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GALE Pacific

Half Year Results

31 December 2016



Who we are



- GALE Pacific manufactures and markets branded screening, shading and home improvement products.
- We are a world leader in specialised textiles and recognised in our markets as an innovator and long-term producer of premium quality products.
- Based in Australia, we operate globally with approximately half our revenue coming from northern hemisphere markets.
- Our products are marketed across commercial and retail sectors, with distribution into architectural, horticultural, agricultural, mining, construction, and home improvement channels. They are stocked by many of the world's largest retailers and also have strong online distribution.
- Key products include architectural shade fabrics, exterior window shades, shade sails and an array of specialised commercial fabrics used for crop protection, irrigation, water storage and screening.
- The company is focused on strengthening our global market position through product innovation and brand strength.



Our brands & products



- Shade Sails
- Shade Fabrics
- Window Shades
- Shade Umbrellas
- Gazebos
- Synthetic Grass



- Window Furnishings

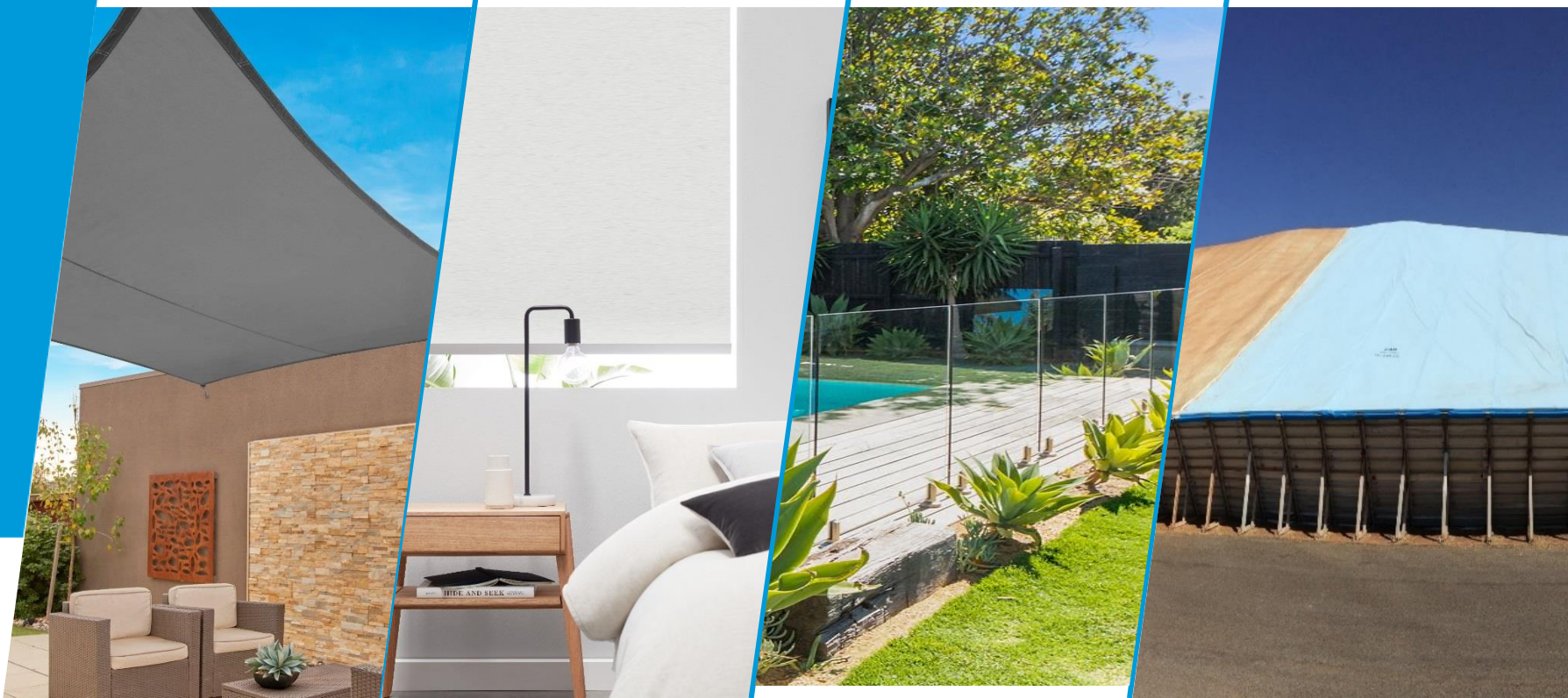


- Pool Fencing
- Balustrade
- Mirrors
- Splashbacks
- Shower Screens



- Architectural Shade
- Horticultural Shade
- Agricultural Fabrics
- Construction Fabrics
- Mining Fabrics

