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RETAIL HOLDINGS N.V. ANNOUNCES 2018 RESULTS

March 28, 2019, Willemstad, Curacao

Retail Holdings N.V. (Symbol: RHDGF)

Retail Holdings N.V. ("ReHo", together with its subsidiaries, the "Company"), announced today strong results for the year ended December 31, 2018. Financial highlights include:

- Consolidated revenue for the period ending December 31, 2018 was \$231.3 million, an increase of 17.4% from prior year. Revenue at the Company's operations in Bangladesh grew 20.5%. Revenue at Singer India increased 7.8%.
- Results from operating activities in 2018 were a profit of \$17.1 million, a jump of 98.0% from prior year.
- The Company's net income for 2018 was \$7.5 million, compared to a 2017 profit from continuing operations of \$2.8 million. Including a profit of \$52.2 from discontinued operations in 2017, the Company's profit that year was \$55.0 million.

In a Subsequent Event, on March 22, 2019, the Company entered into an agreement to sell its indirect subsidiary, Retail Holdings Bhold B.V. ("Bhold") for a cash consideration of approximately \$75.0 million; 54.1% of this amount is attributable to ReHo shareholders. Bhold's principal asset is a 57.0% equity interest in Singer Bangladesh Limited. The transaction is expected to close in April. The Company's profit from the transaction, after tax and expenses, will be approximately \$42.0 million.

Chairman's Comments

Commenting on the 2018 results, Stephen H. Goodman, the Company's Chairman, President and CEO, noted, "I am pleased that the Company's operations performed well in 2018, with double digit percentage growth in revenue and profit. I am also extremely pleased by the progress made during 2018 and continuing into 2019 in the Company's strategic program to monetize and return to shareholders the underlying value of the Company's assets.

"I am optimistic about the prospects for 2019, in terms both of operating performance and likely further progress in the strategic divestment program. The Company's goal is to complete the sale of substantially all of its business assets and begin the liquidation process within the next one to two years.

"I encourage all shareholders to read the 2018 Summary Annual Report and the Audited Consolidated Financial Statement and Notes, which will be available in the next several days at the Corporate/Investor section of the Retail Holdings website: www.retailholdings.com, and can be obtained free of charge by email, telephone or regular mail request to the Company.

“I extend my sincere thanks to my fellow employees and directors for their considerable effort in making 2018 a success and thank all of the Company shareholders for their continued support.”

Management Discussion and Analysis: 2018 Results

Continuing operations

For the year ended December 31, 2018, the Company's U.S. Dollar consolidated revenue was \$231.3 million, compared to consolidated revenue from continuing operations of \$196.9 million for the same period in 2017, an increase of \$34.3 million or of 17.4%. Consolidated revenue measured at constant exchange rates (assuming no change in the average exchange rate of each of the foreign currencies against the U.S. Dollar in 2018 as compared to 2017) grew 20.5%.

The Bangladesh Taka and the Indian Rupee declined by 5.7% and 5.3% respectively, against the U.S. Dollar in 2018, negatively impacting results when measured in U.S. Dollars.

Revenue at the Company's operations in Bangladesh grew 20.5% from prior year, as measured in U.S. Dollars, and grew 23.9% as measured in local currency. The strong revenue performance reflects continued buoyant local market conditions, and the success of a number of product and marketing initiatives. Revenue at the Company's operation in India increased by 7.8% from prior year in U.S. Dollar terms and 13.5% in local currency, reflecting the Indian company's success in growing market share for sewing products and small domestic home appliances.

The Company's revenue for the year ended December 31, 2018 and for the year ended December 31, 2017 includes \$1.1 million of earnings from finance charges on credit sales in both years.

Gross profit for the year ended December 31, 2018 was \$62.8 million, an increase of 18.6% over prior year, representing a gross profit as a percentage of revenue of 27.1%, compared to prior year's 26.9%. The improvement in gross profit percentage primarily reflects better sourcing at Singer Bangladesh.

Other income for the year ended December 31, 2018 was \$0.9 million, compared to \$1.1 million for the year ended December 31, 2017. Other income mainly consists of penalty charges on late payments, commission income and fees from the provision of financial services, and profit on PP&E sales.

