**PRESS RELEASE**

## HTL'S FY 2013 REVENUE DOWN 8.4%

**SINGAPORE –** 26 February 2014 – Mainboard-listed HTL International Holdings Limited ("HTL"), one of the world's leading leather tanners and sofa manufacturers, today reported that its revenue in FY 2013 decreased by 8.4% to US$534.3 million against US$583.3 million in FY 2012, due to weak market sentiments which saw lower sales in Europe, and weaker Japanese and Australian currencies against the US Dollar. The Group recorded higher sales in the Australia and New Zealand ("ANZ") and US markets year-on-year.

The Group's net profit in FY 2013 fell 90.3% to US$0.8 million, from US$7.8 million the previous year, after accounting for a net forex loss of US$2.5 million against a gain of US$1.1 million in 2012.

The Group's Q4 2013 revenue, lifted by strong sales to the ANZ and US, was partially offset by lower sales to Europe. As a result, revenue grew by 1.6% to US$140.1 million (Q4 2012: US$137.9 million). However, net profit declined 34.6% to US$0.5 million from US$0.8 million in Q4 2012, due to increased input costs, and a net forex loss of US$2.0 million as compared to a gain of US$0.3 million in Q4 2012.

### OPERATIONS REVIEW

Turnover from the Group's Sofa Business declined 7.3% to US$512.2 million in FY 2013 [FY 2012 : US$552.3 million) due to an 18.5%, or US$48.5 million, drop in sales to Europe and weak Japanese and Australian currencies against the US Dollar. However, this was partially mitigated by higher sales to ANZ and North America.

Europe remained HTL's largest single market accounting for 41.8% (FY 2012: 47.6%) of the Sofa Business Unit's turnover.

With lower revenue and higher input costs, the Group's Core Business' operating profit before net forex and tax fell by 36.7% to US$10.5 million (FY 2012 : US$16.6 million).

Home Furnishing Business Unit ("HFBU") posted a 28.6% drop in revenue to US$22.1 million in 2013 against US$31.0 million in 2012, due to weak retail conditions in Europe coupled with lower revenue from franchisees and less owned stores in Germany. Even with lower revenue, HFBU's operating loss before net forex and tax of US$3.4 million in 2013 remained at about the same level as in 2012. A new international concept and range of products were introduced in late 2013 to invigorate the market positioning, branding, store concepts, product portfolio and supply chain of Domicil.

Despite challenging business conditions throughout the year, the Group was able to strengthen its balance sheet, with a significant reduction of US$51.4 million in inventory mainly from reduced procurement of raw leather hides. This had enabled the Group to reduce its net borrowings by US$55.0 million to US$27.0 million as at 31 December 2013. Net gearing similarly improved to 15.6% against 47.9% as at 31 December 2012. The Group recorded a positive free cash flow of US$57.4 million in 2013 compared to a negative free cash flow of US$22.3 million in 2012.

## OUTLOOK

While there are tentative signs of economic recovery in various major countries worldwide, notably the US and Europe, consumer confidence generally remains weak. The challenging operating conditions for the Group in 2013 still persist. Notwithstanding this, the Group will sharpen its focus on managing escalating input costs and volatile forex, and continue to improve its operational efficiency and competitiveness.

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**About HTL International Holdings Limited**

Founded in 1976, HTL International Holdings Limited is one of the world's leading leather tanners and manufacturers of quality leather upholstered furniture. Headquartered and listed in Singapore, the transnational company exports more than 95 per cent of its products to over 50 countries in Europe, North America, Asia-Pacific and the Middle East. HTL employs over 8,000 employees globally, and has wholly-owned sales and marketing offices in the US, UK, Germany, Italy, China, Taiwan, South Korea, Japan, Singapore and Australia. HTL also has a presence in France, Belgium, Netherlands and Luxemburg through sales agents.

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