

## **GALE PACIFIC LIMITED**

(ASX: GAP)

### **ASX and Media Release**

10 November 2022

### **GALE Pacific 2022 Annual General Meeting – Chairman’s Address**

During the 2022 financial year, we continued to pursue our strategy to build GALE Pacific into a much bigger, fast-growing global fabrics technology business, with particular focus on opportunities for growth in the large Americas market.

Our managing director John Paul Marcantonio has been based in the USA since his appointment to the role three years ago and since then we have centralised a number of key management positions in the USA and have invested substantially in strengthening our management team and in additional sales, marketing and product development resources. This investment has continued in the new financial year including the establishment of a global management headquarters and head office for the Americas in Charlotte, North Carolina.

We now have a first-class, well-structured management team, which is working extremely well and is actively pursuing our growth objectives. The additional resources have added considerably to our cost structure but we believe this will enable us to grow and become more profitable. Sales revenue for FY23 is likely to be around 60% higher than that achieved in FY20.

Trading and operations in the past three years have of course been greatly affected by the Covid pandemic and associated supply chain disruptions, input cost increases, factory operating restrictions and highly variable trading conditions. This has resulted in fluctuating results over the period (including a record profit result in FY21) but ongoing profitability and positive cash flows have enabled the payment of 7 cents per share in dividends during the past three years.

Our first half performance during financial year 2022 was heavily impacted by the Covid impacts I just mentioned and as a result, pre-tax profit for the first half was well down on prior year. Management responded to the challenges with price increases where possible, operating efficiencies and maintaining a high level of customer service, which led to a strong second half with pre-tax profit up 24% on the second half of 2021. Pleasingly, second half sales volumes held up well despite the higher prices, with new products and retail listings adding to growth; second half revenue and earnings increased significantly in both our core markets, the Americas and Australia and New Zealand.

For the full year, revenue was in line with the Covid increased demand of 2021 at \$205.5 million, but 31% above 2020. Pre-tax profit was \$11.0 million, 36% below 2021 but more than double 2020. Earnings per share were 2.8 cents, enabling dividends of 2 cents per share, with the interim dividend 50% franked and the final dividend 75% franked.

Net cash generation, at \$7.2 million, was impacted by increased inventories and debtors due to the higher Americas revenue in the second half. The balance sheet remained strong with net debt of \$5.5 million at 30 June 2022.

Our management team and all employees have had to overcome numerous challenges during the past three years as we have restructured the business and faced the problems resulting from the Covid pandemic, and on behalf of the Board and shareholders, I would like to thank all employees for their resilience and commitment. I would also like to thank my fellow board members for their counsel and support.

I am pleased to report that the overall outlook for financial year 2023 is positive. The recent cool wet weather in eastern Australia is affecting Australian retail sales and also demand for coated fabrics used in grain handling, and this will adversely affect first half earnings.

At this stage, we expect earnings for the first half of the current financial year to be about in line with prior year. For the second half, which includes the main US selling season, we expect substantial growth resulting in an increase in earnings for the full year to more than 50% above prior year.

John Paul Marcantonio will now provide more details on our results and our plans to continue GALE's growth trajectory.

- ENDS -

**Authorised** for release by the Board of GALE Pacific Limited.

For further information please contact:

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**ABOUT GALE PACIFIC**

GALE Pacific is a market-leading manufacturer of technical fabrics used for consumer and commercial applications around the world. Founded in Melbourne, Australia in 1951, today GALE has operations in Australia, New Zealand, the United States, China, and Dubai and employs more than 600 people worldwide. GALE's products are sold across Australia, New Zealand, Asia, the Americas, Europe, the Middle East, and a growing number of additional markets.

GALE's products are recognised around the world for their innovative technology, quality, durability, and reliability. The company's consumer products, marketed under the Coolaroo® brand, include outdoor roller shades, shade sails, shade and garden fabrics, shade structures and pet products. They can be found at market leading major retailers, both in-store and online, around the world.

The Company's commercial products, marketed under the GALE Pacific Commercial® brand, include knitted, coated, and advanced polymer fabrics used in a growing number of applications across the agricultural, horticultural, aquacultural, architectural, construction, mining, and packaging industries.

GALE's core strategy is to accelerate its growth as a world-class global fabrics technology business through product innovation, category expansion, expanded distribution in existing and new markets, and improved operational efficiency and flexibility.

GALE Pacific Limited's shares are listed on the Australian Securities Exchange (code: GAP).