



Indexlivingmall

Index Living Mall Public Company Limited (ILM)

Q2/2020

Analyst Meeting

24 August 2020



Disclaimers

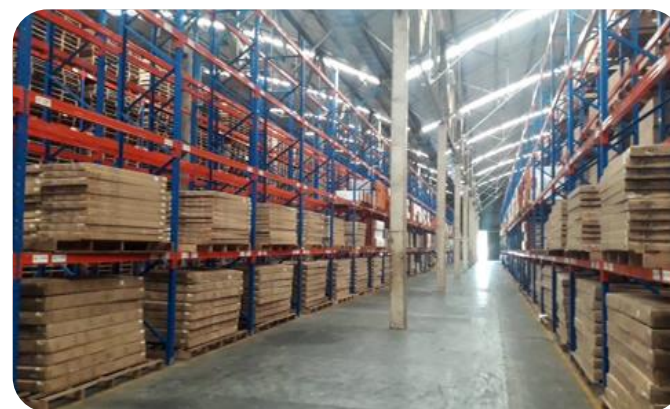
The information contained herein is intended to represent the Company's operating and financial position at a given point in time and may also contain forward looking information which only reflects expectations based on the prevailing geo-political, economic and non-controllable factors. Such information 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.

Q2/2020 Significant Events



Positive Net Profit

Despite the store closure following the Thai Government's measures to prevent the spread of COVID-19 from 22 March to 16 May 2020



Inventory Reduction

The Company successfully reduced inventories by 484 MB at the end of Q2/2020 from 2,257 MB at the end of 2019.



AGENDA



Financial Updates



Situation Updates & Outlook



Appendix

ILM's Response to COVID-19

Lockdown

Accelerate Change to New Normal

Majority of ILM stores were closed

ILM stores resumed operation

22 March 2020

16 May 2020



Strengthened Online Sales to Another Level (+375% YoY)



Renovated 5 Stores at Super-low Cost to Improve Customer Experience

Significant Inventory Reduction (-484 MB from 2019)

Reduced Staff Headcount (-15% from 2019)



Enhance Sales

Product Mix Adjustment for improved GPM

Online Sales Continue to Grow Remarkably

Advancing 'Younique' Customized Furniture



Control Costs

Continue Inventory Reduction Plan

Maintain cost reduction programs

Flatter, Streamline, and Focused Organizational Structure



Improve Liquidity

Consistent Loan Repayment to Banks Despite Difficulties During the COVID-19 Outbreak

Dividend Payment

"By Cause of COVID-19, ILM was Able to Accelerate on Strengthening Foundation."

Q2/2020 Key Financial Highlights

↓
-23.6%

Operating Revenue

(Q2/2020) **1,829.8** MB

2,394.4 MB (Q2/2019)

↓
-90.8%

Net Profit

(Q2/2020) **14.5** MB

158.0 MB (Q2/2019)

↓
-24.3%

EBITDA

(Q2/2020) **300.3** MB

396.8 MB (Q2/2019)

↓
-1.6%

%GPM from Sale

(Q2/2020) **42.7%**

44.2% (Q2/2019)

↑
+375.1%

Online Sales

(Q2/2020) **204.1** MB

43.0 MB (Q2/2019)

Impact from TFRS 16

Impact from the Company's adoption of Thai Financial Reporting Standards 16 Leases (TFRS 16) since 1 January 2020



Statement of Financial Position

Impact to
Assets

+2,436.4 MB

Impact to
Liabilities

+2,436.4 MB



Profit and Loss Statement

Impact to
Q2/2020
Net Profit

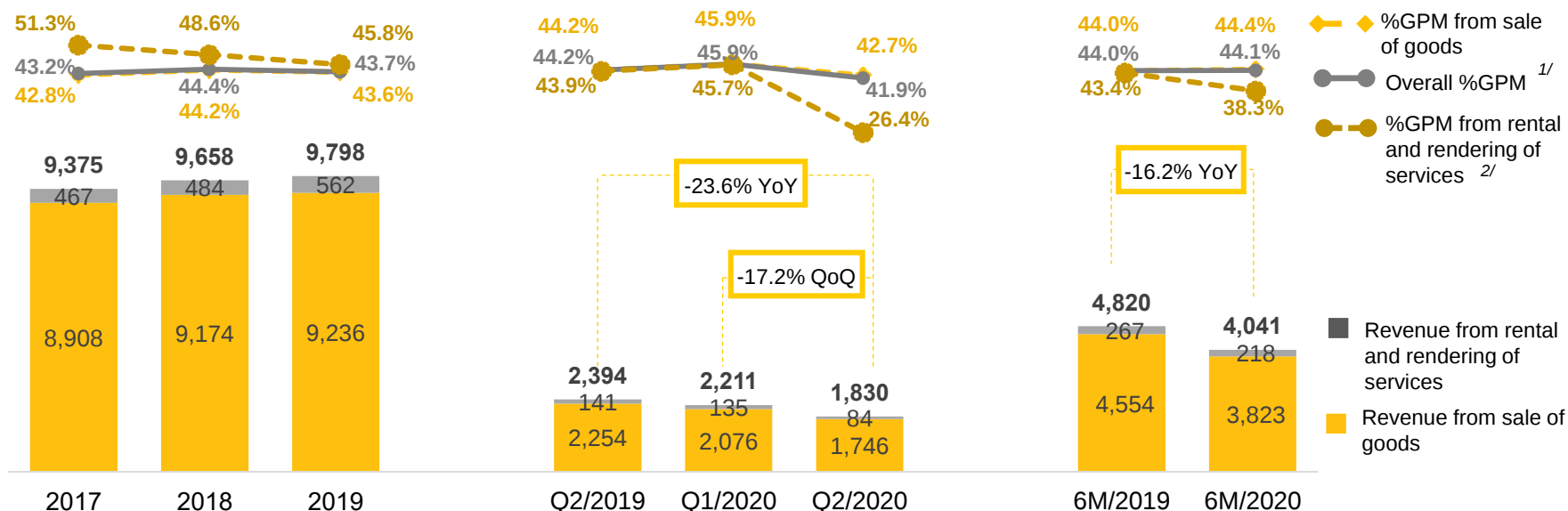
-6.3 MB

Impact to
FY 2020
Net Profit

-25.3 MB

Operating Revenue

(THB million, %)



^{1/} The Company has reclassified some transactions by moving some cost of rental and rendering of services to administrative expenses. Overall %GPM before reclassification in 2017, 2018, 2019, Q2/2019, and 6M/2019 was 42.9%, 44.1%, 43.5%, 43.9%, and 43.7% respectively.

^{2/} %GPM from rental and rendering of service before reclassification in 2017, 2018, 2019, Q2/2019, and 6M/2019 was 45.3%, 43.0%, 41.7%, 39.4%, and 39.1% respectively.

Q2/2020

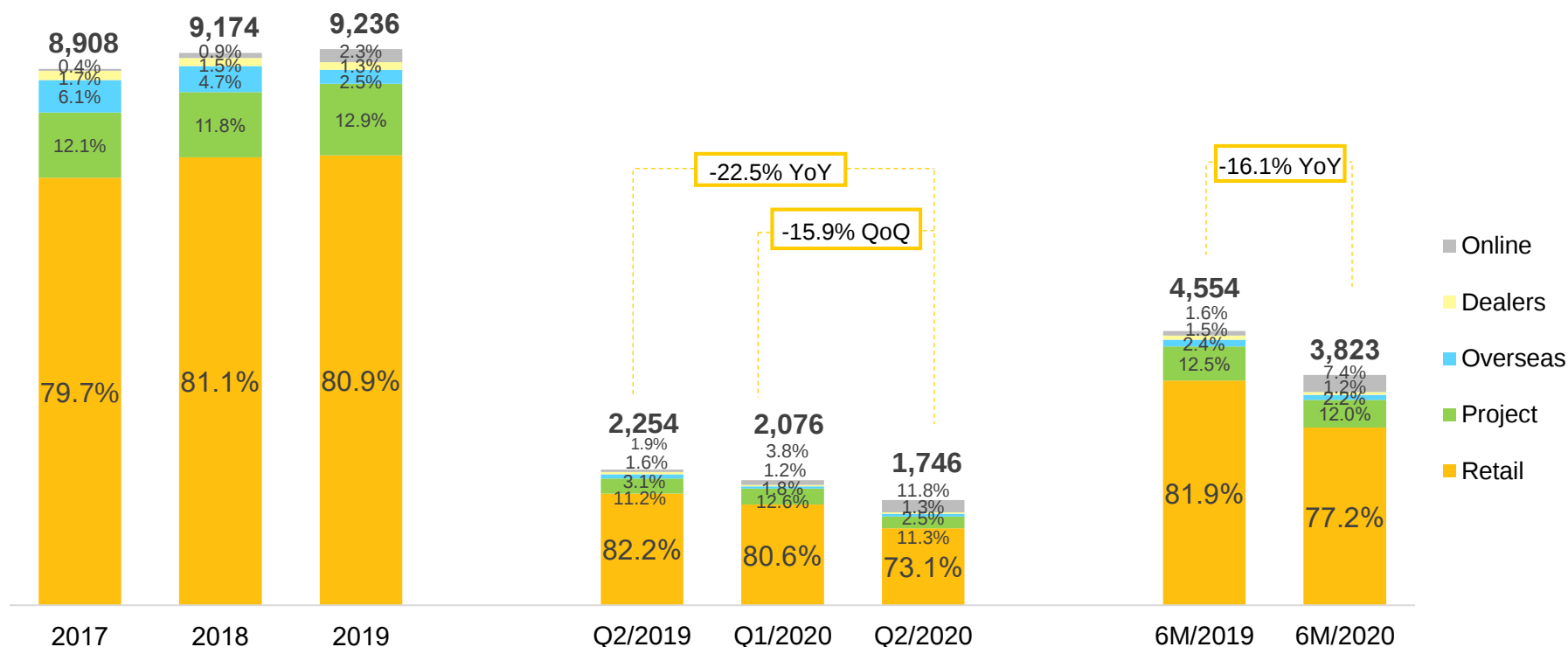
- The decreased operating revenue YoY was mainly due to both lower revenue from sale and rental and rendering of services as a result of the store closure from 22 March to 16 May 2020, following the government's measures to prevent the spread of COVID-19.
- The decreased operating revenue QoQ was mainly due to the store longer-closed period QoQ (45 days operation and 46 days closure in Q2/2020, compared with 81 days operation and 10 days closure in Q1/2020)
- However, online sales continued to grow remarkably by 375.1% YoY and 159.3% QoQ, while home project sales increased by 69.4% YoY, and OEM sales rose by 249.6% YoY and 109.5% QoQ.

