



A leading food retailer in Thailand



# Big C in a snapshot



- ❖ Created and listed in **1993**
- ❖ 2008 retail sales: **THB67.3bn** (EUR1.5bn)
- ❖ 2008 EBIT margin: **5.9%**
- ❖ **N°2** retailer on large trading formats
- ❖ A dual **retail- property business** model
- ❖ **67 Hypermarkets** and **66 shopping centers**
- ❖ **63.2%** owned by Casino and **16%** owned by the Central Group – the famous local department store in Thailand





**A major player in an attractive market**



**A dual retail & property business**



**Good steady track record**



**Prospects & Conclusion**

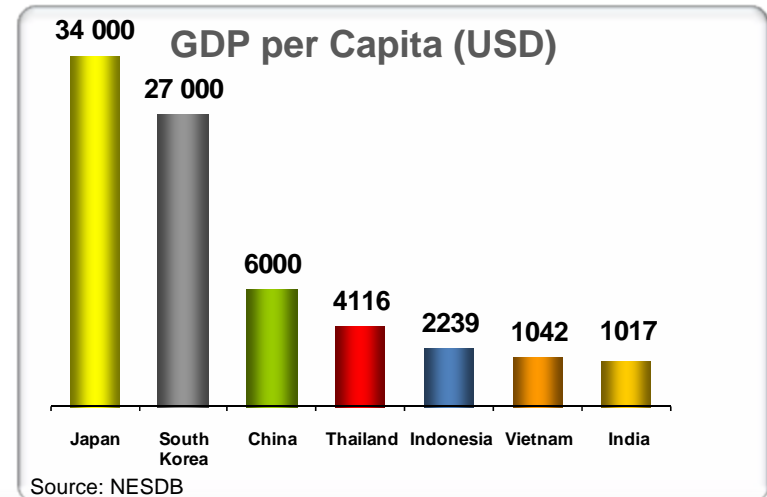
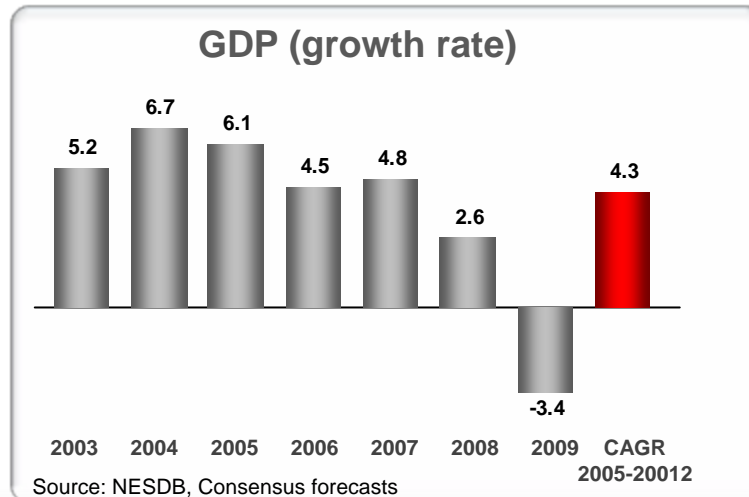
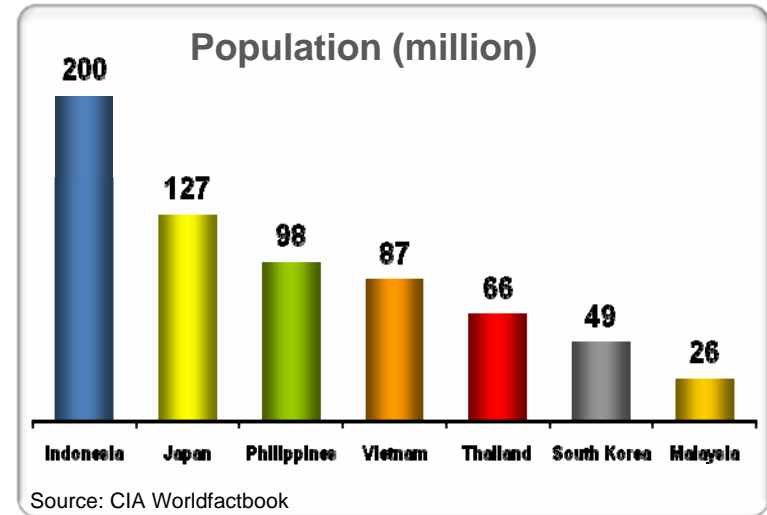
# Thailand: An attractive country in South East Asia



## ❖ A young and dynamic country

**Population: 66 M**  
**21% <15 year-old**  
**PIB : \$273bn**  
**Inflation: -0.9%\***  
**USD/THB= 33.5**  
**Member of APEC**

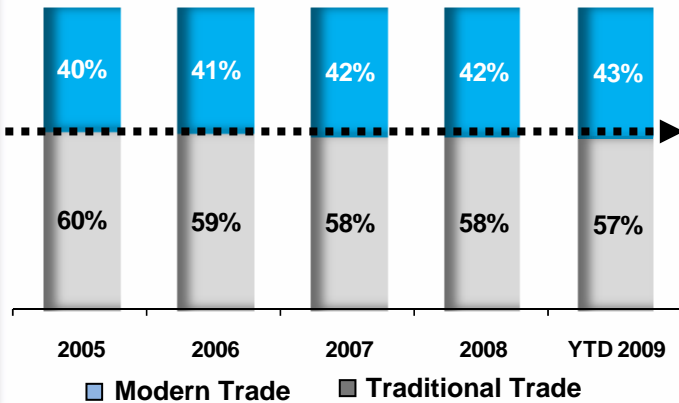
\* Source: NESDB



# Thai retail market: Strong potential for formal distribution

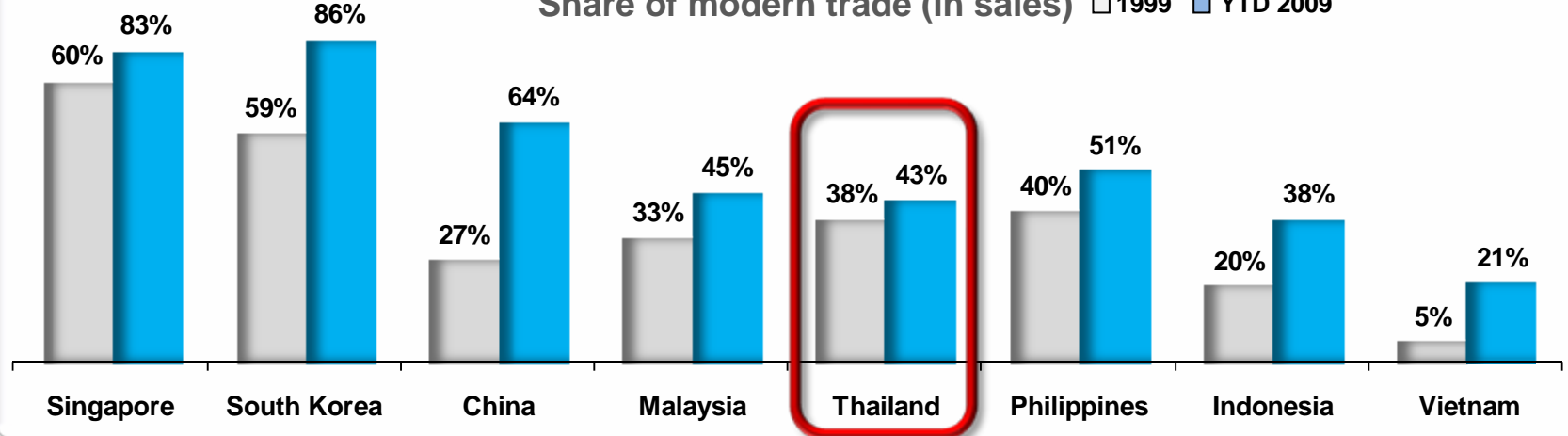


### Thai Food Retail sector (USD17bn)



❖ Traditional trade is still dominant ... but formal distribution is steadily gaining ground

