PRESS RELEASE

HTL Q2 2015 REVENUE DOWN 15.5%

SINGAPORE – 13 August 2015 – Mainboard-listed HTL International Holdings Limited ("HTL"), a world leading leather tanner and leather sofa manufacturer, reported its revenue for Q2 2015 declined by 15.5% to US$122.6 million from US$145.1 million in Q2 2014. This was mainly due to lower sales in Europe and the weaker Euro, Japanese Yen ("JPY") and Australian Dollar ("AUD") against the United States Dollar ("USD"), its functional and reporting currency.

Lower revenue, lower foreign exchange gain and higher raw material and production costs resulted in a net loss after tax of US$1.9 million for this quarter compared to a net profit after tax of US$7.6 million in Q2 2014

FIRST HALF 2015 (1H 2015)

Turnover declined by 12.6% to US$231.7 million in 1H 2015, primarily due to weaker sales in all key markets particularly in Europe and North America and the weaker Euro, JPY and AUD against the USD.

After accounting for a net foreign exchange gain of US$5.1 million (1H 2014: US$7.6 million), the Group reported a net loss of US$2.4 million for 1H 2015, compared to a net profit of US$10.2 million for 1H 2014. This was mainly attributable to lower revenue and higher material and production costs.

OPERATIONS REVIEW (1H 2015)

The Group adopted a new organisational structure effective from 1 January 2015 to sharpen its focus in each business unit and better grow the retail business, in line with the objectives set out in the 2014 Annual Report to move up the value chain. The Group is reorganised into four business units ("BU"), namely Sofa, Leather, Home Furnishing Retail and Corporate Office.

Under this new organisational structure, the Group's retail business is consolidated with the existing Home Furnishing BU and renamed "Home Furnishing Retail BU". The retail business, which was previously insignificant to the Group, formed part of the Sofa BU in prior years.

Sofa BU's revenue declined by 13.2% to US$223.1 million in 1H 2015 from US$257.0 million in 1H 2014, mainly due to lower sales in all the key markets particularly Europe and North America and the weaker Euro, JPY and AUD against the USD. The lower sales in North America was due in part to the extremely harsh winter weather and the US West Coast port strikes.

Revenue from Europe, its dominant market, fell by 13.1% to US$103.8 million whilst revenue from North America declined by 17.7% to US$48.6 million. Europe remained HTL's largest single market accounting for 46.5% (1H 2014: 46.5%) of the Sofa BU's turnover, followed by North America (21.8%), ANZ (17.1%), and Asia (14.4%).

As a consequence of lower revenue, gross profit and other operating income, Core Business (comprising the Sofa BU, Leather BU and Corporate Office)'s operating result before net foreign exchange gain and tax swung from a profit of US$10.2 million in 1H 2014 to a marginal loss of US$0.1 million in 1H 2015.

Home Furnishing Retail BU ("HFRBU")'s revenue improved by 7.1% to US$8.6 million, mainly attributable to the expansion of retail presence in China. Notwithstanding the growth in turnover, HFRBU's operating loss before net foreign exchange gain and tax increased by 49.9% to US$6.2 million. This was primarily a result of higher SG&A costs arising from the development of retail presence in Asia, coupled with lower suppliers rebate received by Domicil Home in Germany.

The Group achieved a net cash position of US$4.7 million as at 30 June 2015 as compared to a net borrowing position of US$0.2 million as at 31 December 2014. This was mainly due to improvement in working capital management. Accordingly, the Group has no gearing as at 30 June 2015 compared to 0.1% as at 31 December 2014. The Group reported a lower free cash flow of US$5.5 million in 1H 2015 (1H 2014: US$16.3 million) mainly due to lower profitability and higher capital expenditure in 1H 2015 compared to 1H 2014.

OUTLOOK

The recent threat of "Grexit" and the stock market turmoil and economic slowdown in China have further spooked consumer confidence globally. Major trading currencies, notably the Euro, JPY, AUD and Chinese Renminbi will remain volatile and may weaken further against the USD given the expected rise in US interest rates later this year.

These external factors will put a further strain on our revenue and profitability. However, input costs, especially raw leather hide prices as well as freight rates have been moderating. These will help to ease the pressure on our profit margins.

Nevertheless, HTL will further improve on its operational efficiency and cost effectiveness. The restructuring efforts that the Group had started will continue to the end of the year. Under-performing trading offices globally are being reorganised to better manage costs and capacity at our factories are being recalibrated to be more in line with expected demand going forward.

The Group will continue to move up the value chain and expand its retail presence in China and Singapore to achieve better economies of scale. These initiatives will take time to bear fruit and are expected to increase the Group's operating costs and would affect profitability in the second half of 2015.

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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 per cent of its products to over 40 countries in Europe, North America, Asia-Pacific and the Middle East. HTL employs over 6,000 employees globally, and has wholly-owned sales and marketing offices in the United States, the United Kingdom, Germany, France, Italy, China, Taiwan, South Korea, Japan, Singapore and Australia. HTL also has a presence in Belgium, Netherlands, Luxemburg and the Republic of Ireland through sales agents.

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