



# Indexlivingmall

Index Living Mall Public Company Limited (ILM)

Q3/2020

## Analyst Meeting

25 November 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.*

# Q3/2020 Highlights



## Net Profit Recovered Significantly

The Company recorded Q3/2020 net profit of 145.6 MB, an impressive improvement of 904.4% QoQ, as a result of improved gross profit margin and reduced operating costs in all aspects.



## All-time High %GPM from Sales and %NPM

Gross profit margin from sales escalated to 49.9%, and net profit margin climbed to 7.3%, both of which reached an all-time high since the operation.



## Efficient Cost Management

SG&A dropped by 17.6% YoY as a result of cost reduction initiatives and lean operation, which will also continue in the future for profitability enhancement.



## Well Managed Liquidity

- LT loans at the end of Q3/2020 decreased by 1,367.1 MB from the end of 2019, of which 998 MB was the prepayment.
- The Company paid dividend of 232.3 MB for 2019 operating performance plus an interim dividend announcement of 75.8 MB for the first half of 2020 operating performance.



# AGENDA



**Financial Updates**



**Situation Updates & Outlook**



**Appendix**



# Q3/2020 Key Financial Highlights



-18.4% YoY

Operating Revenue

(Q3/2020) **1,974.7** MB

2,421.5 MB (Q3/2019)



-17.6% YoY

SG&A

(Q3/2020) **755.5** MB

917.3 MB (Q3/2019)



-12.1% YoY

Net Profit

(Q3/2020) **145.6** MB

165.6 MB (Q3/2019)



+4.8% YoY

%GPM from Sale

(Q3/2020) **49.9%**

45.1% (Q3/2019)



+16.4% YoY

EBIT

(Q3/2020) **238.1** MB

204.5 MB (Q3/2019)



+65.5% YoY

Online Sales

(Q3/2020) **116.3** MB

70.3 MB (Q3/2019)

# 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  
**Q3/2020  
Net Profit**

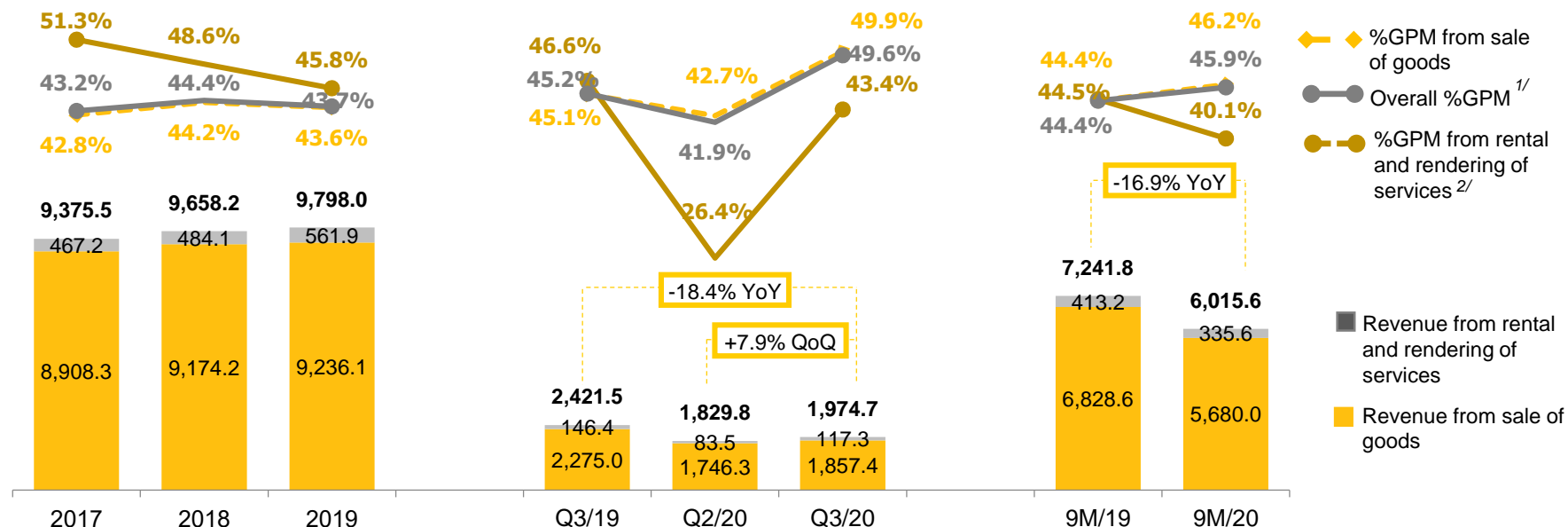
**-6.3** MB

Impact to  
**9M/2020  
Net Profit**

**-18.9** MB

# Operating Revenue

(THB million, %)



<sup>1/</sup> 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, Q3/2019, and 9M/2019 was 42.9%, 44.1%, 43.5%, 45.0% and 44.2% respectively.

<sup>2/</sup> %GPM from rental and rendering of service before reclassification in 2017, 2018, 2019, Q3/2019, and 9M/2019 was 45.3%, 43.0%, 41.7%, 42.6%, and 40.3% respectively.

## Q3/2020

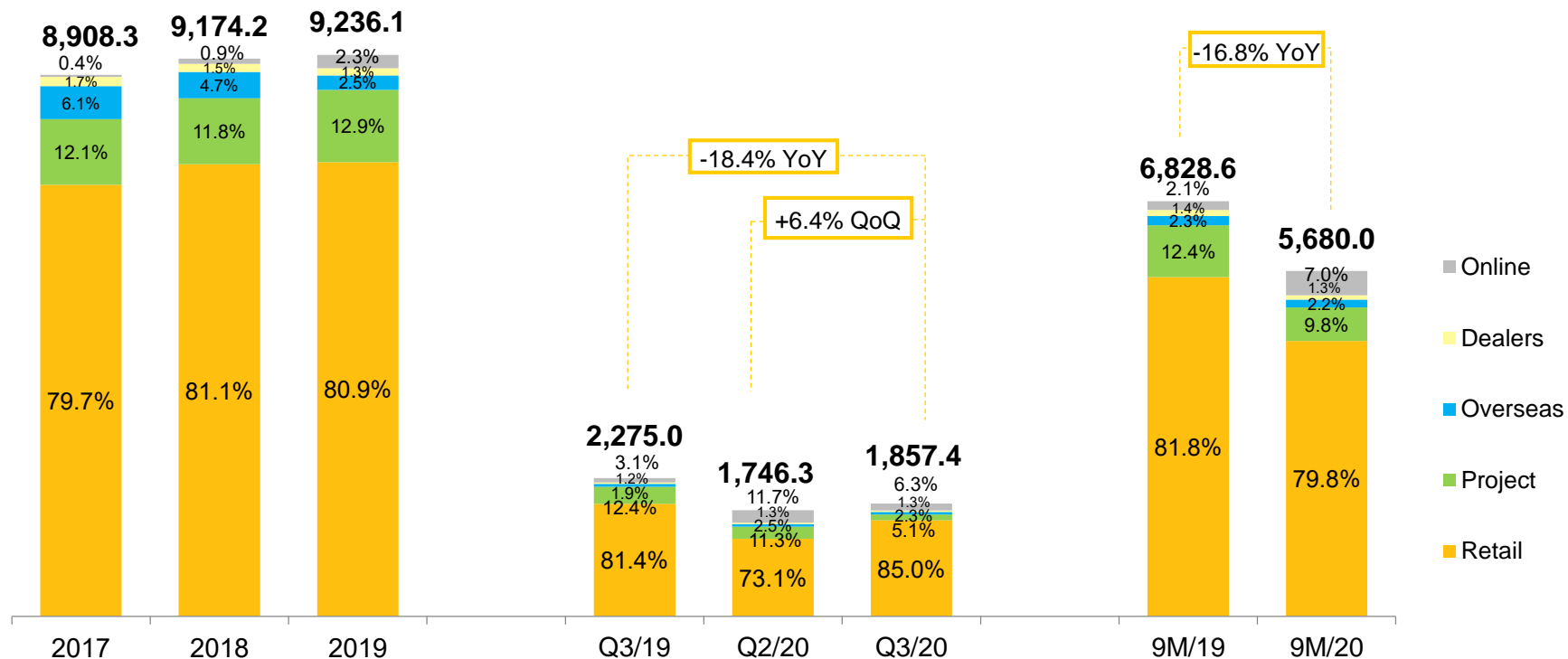
- Operating revenue decreased YoY, mainly due to consumers' cautious spending resulted from concerns about the economy and the COVID-19 pandemic situation but increased QoQ, supported by the reopening of all stores since 17 May 2020.
- However, online sales continued to grow remarkably by 65.5% YoY, and OEM sales rose by 117.5% YoY.
- The Company reached an all-time high gross profit margin from sales at 49.9%, supported by higher production efficiency, improved product mix with a higher proportion of sales from higher profit margin products, and effective sales promotions.

