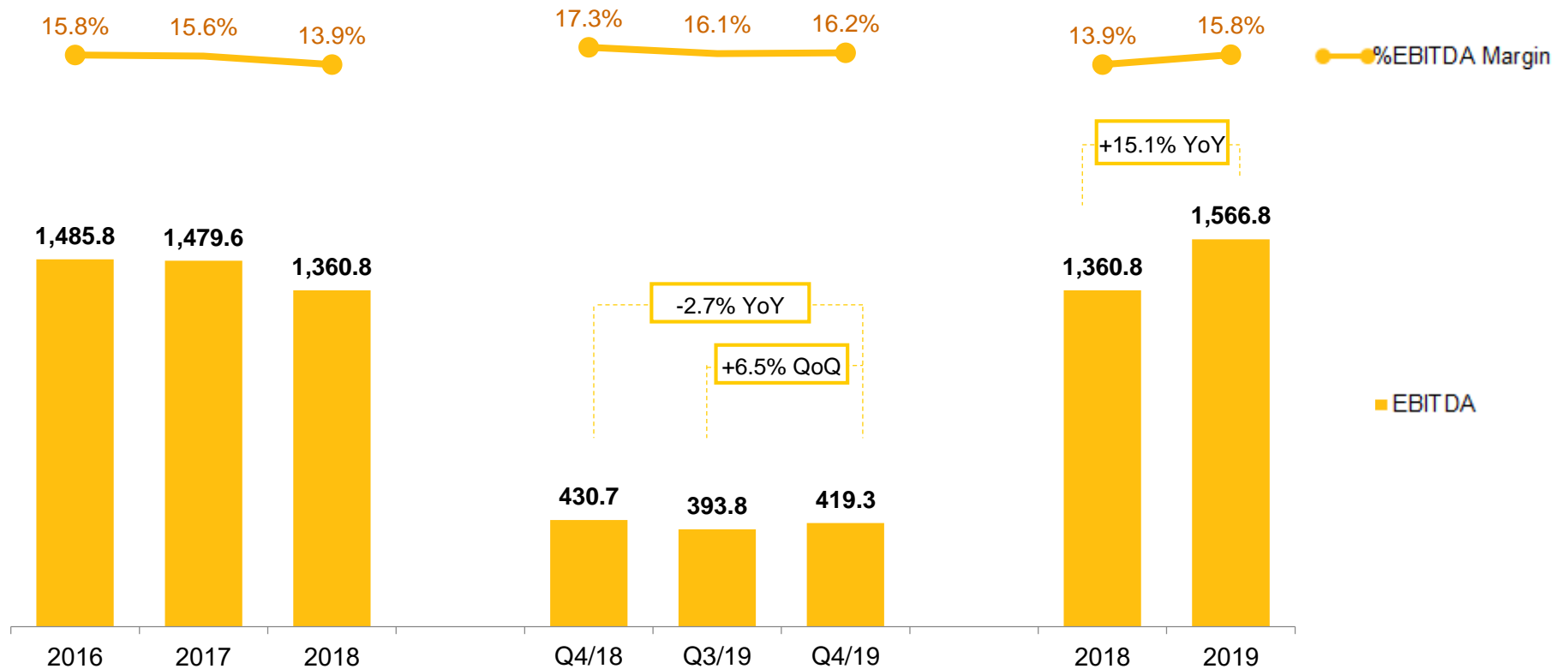
- Net profit in Q4/2019 decreased mainly due to reduced gross profit from sale of goods resulted from the clearance sales of old products and seasonal decorations products as well as selling a big lot of low margin project sales (YoY & QoQ), while finance costs increased (YoY), and higher tax expenses as a result of less tax benefits from BOI (QoQ).
- In Q4/2018, there were one-time reversal expenses of 83.9 MB from closing ILM Malaysia, including deferred tax of 70 MB and other reversal expenses. If excluding these one-time expenses, net profit in Q4/2018 would be 151.8 MB.

2019

- Net profit in 2019 increased mainly supported increased revenue and gross profit from rental and rendering of services from additional rental spaces and improved occupancy rates. In addition, selling and distribution expenses decreased from improved cost management.
- In 2018, there were one-time expenses totaling of 35.4 MB from closing ILM Malaysia. If excluding these one-time expenses, net profit in 2018 would be 578.3 MB.
- In 2019, there was one-time expense of 21.0 MB from employee retirement benefits (26.2 MB before tax). If excluding this one-time expense, net profit in 2019 would be 617.1 MB.

