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# RESULTS FOR YEAR ENDED 30 JUNE 2011

REF: PM0531



# FY11 Results – Key Points

- NPAT up 18% to \$7.1 million.
- Earnings per share of 2.4 cents. Return on invested capital (EBIT/shareholders funds plus net debt) improved to 13.5% in FY11 from 12.2% in FY10.
- Net Debt of \$5.7 million. Net debt / equity ratio 8%.
- Full year dividend – fully franked – 2.2 cents per share.
- Gale continues to generate very strong cash flows which have been used to dramatically reduce debt, reintroduce the payment of dividends in the past two years and fund the Zone and Riva acquisition.

# FY11 Results – Key Points

- Sales down 3% to \$95.6 million – poor weather conditions in Australia.
- EBITDA down 4% to \$15.8 million – translation of foreign currency earnings impact to stronger A\$.
- EBIT up 6% to \$9.9 million. EBIT is 10% to sales.
- Gale owns it's own low cost manufacturing facility in China. Plant is operating efficiently and has excess capacity. No major capex required over the medium term.

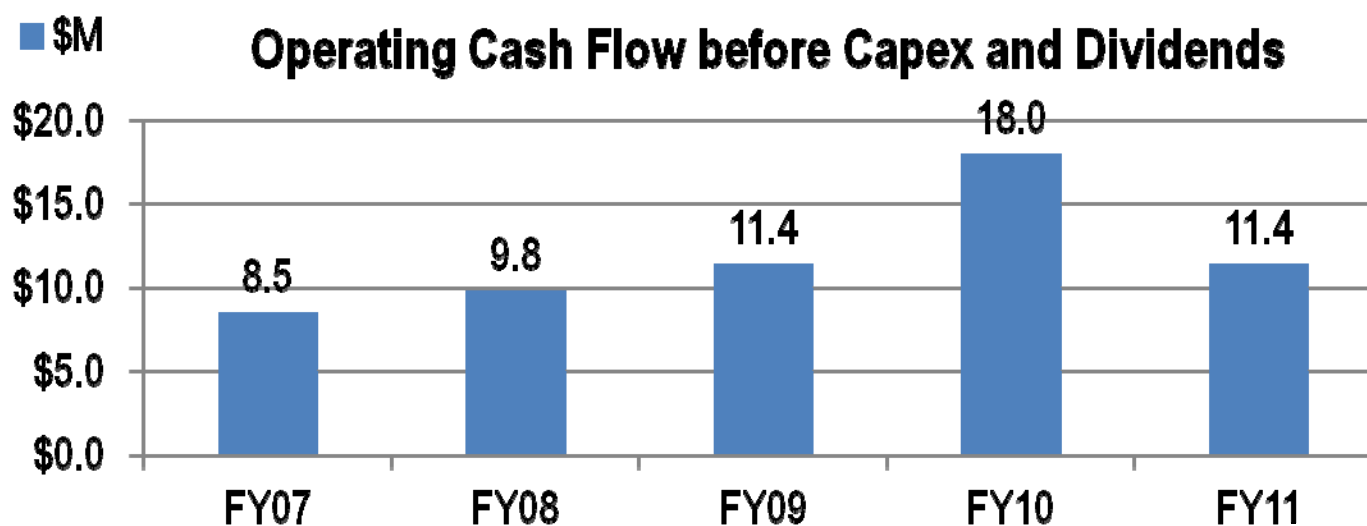
# FY11 Results – Key Points

- Growth is forecast from the core business.
- Acquisition of Zone Hardware and Riva Window Fashions in June 2011.
- The Company is lightly geared and pursuing further complementary acquisitions.
- Gale's recent share price of 20 cents reflects an EPS of 8 times FY11 actual earnings.
- Based on a 20 cent share price the FY11 fully franked dividend of 2.2 cents represents an 11% yield.
- New market opportunities being pursued in South Africa, South America, Europe and India.

