INVESTOR PRESENTATION
2017 RESULTS

GAZAL

March 21st 2018

Gazal Corporation Limited | GZL.ASX

INVESTMENT HIGHLIGHTS

- One of **Australia's leading apparel companies** – since 1958
- Consistent track record of **delivering high returns** and reliable dividends
- Business has been **"Re-Set"**
- Joint venture partner, **US apparel giant PVH Corp.**[1] owner of iconic global brands ***CALVIN KLEIN*** and ***TOMMY HILFIGER***.
- PVH Corp. also now a **19.9% Gazal shareholder**
- Clear **growth strategy**
  - plan to significantly increase store network
  - expand existing store sizes
  - product categories' expansion
  - e-commerce launch

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Notes:
1. PVH Corp. refers to The Phillips-Van Heusen Corporation, a NYSE-listed global apparel company and owner of *CALVIN KLEIN, TOMMY HILFIGER* and *VAN HEUSEN*.

BUSINESS "RE-SET"

- **Streamlining the Company**
- **One operating model**
- **Greater focus**

TRANSFORMATION PROCESS

2014	2015	2016	2017
• Joint venture (JV) with PVH Corp. commences trading • Initially bringing together in the JV ***CALVIN KLEIN Underwear*** and ***CALVIN KLEIN Jeans***	• Trade Secret divested for $83m and surplus proceeds returned to shareholders • Midford sold for $10m • JV expanded to include ***TOMMY HILFIGER*** • Also Gazal's Heritage Brands business (which includes **Van Heusen** and **Nancy Ganz**) transferred to the JV	• Busy year of successful integration, consolidation and laying the platform for growth in the JV	• Bisley Workwear sold for $38m and the buy-back of 9.8m shares, both concluded in December 2017 • **Divestment program now complete**

CURRENT STRUCTURE - CONTINUING OPERATIONS[1]

PVH Corp., listed on the NYSE

PVH — 19.9% → **GAZAL** ← 36.6% — **Michael Gazal**

Executive Chairman, Michael Gazal and associated entities

PVH 50% → **PVH Brands Australia** ← 50% Gazal

Gazal 100% → **Corporate Services**

Gazal 100% → **Property Services**

CALVIN KLEIN | TOMMY HILFIGER | HERITAGE BRANDS[2]

These segments provide the following services to the JV: administration, accounting, compliance, IT, HR, logistics support as well as the use office and warehouse facilities at commercial rates[3]. Owned by Gazal, the Banksmeadow property is valued at $60.5m based on an independent valuation undertaken by CBRE as at 31 January 2018.

Notes:
1. Following the completion of the sale of Bisley Workwear in December 2017, continuing operations exclude Bisley Workwear.
2. The Heritage Brands business includes owned and licensed brands ***VAN HEUSEN, NANCY GANZ, Pierre Cardin and Bracks***.
3. These services are also provided to external parties TJX and Bisley (now acquired by David Gazal's entity) for a limited time under transitional arrangements.

THE PVH BRANDS AUSTRALIA JOINT VENTURE PROVIDES A VEHICLE FOR GROWTH WITH A STRONG GLOBAL PARTNER

Partner	• PVH Corp. is **one of the world's largest apparel companies**, with operations in 40 countries and global revenues of over US$8 billion • PVH Corp. owns and markets the iconic ***CALVIN KLEIN, TOMMY HILFIGER,*** and ***VAN HEUSEN*** brands and markets a variety of other owned and licensed brands. • Gazal's relationship with PVH Corp. spans over 30 years, originally through the *VAN HEUSEN* license. in October 2016 PVH Corp. became a 10% shareholder in Gazal and in **December 2017 increased their stake to 19.9% of Gazal**.
History	• In 2013, PVH Corp. and Gazal decided to establish a joint venture which **commenced trading in Feb 2014** to initially operate, manage and distribute *CALVIN KLEIN UNDERWEAR* and *CALVIN KLEIN JEANS* in Australasia • Significantly **expanded in Feb 2015** to include *TOMMY HILFIGER, VAN HEUSEN, NANCY GANZ* and additional *CALVIN KLEIN* apparel and accessories' categories
Operation	• **50/50 joint venture** between Gazal and PVH Corp. • **Gazal management oversee day-to-day operations** • **Gazal provides support services** to the JV and receives ongoing fees for administration services, management (referred to as "partnering services") and for the use of office and warehouse space • License/distribution rights held by the JV have original **terms of between 12–20 years**
Buy-out Protection	• The joint venture Shareholders Deed contains specific buy-out arrangements to protect both parties. • Subject to certain triggers, PVH Corp. could acquire (and Gazal could sell to PVH Corp.) Gazal's 50% interest in PVHBA at a valuation of **7 times the LTM EBITDA** of the joint venture less any debt