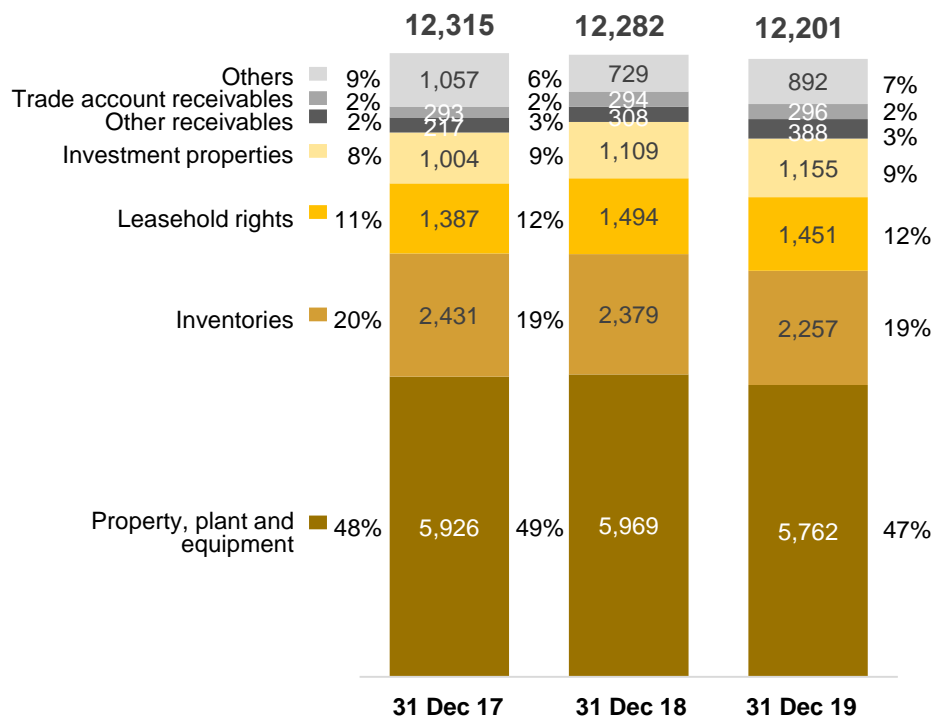
EBITDA & EBITDA Margin

Million Baht, %



Total Assets

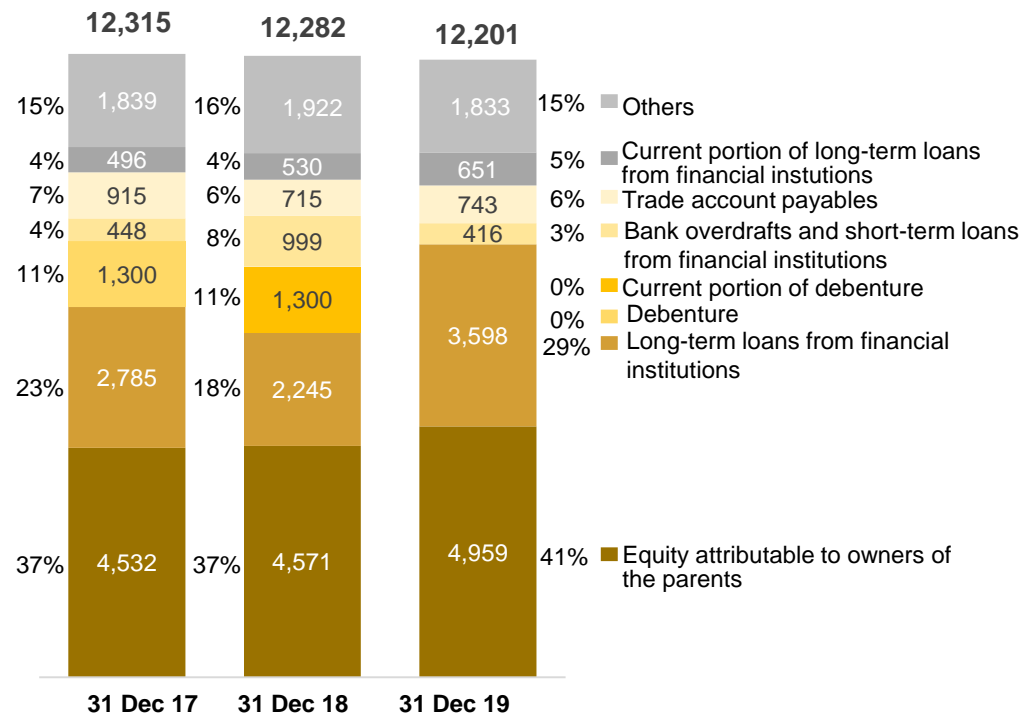
(Million Baht, %)