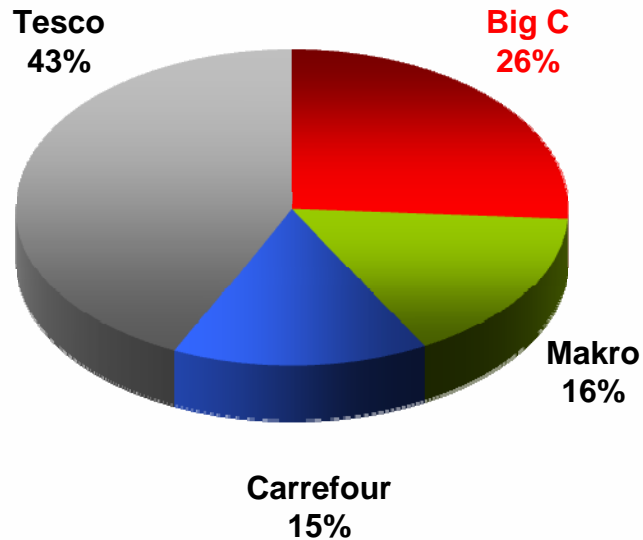
### Share of modern trade (in sales) 1999 vs YTD 2009



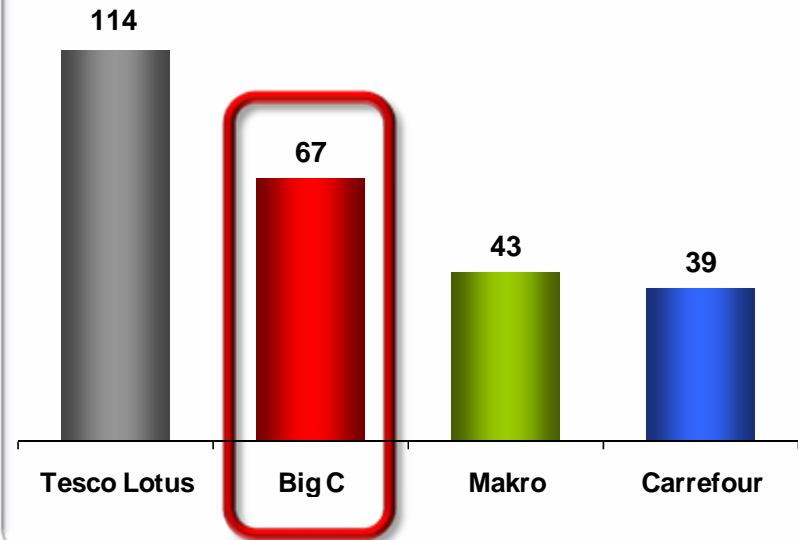
# Big C: The second player on large trading format



Large trading formats  
(Market share in # stores)



Number of hypermarkets  
9 month 2009



- ❖ Four major players on the large trading format segment (Hypers)
- ❖ BIG C is N°2 with **26% market share** (# stores)



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Good steady track record



Prospects & Conclusion

# A dual retail & property business



## Retail



Number of stores	67
Total Space (sq.m.)	593,931
Average surface (sq.m.)	8,900

## Shopping center



Number	66
Total Space (sq.m.)	423,684
Average surface (sq.m.)	6,420



## « Big C... More than just low price »



- ❖ Emphasis on the **“Thainess & fun shopping environment”** of Big C
- ❖ A **“value for money”** image
- ❖ A strong **loyalty program**
- ❖ Core client base: **mid to low income population** (90% of the population) and **young families** (households with children under 14 years of age)
- ❖ Hypers located in **dense areas** close to targeted customer



# The « Thai » Retailer



- ❖ Emphasis on the **“Thainess & fun shopping environment”** of Big C, which is typical Thai culture
- ❖ **A “National” banner**
  - ✦ Customers perceive Big C as “Thai” (compared to “Tesco Lotus” and “Carrefour”)
- ❖ **A large offer of locally sourced products (99.7% of sku’s)**
- ❖ **Big C Foundation, a corporate social responsibility program:**
  - ✦ Build schools, libraries, play grounds and basket ball courts
  - ✦ Scholarships awarded to students with high academic achievement and financial needs

# Best price/Quality offer



- ❖ A very **competitive price** positioning - price check
- ❖ **Price index: 99.20%** in Dry Food top 400 Skus
- ❖ **Development of private labels (6% of sales) as part of the price image**
  - ✦ Clothing: C-Zone, The Cove, FFWD, Dondolio, Emily (25% of clothing sales)
  - ✦ Comfort and Country House: Home décor (4% of homeware sales)
  - ✦ Big C Brand and first price (3% of sales)
- ❖ **Active promotion policy:**
  - ✦ On average 1,000 items promoted twice a month through brochure, TV or newspaper
- ❖ **DemandTec**, a software implemented since 2008, in order to optimize price and improve gross profit

**94%** of loyal shoppers see BIG C as offering the cheapest price

# Strong loyalty program ...



- ❖ A new loyalty program **Big Card** launched on **September 9, 2009**
- ❖ **Total 3.6 million members** with profile representing **37.8%** of sales (as of 31 October 2009)
- ❖ Key information to create value for customers both “old” and “new” ones
- ❖ **Increase** the level of customer loyalty through:



## PRICE:

Crazy prices for members, regular prices for others

## REWARD:

Spend 500 THB get 5 THB instant cash coupon

## DISCOUNT COUPON:

Redeem instant cash coupon on the next purchase

... a competitive advantage on other competitors



- ❖ Instant cash coupon
- ❖ 1% cash back
- ❖ Other benefits
  - ✦ Crazy prices once a month
  - ✦ Special discount at Big C tenant shops



- ❖ Point collection
- ❖ 0.5% cash back
- ❖ Other benefits
  - ✦ Discount coupon and crazy price on an occasional basis

# Shopping centers **complementary to hypers**



## ❖ **Developing and enhancing the value of shopping centers: a win-win strategy**

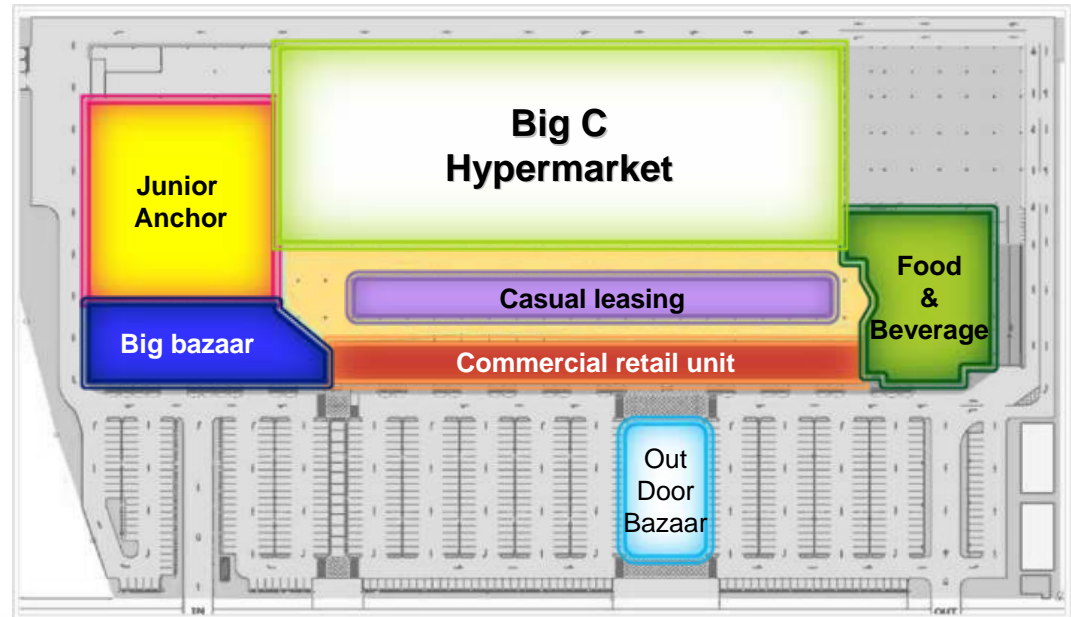
- ✦ Synergistic interactions between retail and real estate management