BRAND PERFORMANCE

CALVIN KLEIN

2017
Stores#: **37**
Revenue: **$93.3m**
Sales growth: **+18.9%**

TOMMY HILFIGER

2017
Stores#: **17**
Revenue: **$79.1m**
Sales growth: **+33.9%**

HERITAGE BRANDS

2017
Stores#: **12**
Revenue: **$52.3m**
Sales growth: **-6.5%**

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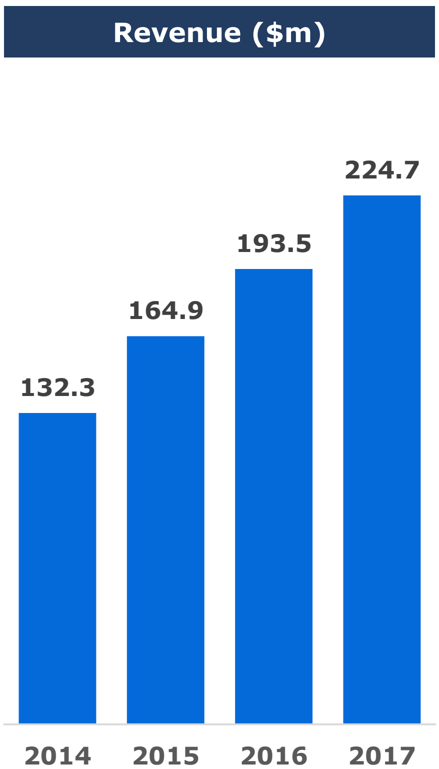
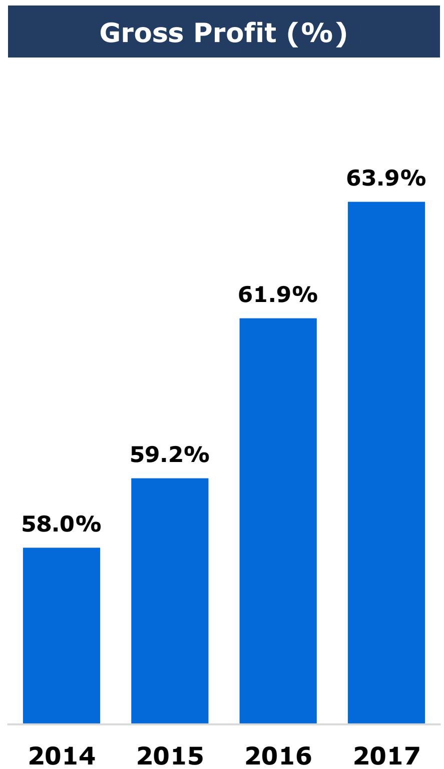
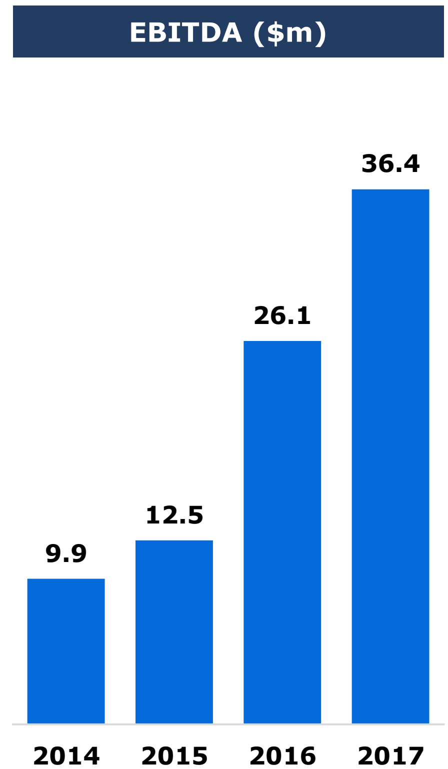
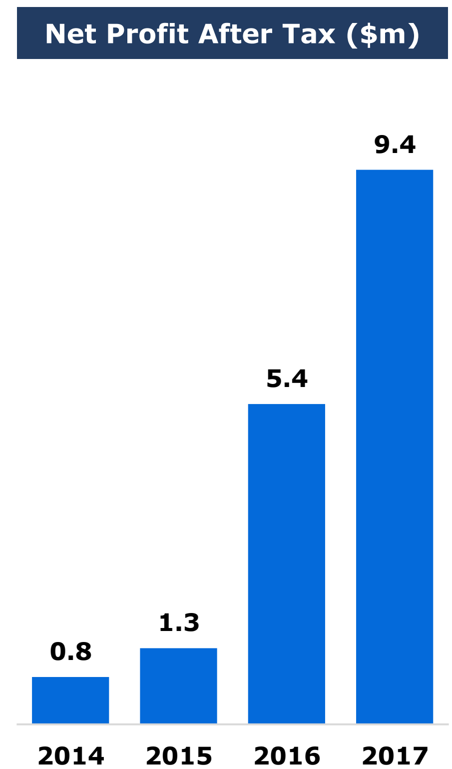
Notes:
1. 2017 refers to unaudited results for the 12 month period ending 3rd Feb 2018 - refer to Appendix 1 on slide 16.