# FY11 Review

|                                 | FY11   | FY10   |             |
|---------------------------------|--------|--------|-------------|
|                                 | A\$M'S | A\$M'S | % Variance  |
| Sales                           | 95.6   | 98.8   | - 3%        |
| EBITDA                          | 15.8   | 16.5   | - 4%        |
| EBIT                            | 9.9    | 9.3    | + 6%        |
| NPAT                            | 7.1    | 6.0    | <b>+18%</b> |
| Earnings per share - cents      | 2.4    | 2.1    | +14%        |
| Dividends per share - cents     | 2.2    | 2.0    | +10%        |
| Cash from operations            | 11.4   | 18.0   | -37%        |
| Net cash on deposit/ (net debt) | (5.7)  | 3.1    |             |

# Operating Cash Flow



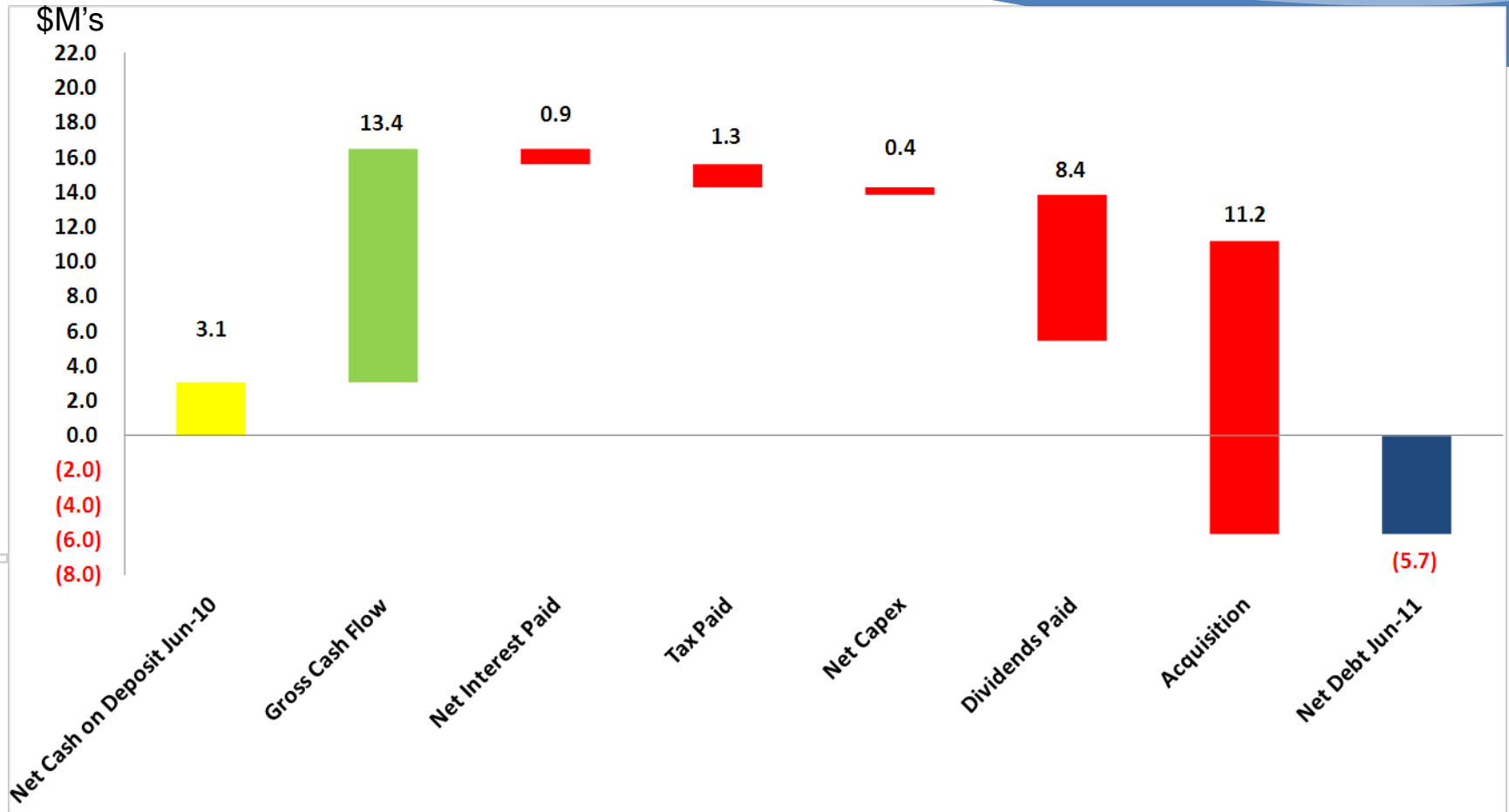
|                             |       |       |       |       |       |
|-----------------------------|-------|-------|-------|-------|-------|
| Capital Expenditure (Gross) | (4.0) | (3.4) | (1.0) | (1.2) | (0.6) |
| Dividends Paid              | -     | -     | -     | -     | (8.4) |