## 9M/2020

- The decreased operating revenue was mainly due to the store closure from 22 March to 16 May 2020 as well as the consumers' cautious spending.
- However, online sales managed to grow sharply by 175.8% YoY, and OEM sales rose by 106.8% YoY.
- Despite the YoY drop in operating revenue, %GPM from sales managed to improve significantly.

# Sales by Channel

(THB million, %)



## Q3/2020

- Q3/2020 sales dropped almost all channels YoY but improved QoQ.
- However, online sales continued to grow remarkably by 65.5% YoY.

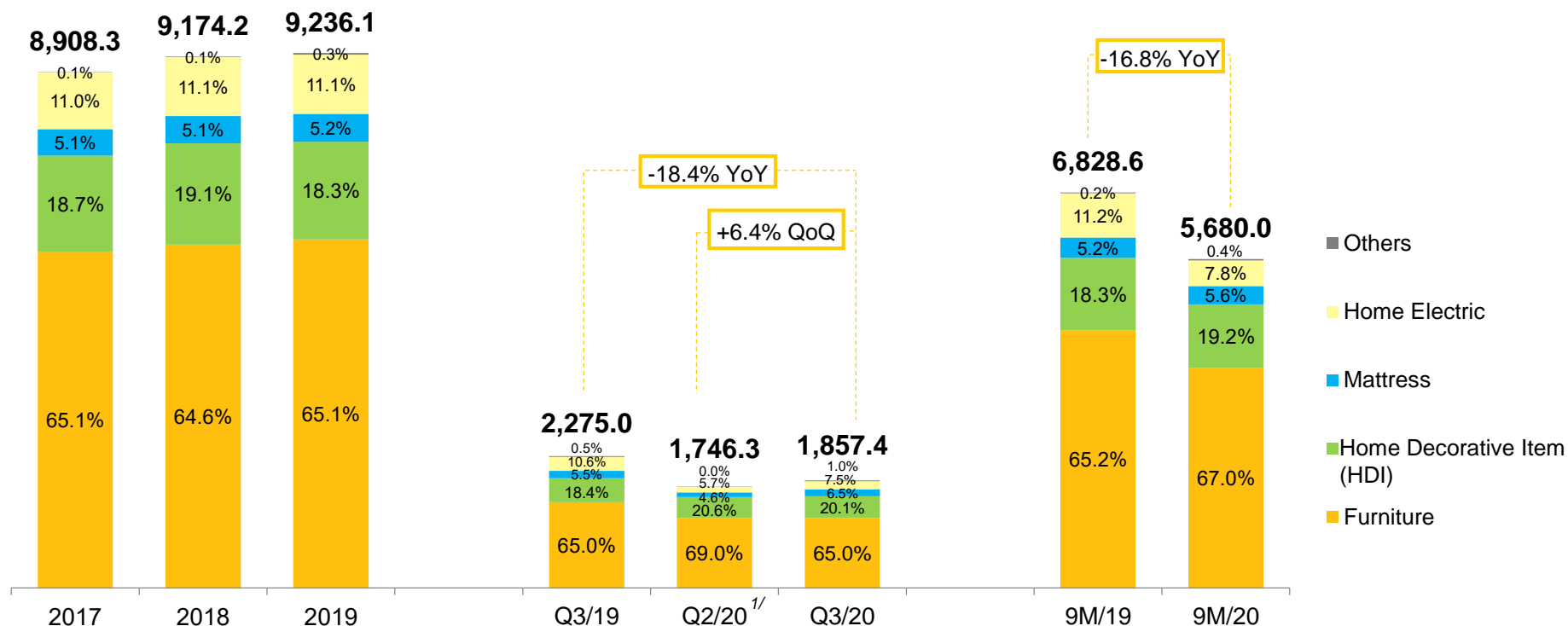
## 9M/2020

- 9M/2020 sales also dropped almost all channels YoY, except online sales which rose outstandingly by 175.8%, home project sales which climbed up by 16.7% YoY, and OEM sales which rose by 106.8% YoY.



# Sales by Product

(THB million, %)



<sup>1/</sup> The Company has regrouped sales between Furniture and HDI. Sales ratio of Furniture and HDI before regrouping in Q2/2020 was 67.6% and 22.1%, respectively.

## Q3/2020

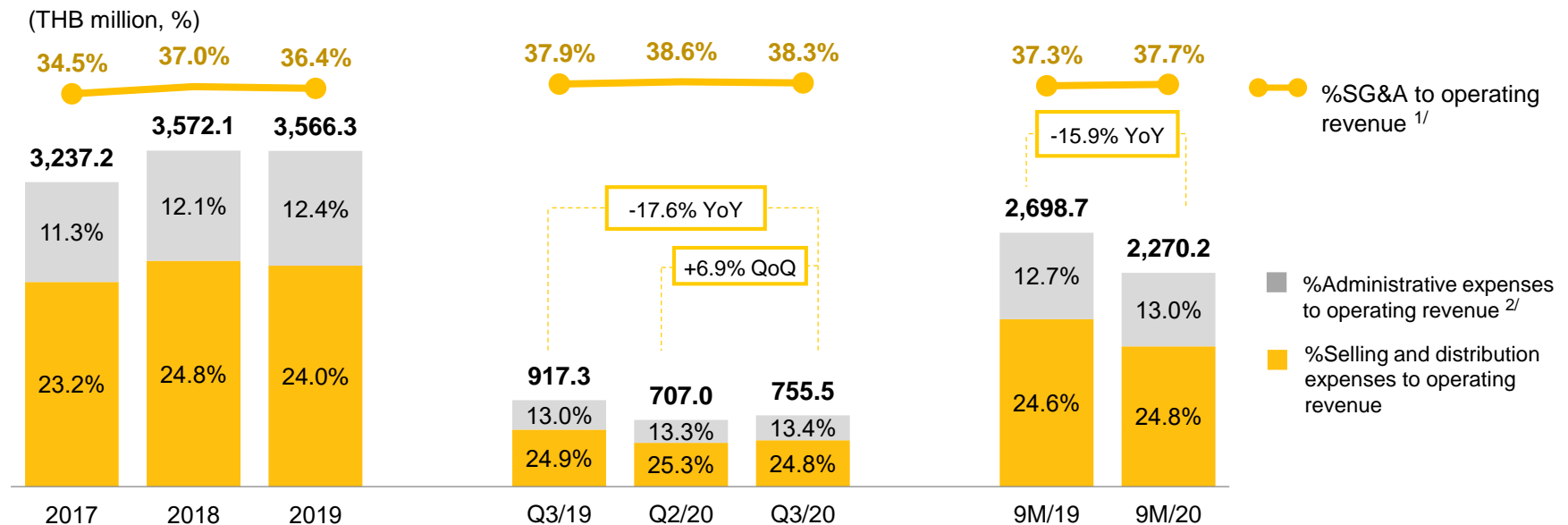
- Q3/2020 sales decreased almost all groups YoY but increased QoQ.

## 9M/2020

- 9M/2020 sales also dropped almost all product groups YoY.

# Selling & Administrative Expenses

**Index**livingmall



- 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.

