



## BAUHAUS ANNOUNCES 2012/13 ANNUAL RESULTS

### Financial Highlights

- Turnover increased by 11.5% to approximately HK\$1,293.7 million (2012: HK\$1,159.9 million)
- Gross profit increased to about HK\$828.9 million (2012: HK\$804.5 million)
- Net profit for the year increased by 30.8% to approximately HK\$99.3 million (2012: HK\$75.9 million)
- Net margin was approximately 7.7% (2012: 6.5%)
- Basic earnings per share increased to approximately HK27.6 cents (2012: HK21.1 cents)
- A final dividend of HK10.1 cents (2012: HK6.5 cents) per ordinary share was proposed
- Dividend payout ratio (including the interim dividend of HK1.0 cent) was about 40.2% of the net profit (2012: 40.3%)

(Hong Kong, 21 June 2013) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its annual results for the year ended 31 March 2013.

### Financial Review

The Group’s turnover achieved a record-high of approximately HK\$1,293.7 million (2012: HK\$1,159.9 million), a growth of 11.5% compared to the same period last year despite the unpredictable global economic climate. Gross profit increased to about HK\$828.9 million (2012: HK\$804.5 million) with a gross margin of 64.1% (2012: 69.4%). Including certain one-off exceptional income and gain of about HK\$33.0 million in aggregate, the net profit increased by 30.8% to about HK\$99.3 million (2012: HK\$75.9 million). Net margin was about 7.7% (2012: 6.5%).

The Board has recommended the payment of a final dividend of HK10.1 cents (2012: HK6.5 cents) per share. Combined with an interim dividend of HK1.0 cent per share already paid, total dividend for the year will be HK11.1 cents per share, representing a dividend payout ratio of about 40.2% (2012: 40.3%), which is in line with the Group’s policy to distribute not less than 40% of net profit as dividend.

**Mr. George Wong, Chairman of Bauhaus**, said, “The past year has proved to be a challenging period for the whole retail industry. The slowdown of the Mainland economy had a knock-on effect across Asia, including our key retail markets of Hong Kong & Macau, Taiwan and cities across the border. Despite the strong headwind confronted, the Group realised double-digit growth in revenue which mainly attributed to our ability to quickly adopt effective countermeasures, including a three-pronged strategy consisting of marketing efforts aimed at brand revitalization, sales network consolidation and cost effectiveness enhancement. We believe that these measures would enable us to successfully sail through the volatile operating environment in the future.”

## Business Review and Prospects

### Hong Kong and Macau

Sales from retail operation in Hong Kong and Macau, which accounted for 68.0% (2012: 65.2%) of the Group's turnover, increased by 16.4% to HK\$880.1 million (2012: HK\$756.2 million) with a strong same-store-sales growth rate of 21%. The significant growth mainly contributed by an effective advertising television campaign for the "SALAD" brand. In response to soaring costs, the Group continued to fine-tune its merchandising mix, close down certain non-performing shops and relocate shops to other prime shopping locations with affordable rentals. As at 31 March 2013, the total number of shops in Hong Kong & Macau remained at 79. Together with a one-off compensation received from landlords totalling about HK\$21.7 million, segment profit before tax increased remarkably by 19.0% to about HK\$177.8 million (2012: HK\$149.4 million).

### Taiwan

The retail performance in Taiwan was adversely affected by an economic slowdown, particularly in the first half of the financial year. The segment incurred losses of about HK\$1.6 million (2012: profit of HK\$14.4 million) despite turnover increased by 8.2% to approximately HK\$222.3 million (2012: HK\$205.5 million). To stimulate retail sales and reduce slow-moving inventories, the Group exerted considerable effort on promotions and offered deeper discounts to customers. The Group periodically closely monitored the effectiveness of its shop portfolio and altered its portfolio mix in order to react promptly to changing market conditions. As a result, same-store-sales growth rate had substantially been improved in the second half of the financial year. As at 31 March 2013, there were a total of 77 shops in Taiwan, in which most are located within reputable department stores in major cities.

### Mainland China

Because of the Group's strategic consolidation efforts in both retail and franchise operations in China, turnover of the region decreased to HK\$152.4 million (2012: HK\$176.4 million). The segment incurred losses of about HK\$22.0 million (2012: HK\$18.7 million). As at 31 March 2013, the number of shops reduced to 58 (2012: 87). Encouragingly, downsizing exercise has already started to reap benefits as some stores began to deliver an appreciable rise in sales with a positive same-store-sales growth rate of about 10% for the year. The Group will adopt a flexible approach to monitor performance of each individual store and adjust its portfolio in a timely manner.

"Looking ahead, we will seek to bolster Bauhaus' brand image through the promotion of selected products combined with effective marketing campaigns. Following on the success of the "Salad – Carry me" campaign, two television advertisements are set for launch in 2013 thus to boost our customer traffic and brand awareness. We will continue to enhance efficiency and profitability in our operations in all regions. Such a multifaceted approach has proven successful at helping Bauhaus weather some of the most difficult times over the past decades; hence we trust that it will again help pave the way towards sustainable growth." **Mr. Wong concluded.**

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### About Bauhaus International (Holdings) Limited

Bauhaus is principally engaged in the design, manufacture, wholesale and retail sales of apparel, bags and accessories with about 10 in-house brands. It also sells apparel of third-party fashion brands. The Group runs self-operated retail stores in Hong Kong, Macau, Taiwan, the PRC, and franchise outlets in the PRC and exports "TOUGH Jeansmith" brand products to many countries around the world.

For more information, please visit: [www.bauhaus.com.hk/ir/en](http://www.bauhaus.com.hk/ir/en)

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