

GALE PACIFIC LIMITED

(ASX: GAP)

ASX Announcement & Media Release

23 December 2020

2020 Annual General Meeting – Chairman’s Address

The twelve months to 30 June 2020 were an eventful and extraordinarily challenging period.

First-half trading conditions were very difficult as reflected in a disappointing \$3.6 million pre-tax loss for this period. The second half of the financial year was of course greatly affected by the COVID-19 pandemic.

I am pleased to report that the management team responded quickly and professionally to the challenging operating environment, with a primary focus on health and safety, and also delivered revenue growth and solid profit in the second half, especially in the fourth quarter.

Overall, FY20 revenue was \$156.3 million, up 4.8%. However, due to the disappointing first half, profit before tax at \$4.8 million was well below the prior year’s \$11.2 million, and earnings per share declined 58% to 1.3 cents.

The result was impacted by increased costs due to pandemic related safety requirements, tariffs in the U.S. for goods made in China, input cost increases and one-time expenses associated with a restructure of the Australian business.

Operating cash flow was \$7.2 million, down 52.9% on prior year.

Net debt was \$15.3 million as at 30 June 2020 versus \$10.9 million for the prior corresponding period due to increased working capital resultant from strong fourth quarter trading and \$2.0 million of share buybacks.

As a prudent response to the first half loss and the challenges posed by the pandemic, the Board elected not to pay an interim dividend but did declare a final dividend of 1 cent per share unfranked thanks to the positive momentum throughout the second half. This announcement has been authorised for release by the Board of Directors.

John Paul Marcantonio was appointed Chief Executive Officer on 29 November 2019. For the two years prior to his appointment as CEO, John Paul served as President and General Manager of GALE’s Americas business and led all global innovation functions for the company. Based on his performance in those roles and given the Americas’ significant and growing contribution to overall company performance, and our strategy to develop a larger business in the United States, the board determined that John Paul was the right choice to lead GALE into the future.

John Paul also joined the Board in August, becoming CEO and Managing Director. The appointment recognised the strong leadership and skilful management that he and his senior leadership team have demonstrated throughout this challenging period.

Other key management appointments made during FY20 include Domenic Romanelli as Chief Financial Officer and Troy Mortleman as General Manager for Australia and New Zealand.

I'm pleased to say the progress made during the second half of FY20 placed GALE in a strong position entering FY21 and believe that our first-half profit guidance upgrade, announced in November, affirms this.

Despite the challenges, we continued to execute on and invest in our strategy of building GALE into a fast-growing global fabrics technology business.

I would like to thank the entire GALE Pacific team, who responded quickly and professionally to enable global operations to continue safely. It is a major challenge running a global business without the ability to travel and meet face to face with staff, customers and suppliers.

I'd also like to thank our customers for their loyalty and patience throughout the year and acknowledge the continued support of our shareholders during this period.

Finally, and on behalf of the Board, I would like to thank all our employees for their excellent and committed work under very difficult conditions.

This announcement has been authorised for release by the Board of Directors.

- Ends –

ABOUT GALE PACIFIC

GALE Pacific is a global leader in specialised textiles, technical fabrics, and associated products. The company is recognised as an innovator and long-term manufacturer of premium quality products in its markets.

The company's brands and products are marketed globally across commercial and retail sectors, with distribution into agricultural, horticultural, mining, construction, home improvement, mass retail, club and eCommerce channels. They are stocked in many of the world's largest retailers, both in-store and online. Please visit www.galepacific.com for more information.

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