## ❖ **66 shopping centers representing a total surface > 420,000 sq.m.**

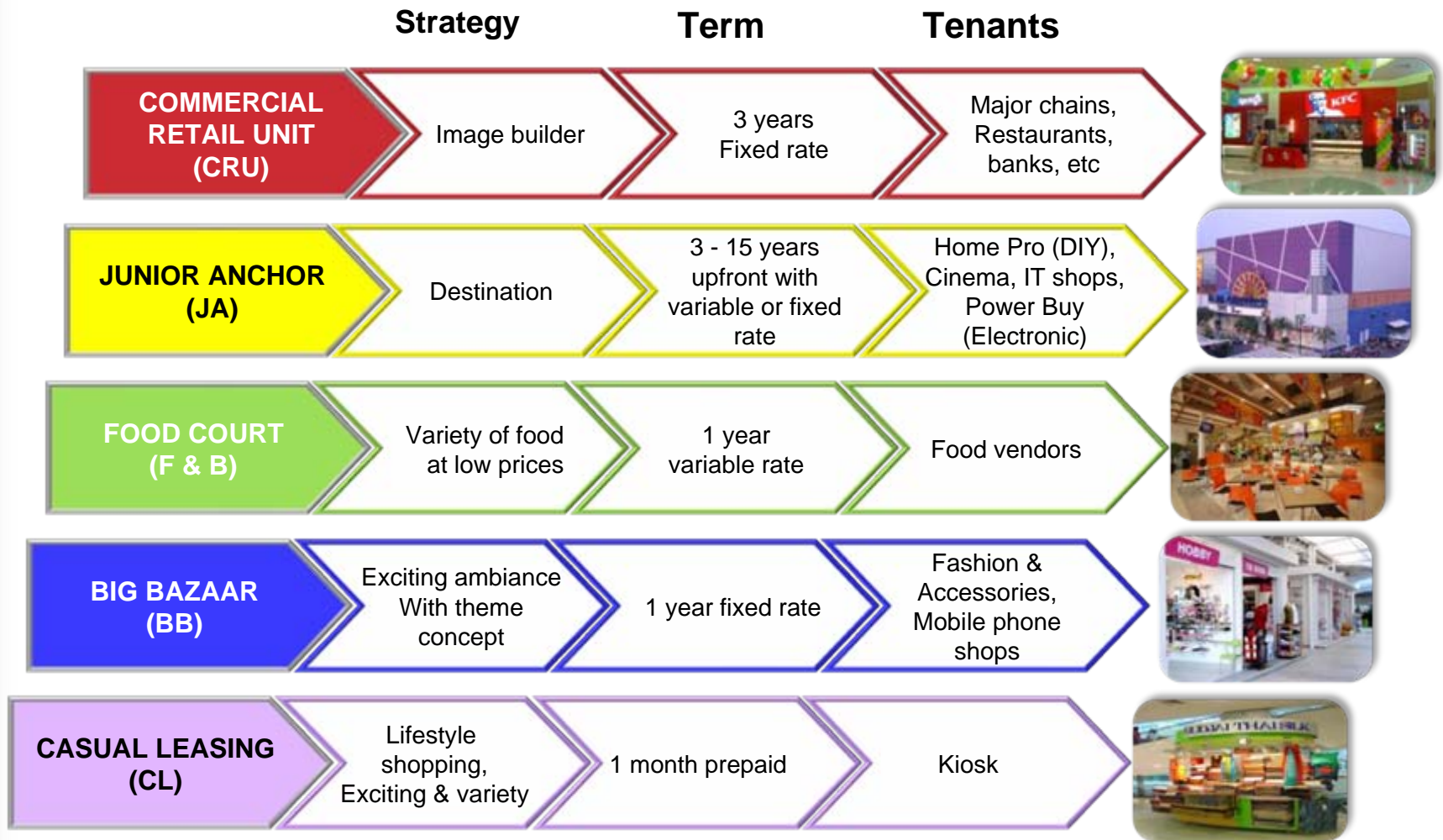
- ✦ Average size: 6,300 sq.m. (up to 20,000 sq.m.)

## ❖ **Five main types of tenants**

- ✦ Commercial Retail Unit
- ✦ Big Bazaar
- ✦ Food Court
- ✦ Junior Anchor
- ✦ Casual Leasing



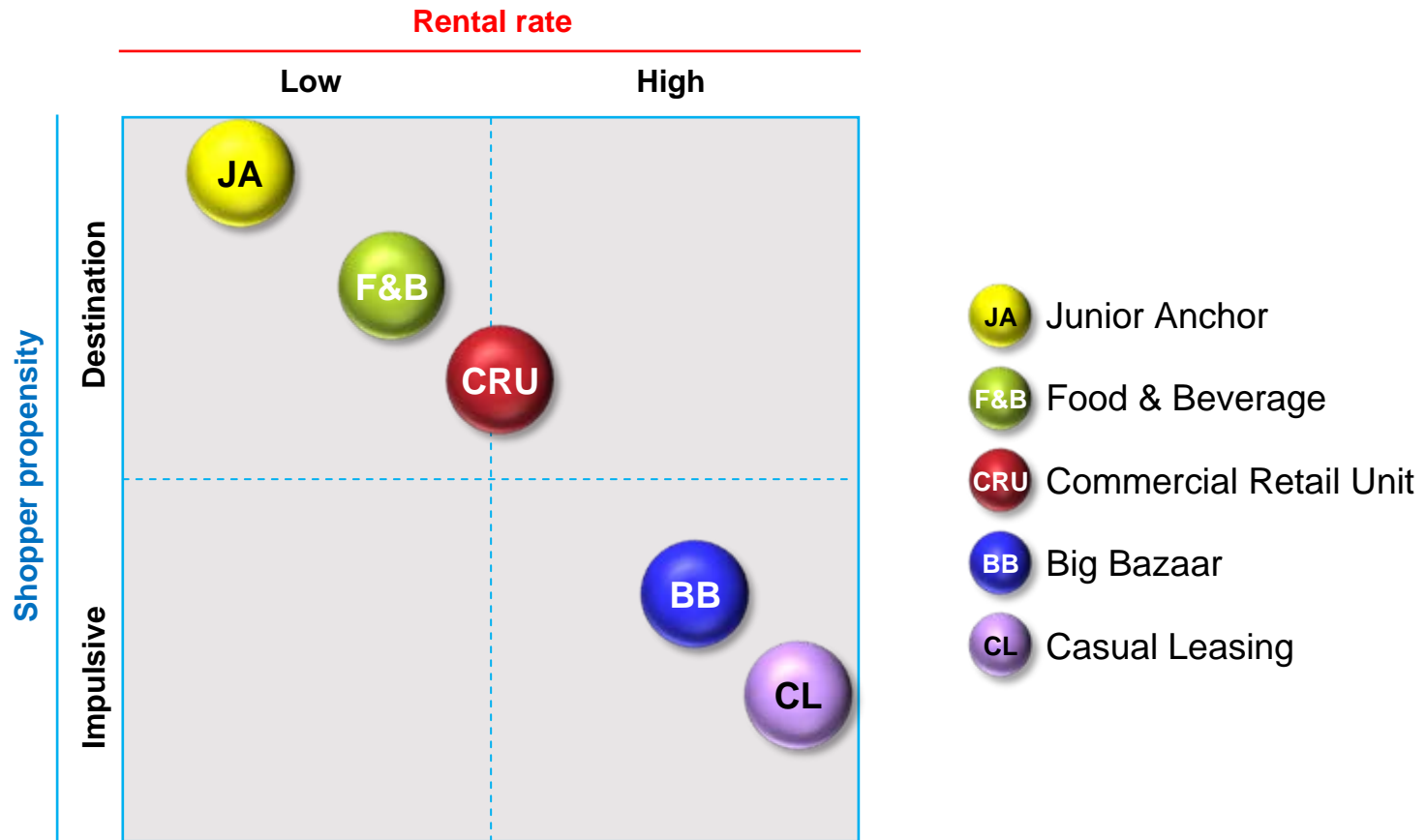
# Variety of tenants to create an exciting environment for shoppers