<sup>1/</sup> 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, Q3/2019, and 9M/2019 was 34.2%, 36.7%, 36.2%, 37.6%, and 37.0% respectively.

<sup>2/</sup> %Administrative expenses to operating revenue before reclassification in 2017, 2018, 2019, Q3/2019, and 9M/2019 was 11.0%, 11.9%, 12.2%, 12.7%, and 12.5% respectively.

## Q3/2020

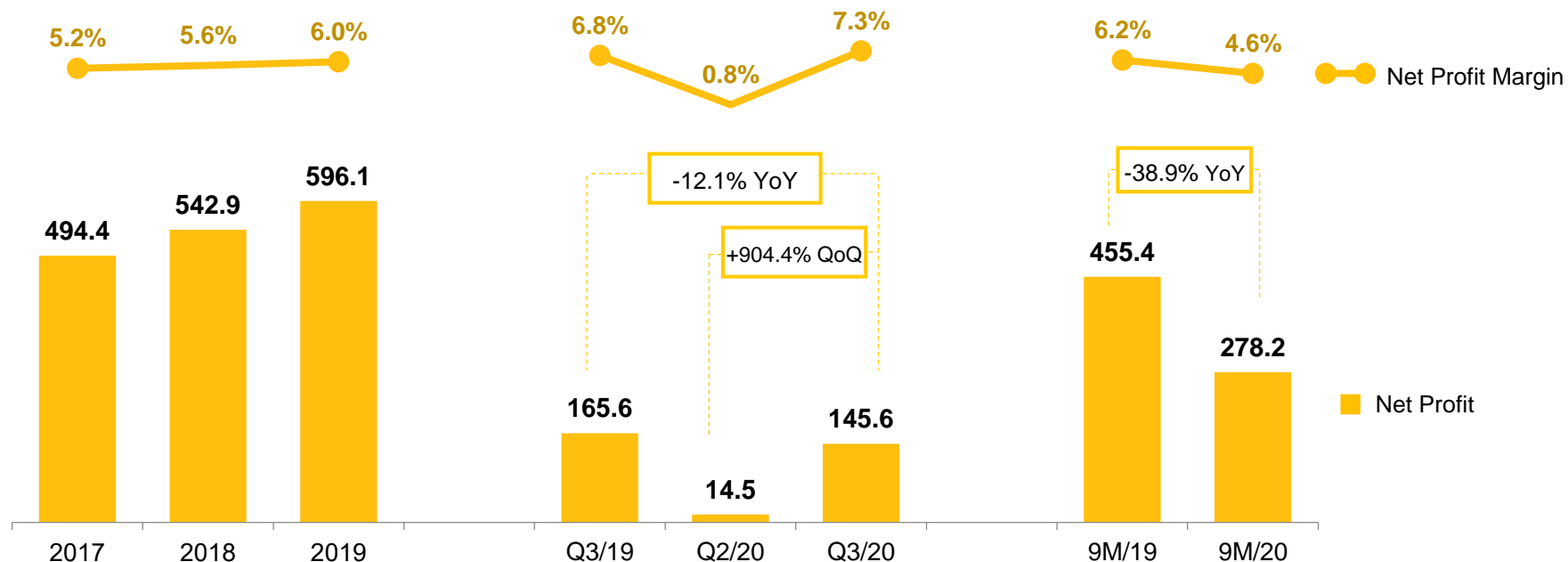
- SG&A decreased YoY but increased QoQ, following the change in operating revenue. The adoption of TFRS 16 since 1 January 2020 also lowered the Q3/2020 selling and distribution expenses by 26.7 MB and administrative expenses by 5.5 MB.
- The percentage of SG&A to operating revenue increased YoY, mainly due to the drop in operating revenue, despite improved cost management. Meanwhile, the lower QoQ was mainly supported by improved cost management including employee expenses, promotional expenses, etc.

## 9M/2020

- SG&A dropped YoY mainly due to lower operating revenue as well as improved cost management. The adoption of TFRS 16 also lowered the 9M/2020 selling and distribution expenses by 80.0 MB and administrative expenses by 16.4 MB.
- The percentage of SG&A to operating revenue increased YoY, mainly due to the lower operating revenue, despite the improved cost management including employee expenses, utilities expenses, promotional expenses, etc.

# Net Profit & Net Profit Margin

(THB million, %)



## Q3/2020

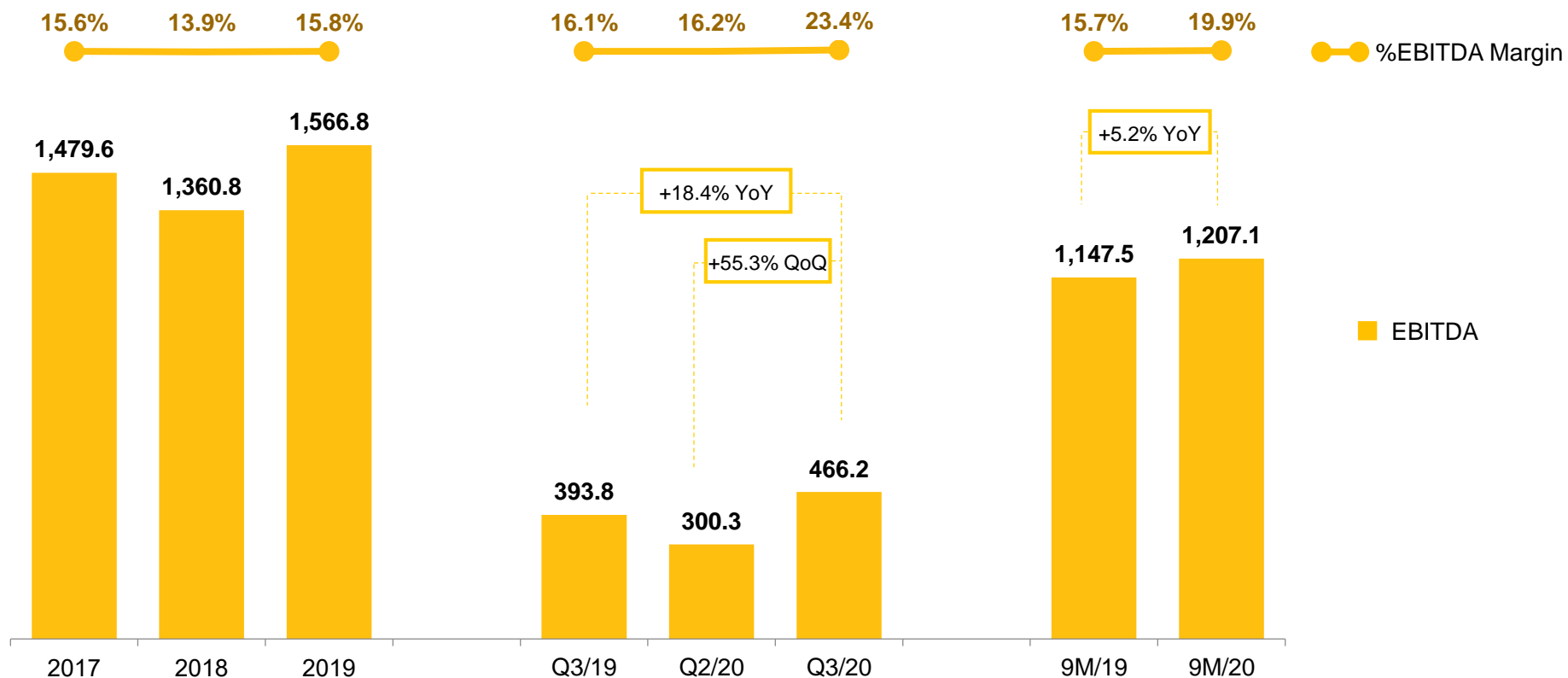
- Net profit recovered remarkably due to the Company's ability to increase gross profit margin, reduce production costs, increase production efficiency, decrease operating costs in every aspect, and manage sales promotion effectively.
- The adoption of TFRS 16 resulted in a lower net profit by 6.3 MB from the recognition of higher depreciation and interest expenses.
- The Company has not yet started another tax benefit of 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 25.5 MB in Q3/2019.