- Decreased total assets at the end of 2019 was mainly due to lower inventories as the Company has enforced stock reduction policy; decreased property, plant and equipment due to depreciation; and decreased leasehold rights due to amortization.

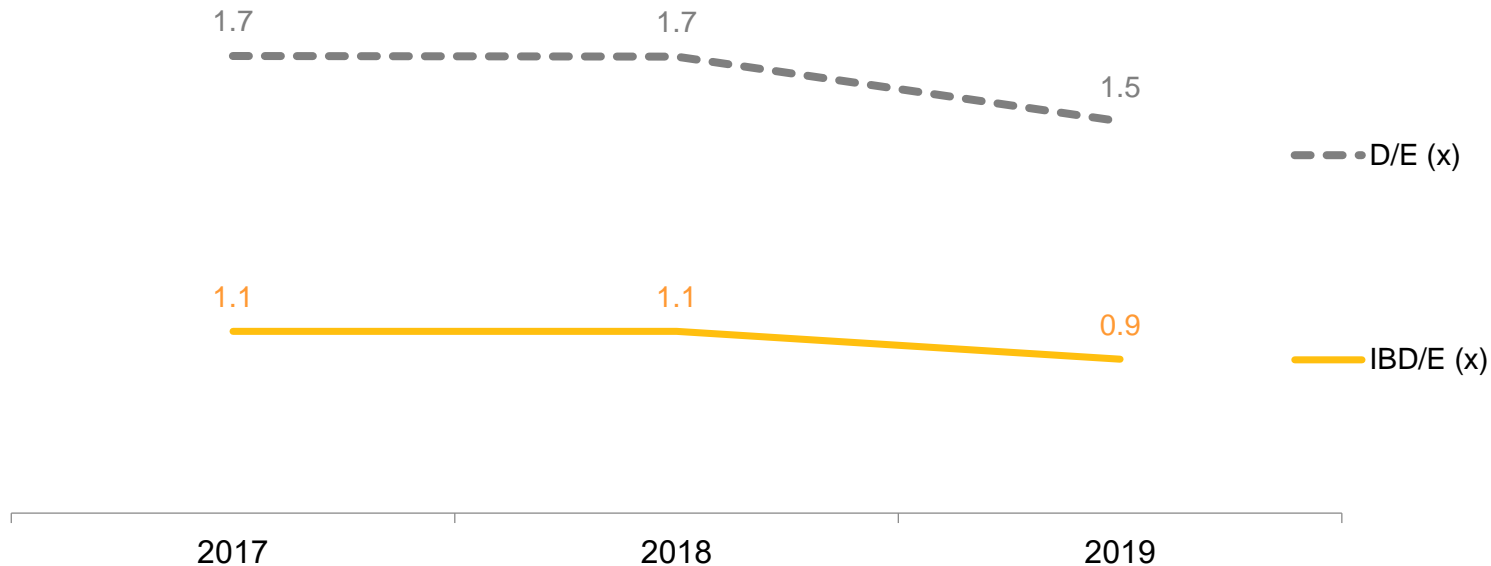
Total Liabilities and Equity

(Million Baht, %)



- Decreased liabilities at the end of 2019 was mainly as a result of repaid debenture and some portion of short-term loans.
- Increased equity attributable to owners of the parent at the end of 2019 was mainly due to capital raised through IPO and the operating profit during 2019.

Leverage Ratios



- Decreased Debt to Equity (D/E) and Interest-bearing Debt to Equity (IBD/E) was mainly as a result of borrowings repayment and higher equity from IPO proceeds as well as operating profit during the year.



AGENDA



Business Overview



Financial Highlights



Future Outlook



2020 Challenges

Domestic Factors



1. Decline in estimated GDP Growth

- NESDB adjusted down the estimation of 2020 Thailand's GDP growth to be less than 2%.