# The right mix of tenants to optimize property value (1/2)



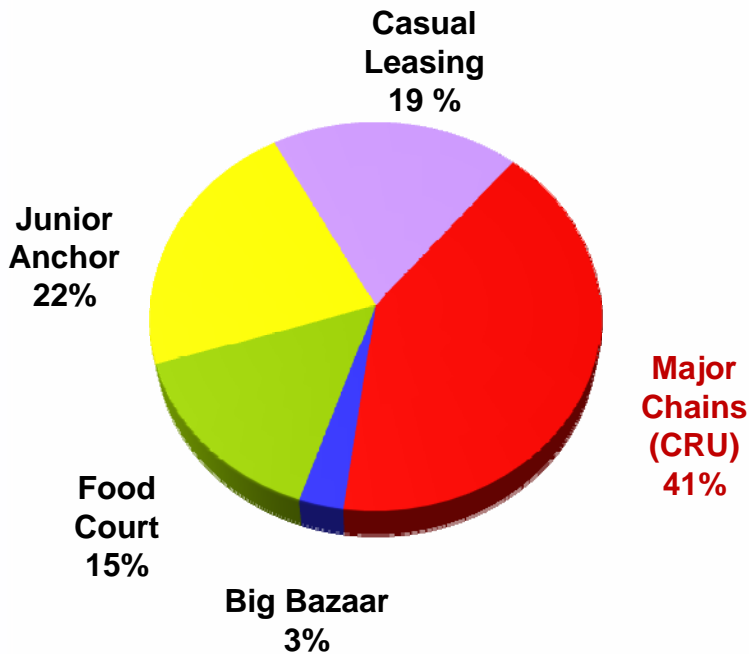
## ❖ Tenancy Mix Matrix



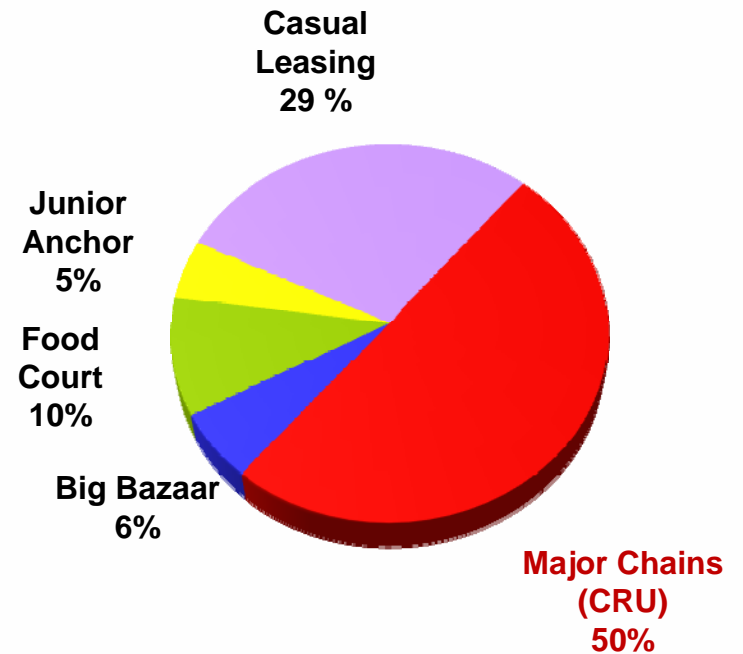
# The right mix of tenants to optimize property value (2/2)



