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GALE PACIFIC LIMITED

RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2012



Half Year to December 2012 Results – Key Points

- NPAT up 9.5% to \$4.5 million.
- Earnings per share increase of 9% to 1.51 cents per share. Return on shareholder funds (NPAT / shareholders funds) improved to an annualised 12% in half year Dec'12 from an annualised 11.2% in half year Dec'11.
- Net Debt of \$9.9 million. Gearing ratio 11.8% (Net debt / Net debt plus shareholder funds) .
- Half year dividend increased 8% to 1.3 cents per share fully franked, from 1.2 cents.

Half Year Results – Key Points

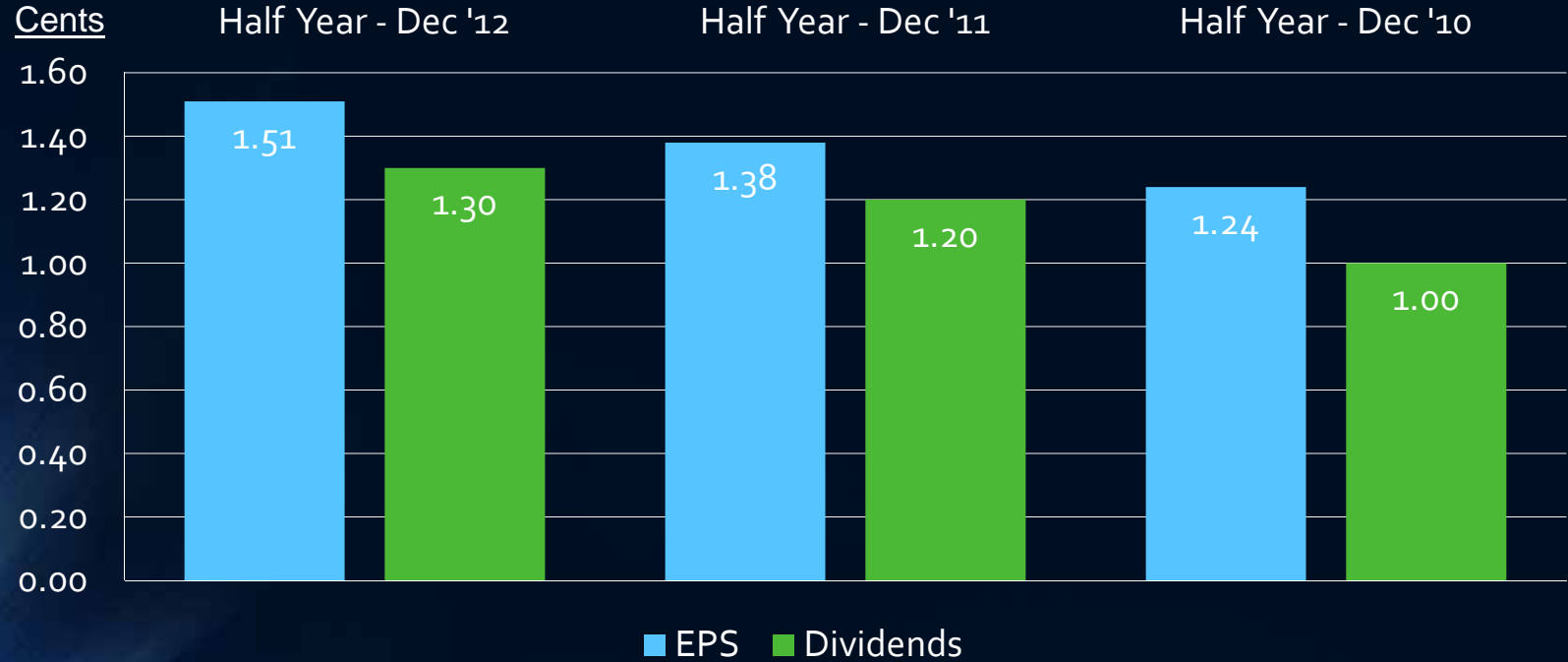
- Acquired the business assets of Highgrove (Victoria) Pty Ltd.
 - Highgrove markets and distributes branded home improvement products including glass and stainless steel fencing and balustrade, frameless shower screens, glass safety mirrors, kitchen splashback panels and the Enduroshield range of glass protective coatings.
- Initial acquisition cost of \$2.25 million. Deferred cash consideration of \$1.9 million subject to finalising asset values acquired and sales and margin performance.

