GLOBE

COMPANY ANNOUNCEMENT

GLOBE INTERNATIONAL LIMITED

RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

MELBOURNE, 23 August 2018: Globe International Limited (the Group), producer and distributor in the board sports, street fashion and work-wear markets, today announced its results for the financial year ended 30 June 2018. The Group reported that all key metrics were ahead of the previous corresponding period (pcp), including growth in revenues, profits, dividends and operating cash flows, as outlined below:

- Revenues for the financial year of $147.7 million were 5% or $7.2 million above the pcp.
- Earnings before interest, tax, depreciation and amortization (EBITDA) grew by 57% to $9.6 million, compared to $6.1 million in the pcp.
- Net profit after tax (NPAT) grew by 66% to $8.4 million for the financial year, compared to $5.1 million in the pcp.
- Cash-flows generated from operations were $11.2 million, compared to $10.6 million in the pcp.
- Dividends in relation to the 2018 financial year of 11 cents per share were 37% higher than the 8 cents per share paid in relation to the 2017 financial year.

Net sales for the year of $147.3 million grew by 5%, in line with expectations. Following flat sales in the first half, solid second half growth in North America and Australia drove an 11% increase in sales in the second half, resulting in the 5% growth for the full year. Gross profit margins were higher than the pcp by 1.4 percentage points, driven by sales mix and favourable foreign exchange impacts. EBITDA margins of 6.5% of net sales were higher than the pcp by 2.2 percentage points, as costs grew at lower rate than sales. A brief overview of performance by region is included below:

- The Australian division continues to be the key contributor to Group sales and profitability. While overall sales growth for the year was modest (+2%), EBITDA was $2.3 million or 19% higher than the pcp, driven mainly by sales and profit growth in the workwear division.
- The performance of the North American division for the year improved significantly, with a $2.8 million turn around in profitability compared to the loss in the prior corresponding period. This turn-around was a result of the restructuring that was completed during the 2017 financial year, as well as an 11% increase in revenues driven by new apparel initiatives.
- The European business reported modest growth in sales and profitability.

Cash flows from operations were $11.2 million and over the year net cash balances increased by $6.0 million. During the year the Group continued to closely and effectively manage working capital and, as a result, working capital balances remained flat on last year despite the growth in net sales.

Chief Executive Officer Matt Hill said, “The results for the financial year are pleasing. They reflect a strategy implemented to diversify our business into new brands and distribution channels. We have faced a number of broader market challenges over the period of implementing this strategy, but at each point we have stabilized and rationalized as required; maintained strong financial disciplines; and continued to focus, develop and invest in the future.”

The Directors have determined that an unfranked final dividend of 6 cents per share will be paid to shareholders on 21 September 2018, which takes the full year dividends to 11 cents, compared to 8 cents which was paid in relation to the 2017 financial year.

Matt Hill said, “It is satisfying to have been able to deliver increasing returns to our shareholders in recent years, fueled by year on year growth in sales and profits. FY18 marked the third consecutive year of dividend growth. As we look forward, we are cautiously optimistic about the trajectory of our brands in our key markets. We anticipate modest growth in revenue and profits in the 2019 financial year.”

Investors, Media and Analysts:
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