## 9M/2020

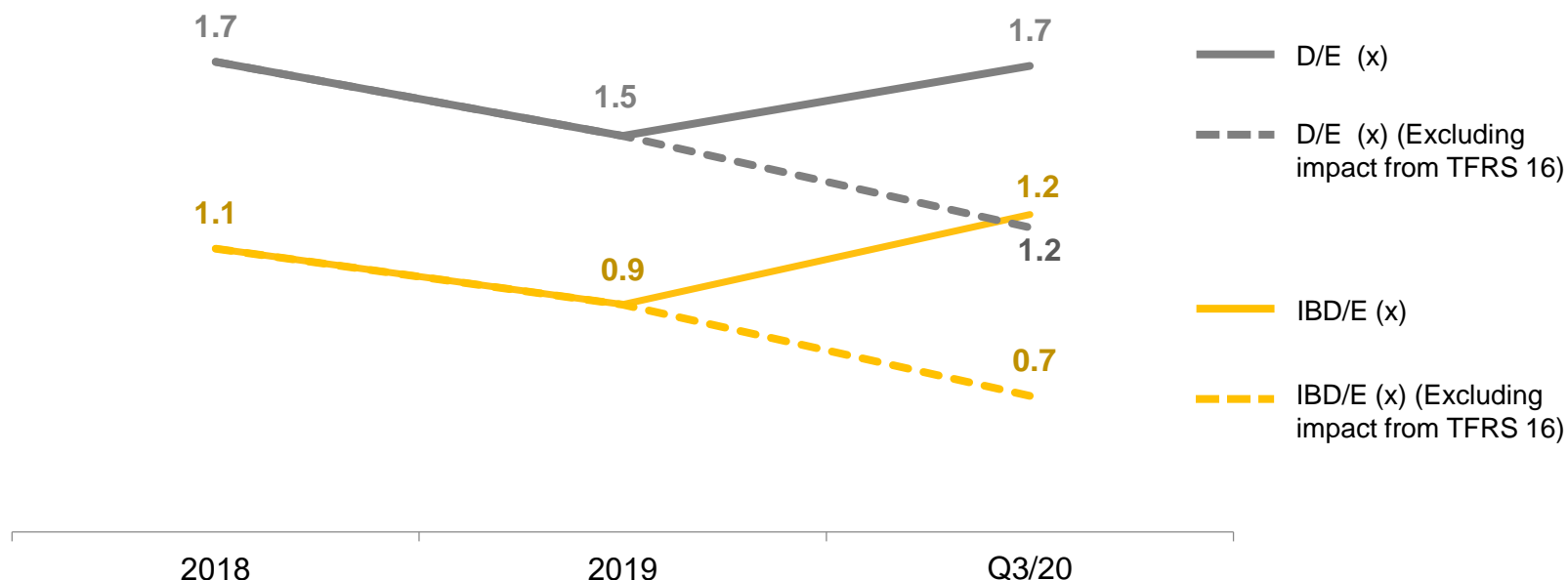
- Although operating revenue decreased, the gross profit margin managed to improve, while SG&A reduced. These were as a result of lower production costs, higher production efficiency, and continuously reduced operating costs in every aspect.
- The adoption of TFRS 16 resulted in a lower net profit by 18.9 MB.
- The Company recognized a tax benefit of 60.3 MB during 9M/2019.

# EBITDA & EBITDA Margin

(THB million, %)



# Leverage Ratios



## Q3/2020

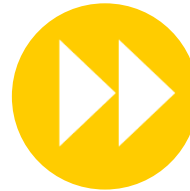
- Increased Debt to Equity (D/E) and Interest-bearing Debt to Equity (IBD/E) was mainly due to the adoption of the TFRS 16, which resulted in higher liabilities by 2,436.4 MB, comprising of higher lease liabilities by 2,738.3 MB but lower other payables by 301.9 MB.
- If excluding the impact of TFRS 16, D/E would be 1.2x, and IBD/E would be 0.7x.
- Borrowings from financial institutions at the end of Q3/2020 were 3,294.6 MB, decreased by 1,370.1 MB, or 29.4% from 4,664.7 MB at the end of 2019.



# AGENDA



Financial Updates



**Situation Updates & Outlook**



Appendix



# Future Outlook



**Maintain gross profit margin  
at a high level**



**Control operating costs in every  
aspect to be spending effectively  
to enhance profitability**



**Reduce and maintain inventories  
at a lower level without losing  
sales opportunities**



**New business model: partnership  
expansion and new brand/ new  
product**



**End-year activities: festive sale  
and 'Shop Dee Mee Kuen'  
campaign**

# Partnership Expansion



## ILM x NocNoc.com

Partnership with NocNoc.com, a leading online market platform for construction materials and home decoration products category to strengthen the Company's online sales



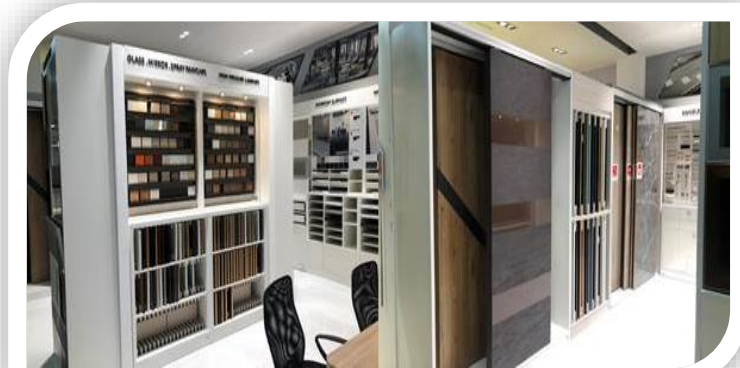
## Younique x Landy Home

Partnership with Landy Home, the No. 1 home builder in Thailand to directly reach customers who are building a new house



## Younique x SCG

Partnership with SCG, the leader in Innovative House to reach more high-end customers who are renovating houses

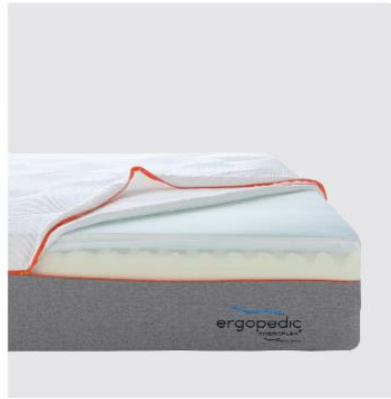


## Younique x Boonthavorn

Partnership with Boonthavorn, a leading business center for decorative materials, tiles, sanitary ware, bathroom, etc. to expand customer base both end users and contractors.

# New Product Launch

**BED** in  
**BOX**



**Launch of Innovative Mattress  
“BED in BOX”**







 **furinbox**



**Introduction of a new brand “furinbox”  
for online channel**



# 2020 Goals

Before COVID-19	After COVID-19	Results	
Original 2020 Goals (11 March 2020)	Revised 2020 Goals (24 August 2020)	Q3/2020 Results	9M/2020 Results
<b>%GPM from Sale</b>	<b>%GPM from Sale</b>	<b>%GPM from Sale</b>	<b>%GPM from Sale</b>
+1.0 to +1.5%	+1.0 to +1.5%	 +4.8% YoY	 +1.9% YoY
<b>%SG&amp;A</b>	<b>SG&amp;A (Revised)</b>	<b>SG&amp;A</b>	<b>SG&amp;A</b>
-2.0 to -3.0% to Operating revenue	-12.0 to -15.0% (Absolute Amount)	 <ul style="list-style-type: none"> <li>-17.6% YoY</li> <li>+0.4% to Operating Revenue YoY</li> </ul>	 <ul style="list-style-type: none"> <li>-15.9%% YoY</li> <li>+0.5% to Operating Revenue YoY</li> </ul>
<b>Inventories</b>	<b>Inventories</b>	<b>Inventories</b>	<b>Inventories</b>
-300 to -500 MB	-300 to -500 MB	 -305.6 MB* From 2019	 -305.6 MB* From 2019

\* Higher inventories in Q3/2020 from Q2/2020 was mainly due to Home Project inventories waiting for delivery.



