

GALE PACIFIC LIMITED

(ASX: GAP)

ASX and Media Release

1 May 2018

GALE Pacific Announces Updated Earnings Guidance

GALE Pacific Limited today announces that pre-tax profit for the twelve months ending 30 June 2018 is expected to be in the range of A\$11.7 – \$12.7 million, less than the previously guided “slightly above the prior year underlying pre-tax profit of A\$13.5 million” outlined in its Appendix 4D on 19 February 2018. Earnings per share is expected to be broadly in line with prior year 3.4 cents per share (underlying), in part due to the positive effect of changes to the tax regime for our Americas business.

The company’s dividend policy and share buyback strategy remain unchanged.

As foreshadowed, financial year 2018 second half pre-tax profit is expected to be higher than second half 2017. Strong second half operating cash flows will contribute to low levels of net debt at year end, despite investments in facility, plant and I.T. system upgrades; and customer investments to support new product ranging.

The updated guidance reflects unseasonal cool Spring weather in the USA, which has seen initial lower sales out results and stock replenishment rates across some customers. Unfavourable currency and raw material price movements have also contributed to the result.

Despite the weaker early season conditions in the USA, we remain confident of the opportunity in the region and are continuing to secure new store, and new product, distribution. Though slower than planned, we are well positioned to complete the rollout of the recently secured window shade program at our largest USA customer; the majority of which will take place in the new financial year.

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