2. Delay in National Budget Bill

- The delayed national budget bill further weighs on Thailand economic growth.



3. Worst drought in 40 years

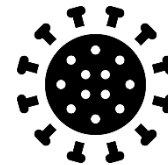
- The severe drought is widely weighing on Thailand's economy, especially the agricultural sector.



4. COVID-19 Outbreak

- The prolonged outbreak tends to be longer than expected across the world and Thailand.

Global Factors



Global COVID-19 Outbreak

**Impact on
Global Supply
Chain**

**Impact on
Business
Operations**

Impact on consumer purchasing power



Our Strengths and Weaknesses

Strengths

40⁺
Years

1. More than 40 years of experience

With more than 40 years in the furniture business, the Company has expertise in both the business operation and management competency, together with risk management from several crises.



2. Creating Value in the supply chain

ILM has its own manufacturing facilities which enhance production flexibility, thus further develop Younique Customized Furniture.



3. Strong Branding in Thailand

ILM has been recognized in the top rank of furniture and home furnishing retail store in Thailand.



4. Branches across Thailand

The ILM branches cover all major cities in Thailand.

Weaknesses



1. High Inventories

ILM had inventories over 2,200 MB at the end of 2019. However, inventories decreased from the previous year, as the Company has enforced a policy to reduce inventories since 2019, which will continue in 2020.

Moreover, high inventories can be a cushion of a supply shortage during the prolonged COVID-19 crisis.



2. High SG&A

ILM has higher SG&A than peers. However, we have implemented several activities as well as process improvement to decrease SG&A which will also further continue in 2020.



2020 Strategic Direction

**Change of Strategy:
Focus on Profit over Revenues**



2020 Strategic Direction

Increasing Gross Profit Margin

- **Promotion effectiveness**
- **Review product portfolio**
- **Higher contribution from Younique**
- **Improve production efficiency**
- **Vendor management**



2020 Strategic Direction

Cost Savings

Inventory management

- Improve demand planning process through supply chain optimization, resulting in reduced inventories and aiming to close 1 out of 3 distribution centers (DC)

Lean operation

- Centralization of back-office in stores and staff relocation
- At the end of 2019, total headcount decreased by 418 from the previous year

Review all the costs/ expenses

- Utilize teleconference facilities
- Review marketing effectiveness
- Headcount freeze and staff relocation



2020 Strategic Direction

Inventory Management

Inventories as at the end of 2019 = 2,257 MB

- Display stocks 400 MB
- Stocks for sale 1,857 MB

Target inventory reduction of 20% of stocks for sale, or approx. 300-500 MB

Action plans for inventory reduction:

- Redefine inventory classification
- SKU reduction
- Centralized supply chain

2020 Strategic Direction

Improve Production Efficiency

Materials/ Parts Harmonization

1 Integrating Material Options & Enhancing Standard Fitting

✓ Improve stock management, lower machine set-up time, and reduce wasting time



- Lower thickness options of particle board and MDF board from 8 to 5 options

- Decrease surface materials from 83 to 56 patterns



✓ Gain better fitting prices from higher volume



- Develop standard fitting, such as hinges, screws, drawer rails, and sliding rails assembled with furnitures

2 Using Robots

- Using robots to save labor cost and reduce production time



Vendor Management

Streamlining Vendor List

✓ Higher bargaining power to vendors



- Reduce number of raw material vendors



- Better commercial terms negotiation





2020 Strategic Direction

Sustaining Revenues

Younique Customized Furniture

- Emphasize on ultra-luxury materials for A Class Customers
- Store upgrade
- Collaboration with partners
- Reengineer traditional kitchen set to Younique concept

Drive online sales channel

- Extend product range
- Omni channel strategy

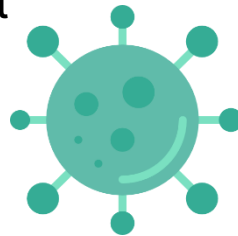
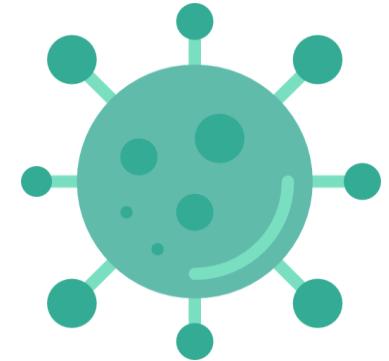
Overseas franchise expansion