HISTORICAL FINANCIALS – Continuing Operations[1] (Non-IFRS[2])









Notes:

1. Following the completion of the sale of Bisley Workwear in December 2017, the results above from continuing operations have been restated to exclude Bisley Workwear.
2. The PVHBA joint venture is a Joint Arrangement under IFRS 11 and therefore in the statutory IFRS results of Gazal, the JV is accounted for using the equity method of accounting. For the purposes of this presentation the Directors are of the opinion that due to the significance of the JV to the operating results of Gazal, it is useful to present non-IFRS consolidated results of Gazal and the JV as reported on above. A reconciliation of the 2017 results to IFRS results is set out in Appendix 2A.
3. 2017 excludes the one-off impairment of the Oroton investment of pre-tax ($3.1m).

– 2014 refers to pro-forma unaudited results (assuming like-for-like businesses in the JV) for the 12 months period ending Jan 2015
– 2015 refers to unaudited results for the 12 month period ending Jan 2016
– 2016 refers to unaudited results for the 12 month period ending Jan 2017
– 2017 refers to unaudited results for the 12 month period ending 3rd Feb 2018 - refer to Appendix 1 on slide 16.

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2017 HIGHLIGHTS – Continuing Operations[1] (Non-IFRS[2])

Revenue	• Total revenue increased 16% to $224.7m compared to the prior year
Wholesale	• Net wholesale sales increased 7.3% to $112.7m representing 50.2% of total revenue
Retail Stores	• Strong like-for-like stores sales growth of +16% on last year • 8 new stores opened in 2017 taking total stores to 66 (net of closures) • Total retail sales increased 26.5% to $112.0m representing 49.8% of total revenue.
Profit	• NPAT from continuing operations increased 16% to $6.3m • NPAT from continuing operations excluding impairment of investment[3] increased 73% to $9.4m
Dividend	• Final dividend of 8¢ per share fully franked payable on 4th May 2018. This compares to 6¢ per share fully franked paid on 4th April 2017.
Property	• Based on an independent valuation undertaken by CBRE as at 31 January 2018, the Banksmeadow property has been revalued to $60.5m, up from the previous book value of $56m.