### Occupied area by tenant type



### Rental revenue by tenant type





A major player in an attractive market



A dual retail & property business

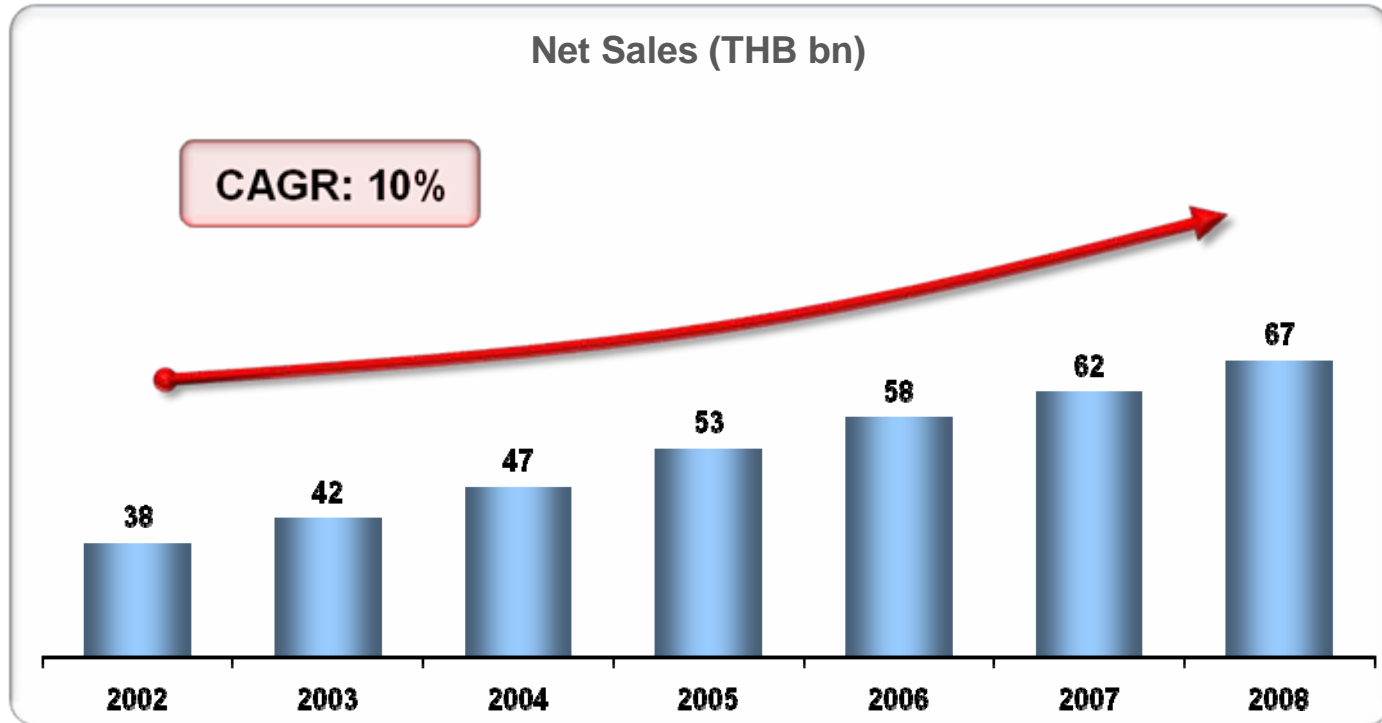


**Good steady track record**



Prospects & Conclusion

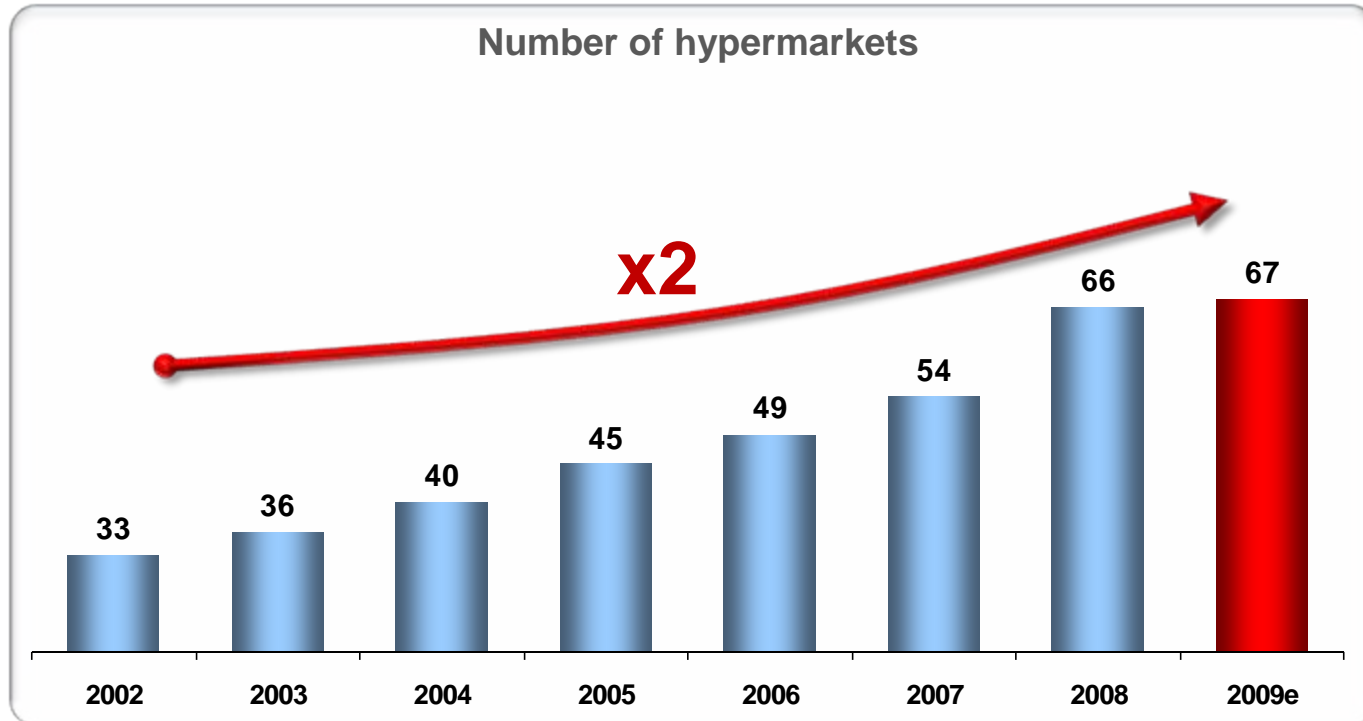
# Sustained retail sales growth



❖ **Double-digit retail sales growth** since 2002 driven by

- ✦ Satisfactory same-store sales growth (2.4% p.a on average)
- ✦ Dynamic expansion strategy, especially in 2008 (+12 stores)

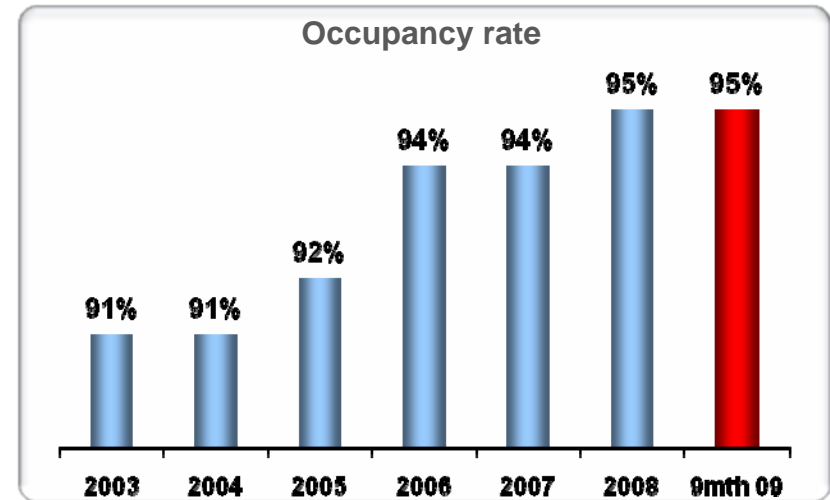
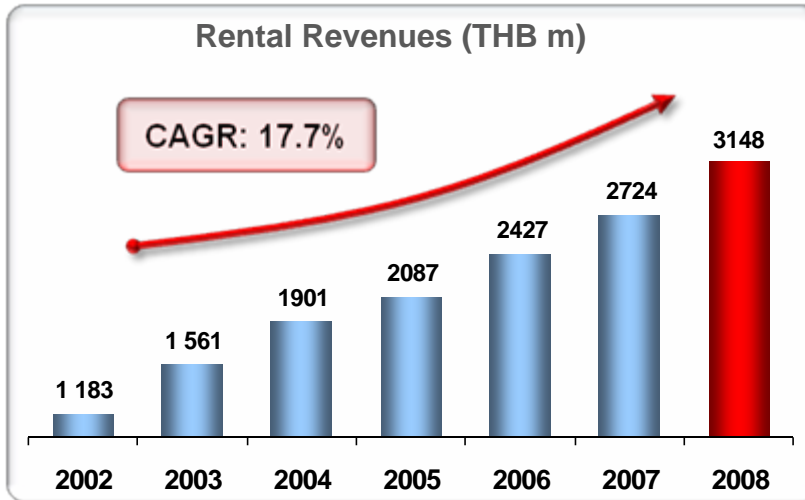
# Dynamic expansion strategy



- ❖ On average **4-5 openings** per year during 2002 - 2007
- ❖ **Accelerated pace** of openings in 2008 (+12 hypers) to secure the expansion program
- ❖ **One store** opening in 2009, reflecting a more cautious and selective approach in a context of economic crisis

# Shopping centers

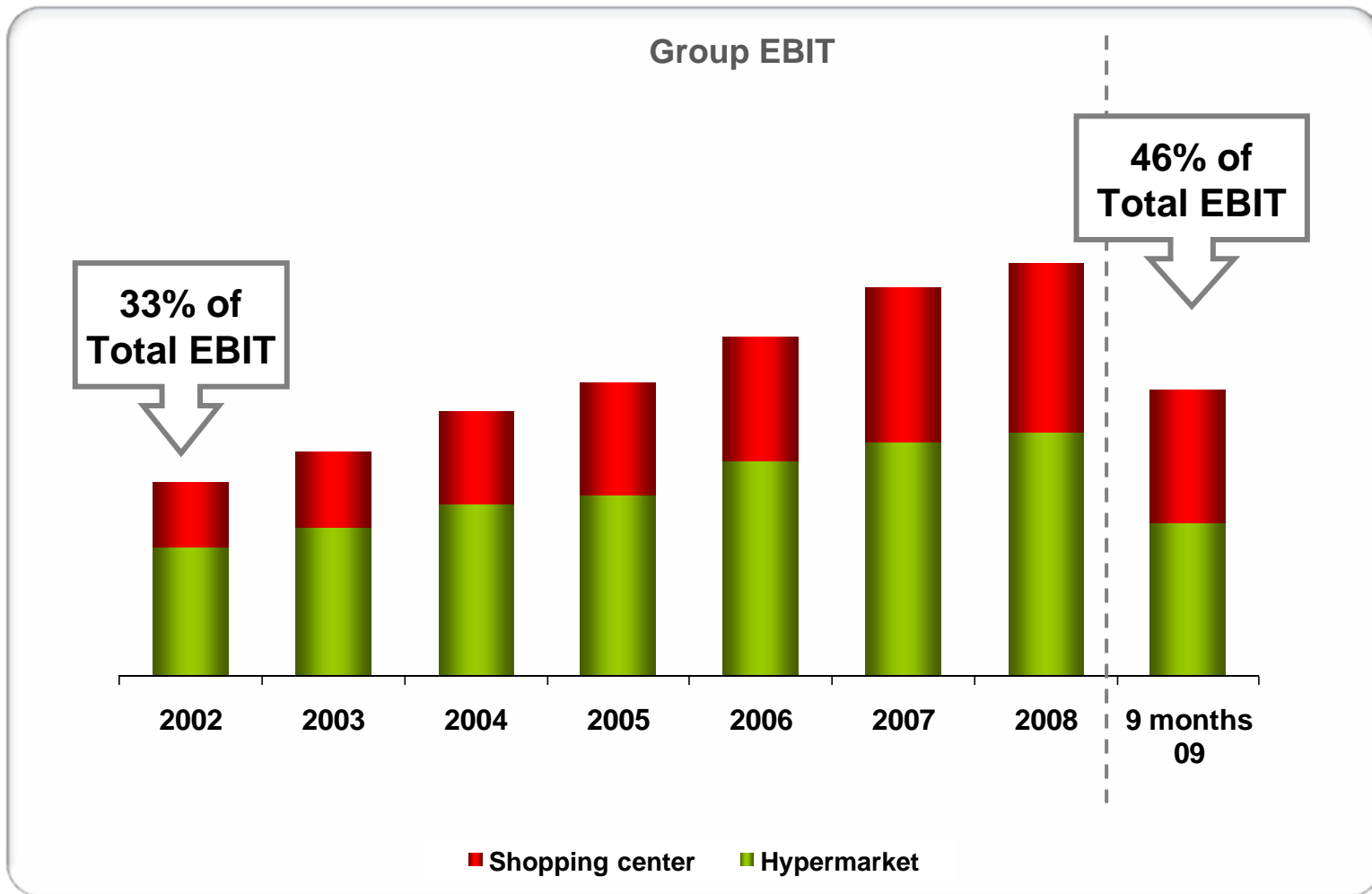
## Steady, robust growth in rental revenues



