

THE HOUR GLASS

(Incorporated in the Republic of Singapore)
(Company Registration No: 197901972D)

The Hour Glass Group FY2017 Results: Modest Performance Against Tough Economic Backdrop; Group's Cash Position Strengthens

Unaudited Full Year Results	Group			
	31 Mar '17 \$'000		31 Mar '16 \$'000	Change %
Revenue	696,056		707,525	(2)
Profit Before Taxation	62,994		66,968	(6)
Profit After Taxation	49,642		53,543	(7)
Earnings per Share (cents)	6.91		7.42	(7)

Highlights of FY2017 Financial Performance

- Full year revenue slips 2% amid challenging economic backdrop, sluggish consumer sentiment and intensified competition
- FY2017 gross margins at 22.7% (FY2016: 23.7%)
- Continued focus on fiscal prudence, raising operational efficiencies helped the Group strengthen its financial position

SINGAPORE, 25 May 2017: The Hour Glass Group, one of Asia's leading specialist luxury watch retailers, said that profit after taxation fell 7% following a 2% drop in revenue for the full year ended 31 March 2017 ("FY2017").

Tepid economic growth, subdued trading conditions in the watch industry, and weakening consumer appetite for luxury watches contributed to the Group's performance in the latest financial year. In addition, on-going currency imbalances continued to persist. Notwithstanding these challenges, the Group delivered on a modest FY2017 result.

FY2017 Results

1. The Group reported profit-after-tax of \$49.6 million on the back of \$696.1 million revenue in FY2017. Performance across all its boutiques in the regions braced challenging conditions, including subdued consumer sentiment.

2. Gross margins was at 22.7% for FY2017, compared with 23.7% for FY2016. Earnings per share amounted to 6.91 cents (FY2016: 7.42 cents).

3. Despite the challenging external environment, the Group continued to bolster its financial position, a result of efficient processes of marketing, merchandising and inventory management. The Group's consolidated net assets amounted to \$478.5 million with cash and cash equivalents at \$124.8 million – both at historic highs for the Group.

4. Mr Michael Tay, the Co-Group Managing Director of The Hour Glass, said: "The Group wrapped up FY2017 against one of the most challenging conditions in recent years. Some of the negatives like weakening consumer sentiment and spending continued to accelerate. To counter these external winds, the Group focused on managing its retail network more astutely, while continuing its employee development initiatives. These have contributed to the Group's stronger financial position, resulting in benefits to all stakeholders."

Outlook

5. Operating conditions continue to remain challenging in key markets like Singapore and Hong Kong, where visitor arrivals remain subdued. Discretionary consumption for luxury and specialty watches remains soft while a glut of inventory continues to persist in the supply chain. These will impact the market for luxury timepieces.

6. The Group will continue to operate its 40 boutiques across the nine key cities, namely in Australia, Hong Kong, Japan, Malaysia, Thailand and Singapore.

7. The Board of Directors recommends a dividend of 2.00 Singapore cents per share for FY2017 (FY2016: 2.00 cents per share).

9. Barring any unforeseen circumstances, the Group expects to remain profitable in FY2018.

ISSUED BY

THE HOUR GLASS LIMITED

25 May 2017

About The Hour Glass

Established in 1979, The Hour Glass is one of Asia's premier luxury retail groups with 40 boutiques in nine key cities throughout the Asia Pacific region. The Hour Glass prides itself as the world's leading cultural retail enterprise; pioneering the promotion and appreciation of contemporary luxury and horological culture. Having been recognised by international publications such as Monocle, Wallpaper and Vanity Fair as one of the most influential specialty retailers in the world, The Hour Glass has been accorded the 'Best Watch Retail' honours by Singapore Tatler in 2014.

The Hour Glass has achieved international acclaim in the industry for its approach towards redefining specialty watch retail which includes the creation of thematic salons and placing an emphasis on developing consumer oriented cultural engagement platforms to promote the values of authentic luxury. L'Atelier, a boutique dedicated to expressing the patrimony of traditional watchmaking; and Malmaison, a first multi-category luxury emporium in its stable to retail the finest and carefully curated collections in horology, sartorial tailoring, fragrances and leather goods – were bestowed the 'Best Retail Concept of the Year' award by Singapore Retailers Association in 2010 and 2011 respectively. Malmaison lauded for its unique and differentiated shopping experience, bagged the highly coveted 'Best Shopping Experience' award by Singapore Tourism Board in 2012. L'Atelier and Malmaison were also awarded 'Most Innovative Retail Concept of the Year' by the Federation of Asia-Pacific Retail Associations (FAPRA) in 2010 and 2013 respectively.

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