June 2004 Full Year Results

Investor Presentation

25 August, 2004

Key Points

RESULTS

- Delivered a solid turnaround in pre tax (pre amortisation) earnings of $25.4m
- Improved 1st half performance continued into the 2nd half with pre tax (pre amortisation) earnings increasing 45% to $9.8m (1st Half $6.8m)
- Translation impact of strong AUD on overseas sales masks underlying strength and improvement in brand performance
- Financial position of the Group continues to strengthen

OUTLOOK

- Two years of sales decline has been arrested.
- Group sales in FY05 are expected to exceed record sales of $217 million achieved in FY02
- Both North American divisions are expected to deliver 20% + sales growth

Consolidated Results

AUD millions	FY 04	FY 03
Sales *(Currency adjusted)*	184.2 *(204.1)*	204.5
EBITDA *(Currency adjusted)*	19.8 *(21.7)*	(3.0)
Pre-amortisation NPAT	11.4	(4.0)
Pre-amortisation EPS	2.7 cents	(1.0) cents
NPAT	7.1	(59.7)
Net Cash (Cash less Debt)	17.2	4.7
Dividend (per share)	1.0 cents	Nil

- Adjusted for currency, sales flat
- Globe North American sales in the 2nd half are the highlight improving 62% over the 1st half – in local currency terms.
- All divisions produced sales growth except Dwindle (formerly Kubic). Majority of Dwindle's decline experienced in 1st half. Dwindle sales decline now arrested.
- Achieved record gross margins in FY04
- 33% improvement in EBITDA in the 2nd half ($11.3m) to the 1st ($8.5m) driven by focus on costs, operational efficiencies and improving sales.
- Balance sheet strengthened as a result of improved operations and subsequent cash generation.

Australasia

AUD millions	FY 04	FY 03
Sales		
1st Half	54.5	45.6
2nd Half	48.1	45.9
Full Year	**102.6**	**91.5**
EBITDA		
1st Half	7.4	4.4
Margin %	*13.6%*	*9.6%*
2nd Half	5.4	2.2
Margin %	*11.2%*	*4.8%*
Full Year	**12.8**	**6.6**
Margin %	*12.5%*	*7.2%*

- Continuing to improve brand positioning and sales performance
- Significant reinvestment in brand design and development resources, particularly in our Global brands.
- Footwear particularly strong
- Globe surf apparel range released and performed to expectations
- Record gross margins due to improved inventory management and weaker USD
- Licensed brands performing strongly
- Focus on sales growth across the board

North America

AUD millions	FY 04	FY 03
Sales		
1st Half	28.1	56.9
(Currency adjusted)	*(35.0)*	
2nd Half	33.8	34.4
(Currency adjusted)	*(40.2)*	
Full Year	**61.9**	**91.3**
(Currency adjusted)	*(75.2)*	
EBITDA		
1st Half	0.0	0.2
2nd Half	1.3	(13.0)
(Currency adjusted)	*(1.6)*	
Full Year	**1.3**	**(12.8)**
(Currency adjusted)	*(1.6)*	

- North America has returned to profitability as foreshadowed
- Globe 2nd half sales increased 62% over 1st half and 55% over pcp
- Dwindle has turned the corner and will be profitable in its own right in FY05
- Dwindle brands are gaining traction in the market, evidenced by improving sales
- Category expansion into apparel now underway with improvements in sales and profitability expected in FY05

globe

Europe

AUD millions	FY 04	FY 03
Sales		
1st Half	6.3	12.7
(Currency adjusted)	*(7.8)*	
2nd Half	13.4	8.9
(Currency adjusted)	*(16.0)*	
Full Year	**19.7**	**21.6**
(Currency adjusted)	*(23.8)*	
EBITDA		
1st Half	1.1	2.9
(Currency adjusted)	*(1.4)*	
2nd Half	4.7	0.4
(Currency adjusted)	*(5.5)*	
Full Year	**5.8**	**3.3**
(Currency adjusted)	*(6.9)*	

- Sales in local currency are up 11.0% on last year despite the transitioning of our business model
- EBITDA is strong and provides the funding for our growth in this region
- Major investment in infrastructure to drive category and brand expansion
- Distributors have been converted in France and the UK, with other regions in transition.
- Key personnel are in place and driving the business model

Financial Strength

AUD millions	June 04	June 03
Cash	31.4	26.4
Debt	(14.2)	(21.7)
Inventories	22.5	20.7
Receivables	34.0	27.6
Payables	(17.6)	(10.7)
Net Tangible Assets	74.2	64.3
NTA per share	17.9 c	15.5 c

- Financial position continues to strengthen
- The generation of cash through improved performance and fiscal management is funding growth strategies and reducing debt.
- Corporate and tax structures have been reviewed to ensure there is efficient utilisation and flow of resources around the Group.

The Future

- Management is focused on positioning the business for profitable and sustainable sales growth
- Key element is the continued investment in brands
- The multi brand, multi regional and multi category strategy is driving long term sales growth
- Long term growth underpinned by management leveraging Globe's core competencies, being
  - Building brands
    - In the youth segment
    - Focusing on action board sports and street wear
  - Innovative marketing
  - Delivering great product