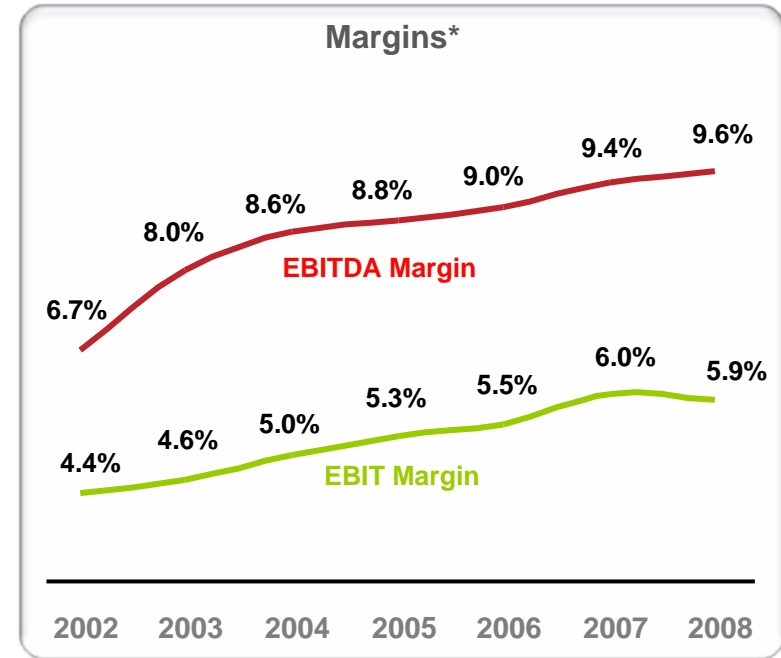
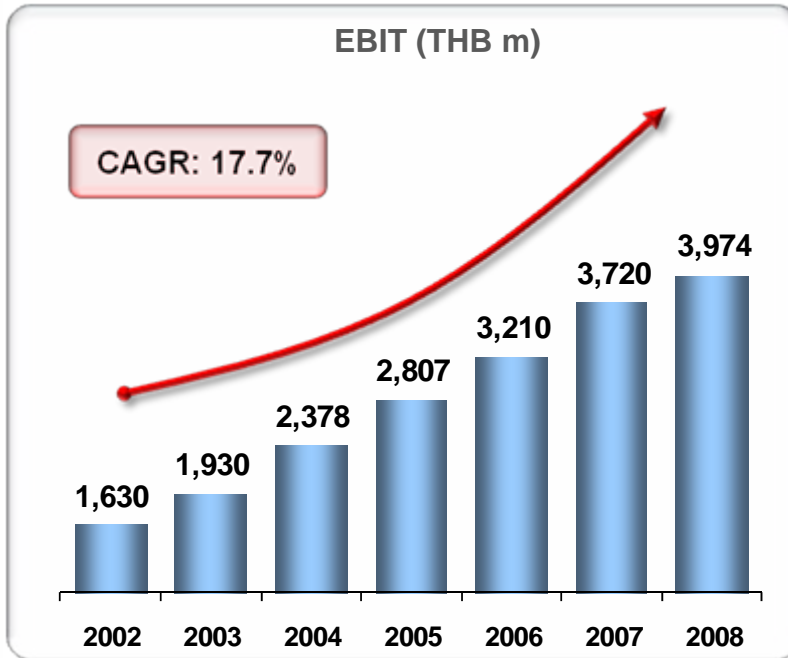
- ❖ **Steady growth** in rental revenues driven by new shopping center development and annual rent review
- ❖ **95% occupancy rate**, a continuous growth for 5 consecutive years
- ❖ **Average rent/sq.m. (2009): THB 730/month** in line with similar shopping centers
  - ✦ Combination of variable (15%) and fixed rental rates (85%)

# Shopping centers

## Significant contribution to profit



# Strong, steady growth in profits



\*local gaap

- ❖ EBIT growth in the **high teens** in the last 6 years
- ❖ **Steady improvement** in both EBIT and EBITDA margin driven by
  - ✦ Improvement in gross margin thanks to better purchasing conditions
  - ✦ Steady increase in rental revenues
  - ✦ Efficient cost control



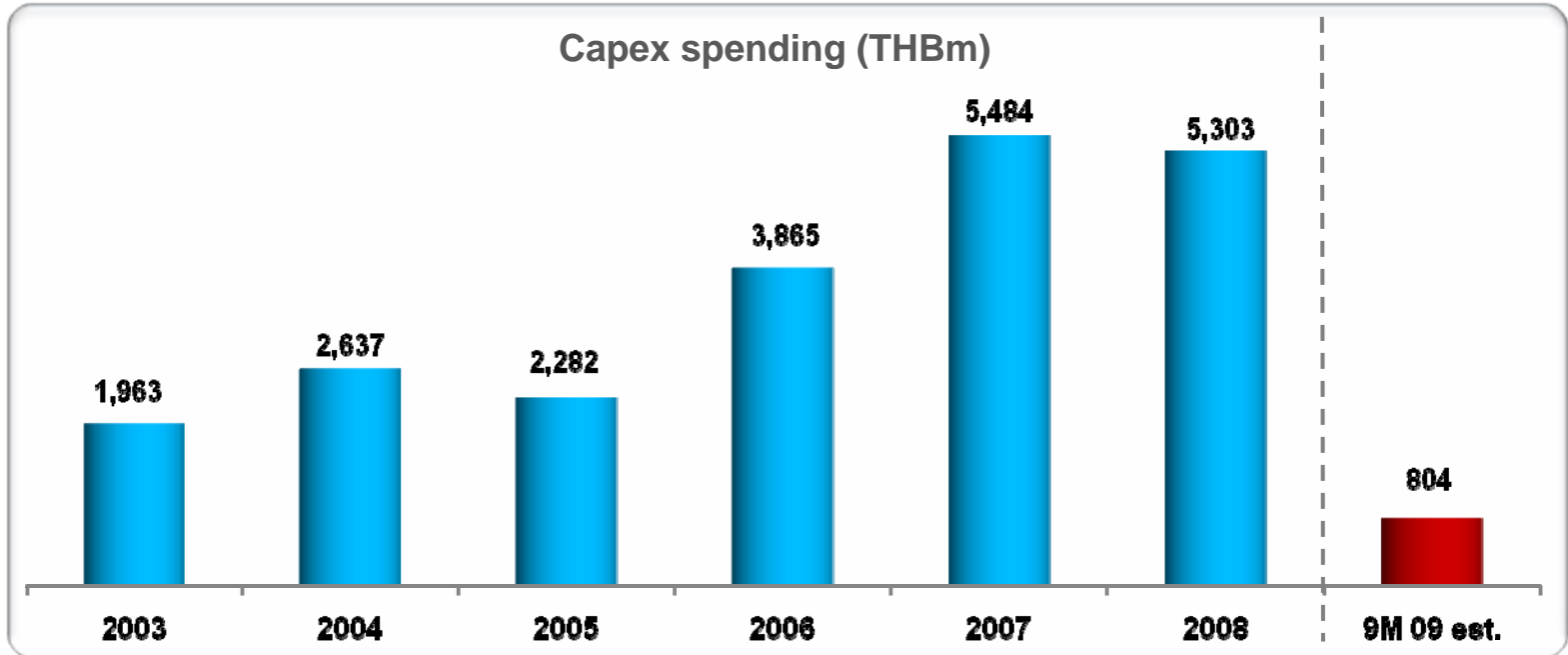
# 9 month results: Good resilience despite economic downturn and political turbulence



