

F J BENJAMIN MAKES PROGRESS IN 1Q2016 WITH STRATEGIC FOCUS ON BUSINESS PRODUCTIVITY

- *On-going strategic programme to enhance business productivity lowers operating expenses by 31% in 1Q2016*
- *Cost-to-revenue ratio improved to 45% in 1Q2016 compared to 55% in 1Q2015 reflecting achievements in improving operational efficiency*
- *Excluding a one-time gain of S\$7.2 million in 1Q2015, Group operating loss decreased from S\$6.5 million to S\$3.1 million in 1Q2016*

Singapore, 11 November 2015 – F J Benjamin Holdings (“F J Benjamin” or the “Group”), Singapore’s leading fashion and lifestyle group, today announced Group revenues declined 15% to S\$63.7 million in the three months ended 30 September 2015 (“1Q2016”) from S\$75.4 million in the previous corresponding quarter (“1Q2015”). This was largely attributed to the subdued consumer sentiment in the Group’s key markets of Singapore, Malaysia and Hong Kong. The challenging retail sector was further compounded by a combination of factors including lower tourist arrivals, exchange rate volatility and the disruptive haze situation in the region.

Gross profit decreased by S\$8.1 million or 24% from S\$33.0 million in 1Q2015 to S\$24.9 million in 1Q2016, causing the Group’s gross margin to decline 4.6 percentage points from 43.8% in 1Q2015 to 39.2% in 1Q2016. While gross margins generated from retail sales continued to be healthy and on par with 1Q15, the decline was attributable to higher discounts given on the timepiece wholesale business and a less favourable mix of retail and wholesale sales.

The Group's on-going strategic programme to enhance business productivity gained traction narrowing operating expenses by 31% in 1Q2016. With this improvement in operational efficiency, the Group's cost-to-revenue ratio improved to 45% in 1Q2016 compared to 55% in 1Q2015.

Mr Nash Benjamin, Chief Executive Officer of F J Benjamin said, "We are encouraged to see that our continued efforts to improve business productivity are starting to flow through our operations. Excluding the one-time gain of S\$7.2 million in 1Q2015, our operating loss decreased from S\$6.5 million to S\$3.1 million in the quarter. We remain steadfast in our mission to reduce costs and are on track for the completion of our rationalisation exercise by the end of 2Q2016."

With the festive period leading up to Chinese New Year approaching, the Group is taking steps to maximise sales through various channels, promotions and events. Net borrowings increased to S\$53.7 million in 1Q2016 as the Group increased the financing of purchases in preparation of the festive seasons.

Outlook

Commenting on the outlook for the Group, Mr Benjamin said "With the uncertain global economic outlook, we expect consumer sentiment to remain muted in the mid-term. However, we are in a better position to engage the market with a robust cost structure and improved operational efficiencies through the on-going rationalisation exercise.

Key Financial Highlights

S\$'000	1Q2016	1Q2015	Comparison
Turnover	63,695	75,354	15% lower
Gross profit	24,940	33,003	24% lower
Gross profit margin	39.2%	43.8%	4.6 ppt lower
Operating expenses^(a)	28,691	41,379	Improved 31%
Operating (loss)/profit	(3,147)	663	n.m.
Operating loss^(b)	(3,147)	(6,515)	Improved 52%
Net (loss)/profit after tax	(5,467)	1,032	n.m.

Note:

(a) Lowered as a positive result of the proactive action taken by Group to focus on productivity. Key items include staff costs, rental of premises, advertising and promotion, depreciation, and other operating expenses

(b) Excluding one-time gains from sale of property and mandatory convertible bonds of S\$7.2 million in 1Q2015

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About F J Benjamin Holdings Ltd (www.fjbenjamin.com) – With a rich heritage dating back to 1959, F J Benjamin Holdings Ltd is a consumer driven leader in brand building and management through distribution and retail. Listed on the Singapore Exchange in 1995 (Ticker: F10), F J Benjamin has a strong footprint in Southeast Asia, with offices in Singapore, Indonesia and Malaysia, which proactively manage over 20 iconic brands and operates 218 stores. The Group's international brand portfolio includes fashion, lifestyle and timepiece brands.

For media enquiries, please contact:

Tulchan Communications

Clarence Fu / Samantha Chiene

Tel: 9781 0737 / 8263 2812

Email: fjbenjamin@tulchangroup.com