

# Acquisition of Asia Books Overview and Rationales



# Table of Contents

- 1. Investment Summary**
- 2. Overview of Asia Books**
- 3. Acquisition Rationales and Synergies**



# Investment Summary

**BJC successfully closed its transaction to acquire 100% of Asia Books on July 19th 2011 from Lombard & Actis**

- Total consideration of THB 1,195mm

**Asia Books is a market leader in educational and learning focused books and materials retailer and distributor**

- 60% market share and 90% market share in foreign language books and magazines respectively
- E-commerce and e-books platform provides largest digital content repository in Thailand and neighboring countries with over 140,000 loyal members
- Winner of Superbrands Award in 2009 & 2010

**This acquisition will allow BJC to further realize its strategic objectives**

- Extend distribution to educational and learning materials, a high value-added and high growth area with an opportunity to get into down stream retail business
- Expand sales channel to e-commerce and electronic books and materials
- Enhance value through BJC's expertise in logistics, IT and trading business
- Leverage a well-known retail network and strong customers loyalty through additional product offerings within BJC Group



# Overview of Asia Books

## Facts and Figures

- Dominant market share:
  - 60% of English language book retail business
  - 90% of wholesale magazine distribution
- 1.3 million sales receipts per annum
- 1<sup>st</sup> mover in e-book business and a solid e-commerce platform
- 140,000 total members of which 56,000 are active members in customer loyalty program
- 65 stores and 568 employees
- Strong management team each with more than 10 years of retail experiences
- Top brand recognition – the winner of the Superbrands Award in 2009 and 2010

## Competitors

Annual Sale per sqm\*

136,000      105,000      100,000

Asla Books      Kinokuniya      B2S

2010 Sales (THB mm)

900

65 Stores

400

3 Stores

80

19 Stores

Asla Books      Kinokuniya      B2S

## Store Network

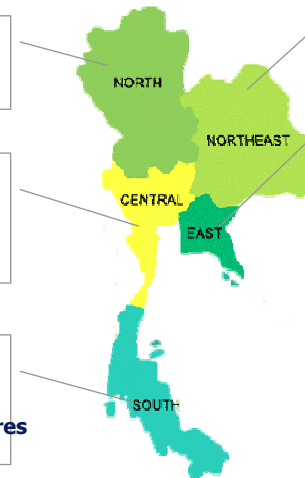
- 1 Asia Books
- 2 Bookazine airport stores

- 2 Asia Books

- 22 Asia Books
- 8 Bookazine
- 7 Airport stores
- 1 Kiosk

- 1 Asia Books
- 5 Bookazine

- 1 Asia Books
- 11 Bookazine
- 4 Bookazine airport stores



### Total 65 Stores

Asia Books	27
Bookazine	24
Airport	13
Book Outlet	1

# Overview of Asia Books (Continued)

	Retail Business				Non-Retail Business	
Products	 <b>English language</b> , and selected Thai books and periodicals  <b>Subscription services</b> for various types of magazines  Non-book products such as bookmarks and reading glasses	 <b>Best-selling English</b> and foreign language books and periodicals  Non-book products such as souvenirs	<b>Airport</b>  <b>Best-selling English books</b> , books on Thailand and English language periodicals	<b>Book Outlet</b>  <b>Slow-moving books</b> (older than 3 years) or <b>damaged books</b> at discounted prices	<b>Wholesale</b>  English language books and magazines with <b>distribution rights<sup>(1)</sup></b> for many popular titles such as Lonely Planet and The Economist (newsstand)	<b>Direct Sale</b>  Primarily <b>English language books</b>
	Location	Situated at <b>central business districts (CBD)</b> , malls and popular areas	<b>Tourist areas</b>	<b>Airport terminal</b>	<b>Shopping mall in CBD Bangkok</b>	
	Target	Local Thais and expatriates	Primarily tourists	Primarily tourists	Local Thai expatriates and independent bookstores	Third party retailers including bookstores
eCommerce and eBooks						
<ul style="list-style-type: none"> <li>• <b>Complements</b> the retail business</li> <li>• Approximately <b>500,000 eBooks</b> titles in English and other foreign languages</li> <li>• Platform to enter ePublishing space particularly Thai books and English books on Thailand</li> </ul>						

# Overview of Asia Books – Business Strategy

## Expansion Strategy

- Continue to expand Asia Books stores to **sub-urban areas and major provinces**
- Open **category specialized stores**
- Expand to capital cities and major airports of **neighboring countries**

## Branch Strategy

- Continue to **convert Bookazine stores into Asia Books** format
  - 1-2 more Bookazine stores have been identified for conversion
- Continue to relocate standalone stores into **key strategic areas**

## eCommerce

- Re-launched a **faster and more user-friendly** website in 2010
- Payment channels include (i) credit card, (ii) PayPal, (iii) bank transfer (iv) payment at 7-Eleven counter services, and (v) payment at the Company's retail stores

## eBook

- **First book retailer in Thailand** to offer eBooks, with 500,000 eBook titles in 5 languages
- Launched in **January 2011**
- **Cross-selling opportunity**



The screenshot displays the Asia Books website interface. At the top, the 'ASIA BOOKS' logo is visible. Below it, a navigation menu includes 'eBooks', 'Thailand Insight', 'Best Sellers', 'The Order', 'Books', 'Magazines', 'Events & Events', 'WELCOME', 'Sign In', and 'Register'. The main content area features a grid of book covers and a banner that reads 'Experience Reading Revolution by the First eBooks Service in Thailand'. Below the banner, there are three promotional boxes: 'More Than Half A Million Titles' (highlighting a vast selection of eBooks), 'The Best Value for international eBooks' (emphasizing competitive pricing), and 'Vast Selection of eBooks on Thailand and Regional Interest' (showing a large collection of eBooks available for selection).

# Selected Financials

Asia Book Company Limited

In THB MM	2006A	2007A	2008A	2009A	2010A	Adj 2009	Adj 2010
<b>Sales</b>	582	739	1019	888	901	888	901
<b>Gross profit</b>	275	355	490	464	483	470	483
<b>% Margin</b>	47%	48%	48%	52%	54%	53%	54%
<b>EBIT</b>	-29	-184	42	-142	64	82	90
<b>% Margin</b>	-5%	-25%	4%	-16%	7%	9%	10%
<b>EBITDA</b>	n/a	n/a	n/a	-110	99	114	124
<b>% Margin</b>	n/a	n/a	n/a	-12%	11%	13%	14%
<b>Net Income</b>	-40	-196	10	-174	40	49	58
<b>% Margin</b>	-7%	-27%	1%	-20%	4%	5%	6%

Source: Company

Note: Adjustment for non-recurring loss attributed to one-time write off from investments in Bookazine



# Acquisition Rationales and Synergies

## Asia Books as Educational & Learning Product Provider

- Strength and brand focus in educational materials and books allow BJC to extend distribution to high growth and high value-added products & services

## Acquisition of eCommerce and eBooks Platform

- Asia Books e-commerce and e-books platform, currently the biggest digital content repository in Thailand and neighboring countries, allows BJC to extend distribution channel on this platform

## Value Enhancement through BJC's Strengths

- BJC's expertise in logistics and IT will provide value enhancement to Asia Books operations
- BJC's expertise in trading business will enhance product sourcing in both educational and non-educational products & services

## Acquisition of a Retail Network with Strong Customer Loyalty

- Asia Books' well-known retail network and strong customer loyalty will benefit from additional products and services within BJC Group and vice versa