

ASX Announcement

22 November 2016

FY16 Annual Results

HGL Limited
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- Group Sales Revenue increased by 5% to \$68.0 million
- Sales Revenue in wholly owned companies of \$52.2 million.
- Underlying Net Profit after Tax of \$3.0 million, up 15% on prior period
- Statutory Profit after Tax of \$4.3 million, up 15.9% on prior period
- Cash on hand of \$5.6 million, and net cash of \$3.8 million
- Final dividend of 1.5 cents per share fully franked, full year dividend 2.5 cps up 67%

HGL Ltd (ASX: HNG) ('HGL' or the 'Group') today announces its financial results for the year ended 30 September 2016.

The Group is pleased to report an underlying net profit after tax of \$3.0 million, up 15% on the prior period, and statutory profit of \$4.3 million. Statutory profit includes the re-recognition of \$1.5 million of previously de-recognised deferred tax assets.

The results reflect the continued transformation of HGL, which is now entering a growth and development phase following a period of rebuilding core business foundations.

Total Group revenue, including the Mountcastle joint venture, increased 5% to \$68.0 million. Collectively sales in JSB Lighting, Mountcastle, Biante and SPOS Group increased by 11% (\$5.3 million), while BLC Cosmetics and Leutenegger experienced declines in revenue, down \$0.6 million and \$1.8 million respectively.

HGL maintained a strong gross margin, at 44.9%, up from 44.7% in 2015 despite cost inflation and foreign exchange movements.

Operating costs of \$21.6 million were in line with the prior period, despite the additional investment into employee training and sales personnel for a number of business units. The Group realised a \$0.6 million saving from the Head Office restructure, offset by the investment into setting up start-up business, Nido Interiors, which provides a dedicated homewares line complementary to HGL's existing product offering.

The continued execution of the Growth, Profit and Sustainability (GPS) Strategy Plan with strong focus on working capital management, sales growth activities, maintaining strong gross margin and diligent expense management have improved profitability. The result marks a second year of consecutive earnings growth.

Dividend

A final dividend of 1.5 cents per share fully franked has been declared by the Directors, taking the full year dividend to 2.5 cents per share (2015: 1.5 cps). The record date for the dividend is 10 January 2017, with payment on 24 January 2017.

The Dividend Reinvestment Plan will continue to be available to all shareholders, with no discount.

Outlook

With the delivery of a second year of earnings improvement, the Board remains confident in the positive outlook of the Group, albeit in the current environment of lower consumer sentiment. It continues to focus on the successful execution of the GPS strategy, whilst capitalising on new growth opportunities, supporting increased dividends.

Commenting on the financial result, Chief Executive Officer Henrik Thorup states:

“We are pleased with the progress made and results achieved in FY16. We are now actively pursuing our growth and development strategy with our businesses positively contributing to Group earnings and the majority growing revenues compared to last year. This places HGL in a better position to deliver market share expansion, drive profitability and grow fully franked dividends”.

About HGL Limited

HGL Limited is a dynamic product marketing and supply chain business of market leading brands in diversified specialist markets. HGL is a partner of choice for our global supplier base, corporate clients and retail networks, operating dedicated business units in large industry segments.

For further information, please contact:

Henrik Thorup, Chief Executive, 0419 268 560