DICKSON

DICKSON CONCEPTS (INTERNATIONAL) LIMITED
迪生創建(國際)有限公司
(incorporated in Bermuda with limited liability)

PRESS RELEASE

FINANCIAL RESULTS AND FINAL DIVIDEND

* Turnover for the financial year ended 31st March, 2019 was HK$4,009.4 million, an increase of 10.3 per cent. compared to HK$3,635.6 million in the previous year.

* Profit attributable to shareholders was HK$403.8 million as compared to HK$151.8 million in the previous year.

* In view of these results, the Board is recommending the payment of a final dividend of HK27 cents per ordinary share, which together with the interim dividend of HK8 cents per ordinary share paid, represents an increase of 52.17 per cent. over the HK23 cents per ordinary share paid in the previous year. Based on a closing price of HK$4.09 on 29th March, 2019, the total dividend proposed represents a yield of 8.56 per cent..

* For the financial year ended 31st March, 2019, the Group achieved sales of HK$4,009.4 million, an increase of 10.3 per cent.. Comparable store sales increased by 11.2 per cent..

* Net profit attributable to equity shareholders was HK$403.8 million (2018 : HK$151.8 million), an increase of 1.7 times over 2018. The investment portfolio and disposal of a warehouse property contributed a net profit of HK$235.8 million.

* The increase in profit is the result of solid growth in the retail division, contribution from the investment portfolio, disposal of a warehouse property and tight control in operating costs and expenses at all levels of operation.

REVIEW OF OPERATIONS

* The retail climate in Hong Kong, China and South East Asia deteriorated in the second half of the financial year as certain concerns mentioned in the interim report materialised.

* In Hong Kong, the increase in tourist arrivals benefited the Group, in particular, the categories of beauty and luxury watches. As a result, the Group achieved 15.3 per cent. growth in sales turnover in the year ended 31st March, 2019.

* In Taiwan, while the luxury retail market remains weak as a result of the major drop in Mainland Chinese tourists due to poor political relationship between Mainland China and Taiwan, the Group succeeded in achieving major improvement in profits through improved margins and tight inventory controls.

* The Group adopted a very cautious approach to its expansion and opened only 11 new shops during the year. Today, the Group's retail network totals 113 stores comprising 24 stores in Hong Kong, 16 in China, 59 in Taiwan, 5 in Singapore, 6 in Malaysia and 3 in Macau.

* Geographically, Hong Kong contributed 79.5 per cent. of sales, Taiwan 15.7 per cent., China 1.6 per cent. and other territories 3.2 per cent..

* In terms of sales mix, watches and jewellery represented 33.5 per cent., cosmetics and beauty products 33.2 per cent. and fashion and accessories 33.0 per cent..

FUTURE PROSPECTS

* The retail climate in Hong Kong, China and South East Asia remains challenging in the foreseeable future and the Group continues to face a very high operating cost base from rental and staff cost, together with the risk of volatile market conditions. In particular, there are major uncontrollable factors such as :-

  a. A slowdown in Chinese tourist spending;
  b. Trade war between U.S. and China;
  c. Severe margins pressure from online operators internationally;
  d. Severe volatility in equity markets; and
  e. RMB weakness and reduced import duties which have narrowed the price gap between Hong Kong and China.

* As such, the Group will continue to rigorously control costs and expenses at all levels of operation and adopt a very cautious approach to its further expansion and development strategies.

* On 17th December, 2018, the Group announced that it will invest HK$250 million on the first Harvey Nichols flagship new format store globally. Technology is core to this new store format and by capitalising on the strategic partnership with Harvey Nichols Group in the United Kingdom as announced in March 2018, the Group will be able to combine the leading international brands and top emerging designer talents from both Harvey Nichols UK's digital platform and Harvey Nichols HK in the new retail format. This new flagship store will be unveiled at Pacific Place in September 2019 and will showcase 3 times the offering of the existing store, while reducing the size of the existing store by 50 per cent.. As such, this will result in a large reduction in fixed cost and substantially increase sales, allowing the Group to maximise sales densities and profits, compete against pure online operators, while offering customers the most curated product and service offering possible.

* On the investment side, the Group will continue to seek investment opportunities for long term direct investments as well as trading investments in major international markets.

* With net cash of HK$1,739.1 million and its strong balance sheet, the Group is in an excellent position to take advantage of any further improvement in market condition as well as to undertake new investment opportunities to diversify and broaden its earnings base.

Hong Kong, 3rd June, 2019