



2018 Half Year Results

Investor Presentation



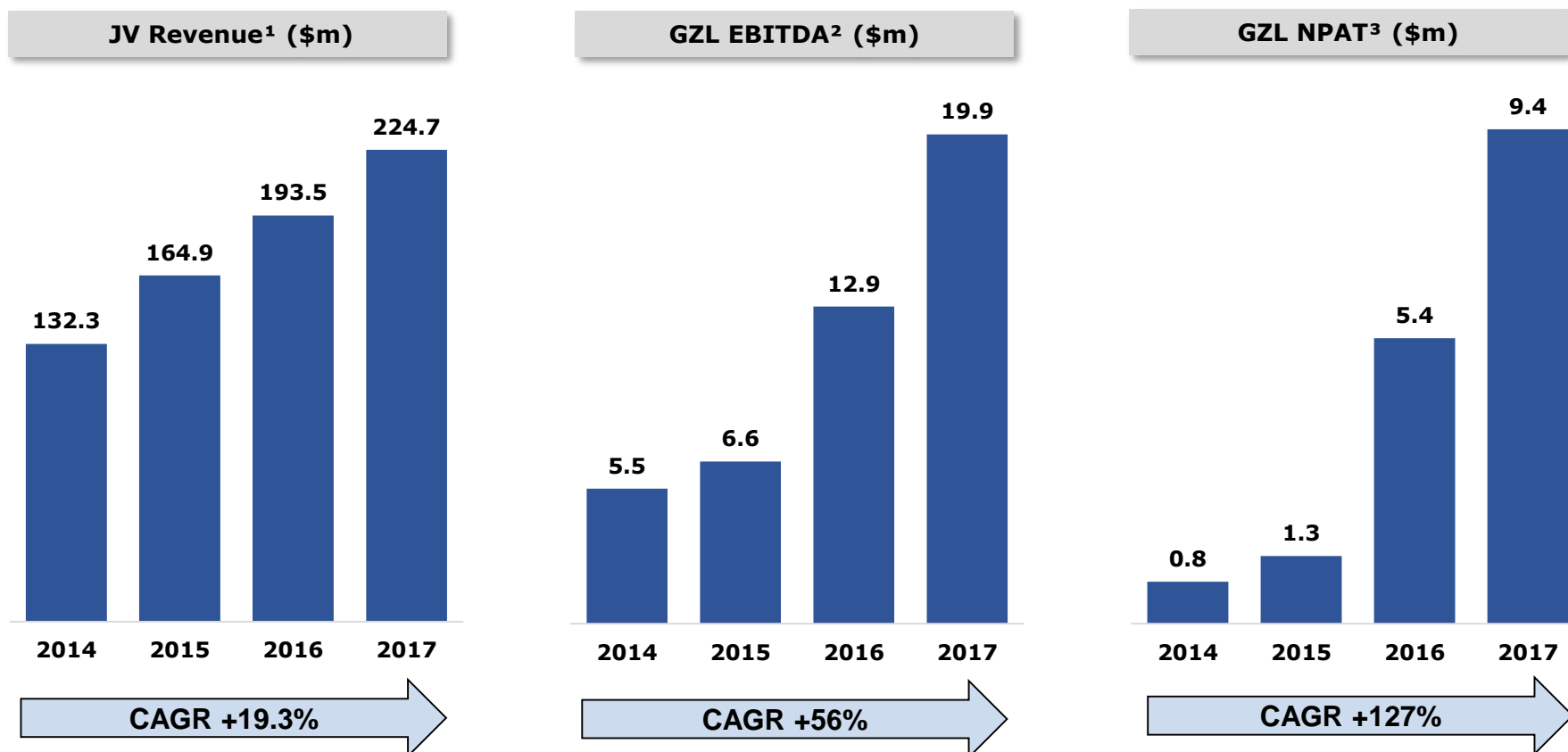
September 28th 2018

Gazal Corporation Limited | GZL.ASX

INVESTMENT HIGHLIGHTS

- One of **Australia's leading apparel companies** – since 1958
- Joint venture partner and 21.2% Gazal shareholder, **PVH Corp.** – owner of iconic global brands **CALVIN KLEIN** and **TOMMY HILFINGER**
- 1H2018 – 99% NPAT growth, 38% EBITDA growth, 31% LFL store sales growth
- Clear **growth strategy continues** 1H2018:-
 - New store openings continue – 7 new stores, total stores #71
 - Expanding store sizes continue – 4 stores expanded adding 600sqm
 - Product categories' expansion continues
 - E-commerce – TH launched in September & CK go-live set for October 2018
- **Experienced management team** with execution track record
- Commitment to drive **strong shareholder returns**

HISTORICAL FINANCIALS – Continuing Operations



Notes:

1. JV Revenue relates to the PVHBA JV's sales results on a 100% basis.
2. GZL EBITDA is calculated by taking 50% contribution of the JV's EBITDA plus 100% contribution of Gazal's Corporate & Property Services EBITDA.
3. 2017 NPAT of \$9.4m excludes the one-off impairment of the Oroton investment of \$2.2m after-tax.
 - 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

1H 2018 RESULTS SUMMARY – Continuing Operations

Continuing Operations	1H2018	1H2017	
	26 weeks to 4 Aug 18	26 weeks to 31 Jul 17	Variance %
PVHBA (JV) 100% basis			
LFL stores sales growth	+31%		
Stores at period end (#)	71	62	+15%
Sales	\$m	\$m	
Retail sales - total stores	64.9	44.9	+45%
Net wholesale sales	63.5	50.9	+25%
Sales Total	128.5	95.8	+34%
JV EBITDA 100% basis	15.8	10.4	+52%
Gazal Corporation			
EBITDA	\$m	\$m	
JV EBITDA 50% basis	7.9	5.2	
Corporate & Property Services	1.5	1.6	
EBITDA Total	9.4	6.8	+38%
EBIT	6.3	3.9	+63%
NPBT	5.8	3.4	+70%
NPAT	4.9	2.5	+99%