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FY2016 results summary

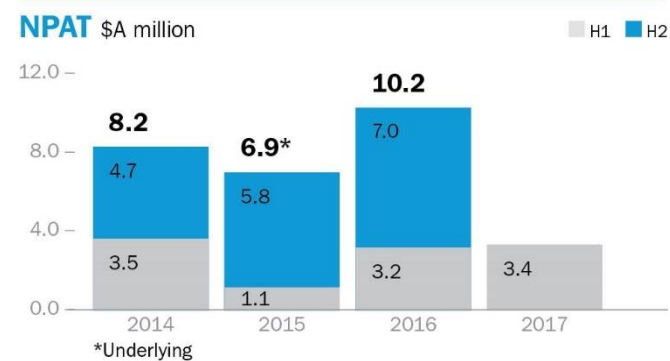
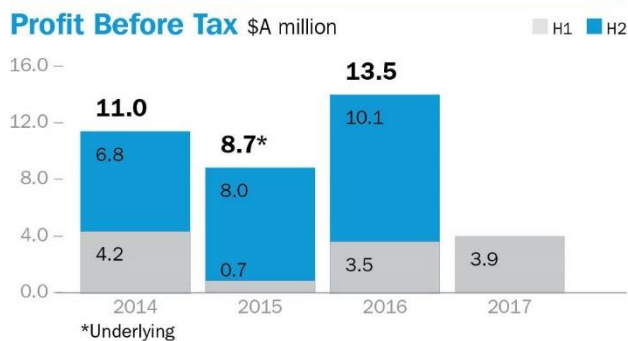
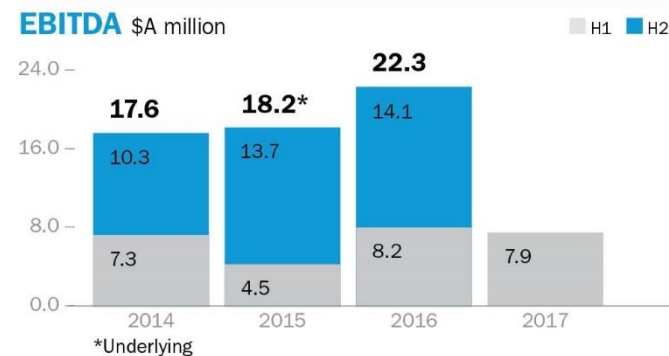
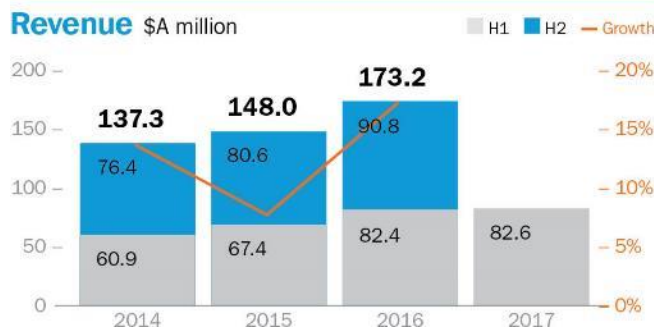


| Results for the six months to | 31 December 2016 A\$ million | 31 December 2015 A\$ million | Change % |
|--------------------------------------|---------------------------------|---------------------------------|----------|
| Revenue | 82.6 | 82.4 | - |
| EBITDA | 7.9 | 8.2 | (3) |
| EBIT | 4.7 | 4.5 | 6 |
| Profit before tax | 3.9 | 3.5 | 10 |
| Profit after tax | 3.4 | 3.2 | 5 |
| Net Debt | 13.7 | 20.0 | 32 |
| Earnings per share (cents) | 1.13 | 1.07 | 5 |
| Interim dividend – unfranked (cents) | 1.0 | 0.75 | 33 |

