

Giordano Announces 2020 Final Results

March 11, 2021, Hong Kong

Giordano International Limited and its subsidiaries (the “Group”) today announced its 2020 final results:

- The Group is an international apparel retailer with a portfolio of owned, franchised, and licensed brands. We offer high-quality, value-for-money, and easy-to-wear apparel and accessories through a network of approximately 2,185 stores, or 2,105,000 sq. ft. of retail floor space.
- Group sales and gross margin improved in the second half of the year, in which the sales drop narrowed to -26.0% (2020 1H: -44.4%) with a gross margin of 56.4% (2020 1H: 54.6%). For the year, group sales declined by 35.7% to HK\$3,122 million (2019: HK\$4,852 million) at a gross margin of 55.6% (2019: 58.7%).
- Online sales increased by 22.1% to contribute 10.5% (2019: 5.5%) to total sales. Outside of Mainland China, online sales registered a 123.5% increase and constituted 23.3% of consolidated online sales (2019: 12.7%).
- The 2H’s net profit helped reduce the full-year net loss to HK\$112 million (1H net loss: HK\$175 million), which included a net HK\$70 million non-cash impairment provision charge to income made during the 1H for the right-of-use assets and property, plant and equipment. The basic loss per share was 7.1 HK cents (2019: basic earnings per share of 14.6 HK cents).
- The Company’s board of directors has recommended a final dividend of 6.9 HK cents per share (2019: 4.4 HK cents per share), or a total dividend of 10.0 HK cents per share for the year (2019: 14.6 HK cents per share). The final dividend payable, if approved, would amount to approximately HK\$109 million.
- Group inventories shrunk by HK\$114 million to HK\$434 million. The inventory turnover days based on cost was 115 (2019: 100). Most of the merchandise was essential or in-season.
- Cash and bank balances, net of bank loans, increased to HK\$1,104 million as at December 31, 2020 (December 31, 2019: HK\$994 million)

Dr Peter Lau, Chairman and Chief Executive of Giordano, stated, “The Group’s sales and net profit suffered severely due to the Covid-19 pandemic, which broke out at the beginning of the year. Sales in 2020 plunged by 35.7 % to HK\$3,122 million, but have improved since the second half with the gradual relaxation in travel restrictions and social distancing measures. Financial relief from governments, rental concessions from landlords, and overhead control helped reduce operating expenses in the second half.”

Dr Lau continued, “The Covid-19 pandemic forced us to expedite the pace of digitization. Webinars, inter-disciplinary and inter-regional meetings, and communication with suppliers and shops are now a daily occurrence. Managers, using digital tools, now make faster and better decisions. This initiative will become more pervasive, further saving time and expenses throughout the Group.”

“ The business outlook remains uncertain in most markets due to the volatility of Covid-19. We see pessimism in Hong Kong, where operating expenses remain unreasonably high. The Group will provide more strategic resources to online sales, regions of opportunities, and new franchise territories.” Dr Lau concluded.

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About Giordano:

Giordano is an international apparel retailer with a portfolio of brands, including Giordano and Giordano Junior, Giordano Ladies, BSX, and other owned and licensed brands. Established in 1981, Giordano now operates through a network of around 2,200 stores, most of which are in Greater China, South Korea, Southeast Asia, and the Middle East. Giordano is listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 709).

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Attachment:

Audited Consolidated Income Statement for the year ended December 31, 2020

Consolidated Income Statement

<i>(In HK\$ million, except earnings (loss) per share)</i>	2020	2019
Sales	3,122	4,852
Cost of sales	(1,386)	(2,006)
Gross profit	1,736	2,846
Other income and other gains, net	183	83
Distribution expense	(1,800)	(2,300)
Administrative expense	(224)	(232)
Operating profit (loss)	(105)	397
Finance expense	(41)	(55)
Share of profit of joint ventures	39	63
Profit (loss) before income taxes	(107)	405
Income taxes	(1)	(116)
Profit (loss) after income taxes for the year	(108)	289
Attributable to:		
Shareholders of the Company	(112)	230
Non-controlling interests	4	59
	(108)	289
Earnings (loss) per share attributable to shareholders of the Company		
Basic (HK cents)	(7.1)	14.6
Diluted (HK cents)	(7.1)	14.6