# AGENDA



Situation Updates & Outlook



Financial Updates



Appendix

(%YoY)	2019*	2020E		2021E	
		Jun 20	Sep 20	Jun 20	Sep 20
GDP Growth	2.4	-8.1	-7.8	5.0	3.6
- Private Consumption	4.5	-3.6	-3.5	2.5	2.0
- Private Investment	2.8	-13.0	-11.4	5.6	4.2
- Exports of Goods and Services	-2.6	-22.7	-21.2	8.4	4.3
- Imports of Goods and Services	-4.4	-18.9	-16.6	7.3	4.4

Note:\*Outturn, E Estimation

## Commentary from Bank of Thailand:

- The Thai economy would contract in 2020 slightly less than the previous forecast but would expand in 2021 at a lower rate than previously forecasted mainly due to the slow recovery of foreign tourist figures.
- Domestic demand, both private consumption and private investment, were expected to improve somewhat, while the labor market remained fragile and would take time to recover.
- The impacts of the COVID-19 pandemic were severe globally. The recovery of tourism and merchandise exports in the period ahead remained highly uncertain.

Note: GDP Growth: Q1/2020 -2.0%, Q2/2020 -12.1%, Q3/2020 -6.4%



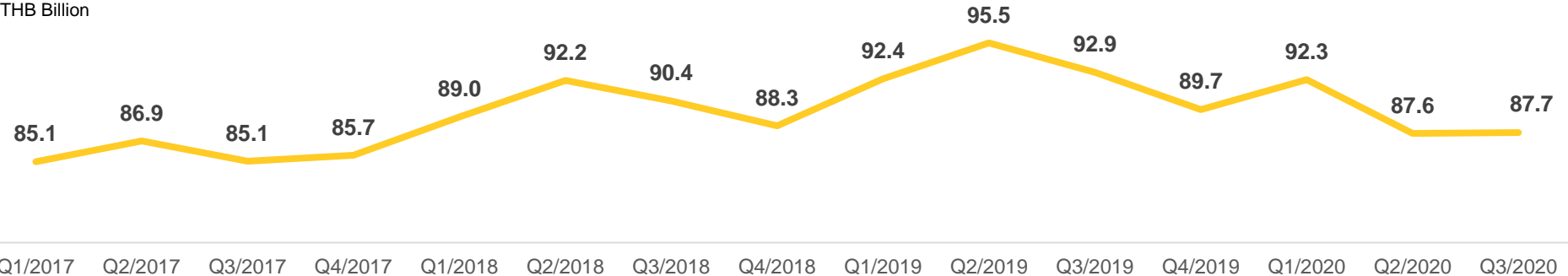
# Q3/2020 Expenditure on Furniture and Furnishings Recovered QoQ

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## Private Consumption Expenditure

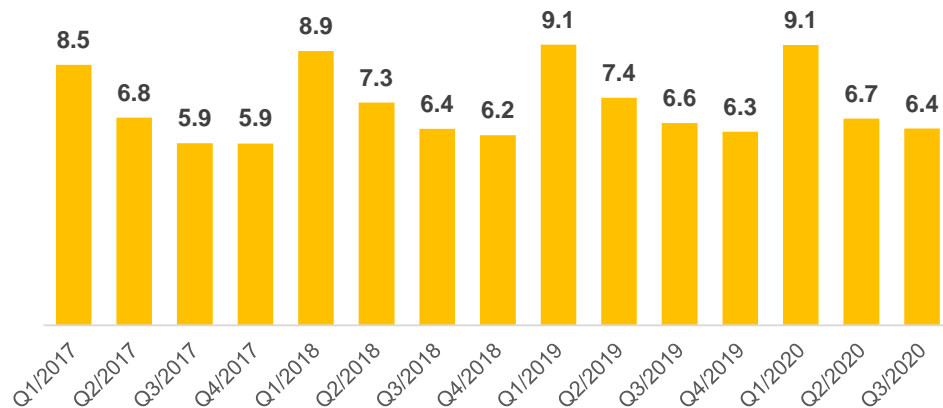
### Private Consumption Expenditure on Furnishings, Households Equipment and Routine Maintenance of the House

Unit: THB Billion



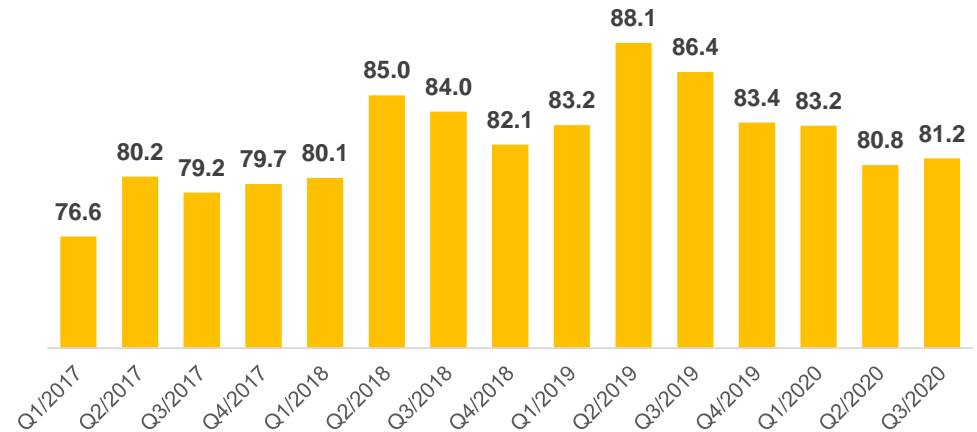
### Furniture and Furnishings, Carpets and Other Floor Covering

Unit: THB Billion



### Households Equipment and Routine Maintenance of the House

Unit: THB Billion



# 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)

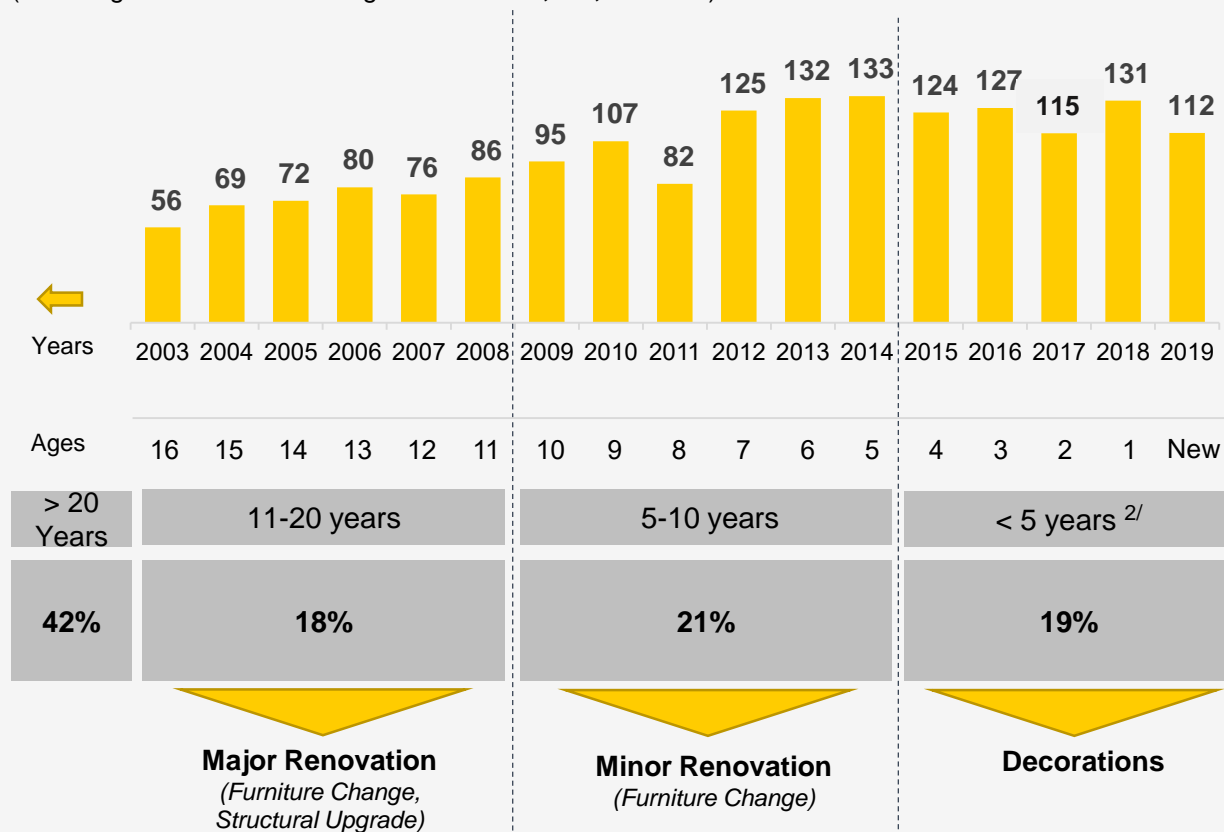


Spend more time at Home  
(Develop Better Living Atmosphere)