6M/2020

- The decreased operating revenue was mainly due to both lower revenue from sale and rental and rendering of services following the store closure from 22 March to 16 May 2020.
- Online sales managed to grow sharply by 279.9% YoY, while home project sales increased by 33.3% YoY, and OEM rose by 101.5% YoY.
- %GPM from sale increased YoY, mainly due to improved product mix with a higher proportion of sales from higher profit margin products.

Sales by Channel

(THB million, %)



Q2/2020

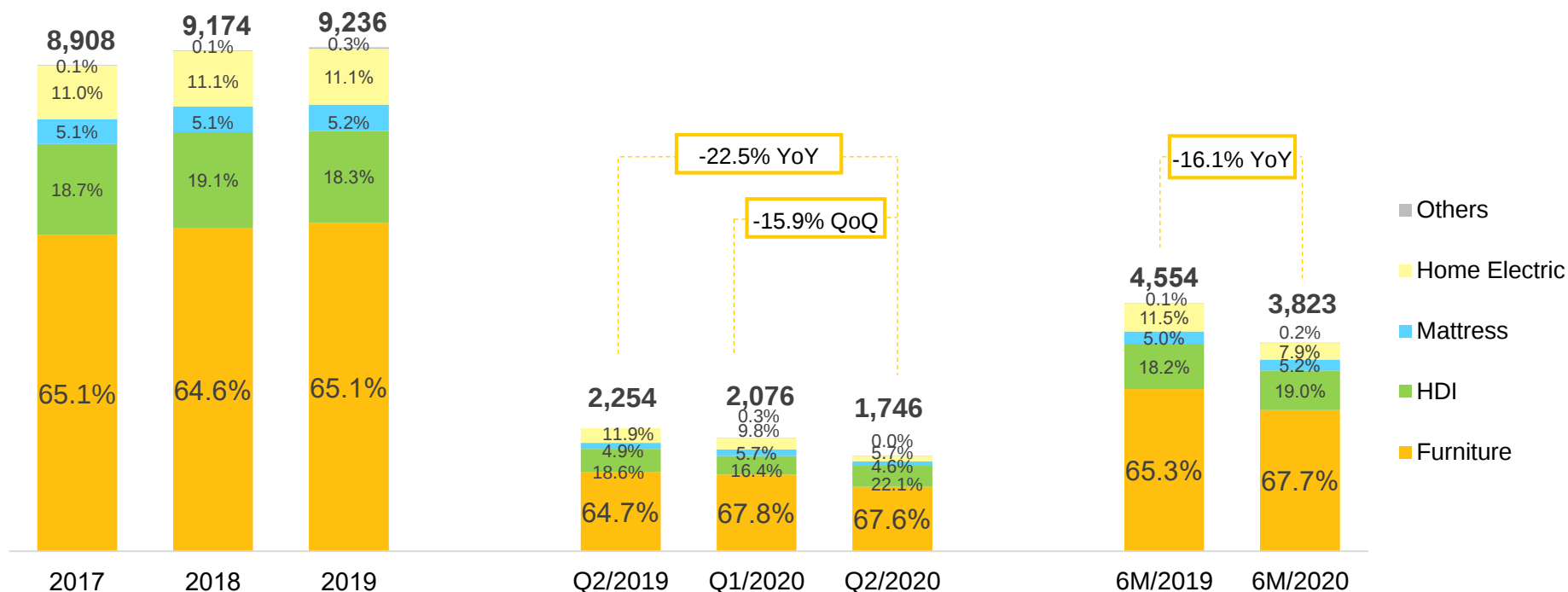
- Q2/2020 sales dropped almost all channels both YoY and QoQ, mainly due to the store closure from 22 March to 16 May 2020, except online sales, which continued to grow remarkably by 375.1% YoY and 159.3% QoQ; home project sales, which climbed up by 69.4% YoY; and OEM, which rose by 249.6% YoY and 109.5% QoQ.

6M/2020

- 6M/2020 sales also dropped almost all channels YoY mainly due to the same reasons as Q2/2020, except online sales, which rose outstandingly by 279.9%; home project sales, which climbed up by 33.3% YoY; and OEM, which rose by 101.5% YoY.

Sales by Product

(THB million, %)



Q2/2020

- Q2/2020 sales decreased almost all product groups both YoY and QoQ, mainly due to the store closure from 22 March to 16 May 2020, except Home Decoration Items (HDI), which managed to grow by 13.4% QoQ, following the consumer behavior moving toward online shopping and home decorating.

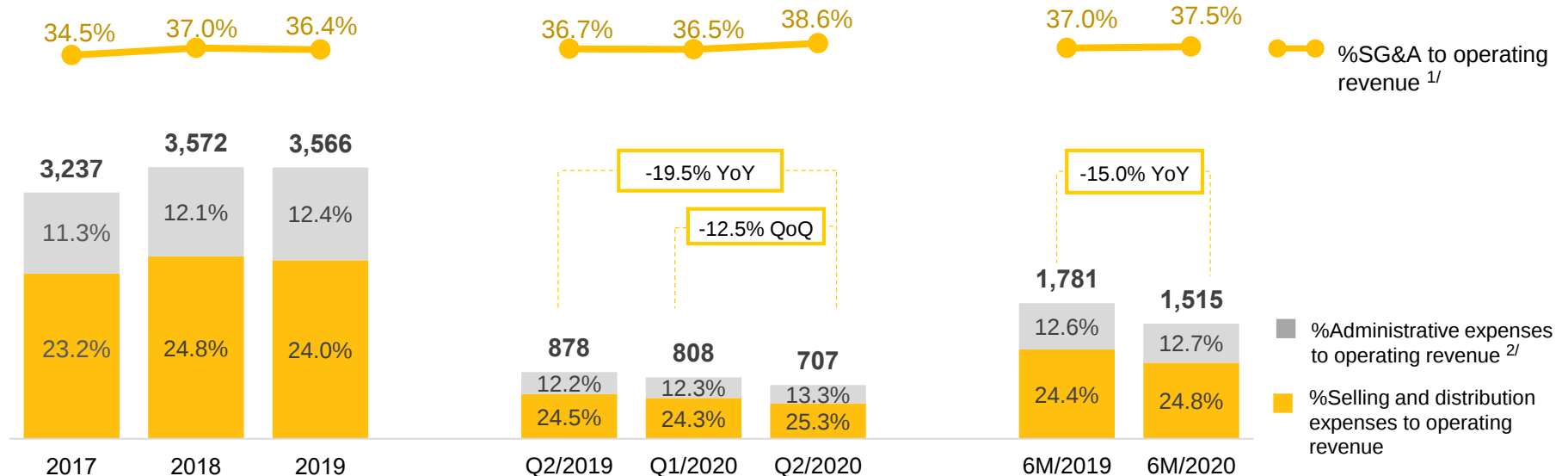
6M/2020

- 6M/2020 sales also dropped almost all product groups both YoY, mainly due to the same reasons as Q2/2020.

Selling & Administrative Expenses

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(THB million, %)



- 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.

^{1/} The Company has reclassified some transactions by moving some cost of rental and rendering of services to administrative expenses. %SG&A to operating revenue before reclassification in 2017, 2018, 2019, Q2/2019, and 6M/2019 was 34.2%, 36.7%, 36.2%, 36.4%, and 36.7% respectively.

^{2/} %Administrative expenses to operating revenue before reclassification in 2017, 2018, 2019, Q2/2019, and 6M/2019 was 11.0%, 11.9%, 12.2%, 11.9%, and 12.3% respectively.

