PRESS RELEASE

HTL'S 9M 2013 REVENUE DOWN 11.5%

SINGAPORE – 13 November 2013 – Amidst global economic uncertainties and challenging business conditions, mainboard-listed HTL International Holdings Limited ("HTL"), one of the world's leading leather tanners and sofa manufacturers, today reported its Group revenue for the first nine months of 2013 ("9M 2013") declined by 11.5% or US$51.2 million to US$394.2 million against US$445.4 million in the same period last year. Decline in revenue was recorded in all markets, except Australia and New Zealand ("ANZ").

Net profit fell 96.4% to US$0.3 million from US$7.0 million year-on-year. Other operating expenses rose to US$1.5 million from US$0.5 million in 9M 2012, due largely to a renovation cost write off for a Shanghai retail store which had closed.

The Group's performance was adversely impacted by a convergence of continued global economic uncertainty, challenging business conditions such as escalating production input costs, weak market sentiments especially in Europe, coupled with the weakened Japanese Yen and Australian Dollar against the US Dollar (the Group's reporting currency).

Q3 2013 vs Q3 2012

In Q3 2013, Group revenue fell by 17.7% to US$122.1 million as compared to US$148.2 million in Q3 2012, due to lower sales to Europe, the Group's major market. Faced with increased production input costs, gross profit declined 19.7% to $38.7 million from US$48.2 million in Q3 2012. Notwithstanding a forex gain of US$1.8 milion (Q3 2012: US$1.6 million forex loss), net profit for the quarter was only US$98,000 compared to US$1.4 million for Q3 2012.

OPERATIONS REVIEW – 9M 2013

Turnover from the Group's sofa business fell by 10.0% to US$378.6 million in 9M 2013 versus US$420.7 million in 9M 2012. All markets, except ANZ, posted revenue decline. ANZ grew 8.9% with sales of US$62.9 million, while sales to Europe at US$162.7 million was lower than 9M 2012 by 20.0%. Europe remained the Group's largest market accounting for 43.0% of turnover, followed by North America (25.7%), ANZ (16.6%), and Asia (14.4%).

Lower revenue coupled with rising raw material and labour costs dragged down Core Business' operating profit before net forex and tax by 59.7% to US$5.4 million from US$13.4 million (9M 2012).

Home Furnishing Business Unit's ("HFBU") revenue also declined, by 36.8% to US$15.6 million from US$24.7 million in 9M 2012 brought about by weak retail market and less stores owned by Domicil Home in Germany. These conditions have largely contributed to HFBU's operating loss before net forex and tax, which doubled to US$2.4 million from US$1.1 million in 9M 2012, as Domicil Home in Germany continued to operate below breakeven point.

The Group was able to strengthen its balance sheet as it reduced net borrowings by US$36.2 million to US$45.8 million as at 30 September 2013. Net gearing improved significantly to 26.7% from 47.9% at 31 December 2012, with a positive free cash flow of US$38.5 million in 9M 2013 compared to a negative free cash flow of US$10.4 million the year before.

OUTLOOK

With the persistent global economic uncertainties and challenging business conditions, the Group expects its operating environment to remain challenging for the rest of the year.

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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 percent 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 USA, UK, Germany, Italy, China, Taiwan, South Korea, Japan, Singapore and Australia. HTL also has a presence in France, Belgium, Netherlands and Luxemburg through authorised sales agents.

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