Notes:

1. Following the completion of the sale of Bisley Workwear in December 2017, the 2016 and 2017 results from continuing operations have been restated to exclude the profit contribution from Bisley Workwear as well as internal revenue received by Corporate Services from Bisley Workwear.
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3. 2017 impairment of investment refers to the one-off impairment of the Oroton investment of pre-tax ($3.1m).
   – 2017 refers to unaudited results for the 12 months ending 3rd Feb 2018. 2016 ("last year") refers to unaudited results for the 12 months ending Jan 2017 - refer to Appendix 1 on slide 16.

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2017 RESULTS SUMMARY – Continuing Operations[1] (Non-IFRS[2])

Summary results - using the 'consolidation' method			
($m)	**2017**	**2016**	**Change**
Revenue	224.7	193.5	+16%
Gross Profit	143.5	119.8	+20%
EBITDA	36.4	26.1	+40%
EBIT	24.1	18.5	+30%
EBIT (excl. impairment of investment)[3]	27.2	18.5	+47%
NPBT	23.1	18.1	+28%
NPBT (excl. impairment of investment)[3]	26.2	18.1	+45%
NPAT	6.3	5.4	+16%
NPAT (excl. impairment of investment)[3]	9.4	5.4	+73%

Key Metrics		
Gross Profit margin	*+63.9%*	*+61.9%*
EBITDA margin	*+16.2%*	*+13.5%*
EBIT margin	*+10.7%*	*+9.6%*
EBIT margin (excl. impairment of investment) [3]	*+12.1%*	*+9.6%*

Highlights

- Revenue increased 16% to $224.7m driven by the continued momentum of the *CALVIN KLEIN* and *TOMMY HILFIGER* businesses through existing and new stores as well as the development of new product categories.
- Gross margin lift of 200 bps with higher retail sales mix and improved inventory management.
- EBITDA increased 40% to $36.4m. EBITDA margin improved 270 bps through better cost control and operating expense leverage.
- NPAT excluding impairment of investment[3] increased by 73% to $9.4m. NPAT after impairment of investment increased by 16% to $6.3m.

Notes:
1. Following the completion of the sale of Bisley Workwear in December 2017, the 2016 and 2017 results from continuing operations have been restated to exclude the profit contribution from Bisley Workwear as well as internal revenue received by Corporate Services from Bisley Workwear.
2. The PVHBA joint venture is a Joint Arrangement under IFRS 11 and therefore in the statutory IFRS results of Gazal, the JV is accounted for using the equity method of accounting. For the purposes of this presentation the Directors are of the opinion that due to the significance of the JV to the operating results of Gazal, it is useful to present non-IFRS consolidated results of Gazal and the JV as reported on above. A reconciliation of the 2017 results to IFRS results are detailed in Appendix 2A.
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2017 FINANCIAL RESULTS — BALANCE SHEET & CASH FLOW

Balance Sheet		
($m)	**2017**	**2016**
Investment in joint venture	65.0	60.4
Banksmeadow property	60.5	56.0
Receivables and other assets	7.1	14.1
Intangible assets	1.8	5.4
Cash	1.5	2.6
Plant and equipment	1.4	2.3
Inventories	-	18.6
Total Assets	137.3	159.4
Payables and other liabilities	23.9	26.9
Interest-bearing loans	20.0	25.5
Total Liabilities	43.9	52.3
Net Assets	**93.4**	**107.1**
Contributed equity	53.1	63.4
Reserves	36.4	32.8
Retained Earnings	3.8	10.9
Total Equity	**93.4**	**107.1**

Cash Flow	
($m) 7 months	**2017**
Opening Cash Position	**2.6**
Inflows	
Proceeds from sale of Bisley Workwear	35.0
Dividends from JV	2.0
Proceeds from sale of plant	0.6
Proceeds from share issue	0.5
Outflows	
Payment for share buy back	(24.5)
Debt Drawdown/(Repayments)	(5.5)
Dividends paid	(4.7)
Investment in Oroton	(3.1)
Capex	(0.7)
Cash from operating activities	(0.7)
Closing Cash Position	**1.5**

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Balance sheet notes:
- 2017 refers to the balance date as at 3rd Feb 2018
- 2016 refers to the balance date as at 30th June 2017

Cash Flow notes:
- 2017 refers to the 7 months ended 3rd Feb 2018
- includes cash flows from continuing and discontinued operations

STORE GROWTH

Stores Plan

One of the key drivers for future growth for PVHBA is the continued free-standing stores' roll-out.