Q2/2020

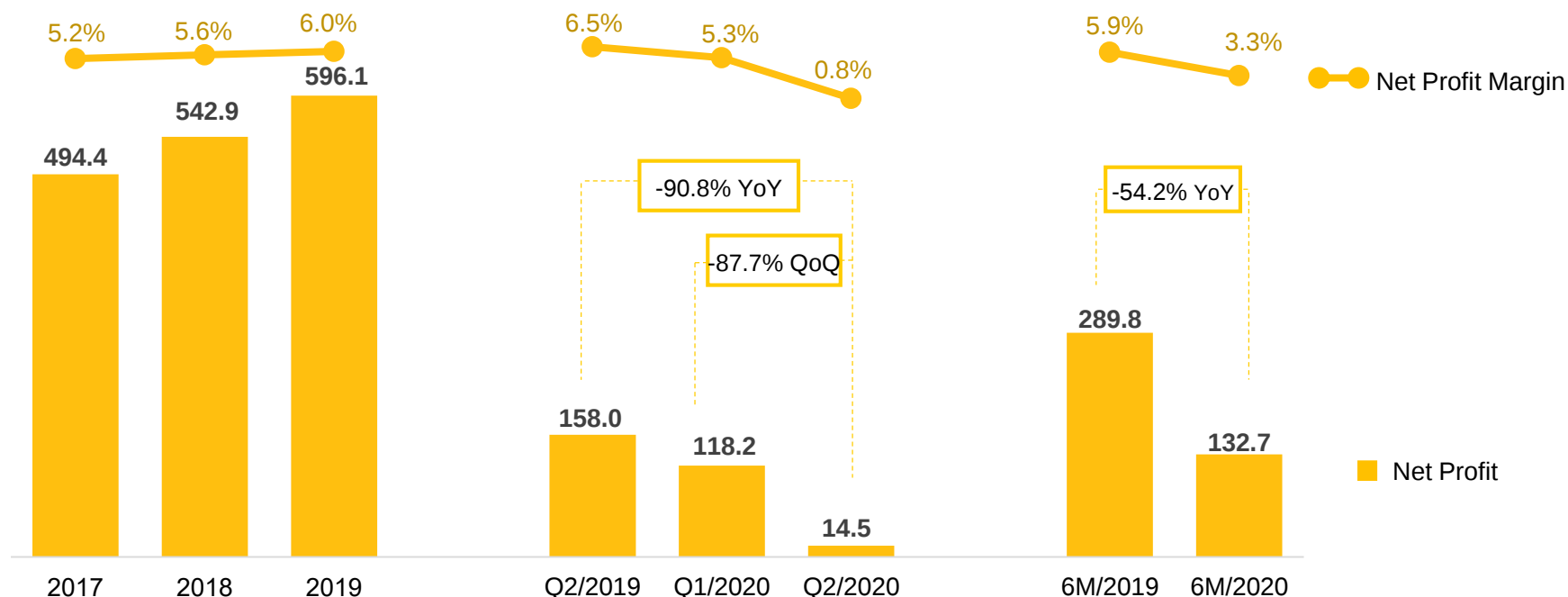
- Q2/2020 SG&A decreased both YoY and QoQ, following lower sales and decreased store-related expenses due to the store closure from 22 March to 16 May 2020, plus lower employee expenses from reduced headcount. The adoption of TFRS 16 since 1 January 2020 also lowered the Q2/2020 selling and distribution expenses by 26.7 MB and administrative expenses by 5.5 MB.
- The percentage of SG&A to operating revenue increased YoY and QoQ, mainly due to the lower operating revenue, despite the improved cost management.

6M/2020

- 6M/2020 SG&A declined YoY mainly due to the same reasons as Q2/2020. The adoption of TFRS 16 also lowered the 6M/2020 selling and distribution expenses by 53.4 MB and administrative expenses by 10.9 MB.
- The percentage of SG&A to operating revenue increased YoY, mainly due to the lower operating revenue, despite the improved cost management.

Net Profit & Net Profit Margin

(THB million, %)