Half Year Results – Key Points

- Sales were in line with last year at \$55 million.
 - Sales revenues grew by 15% in the USA and 16% in the Middle East. Australia sales revenues were 3% less than the prior year due to price deflation, subdued consumer demand and dry conditions which reduced demand for our grain storage covers. Sales by our International business decreased sales by 42% mainly as a result of a reduction in sales to Japan where some stock levels were carried over from the previous season by our major distributor.
- EBIT up 3% to \$6.4 million. EBIT is 11.6% to sales.

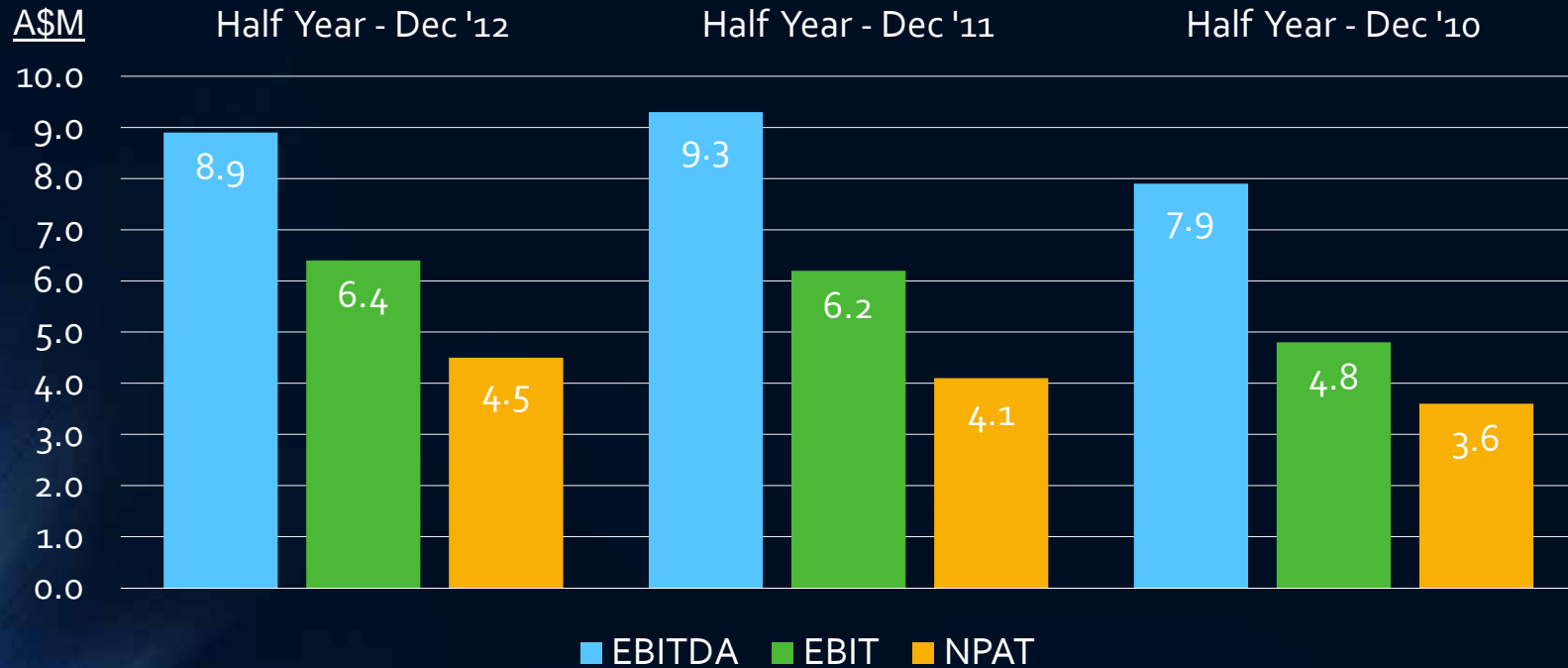
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Earnings per Share and Dividends per Share



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EBITDA / EBIT / NPAT (A\$ Million)