PVHBA's plan is to significantly increase the store network from the current 66 stores to a potential 100 stores in the coming years by:-

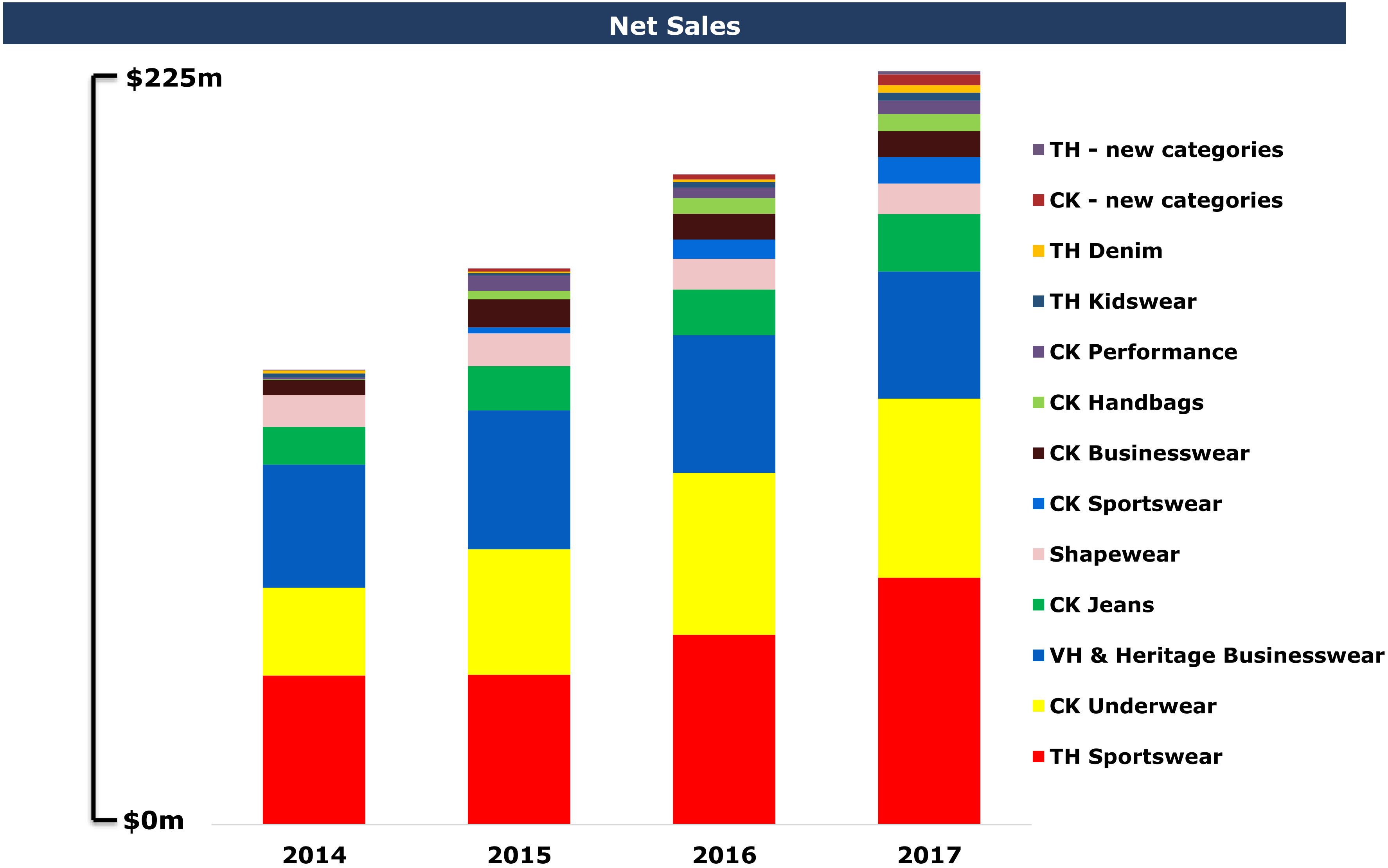
- In-fill in Sydney, Melbourne and Brisbane metro locations
- New metro locations – Adelaide, Perth & Hobart
- New airport locations and lucrative strip-shop locations
- Expand into New Zealand – new market