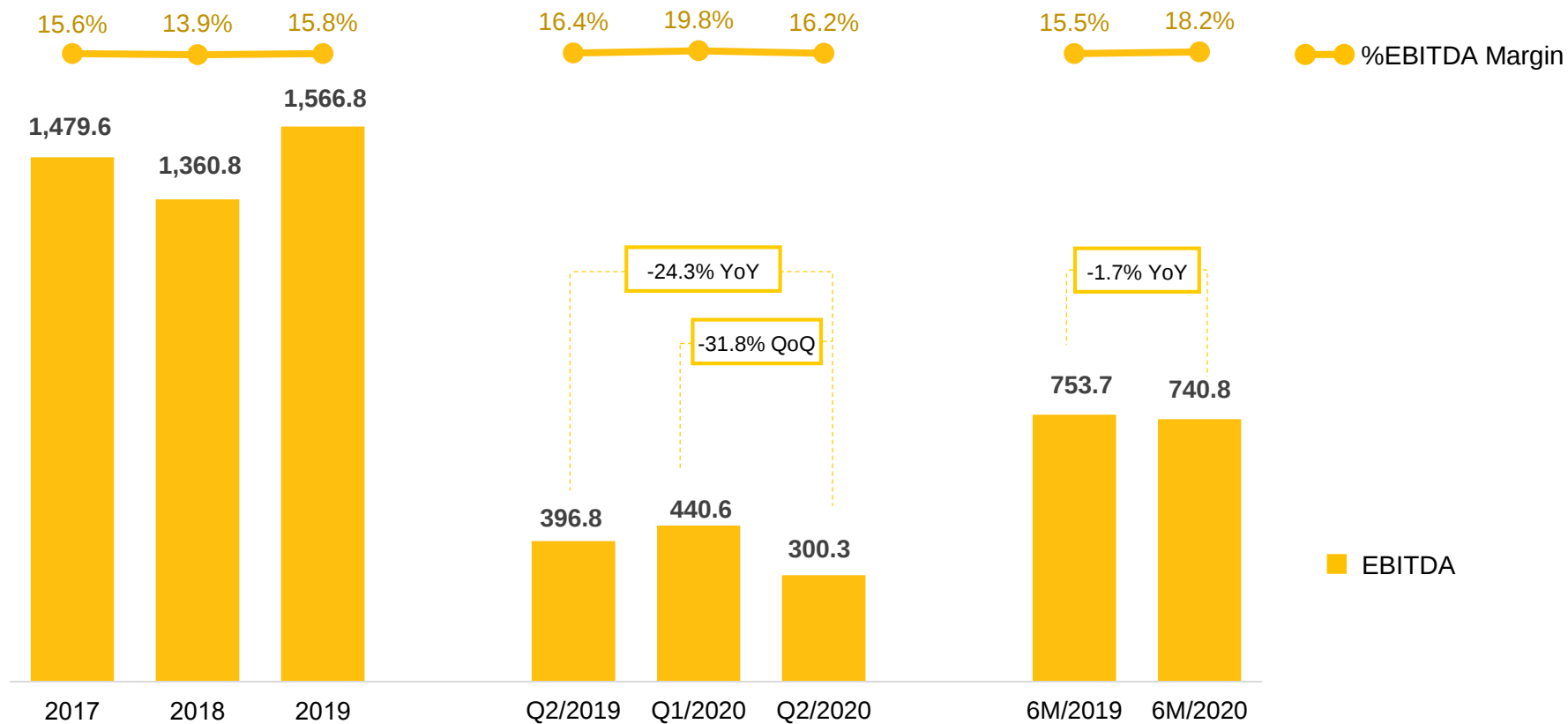


Q2/2020 and 6M/2020

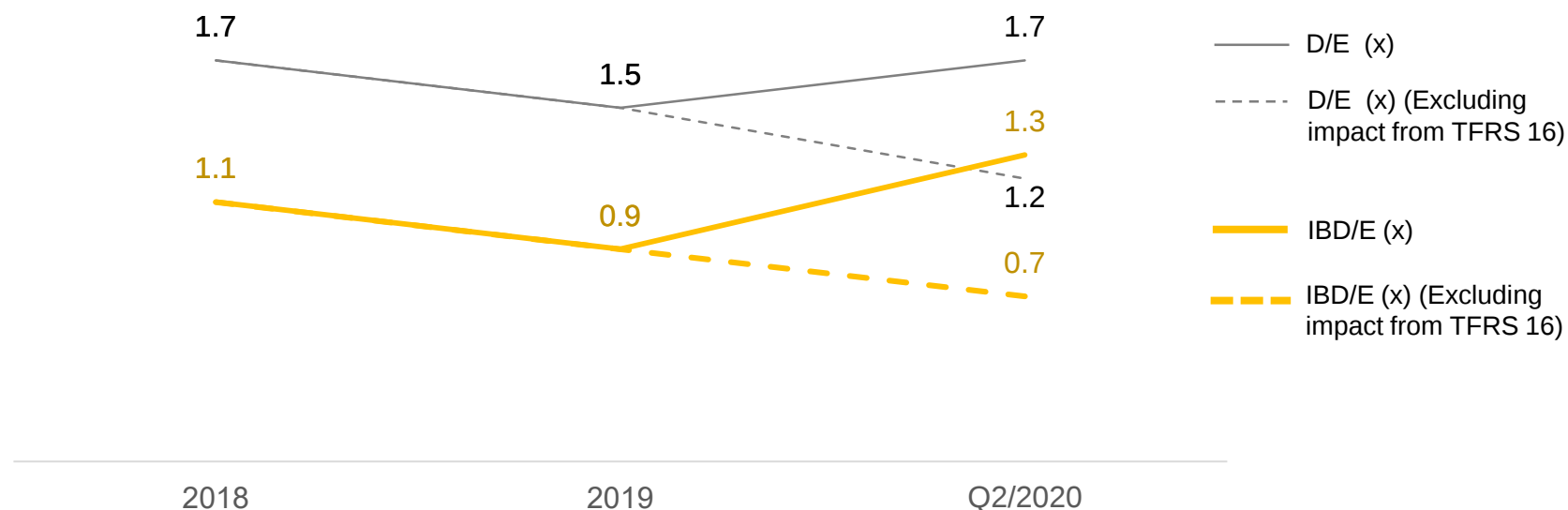
- The decreased net profit in Q2/2020 and 6M/2020 was mainly due to the following reasons:
 - The decreased operating revenue as a result of the store closure from 22 March to 16 May 2020.
 - The adoption of TFRS 16 since 1 January 2020, which caused higher depreciation and interest expenses, thus lower net profit by 6.3 MB in Q2/2020 and by 12.6 MB in 6M/2020.
 - However, The Company has not yet started another tax benefit approximately 70.0 MB from the investment in new machinery, which can be utilized for 3 years, while the Company recognized a tax benefit of 20.8 MB in Q2/2019 and 34.8 MB in 6M/2019.

EBITDA & EBITDA Margin

(THB million, %)



Leverage Ratios



Q2/2020

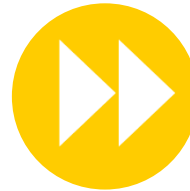
- Increased Debt to Equity (D/E) and Interest-bearing Debt to Equity (IBD/E) was mainly due to the adoption of the TFRS 16, which resulted in higher liabilities by 2,436.4 MB, comprising of higher lease liabilities by 2,738.3 MB but lower other payables by 301.9 MB.
- If not being impacted by TFRS 16, D/E would be 1.2x; and IBD/E would be 0.7x.
- However, borrowings from financial institutions at the end of Q2/2020 were 3,760.5 MB, decreased by 904.2 MB or 19.4% from 4,664.7 MB at the end 2019.



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Financial Updates

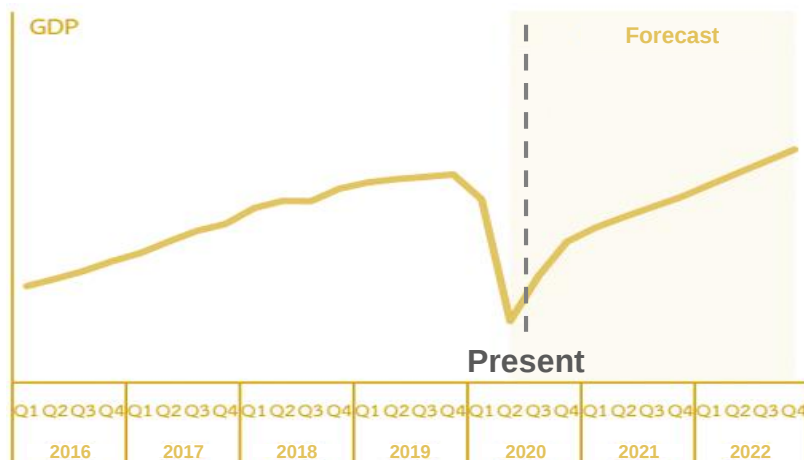


Situation Updates & Outlook



Appendix

Bank of Thailand Economic Recovery Estimation



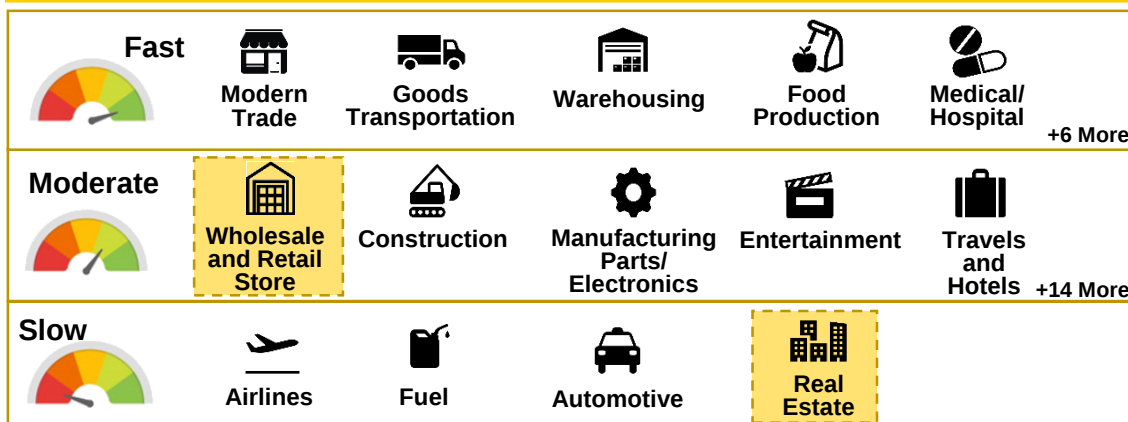
(% YoY)	2019	Q1/2020	2020E*	2021E*
GDP	2.4	-1.8	-8.1	5.0
- Private Consumption	+4.5	+3.0	-3.6	+2.5
- Private Investment	+2.8	-5.5	-13.0	+5.6
- Export of Goods and Services (Volume)	-2.6	+1.9	-22.7	+8.4
- Import of Goods and Service (Volume)	-4.4	-0.1	-18.9	+7.3

*Estimation as of June 2020

The overall economy is expected to gradually recover from Q3/2020 onward due to the following reasons:

- Thailand has successfully controlled the COVID-19 outbreak.
- Businesses have resumed normal operation, transportation, expenditure, while production gradually rebound to a normal level.

After COVID-19 Industry Recovery Forecast



'ILM operates in one of the industries with a moderate speed of recovery'

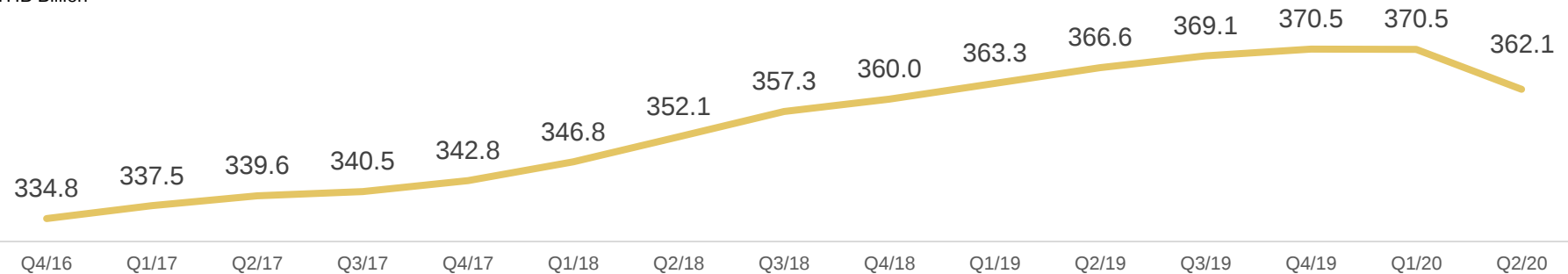
Although real estate is relatively slow, house renovation has become popular.

Expenditure on Furniture and Furnishings Experience a Fall in Q2/2020

Private Consumption Expenditure - 4 Quarter Moving Total

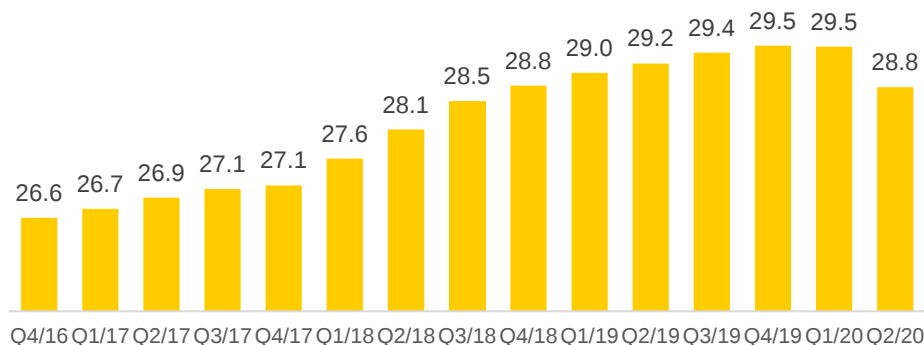
Private consumption expenditure on furnishings, households equipment and routine maintenance of the house

Unit: THB Billion



Furniture and furnishings, carpets and other floor covering

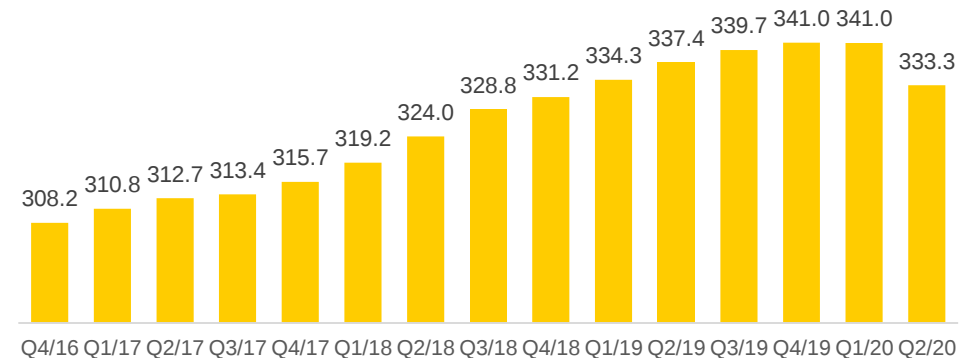
Unit: THB Billion



- 4 Quarter Moving Total for Private Consumption Expenditure on Furniture and Furnishings experienced a negative trend for the first time in Q2/2020 as a result of the COVID-19 outbreak.

