



## **PRESS RELEASE**

### **HTL Q1 2013 TURNOVER DECLINED BY 3.1%**

**SINGAPORE – 14 MAY 2013** – Mainboard-listed HTL International Holdings Limited (“HTL”), a world leading leather tanner and leather sofa manufacturer, reported its revenue for Q1 2013 declined by 3.1% to US\$126.4 million from US\$130.5 million in Q1 2012 as consumer spending on discretionary purchases, like furniture, was restrained due to continuing economic uncertainties, principally in Europe.

The Group reported a net forex loss of US\$1.5 million for the quarter, compared with a net forex gain of US\$3.2 million in Q1 2012, mainly due to the weaker Japanese Yen and Euro against the US Dollar (“USD”). This, coupled with rising production and material input costs resulted in a net loss of US\$1.9 million for the Group, versus a net profit of US\$1.5 million in Q1 2012.

HTL’s net borrowings increased by US\$5.1 million to US\$87.1 million as at 31 March 2013, from US\$82.0 million as at 31 December 2012, mainly for payment to trade creditors due to increased leather procurement in the last few months of 2012. Consequently, net gearing increased to 51.7% [31 December 2012 : 47.9%]. However, negative free cash flow was reduced to US\$4.2 million in Q1 2013 compared to US\$15.7 million in Q1 2012 primarily from reduced procurement in Q1 2013 in view of sufficient inventory carried.

## **OPERATIONS REVIEW**

Sofa Business Unit’s revenue declined by 1.8% to US\$121.1 million from US\$123.3 million in Q1 2012. All markets, except North America, Australia and New Zealand (ANZ), recorded lower revenue in Q1 2013.

North American sales continued to expand with a growth of 7.7% to US\$32.1 million while revenue from ANZ was up 17.3% to US\$18.7 million.

Revenue from Europe, our dominant market, fell by US\$4.5 million or 7.6% to US\$54.4 million as a result of lower consumer demand and the weaker Euro against USD. Europe accounted for 44.9% [Q1 2012 : 47.7%] of the Sofa Business Unit’s turnover.

The Home Furnishing Business Unit recorded a turnover dip of 26.3% to US\$5.3 million due to weak market sentiments. Nevertheless, as a result of tight cost control, it was able to lower its operating loss before net forex and tax to US\$0.4 million [Q1 2012 : US\$1.1 million].

## **OUTLOOK**

There are tentative signs of economic recovery at different pace in various major economies worldwide. The Group will continue to be nimble and responsive to changes and opportunities in the marketplace.

While factors such as raw leather hide prices and volatility of foreign currencies are beyond the Group's control, HTL is focused on finding new ways to restructure and better control input costs, improve its supply chain efficiency, achieve higher sales and lower costs.

It expects its operating environment to remain challenging in 2013.

----- End -----

### **About HTL International Holdings Limited**

HTL International Holdings Limited is one of the world's leading leather tanners and manufacturers of quality leather upholstered furniture. It exports more than 95 per cent of its products to over 50 countries in Europe, Asia-Pacific, USA and the Middle East. Its marketing offices are located in the USA, UK, Germany, China, Japan, South Korea, Taiwan, Australia, and Singapore. It also has a sales distribution network in the USA, UK, Germany, Japan and Australia.

For more information, please contact:

Mr Steven Tan

Chief Financial Officer

Tel: 6864 7346

Email: [steven.tan@htlinternational.com](mailto:steven.tan@htlinternational.com)