FY12 Review

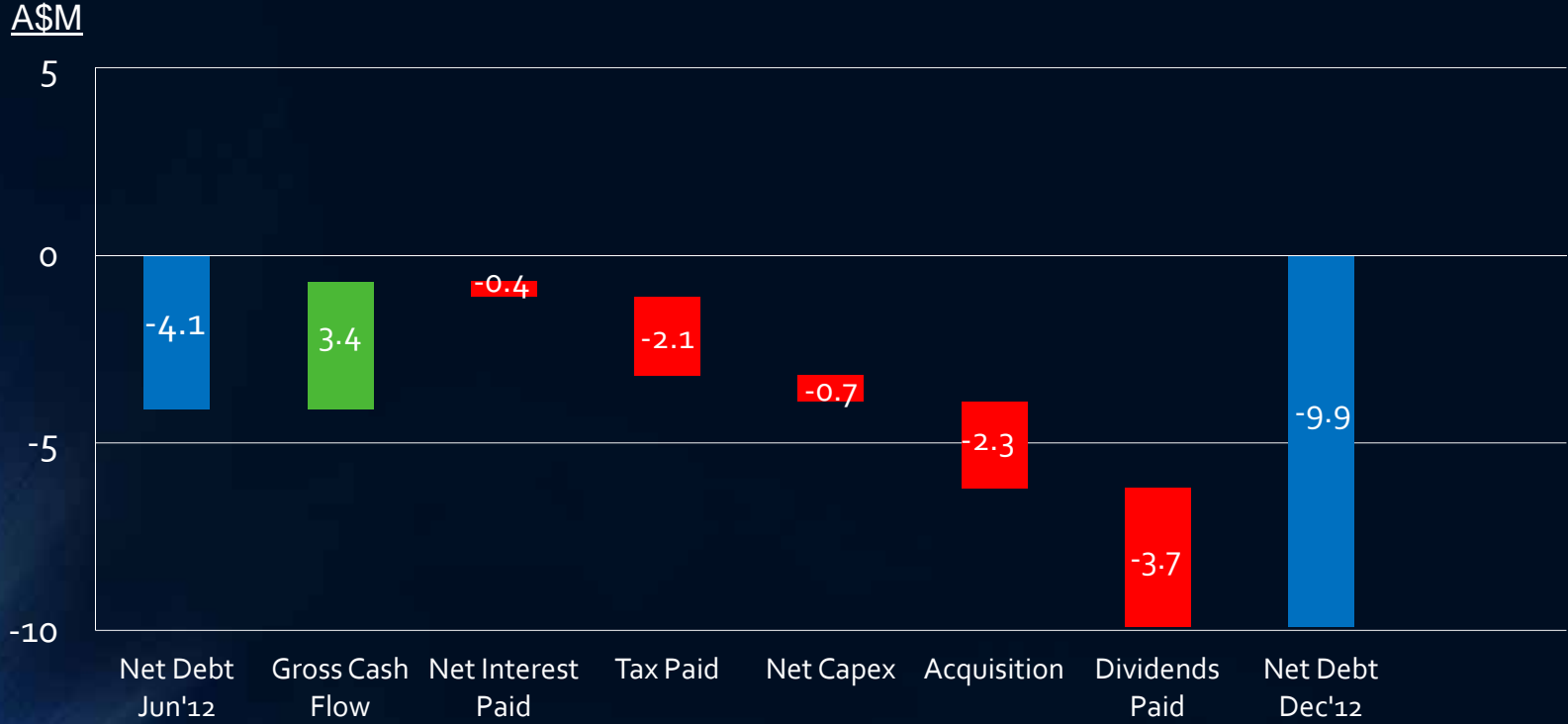
	Half Year Dec '12	Half Year Dec '11		Half Year Dec '10
	A\$M'S	A\$M'S	% Variance	A\$M'S
Sales	55.0	55.1	0%	46.6
EBITDA	8.9	9.3	(4%)	7.9
EBIT	6.4	6.2	3%	4.8
NPAT	4.5	4.1	10%	3.6
Earnings per share - cents	1.51	1.39	9%	1.24
Dividends per share - cents	1.30	1.20	8%	1.00
Net debt	9.9	4.4	125%	1.3

Operating Cash Flow

- Operating cash generated of \$1 million for half year Dec '12 compared to \$5.5 million in PCP.
- Operating cash flow down in half year Dec '12 due to higher inventory levels to support sales growth.
- Low capital expenditure requirements due to plant capacity investments previously made.