- Open more franchise stores in Vietnam, Cambodia, and Myanmar

Sustaining retail sales through minor store upgrade & product re-assortment

COVID-19 Impact

- Change of strategy to emphasize profit over revenues
- Alternative supply chain
- Speed up and ensure the implementation of cost savings
- Postpone heavy capital investment



2020 Goals

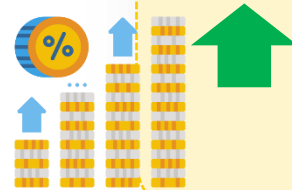
Profit

Maintained



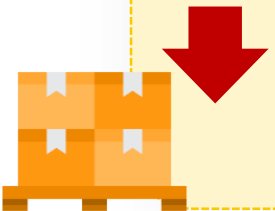
%GPM from Sale

1.00 – 1.50%



%SG&A

2.00 – 3.00%



Inventories

300 – 500 MB





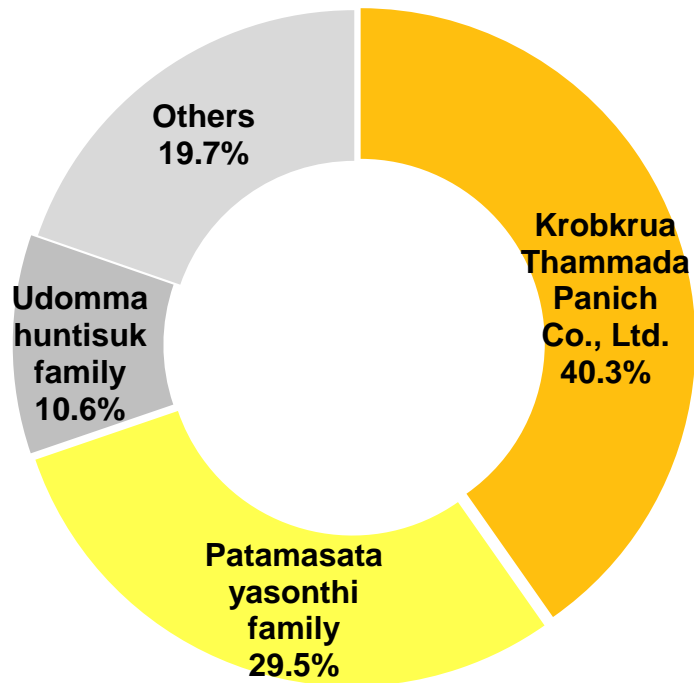
APPENDIX



Shareholding Structure and Share Information

Shareholding Structure

(As of 31 January 2020)