### 2 Aging Houses

Number of new houses registered in Bangkok Metropolitan Region \* <sup>1/</sup> ('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: <sup>1/</sup> BOT, <sup>2/</sup> Thaiwudsadu

# Strength in Numbers

1<sup>st</sup>

**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 September 2020

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

# Business Overview

9M/2020

Revenue from sale of goods

94% **SALES**

**Index**  
livingmall

Revenue from rental and rendering of services

6% **RENTAL**

**Domestic**



98%

Of revenue from sales of goods

## **1. Retail Stores**

- 5 brands of retail stores covering all groups of customers

80%

## **3. Dealers**

- Products sold through 25 dealer stores nationwide

1%

## **2. Projects**

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

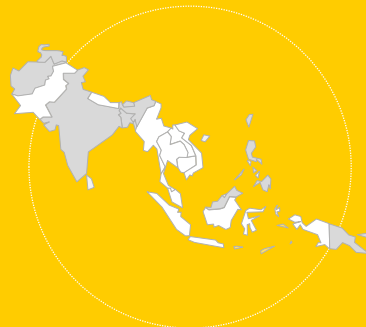
10%

## **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-sized Community Malls

- 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

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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

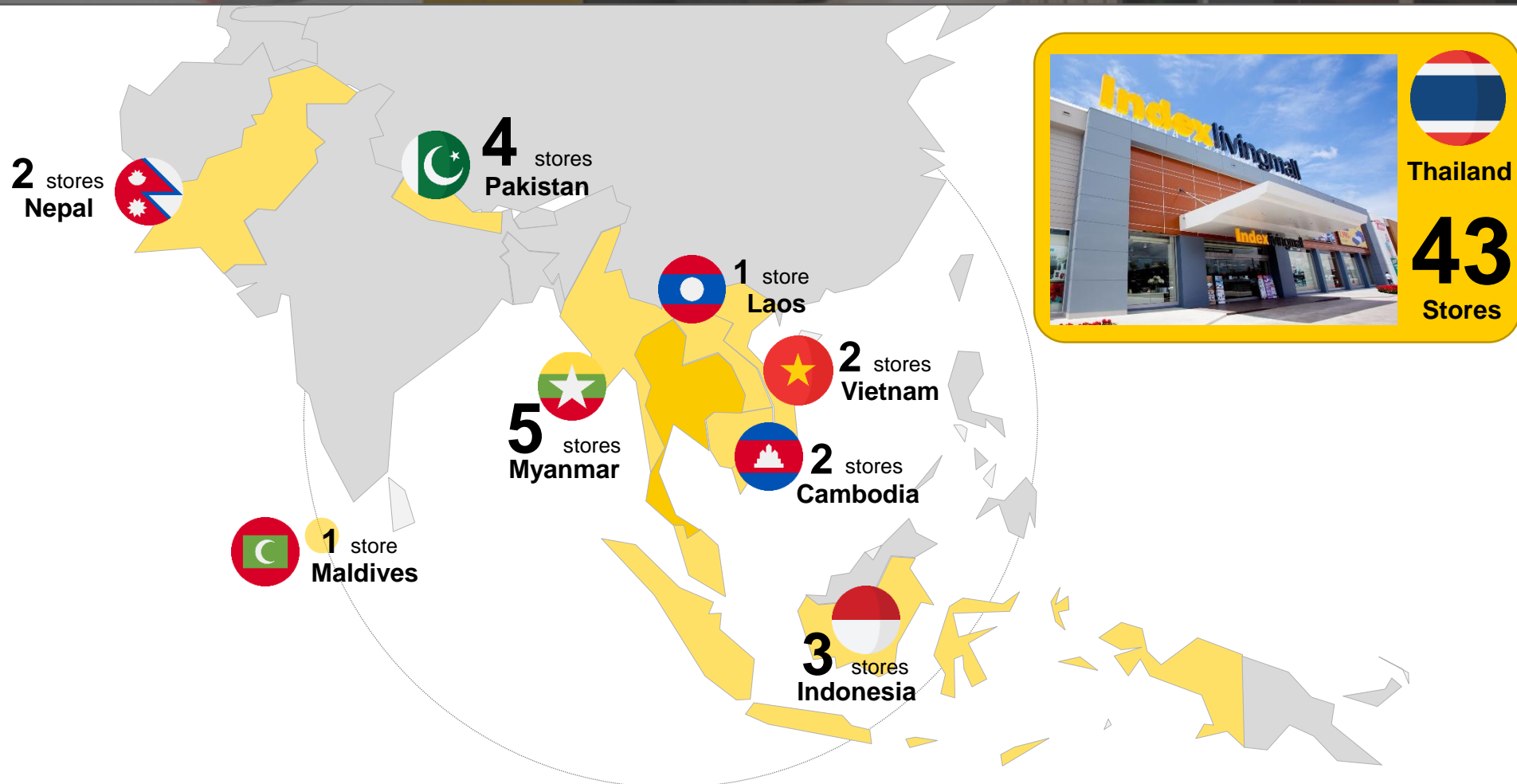
- 4 stores at Index Living Mall

- 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**

Remark: Data as of 30 September 2020



# 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 <sup>2</sup> )	16,515.7
Occupancy Rate	84.9%

Tenants



#### The Walk Kaset-Navamin

Year of opening	August 2013
Area (m <sup>2</sup> )	15,310.9
Occupancy Rate	79.8%

Tenants



#### The Walk Nakhonsawan

Year of opening	January 2014
Area (m <sup>2</sup> )	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 <sup>2</sup> )	3,484.8
Occupancy Rate	93.3%

Tenants



#### Little Walk Pattaya

Year of opening	November 2018
Area (m <sup>2</sup> )	5,322.2
Occupancy Rate	73.1%

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 <sup>2</sup> )	3,450.9
Occupancy Rate	86.4%

#### Index Mall Chaiyapruet

Year of opening	March 2019
Area (m <sup>2</sup> )	3,623.6
Occupancy Rate	93.8%

#### Index Mall Bang Yai

Year of opening	March 2017
Area (m <sup>2</sup> )	5,907.0
Occupancy Rate	88.7%

#### Index Mall Bangna

Year of opening	September 2018
Area (m <sup>2</sup> )	3,171.6
Occupancy Rate	52.9%

