



## **GALE PACIFIC LIMITED**

(ASX: GAP)

### **ASX and Media Release**

29 November 2019

#### **2019 Annual General Meeting – Chairman's Address**

The financial results for the 2019 financial year were somewhat mixed with earnings per share declining by 4% to 3.2 cents but operating cash flow increasing by 72% to \$15.3million. The earnings decline was predominantly due to very difficult trading conditions in Australia across both the retail and commercial sectors.

The strong cash flow enabled us to fund major capital expenditures in Australia and China, the maintenance of a 2 cent annual dividend and the ongoing share buyback program while maintaining net debt at a very prudent level.

During the year significant growth was achieved in the retail sector in the USA market which is one of our main targets for growth and good progress continued to be made in positioning Gale Pacific as a global leader in shade products.

Yesterday afternoon the company released a trading updating stating that we now anticipate that for the 2020 financial year profit before tax will be below prior year by approximately 20%. This is due to the impact of import tariffs in the USA on goods manufactured in China. Despite this the company remains committed to the USA region, which we continue to see as a significant growth opportunity and management has plans to mitigate the effect of the tariffs through manufacturing efficiencies and other cost reductions, the improvement of sourcing capabilities, pursuing price increases, and the launch of innovative new products. The difficult trading conditions in Australia which impacted the 2019 financial year continue to be experienced to be in the 2020 financial year.

As has been previously announced our Group Managing Director Nick Pritchard is leaving the company and John Paul Marcantonio who is currently President & GM – Americas and President & GM – Global Innovation, will take on the role on terms currently being finalised. During the past month Nick and John Paul have been working together on a management transition program. I am pleased to say that the transition program has gone very smoothly which has led us to bring forward the handover date to John Paul to today.

Despite the difficulties caused by tariffs we believe that we are positioned to achieve profitable growth in key markets and I'm now going to hand over to Nick Pritchard and following him John Paul Marcantonio who will provide further information on this.

**-Ends**

For further information contact:

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