Households equipment and routine maintenance of the house

Unit: THB Billion



- 4 Quarter Moving Total for Private Consumption Expenditure for Households Equipment and Routine Maintenance of the House had a sharp fall in Q2/2020 as a result of the COVID-19 outbreak.

Work From Home and Ageing House Drives Demand for Home Improvement and Renovation

Renovated Properties: Home Improvement and Renovation

1 Customer Behavior: COVID-19

People stay 24/7 @ home



Work from Home
(Create Home Office)



Cook at Home
(Improve Kitchen)

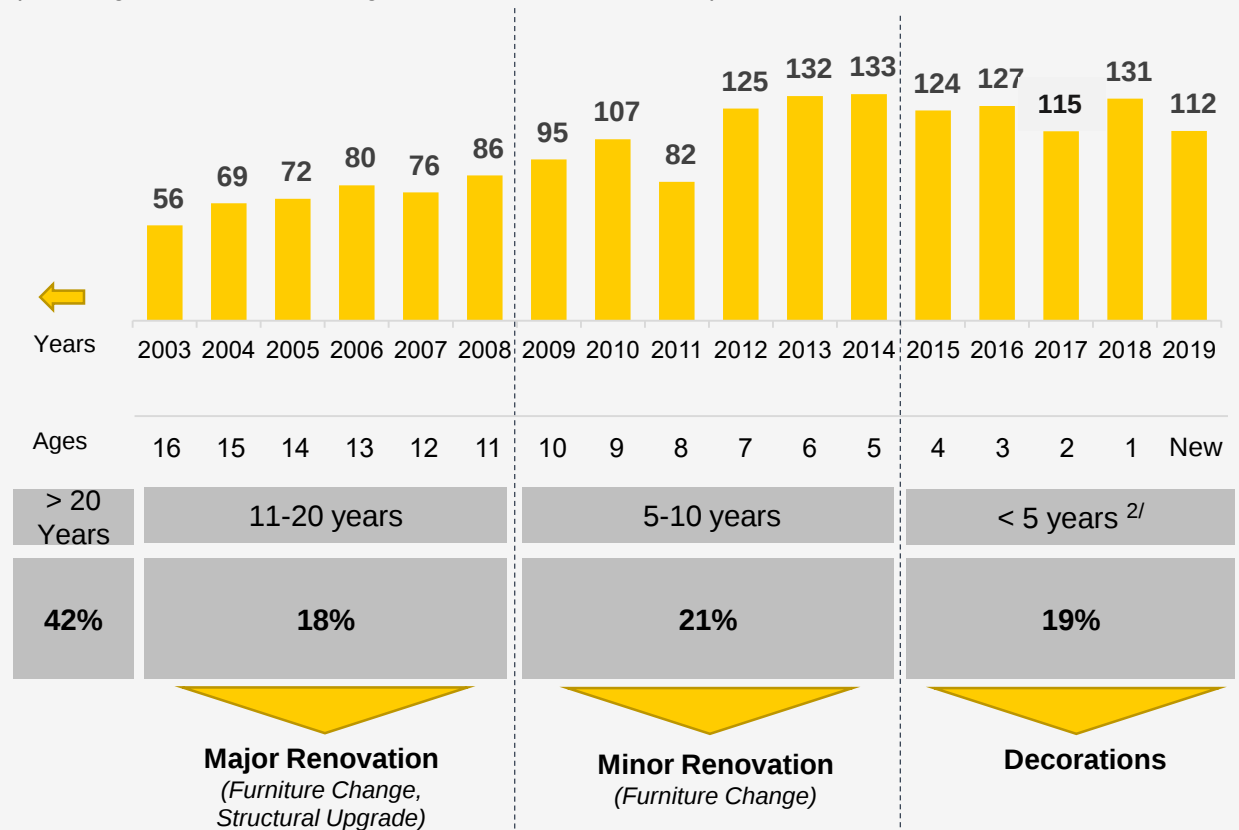


Spend more time at Home
(Develop Better Living Atmosphere)

2 Aging Houses

Number of new houses registered in Bangkok Metropolitan Region * ^{1/} ('000 houses)

(Total registered houses during 1988-2019: 3,212,025 units)



* New registered houses include housing projects, apartment, condominium, and self-built housing

Source: ^{1/} BOT, ^{2/} Thaiwudsadu

ILM Business Sustainability



- ✓ Retail Performance Recovery
- ✓ Online Sales Enhancement
- ✓ Younique Store Upgrade and Partnership Collaboration
- Overseas Franchise Expansion



- ✓ Inventory Management
- ✓ Lean Operation
- ✓ Organizational Restructuring
- ✓ New Store Look with Super-Low Cost

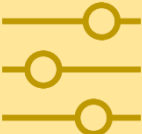


- ✓ Cash Management
- Investments Evaluation

By Cause of COVID-19, ILM was Able to Accelerate on Strengthening Foundation

Activities	Q2/2020 Actions	H2/2020 Initiatives
 <i>Inventory Management</i>	Reduced Inventory by 484 MB, or 21.4% from 2019	• Enhance Inventory Productivity • Plan to Close 1 out of 3 DC
 <i>Lean Operation</i>	Reduced Headcount by 15% from 2019	• Continue Cost Savings Programs, e.g., Maintain/Freeze Headcount, Reduce Store Work Shift, Review Marketing Effectiveness
 <i>Organizational Restructuring</i>	Flatter, Streamline, and Focused Organizational Structure	• Improve Work Process and Enhance Efficiency
 <i>New Store Look with Super-Low Cost</i>	Renovated Stores at Super-low Cost to Improve Customer Experience	• Continue 1-2 Stores Every Month
 <i>Cash Management</i>	Consistent Loan Repayment to Banks Despite Difficulties During the COVID-19 Outbreak	• Paid Dividend as Planned • Sufficient Cash to Repay to Banks

ILM Adjusts for Future Customer Trends

Activities	Q2/2020 Actions	H2/2020 Initiatives
 <i>Product Mix Adjustments</i>	Adjusted Product Assortment to Fit Changes in Spending Behavior Increased Portion of Higher GPM Products	• Add New Product Segments to Capture More Sales • Improve Gross Profit Margin
 <i>Strengthening Online Sales</i>	Increased Online Sales by 375% YoY	• Make Online Channel One of the Major Channels • Introduce Furinbox • Complete Omni-Channel • Launch Virtual Store
 <i>Advancing 'Younique' Customized Furniture</i>	Launched World Materials (Ultra-luxury materials added) Partnership with SCG and Boonthavorn	• Capture High-end Customers • Explore new market opportunities

Collaboration with SCG and Boonthavorn



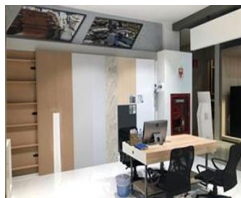
Expand Showroom at SCG

- Opened the showroom at SCG Experience – 3rd Floor CDC
- To integrate between innovative house, innovative design and customized furniture to enhance customer satisfaction

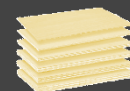


Capture Contractors' Segment with Boonthavorn

- Opened the showroom under “BANGKOK FURNITECH” at Boonthavorn – Kaset Nawamin
- Focus on all types of contractor, e.g., customized furniture, partition wall, wood panels, cabinet frames, fittings, work top kitchen.