S&A expenses for the year ended December 31, 2018 were \$43.5 million, representing 18.8% of revenue, compared to \$39.8 million and 20.2% of revenue for the year ended December 31, 2017. The reduction in S&A expenses as a percentage of revenue reflects tighter cost management, particularly at Singer Bangladesh, and the benefits of greater scale as fixed costs did not grow as fast as revenue.

Other expenses, primarily representing royalty payments to SVP for the use of the Singer trade name and trademark, amounted to \$3.0 million for the year ended December 31, 2018, compared to \$5.6 million for the year ended December 31, 2017, which included royalty payments on Singer Sri Lanka revenue for the first nine months of 2017. Royalty expense is now set at 0.88% of Singer Asia's consolidated U.S. GAAP revenue, representing a reduction, effective October 1, 2017, from the 1.0% earlier in 2017 and in prior years.

Results from operating activities for the year ended December 31, 2018 were a profit of \$17.1 million, compared to a profit of \$8.6 million from continuing operations for the same period in 2017, an increase of 98.0% from prior year. The improvement in results from operating activities primarily reflects the improvement in gross profit, lower S&A expenses relative to revenue, and the elimination of Singer Sri Lanka related royalties.

Finance income was \$0.8 million for the year ended December 31, 2018, and \$0.1 million for the year ended December 31, 2017, reflecting higher average Corporate cash balances in 2018 as compared to 2017.

Finance costs, which represent interest expense on borrowings at the Sewko operating companies to finance working capital, were \$5.2 million for the year ended December 31, 2018 compared to \$2.1 million for the year ended December 31, 2017. Finance costs increased by \$3.1 million as compared to the same period in 2017 primarily because of the growth in the Bangladesh business and the resulting growth in Bangladesh interest-bearing debt.

The Company's profit from continuing operations, before tax, was \$12.7 million for the year ended December 31, 2018, compared to a profit from continuing operations, before tax, of \$7.4 million for the year ended December 31, 2017. The increase in profit from continuing operations reflects the flow through of the results from operating activities offset, in part, by increased finance costs.

Tax expense increased to \$5.2 million for the year ended December 31, 2018 from \$4.6 million for the same period prior year. The effective tax rate, which is calculated based on total tax expense as a percentage of profit from continuing operations, before tax, was 41.3% for the year ended December 31, 2018, compared to an effective tax rate of 62.6% prior year. The lower effective tax rate is a consequence of lower withholding taxes in 2018 reflecting smaller dividends from subsidiaries, and a shift in the mix of Company earnings to lower tax jurisdictions.

The Company's profit for the year ended December 31, 2018, net of tax, was \$7.5 million, compared to a profit from continuing operations, net of tax, of \$2.8 million for the same period in 2017, an increase in profit of \$4.7 million.

Net income at the Company's operations in Bangladesh grew 17.1% to \$10.8 million for the period ended December 31, 2018. Net income at the Company's operation in India decreased to \$1.2 million for the period ended December 31, 2018, as compared to \$1.3 million the prior year.

Overall

The Company's profit, for the year ended December 31, 2018 was \$7.5 million, compared to a profit of \$55.0 million for the same period in 2017. The Company's 2017 results benefitted from a profit from discontinued operations; the earnings from Singer Sri Lanka for the first nine months of 2017 and a gain on the sale of that operation in October 2017, totaling \$52.2 million. No operation was discontinued in 2018.

The profit attributable to ReHo shareholders is \$0.4 million for the year ended December 31, 2018, compared to a profit of \$25.7 million for the same period prior year. A profit of \$7.1 million is attributable to non-controlling interests for the year ended December 31, 2018, compared to a profit of \$29.2 million for the year ended December 31, 2017. The decrease of Retail Holdings' share of Company profit from 46.8% in 2017 to 5.3% in 2018 reflects the absence of share disposal gains at the holding company level in 2018 and the timing of bonus accruals relating to distributions to Retail Holdings shareholders.

