



# 1H FY21 RESULTS

23 FEBRUARY 2021

# AGENDA

## GALE AT A GLANCE

- A global company
- GALE's brands

## RESULTS OVERVIEW

- Highlights
- Revenue by geography
- Cash flow & balance sheet
- Half year financial performance

## REGIONAL OVERVIEW

- The Americas
- Australia & New Zealand
- MENA & Eurasia

## COMPANY STRATEGY

## OUTLOOK

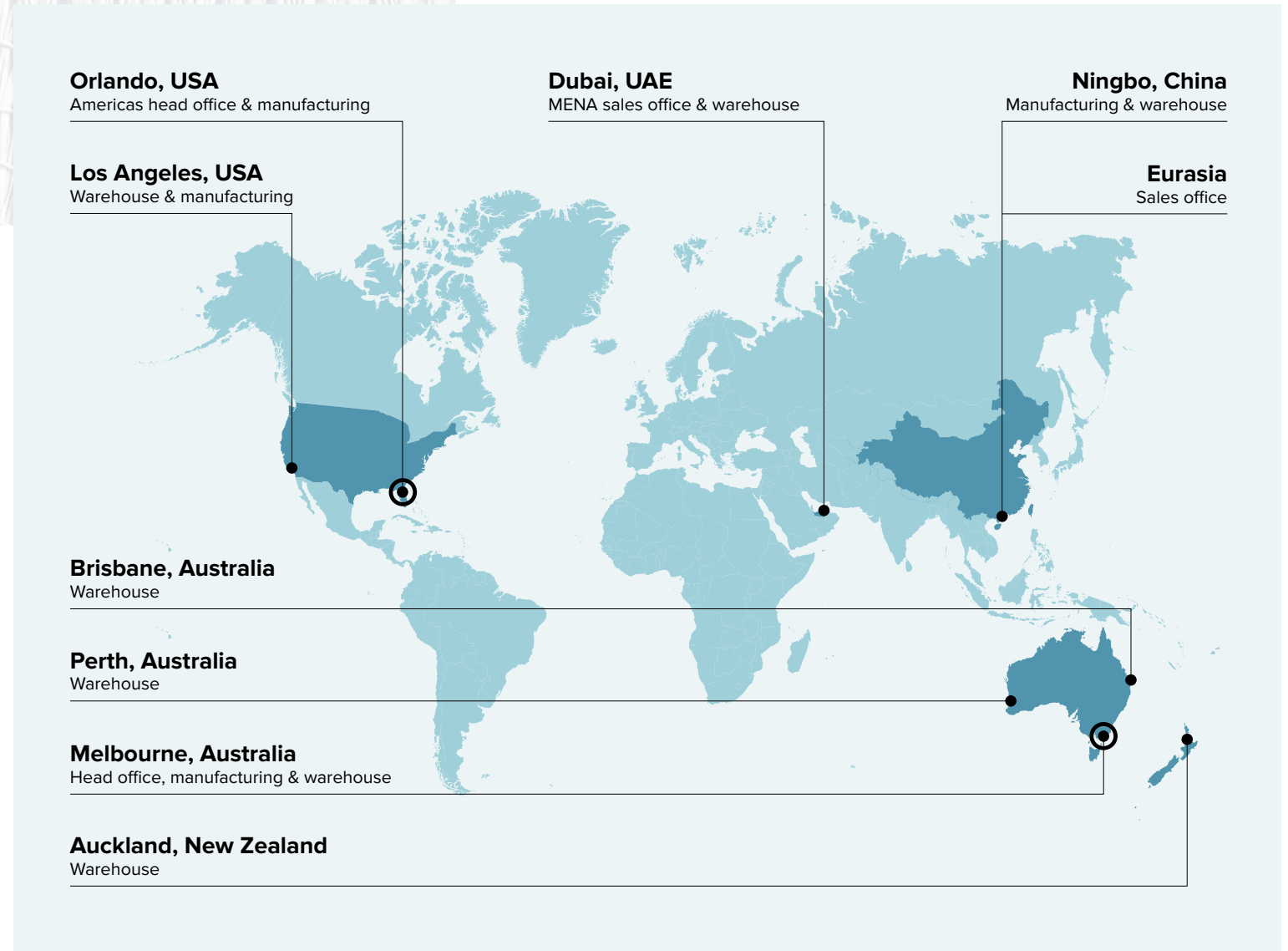


# A GLOBAL COMPANY

**A FAST-GROWING, WORLD-CLASS GLOBAL FABRICS TECHNOLOGY BUSINESS.**

**A MARKET LEADING MANUFACTURER AND INNOVATOR OF TECHNICAL FABRICS USED FOR CONSUMER AND COMMERCIAL APPLICATIONS AROUND THE WORLD.**

Our products are used in various industries, such as architectural, agricultural, mining, construction and home improvement.