PVHBA plans to increase the floor space of most Calvin Klein and Tommy Hilfiger outlet stores from around an average of 300sqm per store to around 500–550sqm over the next few years.

Store #	Jan-15	Jan-16	Jan-17	Jan-18 (current)	Jan-19 (forecast)	Estimated Capacity[1]
CALVIN KLEIN	19	22	35	37	39	50
TOMMY HILFIGER	12	13	16	17	21	30
VAN HEUSEN	4	6	10	12	15	20
TOTAL	**35**	**41**	**61**	**66**	**75**	**100**

Notes:
1. Estimated store capacity in Australia and New Zealand
2. Calvin Klein stores include 10 Myer concessions stores.

EXPANDING PRODUCT CATEGORIES



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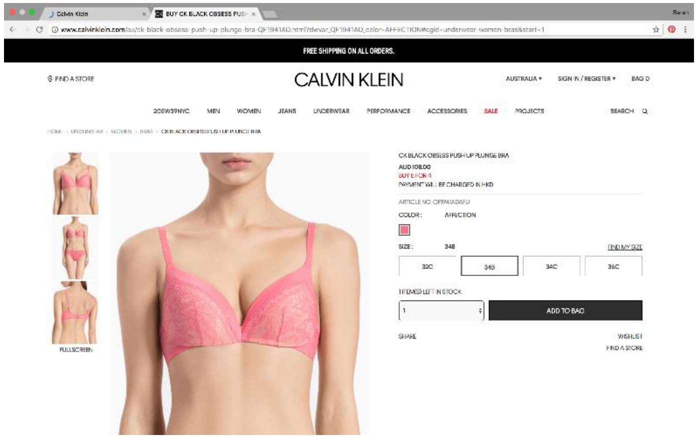
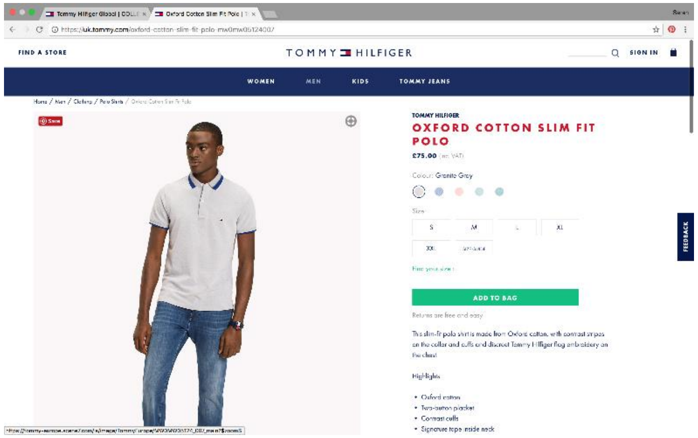
E-COMMERCE LAUNCH - CALVIN KLEIN and TOMMY HILFIGER

E-Commerce Launch

- Plans are underway to develop a local consumer e-commerce platform to launch Australian online stores:-
  - **calvinklein.com.au**
  - **tommyhilfiger.com.au**
- Working closely with PVH's Amsterdam and New York headquarters to leverage:-
  - Brand and design aesthetic
  - Existing asset database
  - Technology features
  - Operational experience
- Developing and running these online stores in the domestic market allows:-
  - An omni-channel solution for the Australian consumer
  - Leverages the growing database of VIP customers acquired through the physical stores
  - Leverages PVHBA's and Gazal's local knowledge and support platforms
- Go-Live targeted for 4th quarter 2018





