UPTURN IN CONSUMER SPENDING LIFTS
F J BENJAMIN'S 3QFY18 EARNINGS

- *Group net profit of $371,000 for 3QFY18 compared to $33,000 before; nine-month turnaround sees net profit of $390,000 against loss of $10.8 million in FY17*
- *Gross profit margin for 3QFY18 down to 44% from 46% due to final clearance sales for discontinued brands*
- *Proceeds from recent rights cum warrants issue to strengthen capital position, support organic growth and expansion*

Singapore, 14 May 2018 – An upturn in consumer spending in key markets has lifted F J Benjamin Holdings' earnings for the third quarter ended 31 March 2018 (3QFY18). Group net attributable profit grew to $371,000 from $33,000 in 3QFY17. Operating profit totalled $783,000 representing a significant rebound from operating loss of $2.2 million in the same period last year.

Since the start of the current financial year ending 30 June 2018, the Group has been maintaining its growth momentum. For the nine-month period from 1 July 2017 to 31 March 2018, it has recorded Group net attributable profit of $390,000 compared to a loss of $10.8 million in the previous corresponding period.

Group revenue for 3QFY18 fell 16% to $41.8 million due to the absence of several loss-making brands and businesses which were terminated as part of the restructuring exercise which has since been completed. The $7.7 million decline in revenue reflected $12.2 million worth of discontinued businesses since 3QFY17 and $1.7 million of sales to the Group's Indonesia associate. The latter started shipping directly from its principals in April 2017.

During the period under review, sales in Singapore and Malaysia grew by $5.6 million. Together with a positive currency translation of $0.6 million from the appreciation of the Malaysian Ringgit against the Singapore dollar, they mitigated the revenue decline in 3QFY18.

Gross profit margin eased two percentage points to 44% in 3QFY18 due to clearance sales for Gap and Banana Republic whose businesses were wound down at the end of February following a decision not to renew their franchises. Otherwise, gross profit margin would have risen to 48% for the period under review compared to 46% in the previous corresponding quarter.

Group CEO Nash Benjamin said: “We are pleased to report that the Group is turning the corner to profitability, and the improved consumer sentiment seen in our key markets is helping to maintain earnings momentum. Our focus now is to grow our business organically whilst we introduce new brands to our portfolio.

“With our successful rights cum warrants issue, we believe we have strengthened our capital base and are in a better financial position to grow organically and capture opportunities in the consumer and lifestyle segments.”

The Group in April raised a net amount of $7.7 million from a rights cum warrants exercise which could potentially bring in another $27 million if all the warrants are exercised by March 2021.

Geographically, Group revenue from the fashion business in Southeast Asia grew by 26% in 3QFY18 after excluding purchases by its Indonesian associate, discontinued brands and translation gain from the strengthening of the Ringgit. Growth came from existing stores and new outlets opened after 3QFY17. Revenue from timepiece business declined by 15%.

Group operating expenses fell 33% to $18.2 million following cost control and closure of non-performing stores which yielded savings of $8.9 million. Staff costs fell 18% to

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$6.6 million, rental of premises declined by 43% to $5.8 million while other operating expenses were down 35% to $4.5 million.

As at 31 March 2018, inventory was reduced by 20% to $32.5 million with improved sell throughs during the quarter and tighter inventory management.

For the quarter under review, the Group generated positive cash flows of $5.6 million from operating activities, invested $1.7 million on shop fittings and repaid bank borrowings and interest expense of $7.2 million. Net borrowings stood at $15.4 million and gearing of 37% compared with $22.7 million and gearing of 53% at the end of the last financial year in June 2017.

Mr Benjamin said the Group is taking steps towards implementing an omnichannel strategy as it seeks to foster a seamless shopping experience for today's digitally-savvy customers by integrating the Group's regional network of over 200 stores with new online channels.

An Omnichannel Advisory Board comprising FJB senior executives and domain experts in e-commerce and digital marketing from outside the Group, was recently set up for this purpose.

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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 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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