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Changes in Net Debt (A\$ Million)



Debt Position

- Net debt at 31 December 2012 of \$9.9 million. This low net debt position was after investing \$2.3 million in acquiring the business assets of Highgrove and after paying out \$3.7 million to shareholders in dividend payments.
- Net debt to equity at 13.4%.
- Interest cover of 16 times (EBIT/interest).

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Regional Business Unit Results

	Australasia (A\$'s)	Americas (A\$'s)	Middle East (A\$'s)	International (A\$'s)	China (A\$'s)
HYDec'12 Sales	40.9M	8.2M	4.4M	1.5M	16.0M*
	Down 3%	Up 15%	Up 16%	Down 42%	Up 45%
HYDec'12 EBITDA	4.5M	(0.4M)	0.8M	Included in China	4.2M**
	Down 30%	0%	Up 14%	Included in China	Up 50%

* Intercompany Sales

** Commercial Margin on Intercompany Sales



Australasia

- Sales decreased 3% over the prior year to \$40.9 million.
 - One month contribution from the Highgrove businesses acquired 30 November 2012.
 - Sales declined in Gale’s traditional Australian markets due to price deflation, weak consumer demand and tight inventory management programs by some of our major retail customers.
 - Lower demand for our Australian manufactured Synthesis coated fabrics resulting from dry conditions which reduced demand for grain storage covers and also a slow down in mining activity.
 - Strong competitor activity in many commercial markets where demand is down resulted in some margin erosion.
 - Sales in New Zealand declined due also to weakness in consumer demand and poor seasonal conditions in both retail and commercial markets.
- EBITDA declined by 30% to \$4.5 million.



Americas

- Sales increased 15% to \$8.2 million.
 - Invested in additional retail sales and marketing resources to drive product range expansion and future sales growth.
 - Strong sales growth and ranging achieved with most major accounts.
 - Late hot summer conditions aided the sale of outdoor shading and screening products in the USA and Canada.
- EBITDA loss of \$0.4 million the same as the previous corresponding period. The December half year is the seasonally low sales period for the Northern Hemisphere.

Middle East

- Sales increased 16% to \$4.4 million.
 - Increased sales in key markets of Saudi Arabia and United Arab Emirates.
 - Increased sales and demand for Synthesis Commercial 95 and Waterproof Commercial 95 architectural fabrics.
- EBITDA increased 14% to \$0.8 million.

International Markets

- Sales reduced by 42% to \$1.5 million.
 - Slower sales to the Japanese market due to some carry over of inventory from last season by our major distributor.
 - Expanded ranging secured for second half sales to the Japanese and South African markets.
 - Expanding sales into a number of new geographic regions.
 - Further business development resource added in the December'12 half year.

China

- Strong, stable management and technical support teams.
- Record volumes, increased efficiencies, improved yields and reduced waste levels contributed to our strongest result from the China operation to date. These efficiency gains have all helped offset higher wage rates and labour on costs.
- EBITDA increased 50% to \$4.2 million.
- Ongoing plant modification has enabled us to increase capacity and flexibility to support growth in the business.

Outlook

- Some improvement expected in global market conditions but ongoing weak consumer demand in the Australasian region.
- Second half to include the sales and profits from the recently acquired Highgrove business.
- Gale will continue to implement our growth strategy by expanding our product offer and presence in the markets for branded industrial and consumer screening, shading and home improvement products.
- Strong positive operating cash flows expected for the second half.
- Sales and earnings per share growth for the full year of approximately 5-10% continuing the upward trend in earnings per share growth of recent years.
- Balance sheet strength provides flexibility in relation to future growth initiatives, including acquisitions which we continue to actively pursue.

Disclaimer

Statements contained in this presentation, particularly those regarding possible or assumed future performance, estimated company earnings, potential growth of the company, industry growth or other trend projections are or may be forward looking statements. Such statements relate to future events and expectations and therefore involve unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward looking statements.