Introducing World Materials



Capture High-end Customer Segment by Enhancing Variation of Materials

- Add more materials to capture ultra-luxury customer segment
- Grow customization ability to meet customer expectations



2020 Goals

Before COVID-19

After COVID-19

Original 2020 Goals
(11 March 2020)

%GPM from Sale

+1.0 to +1.5%

%SG&A

-2.0 to -3.0%
to Operating revenue

Inventories

-300 to -500 MB

Q2/2020 Results

%GPM from Sale



-1.6% YoY

SG&A



-19.5% YoY



+2.0% to Operating
Revenue YoY

Inventories



-484.0 MB

From 2019

6M/2020 Results

%GPM from Sale



+0.4% YoY

SG&A



-15.0%% YoY



+0.5% to Operating
Revenue YoY

Inventories



-484.0 MB

From 2019

Revised 2020 Goals
(24 August 2020)

%GPM from Sale

+1.0 to +1.5%

SG&A (Revised)

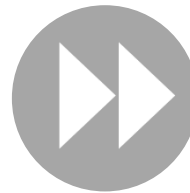
-12.0 to -15.0%
(Absolute Amount)

Inventories

-300 to -500 MB



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Situation Updates & Outlook



Financial Updates



Appendix

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

63

Branches to capture all diverse customer groups in Asia

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

Remark: Data as of 30 June 2020

* IFC - Tha Pra was closed in January 2020 and IFC – Don Mueng was closed in June 2020

Business Overview

6M/2020

Revenue from sale of goods

95% **SALES**

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Revenue from rental and rendering of services

5% **RENTAL**

Domestic



98%

Of revenue from sales of goods

1. Retail Stores

- 5 brands of retail stores covering all groups of customers

77%

3. Dealers

- Products sold through 25 dealer stores nationwide

1%

2. Projects

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

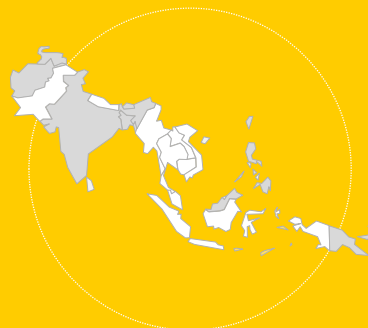
12%

4. Online

- Products sold through online channels

7%

Overseas



2% Of revenue from sales of goods

1. Retail stores: 20 stores in 8 countries
2. Oversea Projects
3. OEM & Trading

- 3 Mid-sized Community Malls

THE WALK

LITTLE WALK

- 2 Small Community Malls

- Rental spaces in 4 standalone Index Living Mall stores

Index
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+

- Other rental areas in 11 Index Living Mall stores

Business Overview

5 Brands of ILM's Retail Stores in Thailand

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TRENDDSIGN®

BoConcept®

MOMENTOUS



Furniture Brands



TRENDDSIGN®

BoConcept®



Store Concept & Lifestyle

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

Customer Group

Mass to Premium Mass

Mass

Premium Mass to Premium

Premium

Ultra Luxury

Number of Stores

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

- 1 WINNER store in Ratchaburi

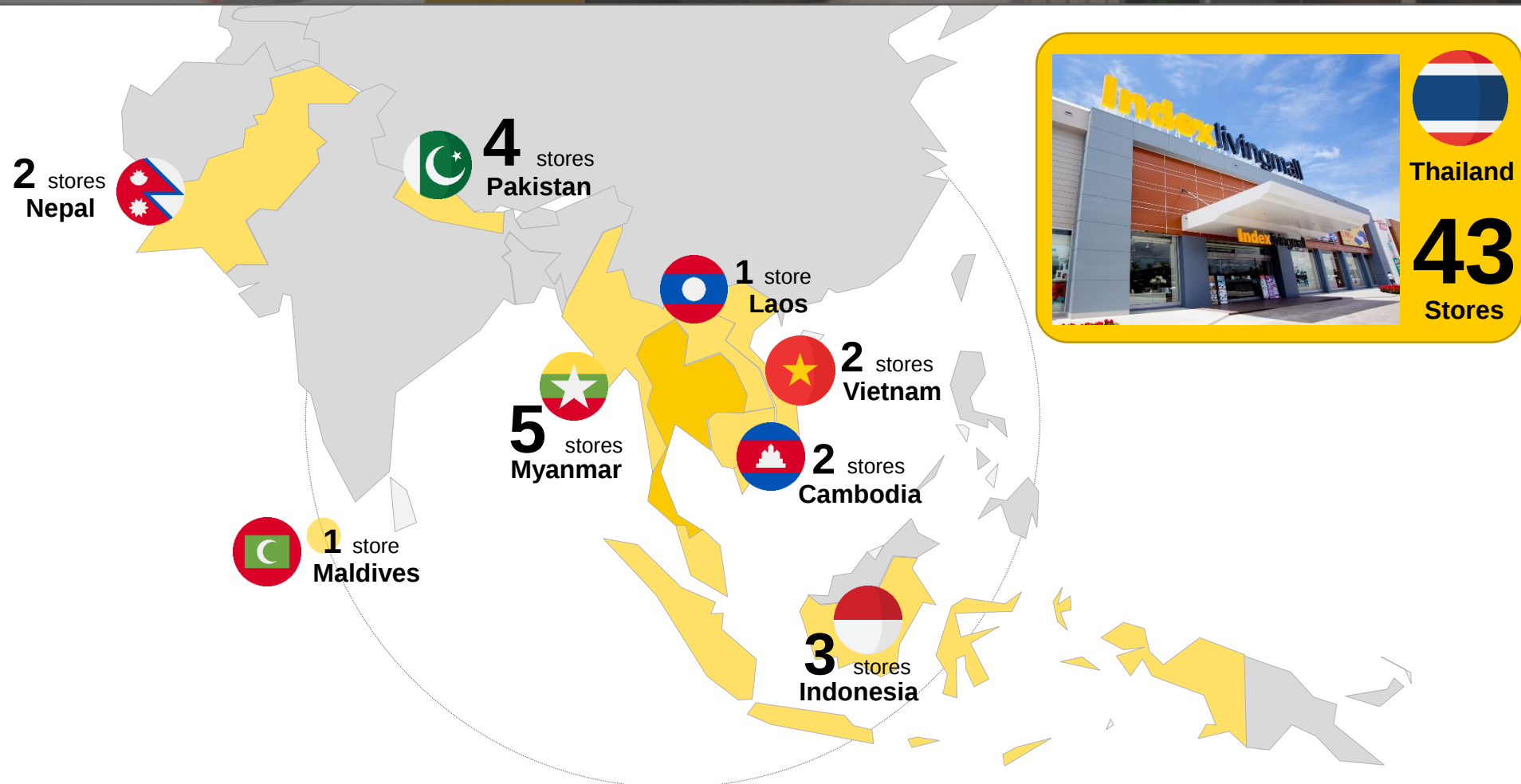
- 4 stores at Index Living Mall

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

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

Business Overview

ILM's Retail Stores Across Asia



Total of 63 Index Living Mall and other retail stores in 9 Countries

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 (m ²)	16,515.7
Occupancy Rate	93.9%

Tenants



The Walk Kaset-Navamin

Year of opening	August 2013
Area (m ²)	15,310.9
Occupancy Rate	80.1%

Tenants



The Walk Nakhonsawan

Year of opening	January 2014
Area (m ²)	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 (m ²)	3,484.8
Occupancy Rate	93.6%

Tenants



Little Walk Pattaya

Year of opening	November 2018
Area (m ²)	5,322.2
Occupancy Rate	76.3%

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 (m ²)	3,450.9
Occupancy Rate	86.9%

Index Mall Chaiyapruet

Year of opening	March 2019
Area (m ²)	3,623.6
Occupancy Rate	94.6%

Index Mall Bang Yai

Year of opening	March 2017
Area (m ²)	5,907.0
Occupancy Rate	68.3%

Index Mall Bangna

Year of opening	September 2018
Area (m ²)	3,171.6
Occupancy Rate	76.4%

Tenants



4

Other rental areas in Index Living Mall

Rental space in 11 Stores of Index Living Mall

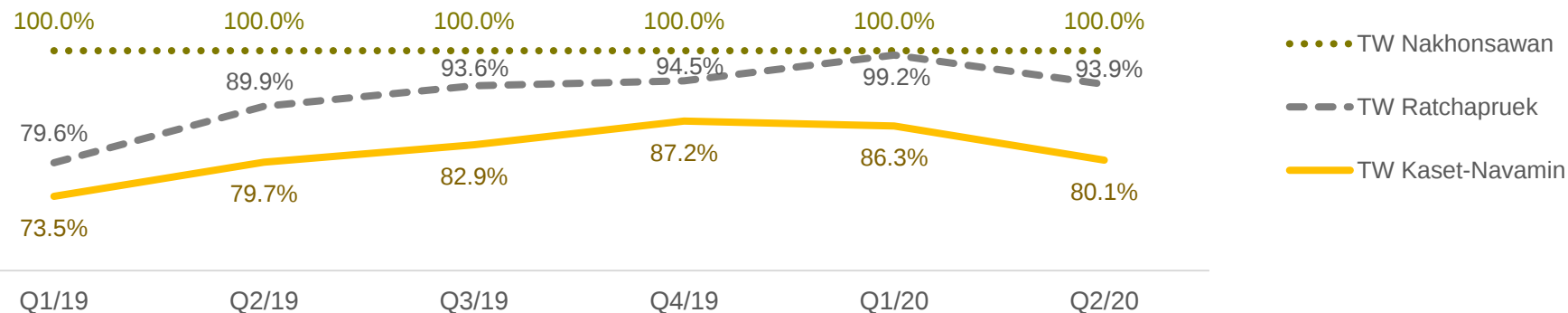
Total rental area (m ²)	2,945.5
Occupancy Rate	45.0%