	9 MTH 2009	% change vs 9M 08	9 MTH 2008
Retail Sales	50,516 THB m	+1%	50,002 THB m
Rental Income	3,114 THB m	+12.6%	2,766 THB m
EBITDA	4,654 THB m	+3.9%	4,478 THB m
<i>EBITDA margin</i>	9.2%	+20 bp	9.0%
EBIT	2,638 THB m	-2.2%	2,698 THB m
<i>EBIT Margin</i>	5.2 %	-20bp	5.4 %
Net income attributable to the parent	1,797 THB m	-6.9%	1,931 THB m

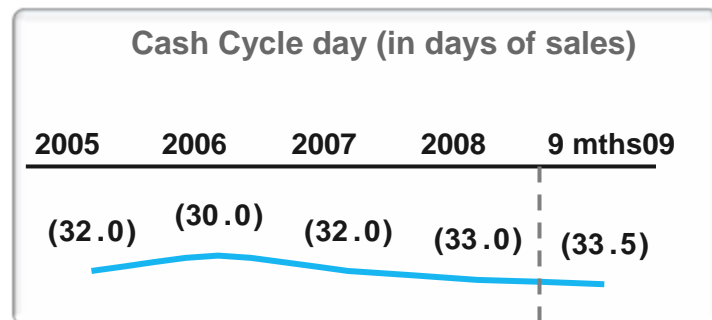
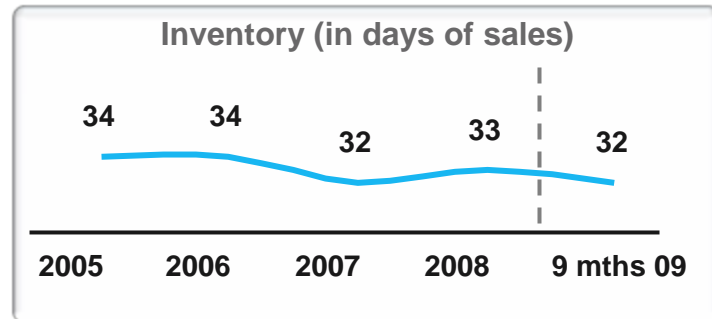
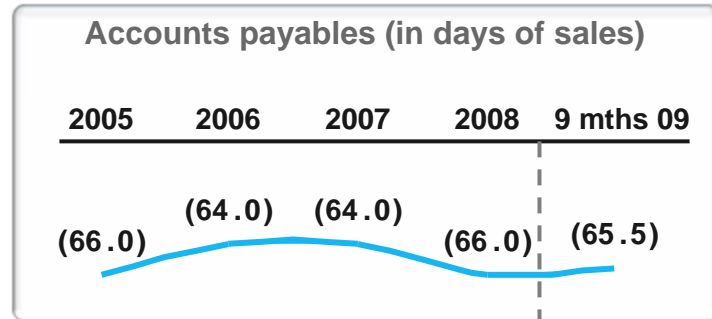
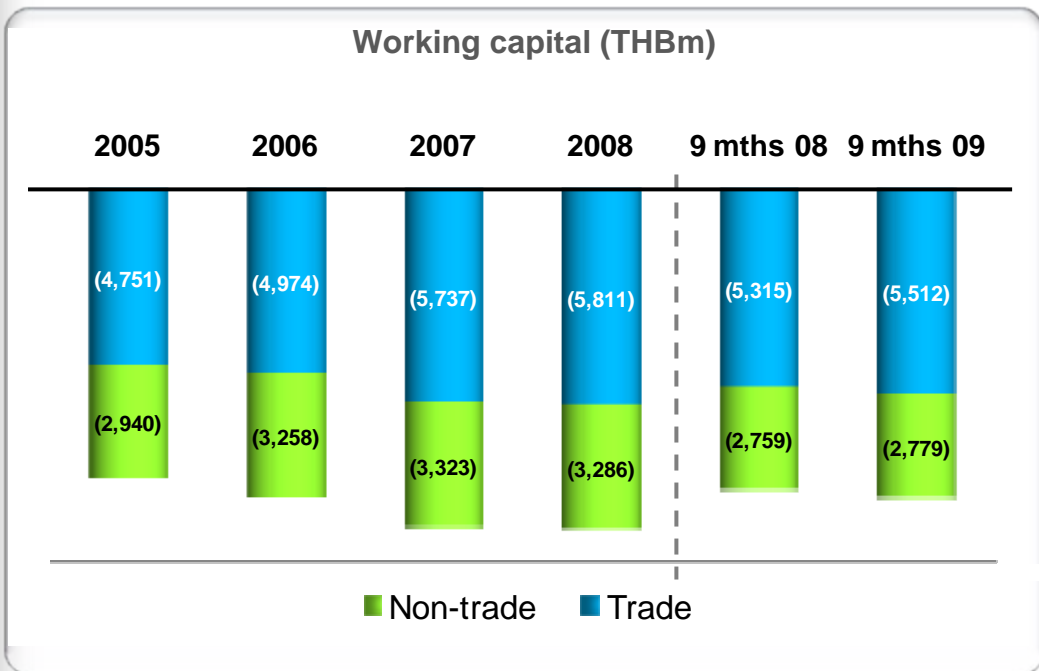
- ❖ **Slowdown in sales growth** as a result of economic down turn and political turbulence
- ❖ **Robust growth in rental income** driven by 12 store openings in 2008
- ❖ **Improvement in EBITDA margin** reflecting
  - ✦ Stable gross margin (17.5%) despite high promotional activity, thanks to good purchasing conditions
  - ✦ Cost savings
- ❖ **Slight decrease in EBIT** reflecting higher depreciation as a result of aggressive expansion in 2008
- ❖ **Decline in net profit** caused by lower tax incentive resulting from reduced capex in 2009

# Assertive investment strategy



- ❖ Sharp increase in **Capex** in the last three years, reflecting
  - ✦ the accelerated expansion strategy
  - ✦ a consistent renovation program
- ❖ Adjustment of the investment strategy to account for a less favorable economic environment in 2009

# Focus on working capital improvement



- Working capital is a **source of cash flow**
- **Steady Improvement in trade WCR**
  - ✦ Optimization of inventories
  - ✦ Improvement in accounts payables