Tenants



4

## Other rental areas in Index Living Mall

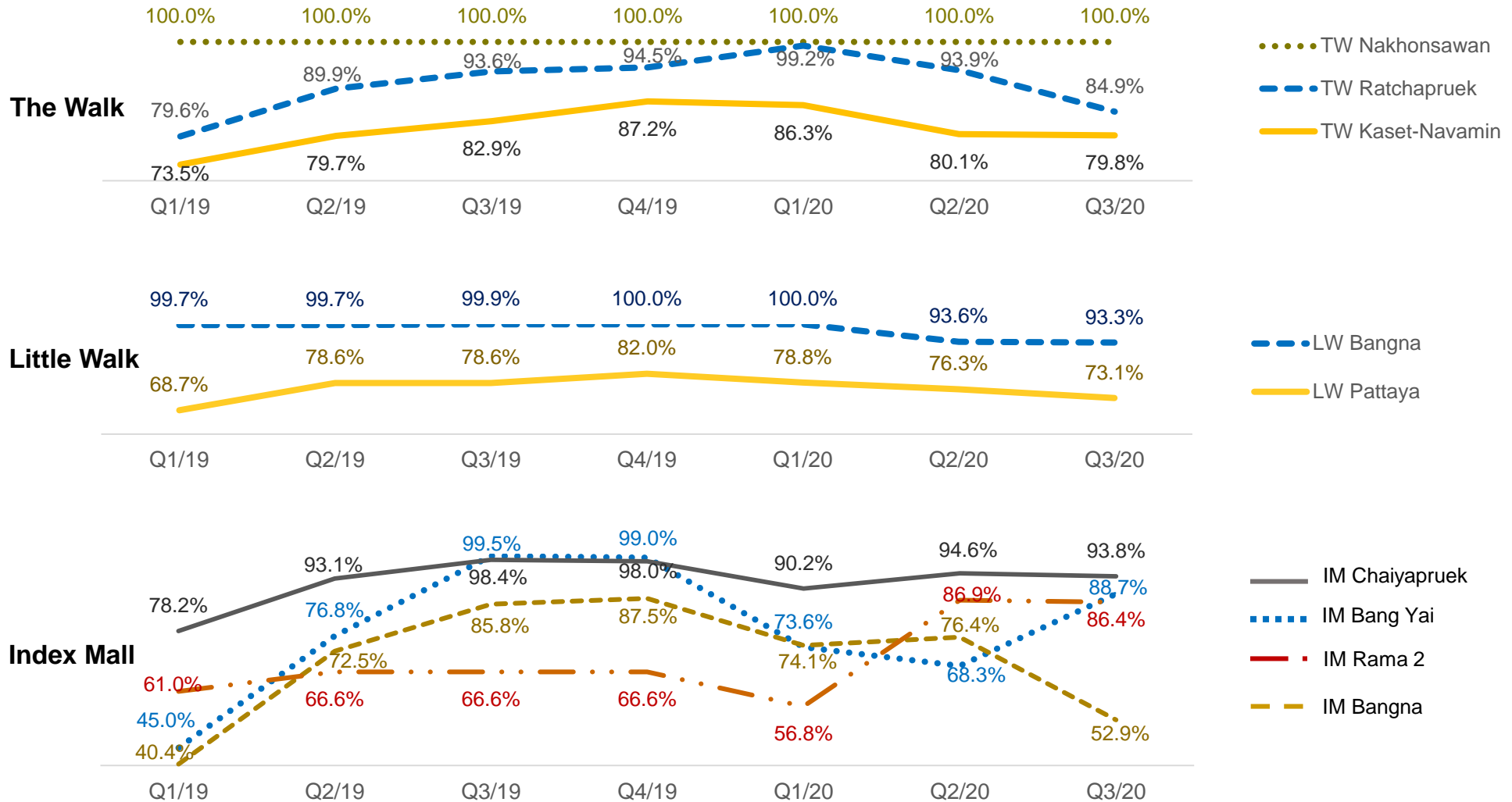
### Rental space in 11 Stores of Index Living Mall

Total rental area (m <sup>2</sup> )	2,945.5
Occupancy Rate	45.0%

Tenants

au bon pain. and other tenants

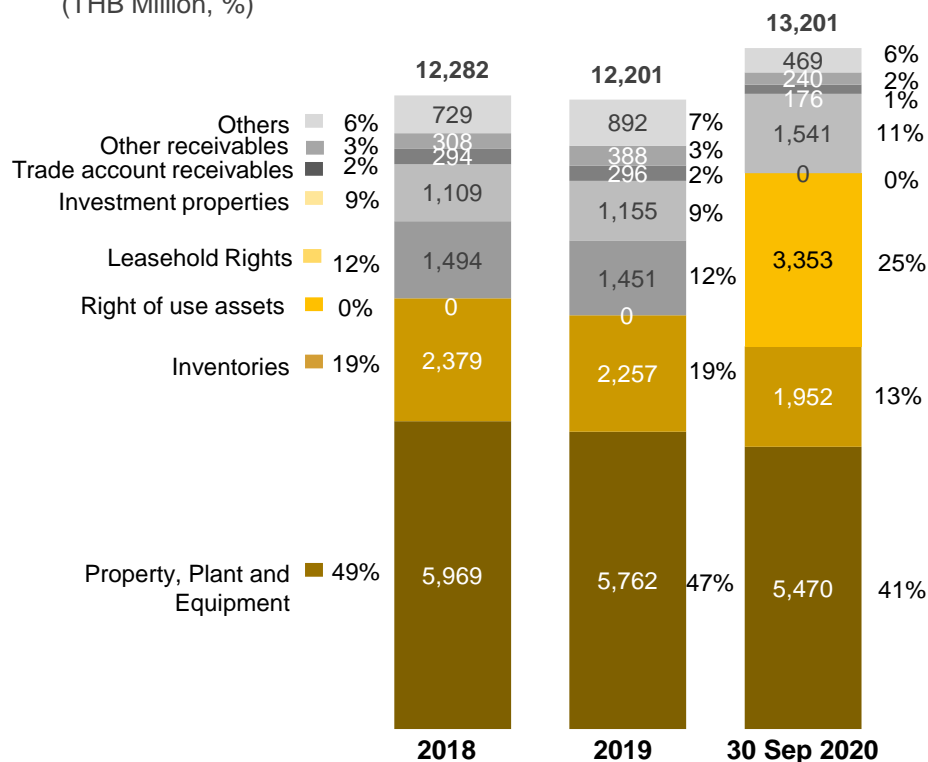
# Q3/2020 Rental Occupancy Rate



# Statement of Financial Position

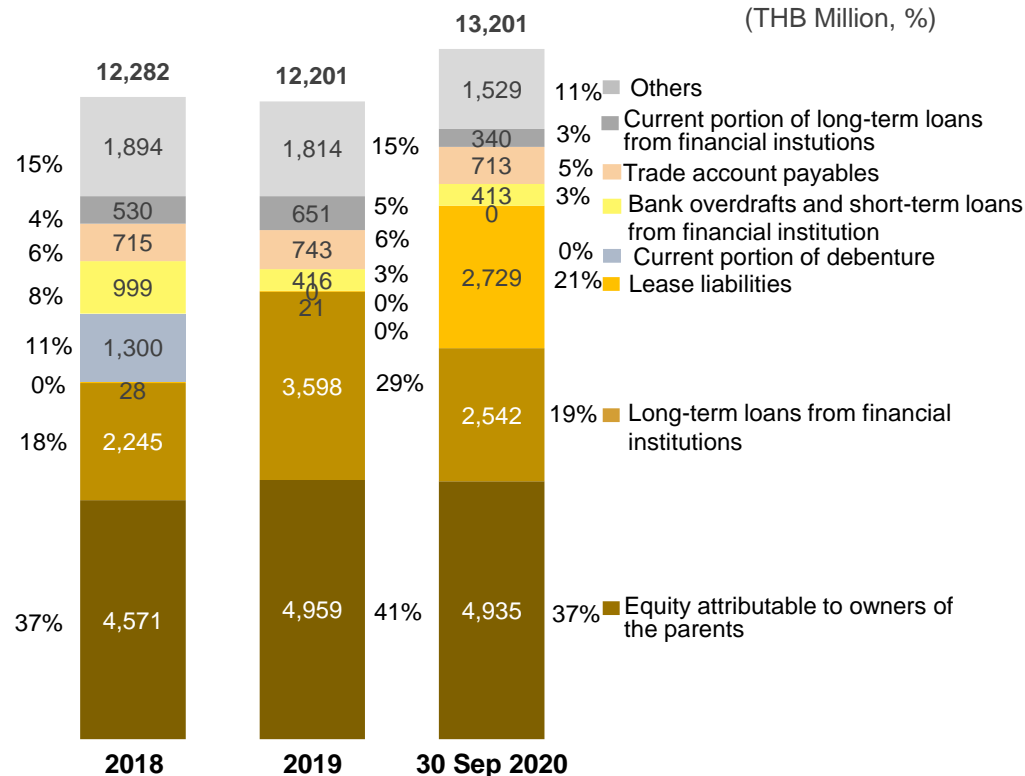
## Total Assets

(THB Million, %)



