



ANNOUNCES 2019/20 ANNUAL RESULTS

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COST CONTROL MEASURES IN PLACE EFFECTIVE WORKING CAPITAL MANAGEMENT

(Hong Kong, 11 June 2020) — **Uiferts International Limited** (“Uiferts International” or the “Group”, Stock Code: 1711.HK), a well-known furniture retailer in Hong Kong, today announced its annual results for the year ended 31 March 2020 (the “Year”).

Results Summary

HK\$'000	FY2018/19	FY2019/20
Revenue	242,959	218,853
<i>Retail</i>	226,795	198,594
<i>Wholesale & special projects</i>	16,164	20,259
Gross profit	152,264	134,368
Net (loss)	(3,978)	(11,628)

- Total revenue inevitably decreased by less than 10% only to HK\$219 million, despite facing the unprecedented challenges of the local retail market
- Among the several retail lines, the sales revenue from “**at • home**” surged over 200% to HK\$24 million
- Gross profit margin slightly adjusted from 62.7% to 61.4%
- With effective cost control measures and rationalisation of retail network, the loss situation during the second half of the Year was in a more controllable manner (the net loss during the first half of the Year was HK\$10 million while the net loss for the Year was HK\$12 million)
- A positive earnings before interest, taxes, depreciation and amortisation was maintained
- Efforts to improve working capital management were paid off, inventory notably decreased to HK\$36 million (31 March 2019: HK\$46 million); cash and cash equivalents increased to HK\$64 million (31 March 2019: HK\$59 million)
- Repaid all bank borrowings during the Year, hence gearing ratio was zero

Financial Review

The local retail market experienced unprecedented challenges during the Year. The ongoing Sino-US trade dispute, local social issues plus the outbreak of coronavirus disease (COVID-19; the “Pandemic”) have unquestionably hindered local economic development. With the decrease in the number of residential property sales transactions, and citizens tend to stay home due to the Pandemic, the market demand for home furniture has been weakened.

Against such backdrop, the Group’s total revenue inevitably decreased to HK\$218.9 million (2019: HK\$243.0 million) during the Year. Gross profit decreased to HK\$134.4 million (2019: HK\$152.3 million). Gross profit margin slightly adjusted to 61.4% (2019: 62.7%). Despite the retail slump, the Group managed to maintain a positive earnings before interest, taxes, depreciation and amortisation. The net loss during the first half of the Year was HK\$10.3 million while the net loss for the Year was HK\$11.6 million (2019: net loss of HK\$4.0 million). Due to the implementation of effective cost saving measures coupled with rationalisation of the retail network, the loss situation during the second half of the Year was in a more controllable manner.

The Group strived for better working capital management in light of the challenging economic climate. As at 31 March 2020, the Group’s inventory notably decreased to HK\$36.4 million (31 March 2019: HK\$46.3 million), reflecting its effective inventory management control and stock replenishment policy. Cash and cash equivalents of the Group increased to HK\$63.7 million (31 March 2019: HK\$59.5 million). Besides, bank borrowings of the Group was nil due to repayment of all bank borrowings during the Year (31 March 2019: HK\$4.0 million), hence its gearing ratio was zero (31 March 2019: 3.6%).

Retail Business Review

Revenue of the retail segment amounted to HK\$198.6 million (2019: HK\$226.8 million), accounting for 90.7% (2019: 93.3%) of the Group’s total revenue. Among the retail revenue, aggregate sales of “**Ulferts**” and “**Ulferts Signature**” amounted to HK\$153.7 million (2019: HK\$187.2 million), and remained the key revenue contributor, accounting for 77.4% (2019: 82.5%) of total retail revenue. As “**at • home**” stores have been opened during both second half of the previous year and the Year, enabling its sales revenue to increase significantly by 225.7% to HK\$24.1 million (2019: HK\$7.4 million), accounting for 12.1% (2019: 3.3%) of total retail revenue.

As at 31 March 2020, the Group had 21 (31 March 2019: 20) POS in Hong Kong, including 1 “**Ulferts Signature**” showroom, 5 “**Ulferts**” showrooms, 4 “**at • home**” stores, and a total of 11 POS covering “**Dormire**” specialty stores, “**Ulfenbo**” department store counters and pop-up store. During the Year, 1 “**at • home**” store, 1 “**Dormire**” specialty store and 1 “**Ulfenbo**” pop-up store were opened in Kowloon Bay, Tin Shui Wai and Tsuen Wan respectively, to further expand market coverage in Kowloon and the New Territories.

Wholesale Business Review

The Group operates wholesale business of mattresses, sofas and sofas under its self-owned label “**Ulfenbo**” through over 200 dealers in Hong Kong and Macau. Based on its long establishment and quality products, the “**Ulfenbo**” brand has been recognised by the “Hong Kong Top Brand Mark” for six consecutive years since 2014, under the Hong Kong Top Brand Mark Scheme organised by The Chinese Manufacturers’ Association of Hong Kong and Hong Kong Brand Development Council.

Mr. Ricky Ng, Executive Director & Chief Executive Officer of Ulferts International, said, “The Pandemic and ongoing Sino-US trade war will continue casting shadows on the growth of the global economy. As the economic outlook and employment prospects are uncertain, home buyers and investors are likely to delay the purchase of properties and property developers tend to slow down the launch of new properties, which may impair the market demand for home furniture.”

Mr. Ng concluded, “Riding on its comprehensive product portfolio with a well-defined market segmentation, the Group will strive to increase the sales revenue by adjusting the product coverage and strengthening the promotional efforts. The Group will closely monitor market conditions, and take all practical measures to cope with the challenges ahead, including the rationalisation of its retail coverage, implementation of working capital management and cost-control measures. With a history of over 40 years in Hong Kong, the Group will endeavour to weather the storm in the face of difficult times along with Hong Kong.”

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About Ulferts International Limited (1711.HK)

Established for over 40 years, Ulferts International is a well-known furniture retailer in Hong Kong dedicated to supplying high quality, stylish and affordable furniture for transforming living spaces into ideal homes. Ulferts International currently operates a few retail lines in Hong Kong including “**Ulferts Signature**”, “**Ulferts**”, “**at • home**”, “**Dormire**” and “**Ulfenbo**”. In addition, several online shopping platforms are available for maximizing market coverage. “**Ulferts Signature**”, “**Ulferts**” and “**at • home**” offer more than 50 furniture brands (some of which are international brands) imported from different suppliers in Europe and Asia, covering a wide variety of contemporary style furniture products targeting middle to high income group. Meanwhile, its self-owned brand, “**Ulfenbo**”, mainly offers mattresses, pillows and sofas through wholesaling to dealers and retailing under “**Dormire**” speciality stores, “**Ulfenbo**” department store counters, pop-up stores, and roadshows. In recognition of its service excellence, the Group was awarded the “2019 Service Retailers of the Year – Furniture & Home Accessories Category”, and the “Quality Service Leader Seasonal Award – Furniture & Home Accessories Category” during April to June, July to September and October to December 2019, in the Quality Service Programme organised by the Hong Kong Retail Management Association. For more information, please visit its website: www.ulfertsintl.com.

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