# Operating Cash Flow

- Operating cash generated of \$11.4M for FY11.
- Annual operating cash flow average of \$11.8M per annum over last 5 years.
- Operating cash flow down in FY11 due to higher inventory levels from poor summer conditions in Australia and higher tax payments.
- Low capital expenditure requirements due to plant capacity investments previously made. Maintenance capex on existing businesses likely to be in the range of \$1.5 million per year going forward.
- Dividend payments comfortably below operating cash flow in FY11 after allowing for capital expenditure.

# Changes in Net Debt

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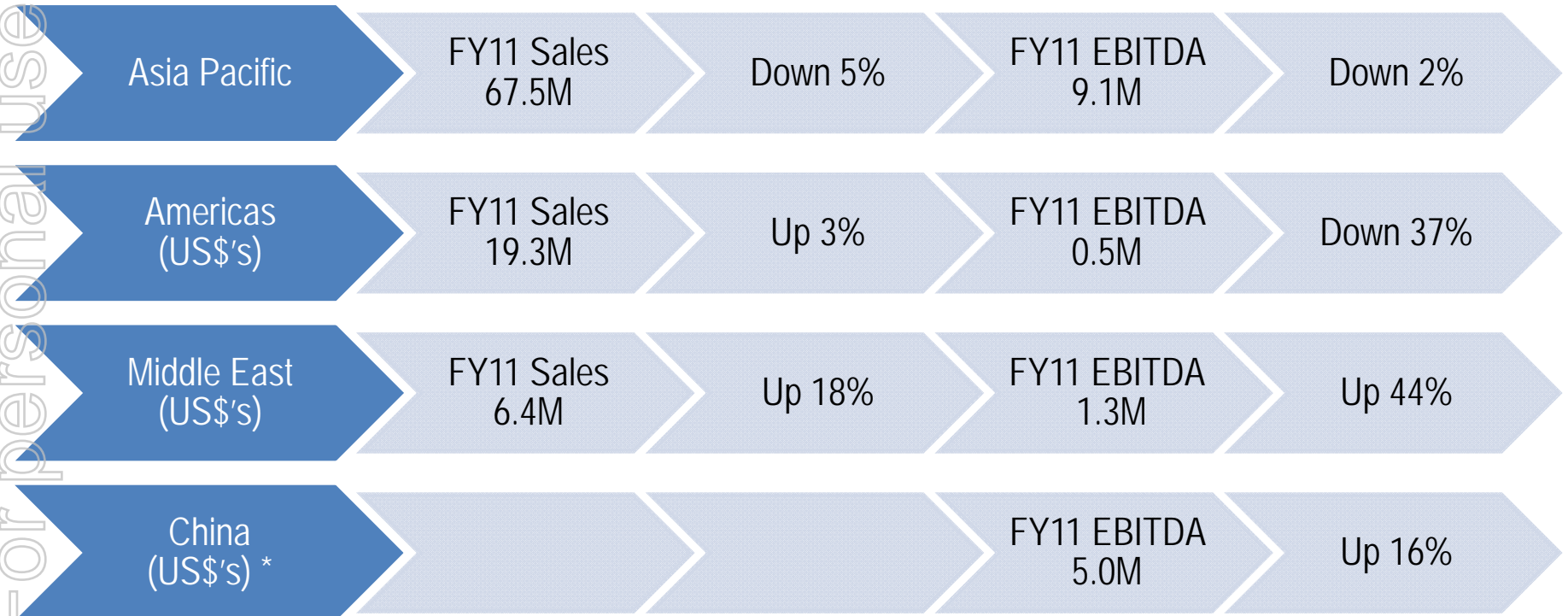


