



## **F J BENJAMIN REPORTS NET LOSS OF \$23 MILLION FOR FY16**

- *Turnover slips 10% to \$253.6 million excluding currency translation losses; gross margins down from 41% to 39%*
- *Weak consumer demand, restructuring costs, depreciation of ringgit and rupiah, behind earnings decline*
- *Operating loss down 32% to \$19.9 million*
- *Restructuring almost complete, associated losses unlikely to recur*

**Singapore, 26 August 2016** – F J Benjamin Holdings today announced net loss attributable to shareholders of \$23 million for its financial year ended 30 June 2016 (FY16) against a loss of \$17 million previously as sluggish consumer demand, restructuring costs and currency depreciation, hurt its bottom line.

Group turnover fell 14% to \$253.6 million while gross profit margin slipped two percentage points from 41% to 39% due partly to higher costs from marketing and promotional activities to drive sales. Excluding currency translation losses, turnover slipped 10%.

The decline in turnover of \$39.8 million was due to (a) closure of non-performing stores, discontinued businesses and cessation of North Asian operations, all of which previously contributed a total of \$31.1 million in revenue; (b) \$10.4 million translation losses in converting Malaysian Ringgit to Singapore Dollar upon consolidation; and (c) offset by a slight increase in sales from franchise brands.

Group operating losses declined by 32%, from \$29.1 million to \$19.9 million in FY16. This excludes the one-time gain of \$19.6 million in FY15 from the sale of the mandatory convertible bonds and sale of properties.

Nash Benjamin, Chief Executive Officer of F J Benjamin Holdings, said: “We continued to face a challenging operating environment in FY16. During the year, we focused on restructuring efforts started three years ago and embarked on several initiatives, namely raising productivity, leveraging on our retail network to effectively reach our target market while improving liquidity by generating more sales with less inventory, and reducing our borrowings.

Looking ahead, we expect the retail environment to remain challenging in the near future. With the restructuring which started in 2013 mostly completed, losses associated with this exercise are unlikely to recur. We are therefore in a better place to identify opportunities and execute strategies to restore the long-term competitiveness of the Group.”

As part of restructuring efforts, management kept a tight lid on operating costs across business units and achieved a total savings of \$31.5 million in FY16. Consequently, operating expenses declined by 21% to \$118.9 million. This resulted in an improvement in the cost-to-revenue ratio to 47% compared to 51% in the last financial year.

By business segment, Group turnover from fashion business declined nine per cent to \$212.5 million after excluding translation losses while timepiece fell 13% to \$51.6 million. Geographically, revenue contribution rose one per cent after adjusting for translation losses as well as discontinued brands.

During the year, the Group generated positive cash flows of \$19.6 million from operating activities, invested \$4.7 million on shop fittings, and repaid bank borrowings and interest expenses of \$16.8 million in FY16.

With more efficient inventory management, inventory fell 26% from \$74.3 million to \$54.8 million.

Net borrowings declined to \$31.7 million from \$46.1 million, as the Group repaid bank borrowings. Net gearing improved from 54% to 52% as at 30 June 2016. The Board does not recommend a dividend payment for FY16.

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**About F J Benjamin Holdings Ltd** ([www.fjbenjamin.com](http://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 since 1995 (Ticker: F10), F J Benjamin has a strong footprint in Southeast Asia, with offices in Singapore, Indonesia and Malaysia, and manages over 20 iconic brands and operates 226 stores. The Group’s international brand portfolio includes fashion, lifestyle and timepiece brands.

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