Tenants

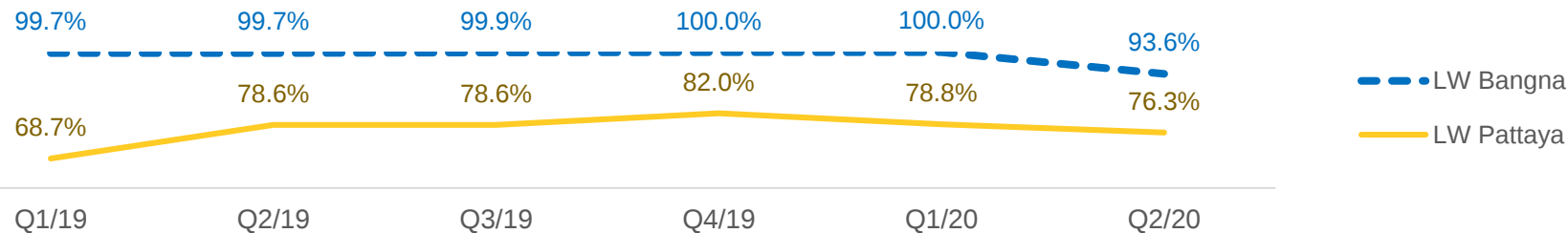
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Q2/2020 Rental Occupancy Rate

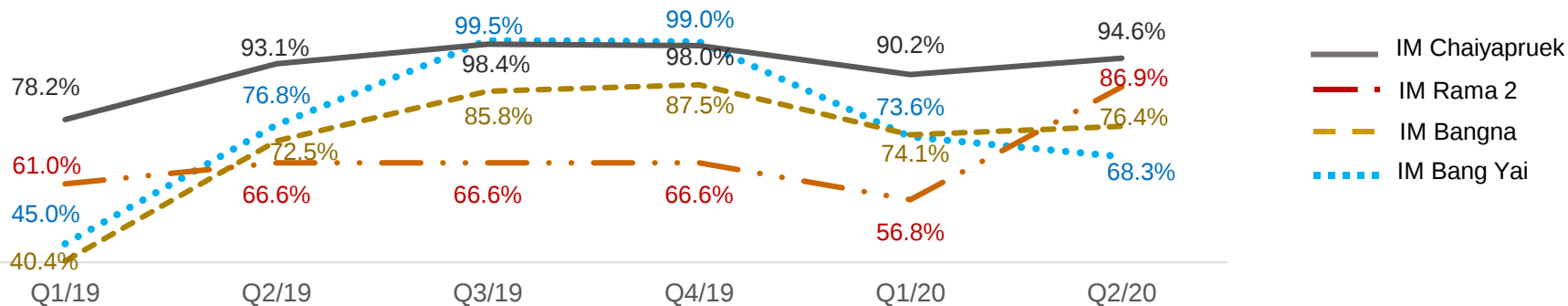
The Walk



Little Walk

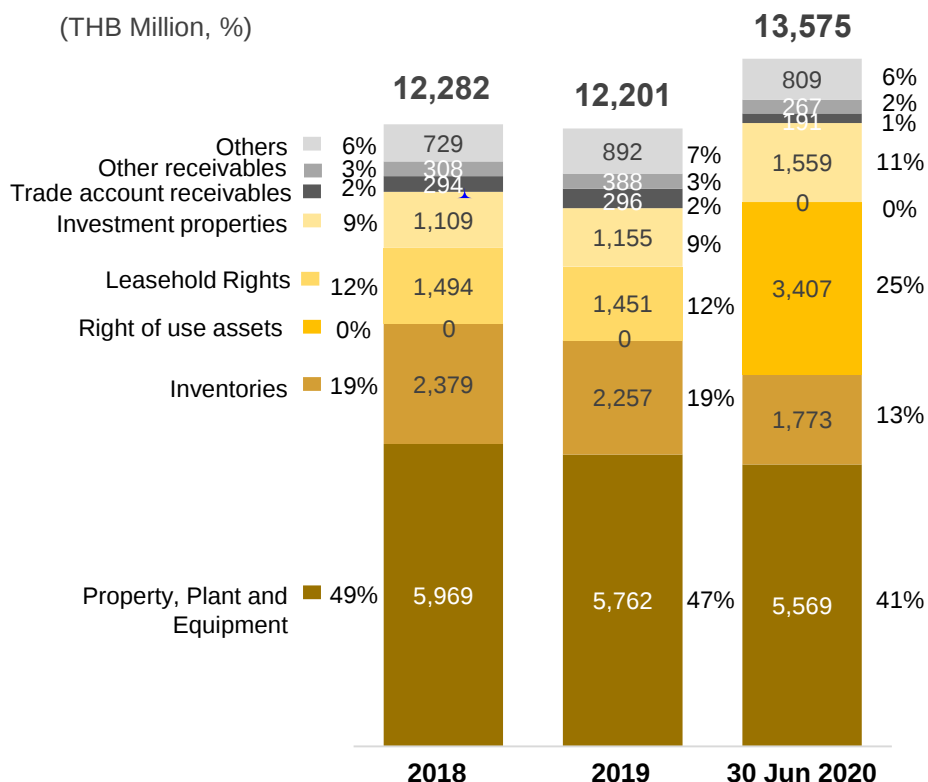


Index Mall



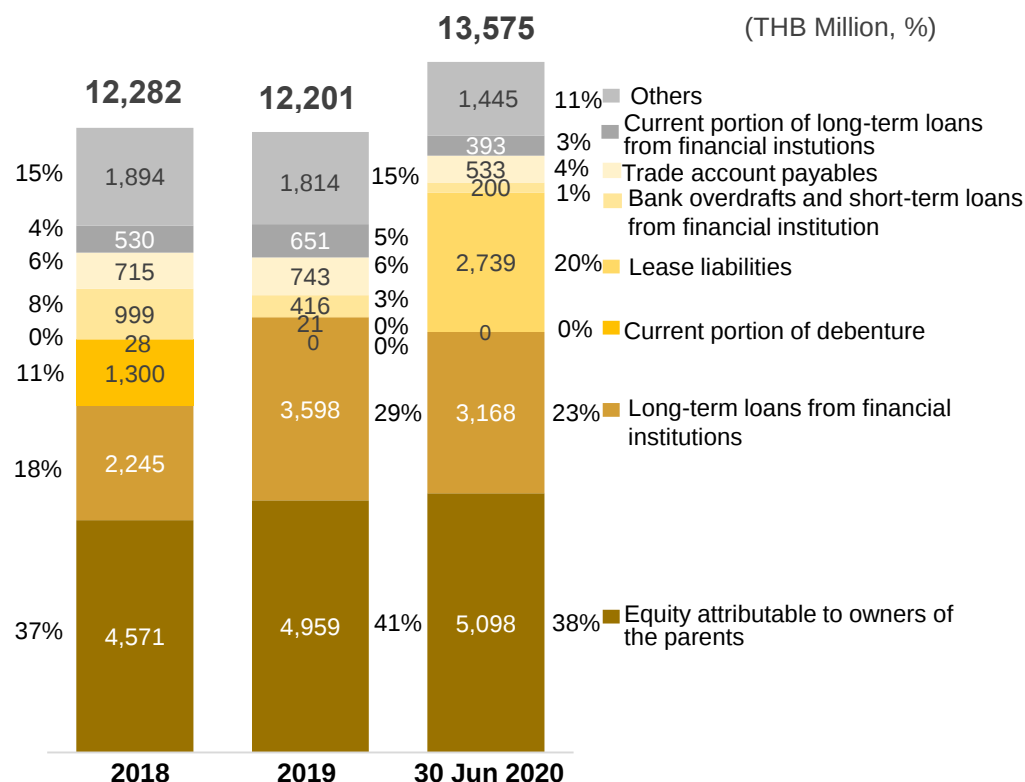
Total Assets

(THB Million, %)



Total Liabilities and Equity

(THB Million, %)



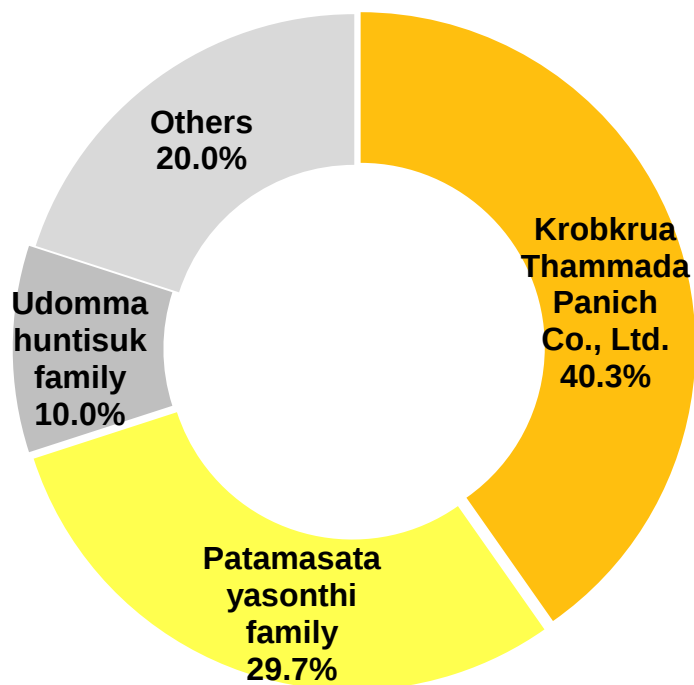
- Increased total assets at the end of Q2/2020 was mainly due to the adoption of the new accounting standard TFRS 16 since 1 January 2020 which resulted in higher assets by 2,436.4 MB, comprising of the higher rights of use assets by 3,514.3 MB and higher investment properties by 400.7 MB, but lower leasehold rights by 1,451.3 MB and lower property, plant and equipment by 27.3 MB.
- However, inventories at the end of Q2/2020 decreased by 484.0 MB or 21.4% from the end of 2019 mainly due to the improved supply chain management.