The profit attributable to equity holders of the Company is equivalent to basic and diluted earnings per Share of \$0.08 for the year ended December 31, 2018, compared to basic and diluted profit per Share attributable to equity holders of the Company of \$5.53 for the year ended December 31, 2017.

Total comprehensive income for the year ended December 31, 2018 was \$6.4 million, compared to \$54.0 million in comprehensive income for the year ended December 31, 2017. The reduction in comprehensive income of \$47.6 million is largely due to the flow through of the reduction in the Company's profit, as explained above.

About Retail Holdings

Retail Holdings N.V. is a holding company with one principal asset: a 54.1% equity interest in Sewko Holdings Limited, the parent company of Singer Asia Limited, a distributor of consumer durable products through public subsidiaries in Bangladesh and India. Retail Holdings N.V. has no operating activities other than those carried out through Sewko/Singer Asia. Additional financial and other information about Retail Holdings N.V., including the complete text of the 2018 Retail Holdings Summary Annual Report and 2018 Audited Consolidated Financial Statements and Notes, may be found at the Corporate/Investor section of the Retail Holding's website: www.retailholdings.com. Price quotations for Retail Holdings shares are available on the "Pink Sheets" quotation service under the symbol "RHDGF". For further information, please contact Amy Pappas at 1-914-241-3404.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER

In thousands of U.S. Dollars

	<u>2018</u>	<u>2017</u>
Continuing operations		
Revenue	231,272	196,930
Cost of sales	(168,488)	(143,988)
Gross profit	<u>62,784</u>	<u>52,942</u>
Other income	850	1,102
Selling and administrative expenses	(43,493)	(39,779)
Other expenses	(3,028)	(5,624)
Results from operating activities	<u>17,113</u>	<u>8,641</u>
Finance income	779	142
Finance costs	(5,165)	(2,069)
Net finance costs	<u>(4,386)</u>	<u>(1,927)</u>
Share of profit of equity-accounted investee, net of tax	-	692
Profit before tax	<u>12,727</u>	<u>7,406</u>
Tax expense	(5,251)	(4,638)
Profit from continuing operations	<u>7,476</u>	<u>2,768</u>
Discontinued operations		
Profit from discontinued operations, net of tax	-	52,183
Profit for the year	<u>7,476</u>	<u>54,951</u>
Attributable to:		
Owners of the Company	398	25,710
Non-controlling interests	7,078	29,241
Profit for the year	<u>7,476</u>	<u>54,951</u>
Earnings per share (U.S. Dollars)		
Basic earnings per share	0.08	5.53
Diluted earnings per share	0.08	5.53
Earnings per share – Continuing operations (U.S. Dollars)		
Basic earnings per share	0.08	0.60
Diluted earnings per share	0.08	0.60

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of U.S. Dollars

	31 December 2018	31 December 2017
ASSETS		
Property, plant and equipment	18,470	19,129
Intangible assets and goodwill	5,517	5,560
Trade and other receivables	109	608
Deferred tax assets	704	387
Other non-current assets	4,370	3,824
Total non-current assets	29,170	29,508
Inventories	56,733	45,166
Investments	-	10,854
Trade and other receivables	36,078	30,857
Other current assets	7,060	6,101
Cash and cash equivalents	11,889	57,325
Total current assets	111,760	150,303
Total assets	140,930	179,811
EQUITY		
Share capital	53	53
Treasury shares	(7)	(7)
Share premium	-	-
Reserves	(4,355)	(4,100)
Retained earnings	33,525	79,256
Total equity attributable to owners of the Company	29,216	75,202
Non-controlling interest	36,239	43,141
Total equity	65,455	118,343
LIABILITIES		
Loans and borrowings	469	38
Employee benefits	88	81
Warranty provision	497	430
Deferred tax liabilities	228	72
Other non-current liabilities	2,864	2,551
Total non-current liabilities	4,146	3,172
Bank overdrafts	28,203	16,173
Current tax liabilities	754	537
Loans and borrowings	6,069	3,614
Trade and other payables	34,590	36,541
Deferred income	388	259
Warranty provision	1,325	1,172
Total current liabilities	71,329	58,296
Total liabilities	75,475	61,468
Total equity and liabilities	140,930	179,811