



COMPANY ANNOUNCEMENT

GLOBE INTERNATIONAL LIMITED

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

MELBOURNE, 22 February 2018: Globe International Limited (the Group), producer and distributor in the board sports, street fashion and work-wear markets, today announced its financial results for the six months ended 31 December 2017. Compared to the prior corresponding period (pcp), the Group reported an increase in profits despite sales remaining largely flat for the half-year. The increased profitability was driven mainly by higher gross margins.

- Revenues of \$70.2 million and Net sales of \$70.1 million were both approximately flat on the previous corresponding half-year in constant currency terms (1% below the pcp in reported currency)
- Earnings before interest, tax, depreciation and amortization (EBITDA) of \$4.1 million were 28% or \$0.9 million higher than the pcp.
- Net profit after tax (NPAT) of \$3.4 million for the half year was 37% higher than the pcp.
- Cash-flows generated from operations during the period were \$5.2 million, compared to \$6.7 million in the prior corresponding period.

Financial Performance

Reported net sales of \$70.1 million for the half year were in line with the previous corresponding half year in constant currency, as sales have stabilised since the downturn in the hardgoods market experienced in the first half of the last financial year. While overall net sales are flat, there was a shift in sales between Australian and North America during the period. Net sales in Australia were lower than the previous corresponding period by 7%, while European sales were flat and in North America sales in constant currency grew by 19% over the previous corresponding half-year.

Earnings before interest, tax, depreciation and amortization (EBITDA) of \$4.1 million for the period grew by \$0.9 million, representing an increase of 28% compared to the prior corresponding half-year, despite sales being flat. This growth in profitability was due mainly to an increase in gross margins across the board. The gross margin improvement came from a combination of factors including brand mix, customer mix, sourcing improvements and foreign exchange impacts. While overall costs were largely flat compared to the same period last year, there has been a reallocation of costs towards emerging and growth brands, to drive the growth in those brands over the coming years.

Cash flows from operations for the period were \$5.2 million, driven by profit from operations and a reduction in working capital. The reduction in working capital comes mainly from the continued close management of receivables and inventory, as well as negotiations with suppliers to improve terms.

Chief Executive Officer Matt Hill said, "The results for the half year reflect the significant effort in finding, developing and investing in new brands and categories across our business. And, at the same time, rightsizing the investment in our traditional business while remaining committed to those brands and categories. It is the ability to continually make these changes which makes this a dynamic and exciting business, with great opportunities for future growth."

Dividend

The Directors have determined that an interim dividend of 5 cents per share, franked to 83%, will be paid to shareholders on 23 March 2018. This compares to a 3 cent fully franked interim dividend paid in the previous financial year.

The payment of the 2018 interim dividend utilises the remaining balance of the franking account. Any dividends paid in the future will therefore be unfranked, until such time that further franking credits are accumulated.

Looking Forward

Chief Executive Officer Matt Hill said, "Looking forward to the full year, we expect to see a modest improvement in overall net sales, and profits to be higher than the previous financial year."

Investors, Media and Analysts:

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