Highlights

- Total revenue increased 34% to \$128.5m compared to the prior half year
- Net wholesale sales increased 25% to \$63.5m representing 49.5% of total revenue
- Strong like-for-like store sales growth of +31% on prior half year
- 7 new stores opened in 1H 2018 taking total stores to 71 (net of closures)
- Total retail sales increased 45% to \$64.9m representing 50.5% of total revenue
- JV EBITDA increased 52% to \$15.8m compared to the prior half year
- Share of NPAT from JV increased 71% to \$4.2m
- NPAT from continuing operations increased 99.9% to \$4.9m
- Based on an independent valuation undertaken by CBRE, the Banksmeadow property has been revalued to \$73.3m as at 4th August 2018
- Interim dividend of 10¢ per share fully franked, an increase of 25%, payment date extended to 14th December 2018 based on new fiscal period and working capital cycle

Notes:

1. EBITDA, EBIT, NPBT and NPAT are calculated taking 50% of the JV's contribution plus 100% of Gazal's Corporate & Property Services contribution.
2. The tax gain recognised in the accounts of \$1.0m is largely driven by the crystallisation of losses incurred on the disposal of Orotan shares during the first half.

1H 2018 PVHBA DIVISIONAL PERFORMANCE

CALVIN KLEIN TOMMY  HILFIGER HERITAGE BRANDS



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



1H 2018
Stores#: 38
Sales growth: +31.0%
LFL Retail Stores: +28%



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



1H 2018
Stores#: 19
Sales growth: +58.3%
LFL Retail Stores: +39%



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



1H 2018
Stores#: 14
Sales growth: +8.0%
LFL Retail Stores: +7%



2017
Stores#: 66
Revenue: \$224.7m
Sales growth: +16.1%



1H 2018
Stores#: 71
Sales growth: +34.0%
LFL Retail Stores: +31%

Notes:

1. 2017 metrics are for the 12 month period ending 3rd Feb 2018.
2. 1H 2018 metrics are for the 6 month period ending 4th August 2018.

PVHBA STORE GROWTH

Grow store portfolio from 66 in 2017 to 74 by year-end 2018

- In-fill metro locations, airports and shopping strips
- Expand into SA and WA

Increase space +40% vs 2017

- Including Outlet expansions (5 YTD)

Further expansion opportunity

- E.g., Expansion into New Zealand – new market, timing TBA



Store #	Jan-15	Jan-16	Jan-17	Jan-18	1H 2018 Jul-18	Forecast Jan-19	Estimated Capacity ¹
CALVIN KLEIN ²	19	22	35	37	38	39	50
TOMMY HILFINGER	12	13	16	17	19	21	30
VAN HEUSEN	4	6	10	12	14	14	20
TOTAL	35	41	61	66	71	74	100

Notes:

1. Estimated store capacity in Australia and New Zealand

2. Calvin Klein stores include 9 Myer concessions stores.

1H 2018 GAZAL BALANCE SHEET & CASH FLOW

Balance Sheet		
(\$m)	2018	2017
Investment in joint venture	67.0	65.0
Banksmeadow property	73.3	60.5
Receivables and other assets	4.2	7.1
Intangible assets	1.7	1.8
Cash	0.0	1.5
Plant and equipment	2.4	1.4
Total Assets	148.6	137.3
Payables and other liabilities	24.5	23.9
Interest-bearing loans	27.6	20.0
Total Liabilities	52.1	43.9
Net Assets	96.5	93.4
Contributed equity	43.4	53.1
Reserves	48.6	36.4
Retained Earnings	4.5	3.8
Total Equity	96.5	93.4

Balance sheet notes:

- 2018 refers to the balance date as at 4th Aug 2018
- 2017 refers to the balance date as at 3rd Feb 2018

Cash Flow	
(\$m)	2018
Opening Net Debt Position	(18.5)
Inflows	
Dividends from JV	4.0
Final proceeds from Bisley sale	2.8
Proceeds from share issue	0.8
Total Inflows	7.5
Outflows	
Payment for share buy back	(10.5)
Dividends paid	(3.5)
Capex	(0.8)
Cash from operating activities	(1.8)
Total Outflows	(16.6)
Closing Net Debt Position	(27.6)

Cash Flow notes:

- 2018 refers to the 6 months ended 4th Aug 2018
- includes cash flows from continuing and discontinued operations

BUSINESS “RE-SET” FOR GROWTH

- Streamlining the Company
- One operating model
- Greater focus

TRANSFORMATION PROCESS

INVEST FOR GROWTH

2014

- Joint venture (JV) with PVH Corp. commences trading
- Initially bringing together in the JV **CALVIN KLEIN Underwear** and **CALVIN KLEIN Jeans**

2015

- 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

2016

- Busy year of successful integration, consolidation and laying the platform for growth in the JV

2017

- Bisley Workwear sold for \$38m and the buy-back of 9.8m shares, both concluded in December 2017
- Warehouse system upgraded
- Singapore logistics implemented
- HR system implemented
- GM Tommy Hilfiger and GM Planning hired
- Store rollouts continue

2018

- Key CK & TH outlet expansions begin
- Ongoing investment in Merchandise systems and people
- WA and SA expansion started
- Expanded categories across all brands
- Expanded distribution online. Amazon, Iconic, PVH Branded sites

OUTLOOK

- In line with the trends seen in the past 6 months, the sales momentum of PVHBA has been maintained in first 2 months of the 2nd half year of 2018 and subject to no adverse developments, the directors consider that it is likely to continue for the remainder of the financial year.