## Total Liabilities and Equity

(THB Million, %)



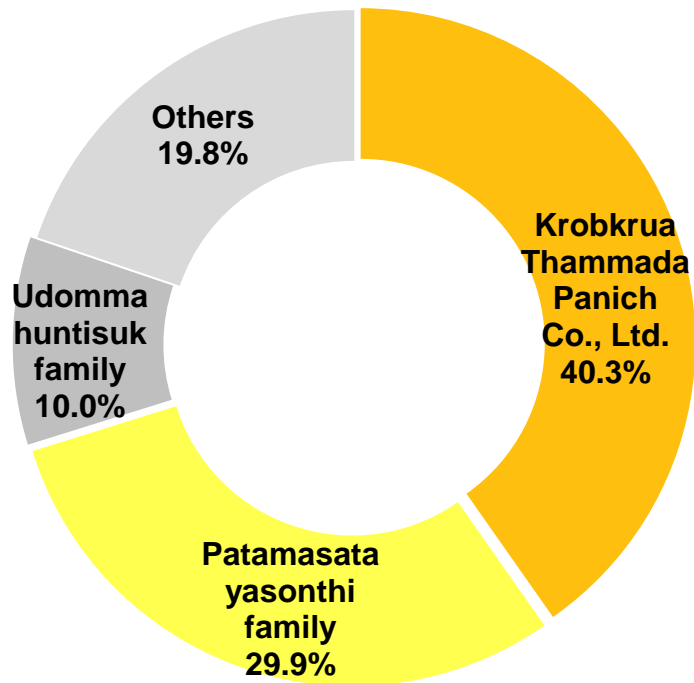
- Increased total assets at the end of Q3/2020 was mainly due to the adoption of TFRS 16 which resulted in higher assets by 2,436.4 MB, comprising of the higher rights of use assets by 3,514.3 MB and higher investment properties by 400.7 MB, but lower leasehold rights by 1,451.3 MB and lower property, plant and equipment by 27.3 MB.
- However, inventories at the end of Q3/2020 decreased by 305.6 MB or 13.5% from the end of 2019 mainly due to the improved supply chain management, but increased from 1,773.4 MB as at the end of Q2/2020 as a result of the higher stock for project customers waiting for delivery and stock for stores to support the sales increase after the government released the lockdown.

- Increased liabilities at the end of Q3/2020 was mainly due to the adoption of 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.
- However, outstanding borrowings from financial institutions at the end of Q3/2020 were 3,760.5 MB, decreased by 1,370.1 MB, or 29.4% from 4,664.7 MB at the end of 2019.
- Decreased equity attributable to owners of the parent at the end of Q3/2020 was mainly due to the dividend payment totaling 232.3 MB for the 2019 operating performance, plus an interim dividend announcement of Baht 0.15 per share totaling 75.8 MB for the first half of 2020 operating performance.

# Shareholding Structure and Share Information

## Shareholding Structure

(As of 29 September 2020)



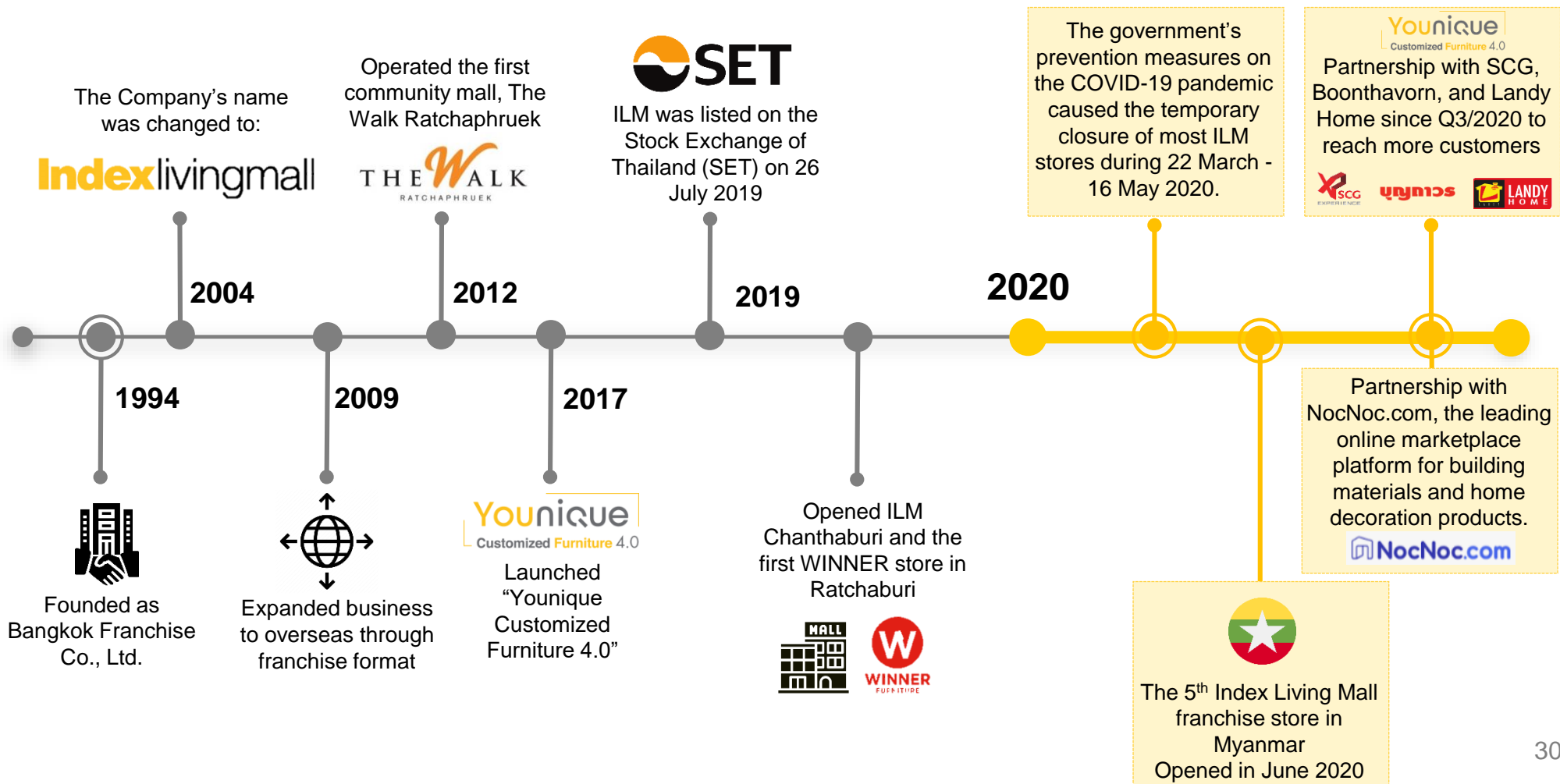
## Share Information

(As of 20 November 2020)

<b>Stock Symbol:</b>	ILM
<b>Industry and Sector:</b>	Commerce
<b>No. of Listed Shares:</b>	505,000,000 Shares
<b>Registered Capital:</b>	THB 2,525,000,000
<b>Paid-up Capital:</b>	THB 2,525,000,000
<b>Par Value:</b>	THB 5.0 per Share
<b>Listing Date:</b>	26 July 2019
<b>Foreign Limit:</b>	49% (available 48.65%)
<b>Dividend Policy:</b>	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.
<b>Market Capitalization:</b>	7,171 MB or 236 MUSD
<b>Free Float:</b>	25.07%



# Milestones



# Group Company Structure







# THANK YOU

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

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