# Strong cash flow generation



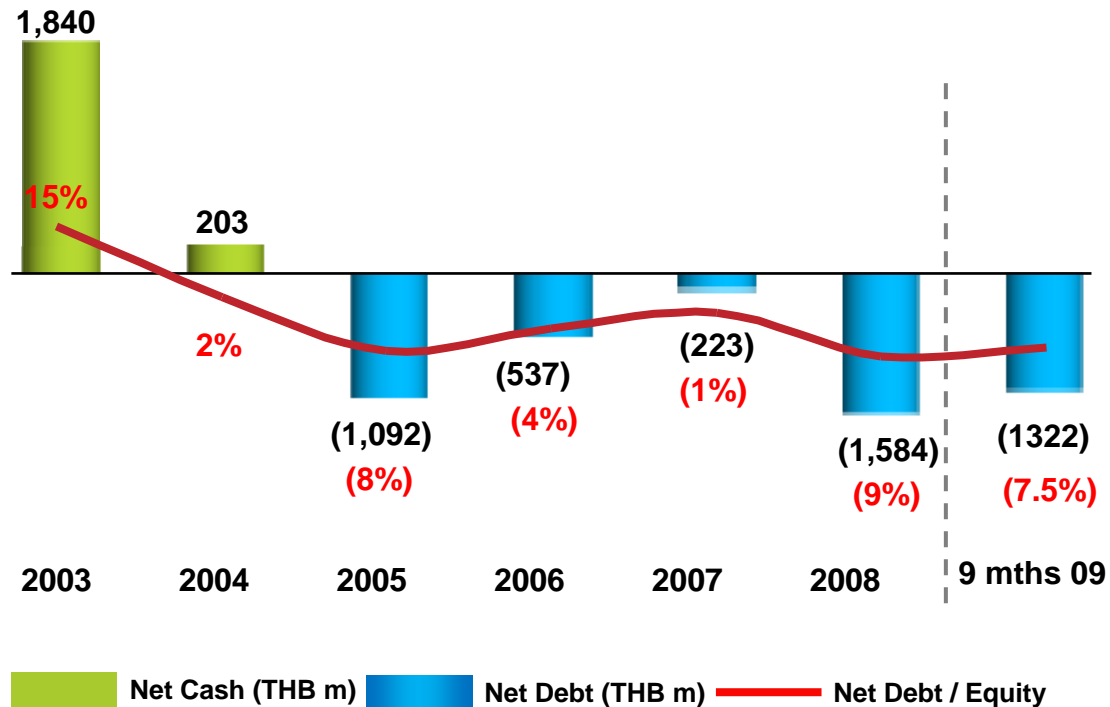
	Cash flow statement (THB m)					
	2003	2004	2005	2006	2007	2008
Operating Cash Flow	2,970	3,416	3,824	4,305	4,565	5,069
Change in WCR	547	1,607	584	255	1,338	160
<b>Cash flow from operating activities</b>	<b>3,517</b>	<b>5,023</b>	<b>4,408</b>	<b>4,560</b>	<b>5,903</b>	<b>5,229</b>
Capital Expenditure	(1,963)	(2,637)	(2,282)	(3,865)	(5,460)	(5,297)
Free Cash Flow	1,554	2,386	2,126	659	443	(68)
Net Debt (Cash)	(1,840)	(203)	1,092	537	223	1,584

- ❖ **Strong cash flow from operating activities** gives high flexibility to support business expansion

# Robust financial position



Net Debt (THB m)



- ❖ High financial flexibility with a **Net Debt/Equity ratio of 7.5%** and **Net Debt/EBITDA ratio of 0.2x** at the end of 9 months 2009



A major player in an attractive market



A dual retail & property business



Good steady track record



**Prospects & Conclusion**

# Strong potential for growth



## ❖ Organic growth through **network expansion**

- ✦ 3 - 4 store openings p.a in the next 3 years (2010 – 2012)

## ❖ Pursuing the **dual-retail business strategy**

- ✦ Opening as many shopping centers as hypers: thus developing synergies and enhancing value of both assets
- ✦ Shopping center enlargement opportunities

## ❖ Better address **customer needs**

- ✦ Step-up marketing initiatives supported by the loyalty program
- ✦ Development of Private Labels

## ❖ Focus on **operational excellence**

- ✦ Optimising the cost structure
- ✦ Strengthening the financial position through further working capital improvement program

# Development of **new formats**



## ❖ **Mini Big C small store**

- ✦ Open 24 hours a day and emphasize on convenience and services
- ✦ Sales area: 100 sq.m.
- ✦ 11 stores



## ❖ **Pure**

- ✦ Health and beauty specialty store
- ✦ Sales area: 50 - 100 sq.m.
- ✦ 19 stores
  - 1 store, stand alone
  - 6 stores in Big C Shopping Mall
  - 12 stores implants



## ❖ **Big C Market**

- ✦ General merchandise store focused on foods
- ✦ Sales area: 1,000 -2,000 sq.m.



# Shopping center opportunities



## ❖ High potential to enlarge the average size of shopping centers

- ✦ At least 2 shopping malls in the pipeline in the province (Phitsanulok and Lampang), with a potential to double the total surface from 21,000 to 47,300 sqm

## ❖ New concepts of neighborhood shopping mall are being explored to follow the trend of commodity mall with lifestyle theme

- ✦ Serve the dense residential areas with Big C small hypermarket (1,000-2,000 sq.m.) as an anchor
- ✦ Offer a variety of services

Extension



Community Mall

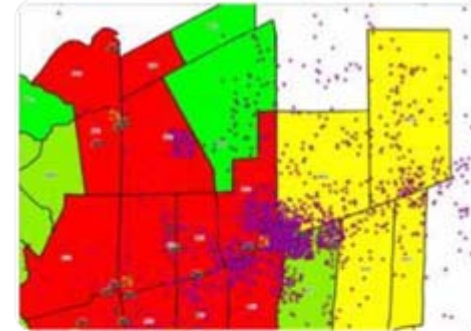


# Further development of the **loyalty program**



## ❖ **Exploit customer data to better understand the customers' shopping behavior**

- ✦ Integrate member data into map info to track catchments area of each store



- ✦ Create **one-on-one marketing**, matching product offering to customer's requirement


- ✦ **Target: 4 million members in 2010 (vs 3.6m in 2009)**



# Strengthening the private label



- ❖ **Segmentation** of private label line (mass and hard discount)



**Happy Baht (discount)**

300 SKU



**Big C Core Brand**

1,000 SKU

- ❖ **Expand assortment** of private labels especially in grocery products (from existing 980 sku in 2008 to **1,300 sku in 2009**)

❖ 2009 Sales mix Happy Baht + Big C

- + **In volume: 7%**
- + **In value: 3.4%**

❖ 2010: target

- + **In volume: 10%**
- + **In value: 4-5%**

- ❖ **Favorable margin mix**



# Focus on **operational excellence**



## ❖ **Price and promotion optimisation** through DemandTec implementation

## ❖ **Development of new automation tools to improve working capital**

- ✦ Accuracy of replenishment process improved through implementation and upgrade of Gold V.5
- ✦ Development of automation tools, such as promotion ordering, to further improve working capital

## ❖ **Optimising our cost structure**

- ✦ Energy, personnel and general expenses
- ✦ Reduction in hidden cost
- ✦ Organisation reengineering
- ✦ Reducing supply chain cost by investing in new trucks at distribution centres to lower logistics cost as a result of truck down-time reduction

# Conclusion

## An attractive and resilient profile



### ❖ **The dual retail - property management model: a driver of profitable growth**

- ✦ Two strong pillars: Hypermarkets and Shopping Centers
- ✦ Cross-synergies between the two businesses
- ✦ Steady growth of revenues and profit even in a context of economic uncertainty

### ❖ **Strong development potential for both stores and shopping centers**

- ✦ Market share of modern trade still under 50%
- ✦ Ability to adapt the store size to the catchment area

### ❖ **Focus on customer needs**

- ✦ Development of private label is key in a context of economic downturn
- ✦ Direct Marketing is the right channel to retain loyalty customers and acquire new customers

### ❖ **Robust financial position and strong cash flow generation**

- ✦ 7.5% gearing and net debt to EBITDA ratio of 0.2x at the end of 9 months 2009
- ✦ 1 day cash cycle improvement targeted in 2009

### ❖ **Assets backing valuation**

- ✦ Property assets: a significant component of Big C's value