

P R E S S R E L E A S E

EuroSports Global announces 1HFY2015 results

Financial Highlights (S\$' million)	Six months ended 30 September		Change (%)
	1HFY2015	1HFY2014	
Revenue	15.8	26.9	(41.2)
Gross Profit	2.3	6.4	(64.4)
Net (Loss)/Profit attributable to owners of the company	(3.1)	1.9	n.m.

SINGAPORE, 11 November 2014 – EuroSports Global Limited (“**EuroSports Global**” and together with its subsidiaries, the “**Group**”), a leading luxury lifestyle company with the only authorised dealership for Lamborghini automobiles in Singapore, today announced a net loss attributable to owners of the company of S\$3.1 million for the six months ended 30 September 2014 (“**1HFY2015**”) due to slower sales.

This was on the back of a 41.2% drop in revenue to S\$15.8 million as compared to the half year ended 30 September 2013 (“**1HFY2014**”), largely due to a decrease in the number of new automobiles, in particular Lamborghini models, sold (1HFY2015: 4; 1HFY2014: 12). Sales of new automobiles were mainly affected by tighter government regulations on car ownership in the form of additional vehicle registration fees and loan financing restrictions, in addition to the Lamborghini Gallardo model reaching the end of its lifecycle.

The fall in new automobile revenue was however offset by higher pre-owned automobiles revenue. As a result of a recent acquisition¹ of AutoInc Sports Pte. Ltd., a sports and luxury automobiles resale agent, by EuroSports Global’s 60% owned subsidiary AutoInc EuroSports Pte. Ltd., the Group raked in higher pre-owned automobiles revenue, having sold 12 pre-owned automobiles in 1HFY2015, as compared to seven in 1HFY2014.

In line with lower sales of new automobiles, the Group recorded a decrease in post-delivery services, which led to a 21.3% revenue drop from S\$3.1 million in 1HFY2014 to S\$2.5 million in 1HFY2015, from

¹ Please refer to announcements regarding the acquisitions dated 7, 15 and 18 August 2014.

the provision of after-sales services, while lower sales from its distributors over the same period led to a 46.3% decline in revenue to S\$0.7 million from the sale of deLaCour watches.

Accordingly, the Group's gross profit fell 64.4% to S\$2.3 million in 1HFY2015, while gross profit margin dipped from 23.7% to 14.4% year-on-year due to a higher proportion of pre-owned automobiles sold compared to new automobiles sold as the former typically commands relatively lower gross profit margins.

EuroSports Global's overall expenses for the period also increased. The Group's marketing and distribution expenses rose 13.4% from S\$1.5 million in 1HFY2014 to S\$1.7 million in 1HFY2015 mainly as a result of brand building and activities relating to the launch of the new Lamborghini Huracán model. Administrative expenses in 1HFY2015 were also significantly higher at S\$6.6 million as compared to S\$4.2 million in 1HFY2014 mainly due to an increase in rental expenses of S\$1.9 million mainly relating to its current premises at 30 Teban Gardens Crescent² and an increase in employee benefits expense of S\$0.29 million due to a higher headcount.

As a result, EuroSports Global recorded a net loss attributable to owners of the company of S\$3.1 million in 1HFY2015 as compared to a net profit of S\$1.9 million in 1HFY2014.

Business update and outlook

The Group expects the next 12 months to remain challenging due to intense competition among automobile distributors in the small and mature Singapore market as well as the tighter regulations on car ownership that the government may impose. But with the recent launch of Lamborghini's new Huracán model in September 2014, the Group expects sales of new automobiles to pick up in the second half of FY2015.

Commenting on the latest financial results, EuroSports Global's Executive Chairman and CEO, Mr Melvin Goh, said:

"It was a challenging first half for us as we continued to grapple with the impact that government regulations and the phasing out of an older model had on our sales. But at the same time, we were also busy looking out for growth opportunities, which had led to our acquisition of three related businesses in August 2014. We remain committed to our vision to

² On 18 March 2014, the Group had announced the successful completion of the sale and leaseback arrangement relating to its premises at 30 Teban Gardens Crescent on 17 March 2014.

be a luxury lifestyle company with a diversified portfolio of bespoke products and we will continue to pursue new business prospects with potential partners to fulfill this long term goal. In the meantime, we are looking forward to the opening of our new deLaCour boutique at Wisma Atria in December 2014, which we hope will help us to drive more sales of the watches.”

Moving forward, the Group will continue to explore opportunities to grow its distribution network for its existing products locally and into other emerging markets in the region; to acquire existing distributorships or dealerships to expand its luxury product portfolio; and/or enter into strategic alliances or joint ventures with complementary business partners.

Update on use of IPO Proceeds

The Group had raised S\$8.46 million in net proceeds during its IPO. As at 30 September 2014, out of the S\$6.0 million in IPO net proceeds allocated for the expansion of its operations locally and in other markets and for diversification into other luxury lifestyle businesses, the Group has utilised S\$1.5 million for the acquisition of AutoInc Sports Pte. Ltd., AutoInc Lifestyle Pte. Ltd. and Birel Singapore Pte. Ltd. by its 60% owned subsidiary, AutoInc EuroSports Pte. Ltd.. The S\$2.46 million which was allocated for general working capital had been fully utilised.

About EuroSports Global Limited

The Group specialises in the business of distribution of ultra-luxury automobiles and luxury automobiles and provision of after-sales services.

The Group’s automobile distribution business retails new ultra-luxury automobiles and luxury automobiles as well as pre-owned automobiles. It presently carries automobile brands comprising mainly Lamborghini, Pagani and Alfa Romeo, and customised automobiles supplied by Touring Superleggera.

The provision of after-sales services by the Group includes sales of automobile parts and accessories and the Group operates the only authorised service centre in Singapore for all the automobile brands it carries. In addition, the Group also operates an automobile leasing business as an ancillary business that complements its automobile distribution business.

In September 2012, the Group embarked on the luxury watch distribution and retail business and in November 2012, it secured the exclusive distributorship rights for the deLaCour brand of watches for Singapore, Malaysia, Indonesia, Thailand and Brunei.

Issued for and on behalf of EuroSports Global Limited by August Consulting

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