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OUTLOOK

- Re-set and recent divestment program now complete.
- As planned, the forward strategy will focus on the continued growth of the PVHBA joint venture, particularly the TOMMY HILFIGER and CALVIN KLEIN brands.
- Retail sales anticipated to increase in line with the continued expansion of categories, new store openings and the expansion of existing store sizes.
- In the wholesale channel, anticipating modest like-for-like growth.
- Share of profit contribution from the JV likely to continue to increase driven by improvements in the retail offerings of CALVIN KLEIN and TOMMY HILFIGER.
- In line with the trends seen in the last 7 months, the sales momentum of PVHBA has been maintained in February and March and, subject to no adverse developments (see Risks & Challenges), the directors consider that it is likely to continue for the period.

RISKS & CHALLENGES

General economic conditions	Australian economic conditions may worsen including as a result of Australia's economy entering into a recession or other economic circumstances that result in lower consumer spending. This could cause the retail environment to deteriorate as consumers reduce their level of consumption of discretionary items. This could have an adverse impact on the Company's future operational and financial performance.
FX	The majority of the goods that are imported by PVHBA are priced and paid for in USD. Consequently PVHBA is exposed to currency fluctuations which may have an adverse impact on PVHBA's gross margins. To seek to minimise this risk, PVHBA has adopted the conservative hedging policy used by PVH Corp.
Department store reductions	There is much speculation in the press that the department store model is currently being challenged. Since 2012, Myer have closed 10 stores and there is a risk of more store closures in the coming years. Myer is a significant wholesale customer of PVHBA. To seek to minimise this risk, PVHBA has a plan to significantly grow the size and number of its own retail stores.
Changing distribution channels	There has been much speculation in the press about increased competition from the entry of Amazon into the Australian market. There is little doubt that the retail channel mix is moving and changing. To seek to minimise this risk, additional to PVHBA's plan to significantly grow the size and number of its own retail stores, PVHBA is launching its own e-commerce sites as well as commencing a wholesale relationship with Amazon Australia.

APPENDIX 1 – EXPLANATION OF REPORTING PERIODS

Gazal has historically reported on a financial year ending 30th June. As previously announced, Gazal has moved its financial year to end on or about 31st January each year.

In the transition, IFRS accounting standards have required Gazal to report on an interim 31-week or 7 months period ended 3rd February 2018, with the comparative reporting period being a non-corresponding 12 months ended 30th June 2017 which were detailed in Appendix 4E and the statutory accounts released to the ASX earlier today.

This presentation is provided to give investors a 'like-for-like' comparison of the *annual* performance of the business using 12 months to 12 months corresponding reporting periods (non-IFRS & unaudited) which align to the new financial year end.

The table below compares the reporting periods in Appendix 4E to the reporting periods in this presentation:-

Appendix 4E released today		**This presentation**	
IFRS reporting periods (audited)		Non-IFRS reporting periods (unaudited)	
Current period	Comparative period	2017 Current year	2016 Comparative year
7 months	**12 months**	**12 months**	**12 months**
Period ended 3rd February 2018	Period ended 30th June 2017	Period ended 3rd February 2018	Period ended 31st January 2017

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APPENDIX 2A – RECONCILIATIONS

