

## GALE PACIFIC LIMITED

(ASX: GAP)

### ASX and Media Release

24 January 2020

#### Market Update

Gale Pacific Limited announces that it now expects profit before tax for the half year ending 31 December 2019 to be a loss of around \$3.6 million, compared to previous guidance of a loss of between \$1.5 million and \$1.8 million, and a profit before tax of \$1.3 million for the previous corresponding period. The result is subject to audit review.

Net debt at 31 December 2019 was \$23.6 million compared with prior year of \$24.7 million.

The main reasons for the decline from the previous guidance are lower than anticipated sales in the MENA region, due to difficult trading conditions and the decision to tighten credit policy in that region, and the unforeseen requirement to make a significant provision to cover an incentive arrangement with a major customer.

The new management team, led by John Paul Marcantonio, who became CEO on 29 November 2019, is preparing a forecast for the second half of the 2019/20 financial year.

CEO John Paul Marcantonio said that the first half result is disappointing but that the new management team is now in place and is focussed on profitable growth objectives. He added that the balance sheet remains robust and cash generation is expected to be strong.

Dividend and capital management policy remain unchanged.

The half year accounts will be released on Monday 24 February.

-Ends-

**Authorised** by the Board of Directors.

#### Contacts:

John Paul Marcantonio	Chief Executive Officer	(03) 9518 3312
Domenic Romanelli	Chief Financial Officer	(03) 9518 3322