# Debt Position

- Net debt at 30 June 2011 of \$5.7 million.
- Net debt to equity at 8%.
- Net debt increase due to acquisition of Zone Hardware and Riva Window Fashions.
- Interest cover of 11.5 times (EBIT/interest).

# Regional Business Unit Results

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\* Commercial Margin on Intercompany Sales



# Outlook

- Gale has an exciting range of branded products established in several world markets.
- Gale has expanded the business strategy to offer a much broader range of branded industrial and consumer shading, screening and home improvement products.
- FY12 will see the full contribution from the recently acquired Zone Hardware business and the full national roll out of the Riva Window Fashions business through the Bunnings network.
- New products and category expansions is a key focus and will drive future growth.

# Outlook

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- FY12 is off to a positive start and with the addition of the Zone and Riva businesses and planned sales expansion in our core businesses we expect to deliver an increase in sales of approximately 20% and another solid profit result this financial year.
- Further acquisitions are being pursued to add to the well established Gale infrastructure and business model to provide growth and additional scale.
- The considerable cash generation from the business will provide funding for these growth plans while maintaining dividend payments to shareholders and a conservative debt position.
- Foreign exchange positions have been secured for majority of FY12 US\$ purchases at around parity.



# Overview of Gale Pacific Limited

- Gale Pacific Limited is a trusted global marketer and manufacturer of branded industrial and consumer screening, shading and home improvement products.
- Gale has operations in five countries, with its principal manufacturing facilities located in Ningbo, China and Melbourne, Australia with smaller specialist manufacturing capabilities in Ranch Cucamonga (California, USA, and sales and distribution offices in Australia, New Zealand, the USA and the United Arab Emirates.
- The Company also sources a wide range of materials and branded products from manufacturers in China, India, Malaysia, Thailand, South Korea.



# Coolaroo

The Company's retail products are marketed worldwide under the **Coolaroo** brand. Major products include exterior fabrics, pre-packaged interior and exterior window furnishings, synthetic grass, umbrellas and gazebos, shade sails, landscape and weed control fabrics, greenhouses and a range of pet housing and bed products.



# Synthesis

The Company produces a range of industrial products which are marketed under the **Synthesis** brand. Product applications include architectural tension structures, specialised tank liners, grain storage covers, silage covers, cotton module covers, poultry houses, dam liners and floating covers, greenhouse coverings, haystack covers, general tarpaulins and brattice fabrics for mining.



# Zone

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**Zone** Hardware markets branded DIY home improvement products including pre-packaged interior and exterior window furnishings, folding doors, insect screening products, cable management products and bathroom and kitchen storage products.



# Riva

Riva Window Fashions markets a broad range of custom made interior and exterior window furnishings.

- Riva and Bunnings will offer a comprehensive range at competitive prices with a full product range displayed in over 180 Bunnings retail outlets.
- Measure and quote, and installation by dedicated Riva installer network.
- Represents a significant opportunity to establish one of the largest custom made window shade businesses in Australia.
- In the USA market approximately 50% of window shades sold by the two largest home improvement retailers are custom made products.



# Disclaimer

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