Periods	7 months	5 months	Full Year 2017	1A Adjustments	Full Year 2017	1B Adjustments	Full Year 2017	Full Year 2016
($m)	1st Jul 2017 - 3rd Feb 2018	1st Feb 2017 - 30th Jun 2017	1st Feb 2017 - 3rd Feb 2018		1st Feb 2017 - 3rd Feb 2018		1st Feb 2017 - 3rd Feb 2018	1st Feb 2016 - 31st Jan 2017
Method of accounting	Equity Method	Equity Method	Equity Method	Adjustments	Consolidated	Adjustments	Consolidated	Consolidated
Audit status	Audited	Unaudited	Unaudited		Unaudited		Unaudited	Unaudited
Sales revenue	-	-	-	224.7	224.7		224.7	193.5
Cost of goods	-	-	-	(81.1)	(81.1)		(81.1)	(73.7)
Gross Profit	-	-	-	143.5	143.5		143.5	119.8
Other revenue	12.7	6.5	19.3	(16.4)	2.9		2.9	2.7
		-						
Expenses	(8.8)	(7.3)	(16.0)	(94.0)	(110.1)		(110.1)	(96.4)
Share of NPAT from JV	6.9	2.2	9.2	(9.2)	-		-	-
EBITDA	**10.9**	**1.5**	**12.4**	**24.0**	**36.4**		**36.4**	**26.1**
Depreciation & amortisation	(1.5)	(1.1)	(2.6)	(6.6)	(9.2)		(9.2)	(7.6)
Impairment of investment	(3.1)	-	(3.1)	-	(3.1)	3.1	-	-
EBIT	**6.2**	**0.4**	**6.7**	17.4	**24.1**	3.1	**27.2**	**18.5**
Interest	(0.5)	(0.4)	(0.9)	(0.1)	(1.0)		(1.0)	(0.4)
Profit before tax	**5.7**	**0.1**	**5.8**	17.3	**23.1**	3.1	**26.2**	**18.1**
Tax expense	(0.3)	0.8	0.5	(8.1)	(7.6)	-	(7.6)	(5.0)
Profit after Tax	**5.4**	**0.9**	**6.3**	9.2	**15.5**	3.1	**18.6**	**13.1**
Less: Minority Interests		-		(9.2)	(9.2)		(9.2)	(7.6)
Net Profit to members	**5.4**	**0.9**	**6.3**	0.0	**6.3**	3.1	**9.4**	**5.4**

Notes:
1. Following the completion of the sale of Bisley Workwear in December 2017, the 2016 and 2017 results from continuing operations have been restated to exclude the profit contribution from Bisley Workwear as well as internal revenue received by Corporate Services from Bisley Workwear.
2. The results above are presented to include the application of IFRS 15.
3. 1A Adjustments are the adjustments to convert IFRS results using the equity method of accounting for the JV to non-IFRS results using the consolidated method of accounting for the JV.
4. 1B Adjustments are to exclude the one-off impairment charge associated with the Oroton investment of pre-tax ($3.1m).

APPENDIX 2B — SEGMENT REPORTING (Non-IFRS)

($m)	2017 Joint Venture	2017 Corporate Services	2017 Property Services	2017 Eliminations	2017 Total	2016 Joint Venture	2016 Corporate Services	2016 Property Services	2016 Eliminations	2016 Total
Sales revenue	**224.7**				**224.7**	**193.5**				**193.5**
Cost of goods	(81.1)				(81.1)	(73.7)				(73.7)
Gross Profit	**143.5**				**143.5**	**119.8**				**119.8**
Other revenue	0.1	14.9	4.3	(16.4)	**2.9**	0.1	13.1	4.2	(14.7)	**2.7**
Fees & rent paid	(16.4)			16.4	-	(14.7)			14.7	-
Other Expenses	(94.0)	(14.8)	(1.2)		(110.1)	(78.8)	(16.4)	(1.1)		(96.4)
Share of NPAT from JV										
EBITDA	**33.1**	**0.1**	**3.1**	**-**	**36.3**	**26.3**	**(3.3)**	**3.1**	**-**	**26.0**
Depreciation & amortisation	(6.6)	(1.9)	(0.7)		(9.2)	(5.0)	(2.0)	(0.6)		(7.6)
EBIT	**26.6**	**(1.8)**	**2.3**	**-**	**27.1**	**21.3**	**(5.3)**	**2.5**	**-**	**18.5**
Interest					(1.0)					(0.4)
Profit before tax					**26.1**					**18.0**
Tax expense					(7.6)					(5.0)
Profit after Tax					**18.5**					**13.0**
Less: Minority Interests					(9.2)					(7.6)
Net Profit to members					**9.4**					**5.4**

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