# GALE PACIFIC GLOBAL BRANDS



## COOLAROO

Coolaroo is our market leading, globally recognised brand for consumer shade and pet products.

Coolaroo branded outdoor roller shades, shade sails, shade and garden fabrics, shade structures and pet beds can be found in major brick & mortar and online retailers around the world.



## GALE COMMERCIAL

The GALE Pacific Commercial brand is recognised around the world for market leading commercial knitted and coated fabrics. It stands for innovation, quality, durability, and reliability in the industries and markets it serves. GALE Pacific Commercial knitted and coated fabrics can be found in a rapidly growing number of applications around the world.

# RESULTS OVERVIEW





# HIGHLIGHTS



PROFIT BEFORE TAX

**\$8.8m**

UP FROM \$3.6m LOSS

**\$106.1m**

REVENUE

UP FROM \$62.3m

**\$9.7m**

EBIT

UP FROM \$2.5m LOSS

**2.18c**

EARNINGS PER SHARE

UP FROM 0.95c LOSS

**\$14.7m**

EBITDA

UP FROM \$3.4m

**\$6.0m**

NET PROFIT AFTER TAX

UP FROM \$2.6m LOSS

**1.0c**

INTERIM DIVIDEND

UP FROM NIL

**1.0c**

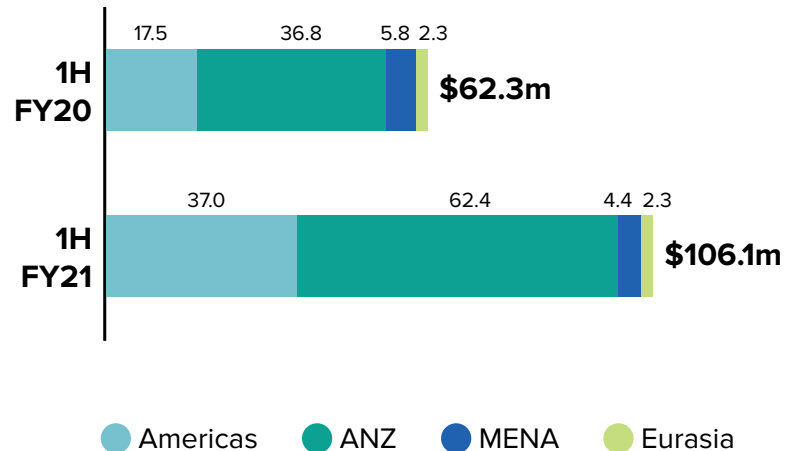
SPECIAL DIVIDEND

UP FROM NIL

\* All figures compare 1H FY21 to 1H FY20 unless otherwise indicated

# REVENUE BY GEOGRAPHY

**STRONG REVENUE GROWTH ACROSS RETAIL AND COMMERCIAL SECTORS IN GALE'S CORE MARKETS OF THE UNITED STATES AND AUSTRALIA.**



# CASH FLOW & BALANCE SHEET

GALE'S FIRST  
**POSITIVE**  
FIRST HALF  
**CASH FLOW**  
RESULT SINCE  
**DEC 2015.**



↑ **669%**  
INCREASE

**NET CASH FROM  
OPERATING ACTIVITIES**

**\$20.5m**  
UP FROM \$(3.6m)



↓ **84%**  
DECREASE

**NET DEBT**

**\$(3.9m)**  
REDUCED FROM \$(23.6m)



# HALF YEAR FINANCIAL PERFORMANCE

**STRONG FIRST HALF SALES GROWTH ALLOWED GALE TO EXPAND PROFITABILITY, DELIVER A MATERIAL IMPROVEMENT IN CASH FLOW AND SIGNIFICANTLY REDUCE ITS DEBT.**

## RESULT FOR THE HALF YEAR

	31 December 2020 A\$ million	31 December 2019 A\$ million	Change %
Revenue	106.1	62.3	70
EBITDA	14.7	3.4	332
EBIT	9.7	(2.5)	488
Profit/(loss) before tax	8.8	(3.6)	344
Net profit/(loss) after tax	6.0	(2.6)	331
Basic earnings per share (cents)	2.18	(0.95)	329
Interim dividend (cents per share, unfranked)	1.0	nil	n/a
Special dividend (cents per share, unfranked)	1.0	nil	n/a
Net cash from operating activities	20.5	(3.6)	669
Net debt	(3.9)	(23.6)	84