- Increased liabilities at the end of Q2/2020 was mainly due to the adoption of TFRS 16 since 1 January 2020 which resulted in higher liabilities by 2,436.4 MB, comprising of higher lease liabilities by 2,738.3 MB but lower other payables by 301.9 MB.
- However, outstanding borrowings from financial institutions at the end of Q2/2020 were 3,760.5 MB, decreased by 904.2 MB, or 19.4% from 4,664.7 MB at the end of 2019.
- Increased equity attributable to owners of the parent at the end of Q2/2020 was mainly due to the operating profit during 6M/2020.

Shareholding Structure and Share Information

Shareholding Structure

(As of 29 May 2020)

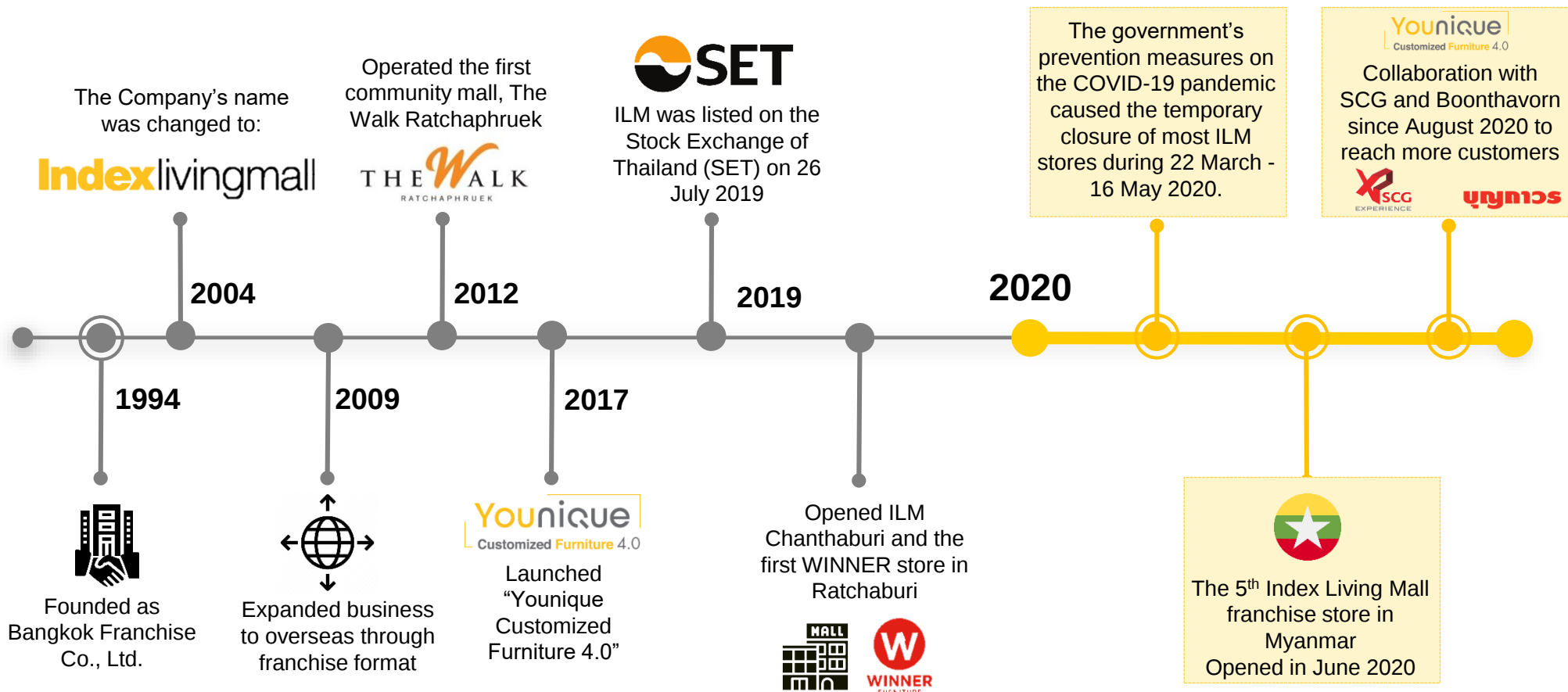


Share Information

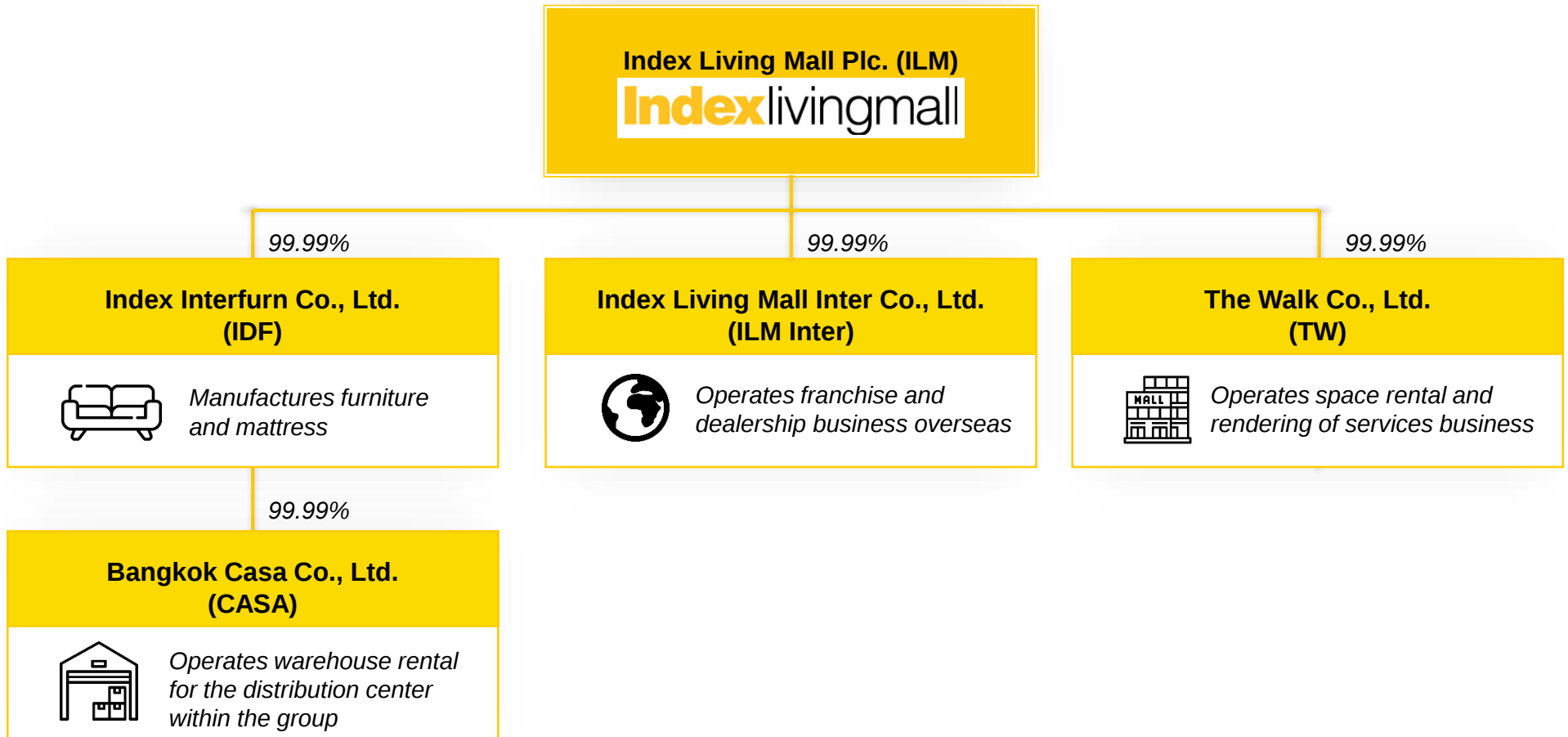
(As of 18 August 2020)

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 48.91%)
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:	6,363 MB or 204.1 MUSD
Free Float:	25.07%

Milestones



Group Company Structure





THANK YOU

For more information, please contact
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ir@indexlivingmall.com

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