



COMPANY ANNOUNCEMENT

GLOBE INTERNATIONAL LIMITED

RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

MELBOURNE, 21 February 2019: Globe International Limited (the Group), producer and distributor in the board sports, street fashion and work-wear markets, today announced its financial results for the six months ended 31 December 2018. Compared to the prior corresponding period (pcp), the Group reported an increase in profits driven by continued revenue growth for the half-year.

- Revenues of \$78.1 million and Net sales of \$77.9 million were both 11% higher than the prior corresponding period (8% higher than the pcp in constant currency terms)
- Earnings before interest, tax, depreciation and amortization (EBITDA) of \$5.0 million were 23% or \$0.9 million higher than the pcp.
- Net profit after tax (NPAT) of \$4.3 million for the half year was 25% higher than the pcp.
- Cash used in operations during the period was \$4.5 million, compared to the \$5.2 million cash generated in the prior corresponding period.
- The interim dividend of 6 cents compares to the 5 cents paid for the 2018 interim dividend.

Net sales of \$77.9 million grew by \$7.8 million or 11% compared to the prior corresponding period. This growth was driven by the Australasian and North American segments which grew by 12% and 8% respectively, in local currency terms. The growth was mainly driven by the work-wear division in Australia, while apparel was the key driver for growth in North America. In Europe, sales were lower by 6%, predominantly driven by softness in the boardsports sector.

Earnings before interest, tax, depreciation and amortization (EBITDA) of \$5.0 million for the period grew by \$0.9 million compared to the prior corresponding period. This growth in profitability was driven by the increase in sales, which was partially off-set by lower gross margins and higher costs. The lower gross margins are predominantly a result of changing business mix, as well as foreign exchange impacts. The increase in costs is mostly directed towards emerging and growth brands, to drive the growth in those brands over the coming years.

Working capital balances remain healthy with receivables consistent with the same time last year, and aged inventory reducing as compared to the prior year. However, overall current inventory has increased as changes in brand mix are leading to a change in working capital requirements for the business. As a result of inventory build, cash used in operations for the period was \$4.5 million compared to cash of \$5.2 million being generated in the prior corresponding period. The most significant factor contributing to this change is the growth in the work-wear division which requires higher levels of stock service inventory as well as bringing a change in the payables profile which is more working capital intensive.

Chief Executive Officer Matt Hill said, "In the first half of this financial year we have again been able to grow our business overall, despite the continued challenging nature of the boardsports market, in particular for skate hardgoods. To counteract this our FXD brand has been successful in providing growth in the work-wear channel, while Salty Crew has been able to bring freshness in the surf and outdoor distribution channels. In addition, Impala rollerskates continues to grow impressively from a low base, addressing a female market through boardsports, fashion boutique and multi door lifestyle distribution channels."

The Directors have determined that an unfranked interim dividend of 6 cents per share will be paid to shareholders on 22 March 2019.

Matt Hill said, "It is satisfying to have delivered increasing returns to our shareholders in recent years, fueled by year on year growth in sales and profits, despite at times difficult conditions in our more traditional markets. As we look toward the second half of this financial year, we expect the combination of continued uncertainty in retail markets, as well as the strength of the US Dollar, to have an adverse impact on profitability. As a result, profits for the 2019 financial year are likely to be approximately in line with the 2018 financial year, while sales are expected to grow modestly for the period."

Investors, Media and Analysts:

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