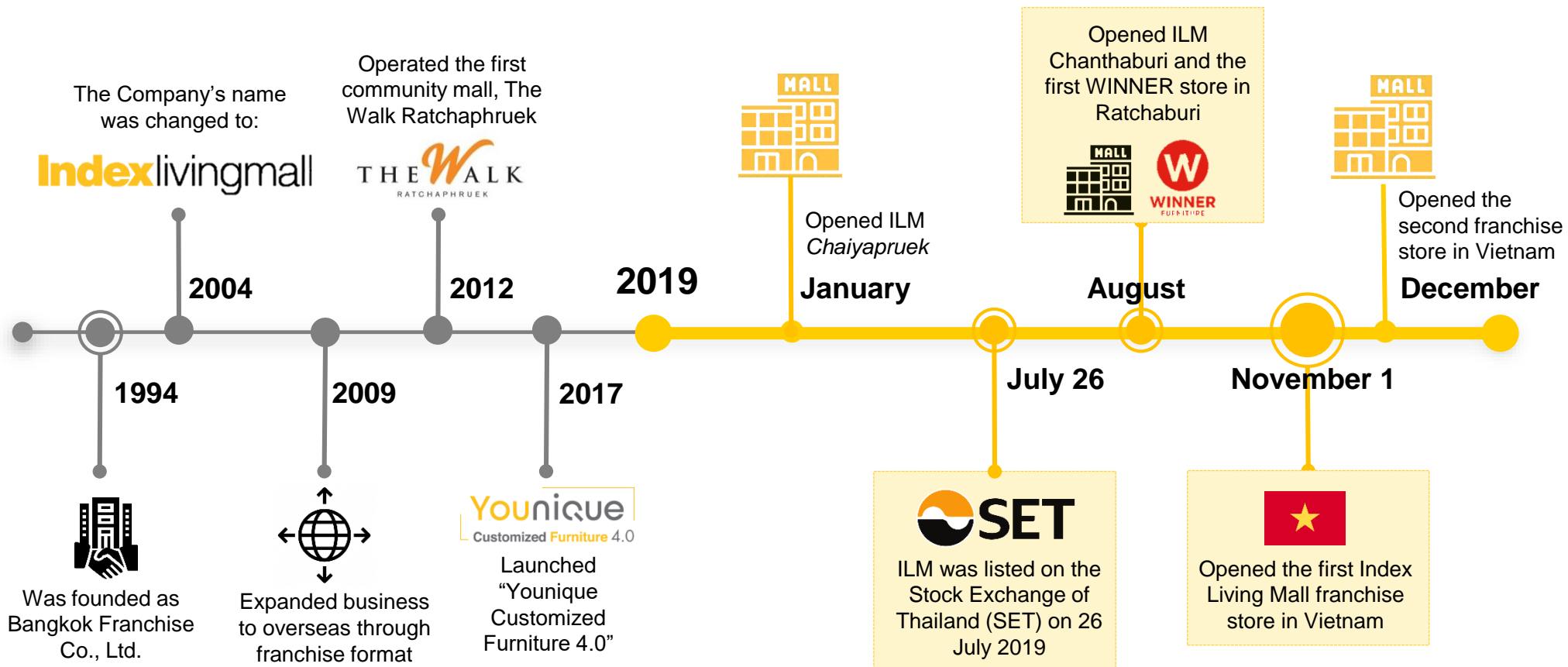


Share Information

(As of 6 March 2020)

Stock Symbol:	ILM
Industry and Sector:	Commerce
No. of Listed Shares:	505,000,000 Shares
Registered Capital:	THB 2,525,000,000
Paid-up Capital:	THB 2,525,000,000
Par Value:	THB 5.0 per Share
Listing Date:	26 July 2019
Foreign Limit:	49% (available 48.93%)
Dividend Policy:	Not less than 50% of net profit from normal operation according to consolidated financial statements after deduction of tax revenue and legal reserve. However, actual payments will depend on cash flows and investment plans of the Company's and its affiliates as well as other necessities as the Board of Directors deems appropriate.
Market Capitalization:	5,454 MB or 172.5 MUSD
Free Float:	26.04%

Milestones



Group Company Structure



Space Rental and Rendering of Services

1

THE WALK



Mid-sized Community Mall

Rental space in multi-storey building with various shops that fulfill and meet lifestyle of the target group

The Walk Ratchaphruek

Year of opening February 2012

Area (m²) 16,515.7

Occupancy Rate 94.5%

Tenants



The Walk Kaset-Navamin

Year of opening August 2013

Area (m²) 15,199.9

Occupancy Rate 87.2%

Tenants



The Walk Nakhonsawan

Year of opening January 2014

Area (m²) 16,932.0

Occupancy Rate 100.0%

Tenants Sub-leased by Tesco Lotus

2

LITTLE WALK



Small Community Mall

Rental space in one-storey building whose advantage is convenience to access stores in the mall

Little Walk Bangna

Year of opening January 2017

Area (m²) 3,484.8

Occupancy Rate 100.0%

Tenants



Little Walk Pattaya

Year of opening November 2018

Area (m²) 5,322.2

Occupancy Rate 82.0%

Tenants



3

Index Mall



Rental spaces in large-sized standalone Index Living Mall which enhance opportunities and attract customers to visit the mall

Index Mall Rama II

Year of opening April 2017

Area (m²) 3,450.9

Occupancy Rate 66.6%

Index Mall Chaiyapruet

Year of opening March 2019

Area (m²) 3,623.6

Occupancy Rate 98.0%

Index Mall Bang Yai

Year of opening March 2017

Area (m²) 5,263.0

Occupancy Rate 99.0%

Index Mall Bangna

Year of opening September 2018

Area (m²) 3,171.6

Occupancy Rate 87.5%

Tenants



4

Other rental areas in Index Living Mall

Rental space in 11 Stores of Index Living Mall

Total rental area (m²) 2,945.5

Occupancy Rate 77.1%

Tenants

au bon pain. and other tenants



THANK YOU



For more information, please contact
Tel: 02 898 6420-5 Ext 6129, or
ir@indexlivingmall.com

Indexlivingmall