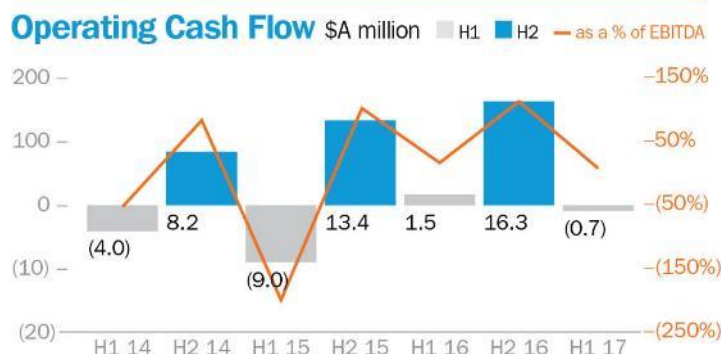
Key financial metrics



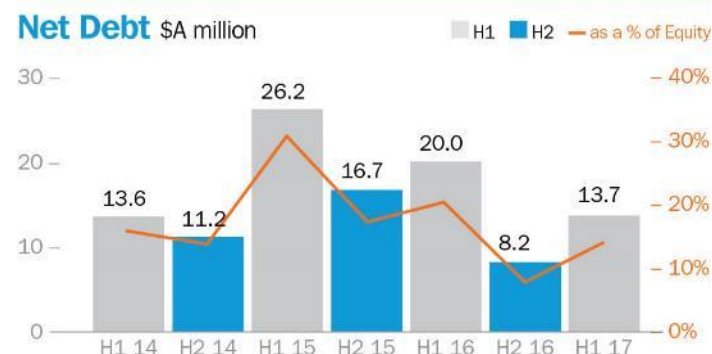
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Cash flow and balance sheet



- 1st half cash flow impacted by strategy to manufacture USA seasonal requirements earlier than prior years
- ANZ business reduced inventory by \$4.5 million, improved stock turns and further reduced aged inventory



- Full year net debt to be well below prior year
- Strong balance sheet positions company well for investments in organic growth opportunities and/or attractive strategic acquisitions

Growth strategy



FOCUSED



INNOVATIVE



COLLABORATIVE



SERVICE-DRIVEN



LEVERAGING
GLOBAL SCALE

MAKE OUR BRANDS REALLY MATTER

BUILD OUR EXECUTION CAPABILITY

SIMPLIFY & ALIGN THE BUSINESS

FOCUSED BUSINESS EXPANSION

BUILD A PERFORMANCE CULTURE

» Brands

Invest in core brands ...



Transition to new packaging in all markets

» **Products** – Accelerate exit of non-core products

» **Digital** – Invest in global infrastructure & digital content build

» **New Products** – Bigger & more global programs

» **China Manufacturing Transformation** – Upgrade facilities, exit non-core processes, improve flexibility & drive out cost

» **USA Warehousing** – Relocate & expand to support growth agenda

» **Extrusion Coating** – Build additional capacity to support growth

» **USA Manufacturing** – Consolidate custom window shade production

» **Weaving** – Outsource weaving to focus manufacturing & improve quality & cost

» **Information Technology** – Migrate China to global ERP system

» **Group Inventory** – Set up China inventory model to support regional growth & service

» **Warehousing** – Upgrade warehousing in China & USA to new GALE standard

» **Product Rationalisation** – Exit low volume /profitability items in all regions

» **Colour Standardisation** – Implement colour standardisation program for knitted fabrics

» **USA** – Accelerate growth in Retail & build plan for Commercial sector

» **Eurasia** – Focus on Retail with core categories & accelerate Commercial growth via architectural knitted fabrics

» **Australia** – Focus on Home Improvement & Commercial sectors

» **MENA** – Accelerate growth in Commercial sector focusing on architectural shade

» **Learning & Development** – Build & invest in a structured training program that creates capability

» **Technical Knowledge Build** – Build technical capability in China & within customer-facing teams

» **Technical Alliances** – Leverage partnerships to accelerate technical developments

» **Facility Upgrade** – Melbourne office facility upgrade

OUR VALUES



Integrity



Respect



Collaboration



People



Community



Innovation

Relentless pursuit of
zero workplace
incidents

A focus on products
that provide a positive
environmental impact



Key achievements



- Exits of non-core and unprofitable product categories



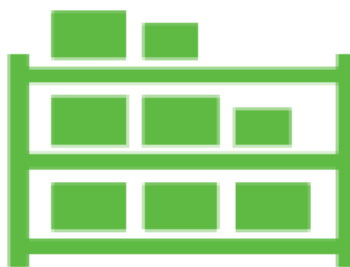
- Restructured operations in the USA to support accelerated growth



- China manufacturing facility upgrades and service improvements



- Significant net debt reduction versus prior corresponding period



- Effective inventory preparation for USA season with further improvements in ANZ inventory management



- ANZ facilities consolidation complete with further service and cost improvements

Capital management

Strong balance sheet

Net debt levels expected to be well below last year by financial year end

Positioned well for investments in organic growth opportunities and/or strategic acquisitions

On-market share buyback program combined with focus on strategic opportunities, including investments in manufacturing technologies and additional capacity

Outlook



Market conditions for second half expected to be in line with those of the first half

Second half earnings expected to be significantly above the first half and in line with the seasonality of the business

Subject to market conditions, cautiously optimistic of profit before tax growth in 2017 over 2016

Continuing exit of non-core product categories

Cash generation expected to be strong in second half and net debt to be well below pcg at year end

Company positioned well for investments

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.