# REGIONAL OVERVIEW





# THE AMERICAS

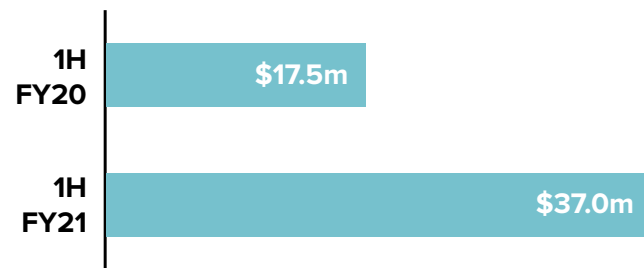
**GALE'S CORE RANGES AND NEW PRODUCTS ARE RESONATING WITH CONSUMERS, DRIVING MATERIAL INCREASES IN REVENUE AND HELPING TO SECURE INCREMENTAL POINTS OF DISTRIBUTION ACROSS RETAIL CHANNELS.**

GALE is well positioned as consumers continue to spend more on home improvement products and projects.

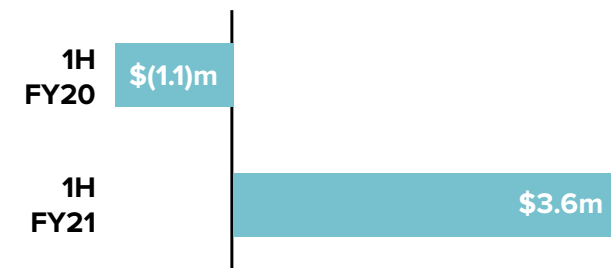
GALE's commercial architectural fabrics grew on the back of new product launches, distribution expansion and increased demand for shade applications.



## REVENUE



## EBITDA



# THE AMERICAS GROWTH DRIVERS



**NEW PRODUCT  
LAUNCHES**



**CUSTOMER  
PARTNERSHIPS**



**CATEGORY  
DEVELOPMENT**



**DEMAND  
GENERATION**



**ECOMMERCE  
EXPANSION**

## STRATEGIC INVESTMENTS TO ACCELERATE GROWTH

PEOPLE & CAPABILITIES

PRODUCT INNOVATION

DISTRIBUTION EXPANSION

SERVICE & SUPPLY CHAIN



# AMERICAS GROWTH POTENTIAL

**THE UNITED STATES IS NOW  
GALE'S LARGEST MARKET –  
AND ITS GROWTH POTENTIAL  
FAR EXCEEDS OTHER  
MARKETS.**

GALE is leveraging its core competencies, existing infrastructure, customer partnerships and broad market distribution to rapidly drive growth and greater household penetration.

GALE's strategic investments in people, capabilities, product innovation, distribution expansion, and supply chain enable its growth plan.



**USA GDP**  
**\$21.4tn**

**AUSTRALIA GDP**  
**\$1.4tn**



**USA POPULATION**  
**328m**

**AUSTRALIA POPULATION**  
**25m**



**USA HOUSEHOLDS**  
**128m**

**AUSTRALIA HOUSEHOLDS**  
**8m**

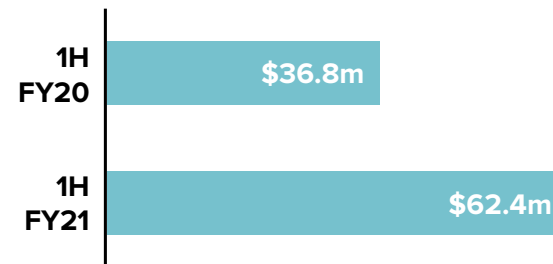
# AUSTRALIA & NEW ZEALAND

## STRONG SALES GROWTH ACROSS RETAIL AND COMMERCIAL END MARKETS DROVE INCREASED FIRST HALF REVENUE IN AUSTRALIA.

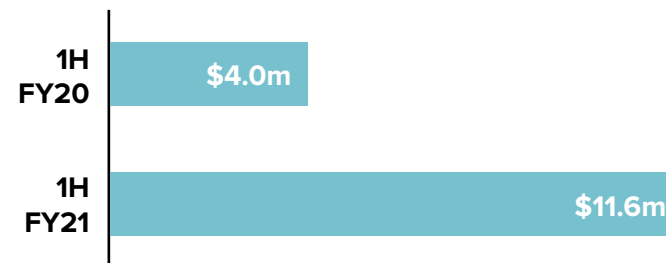
Retail growth was driven by new product launches, increased ranging and increased consumer spending on home improvement products and projects during COVID-19 restrictions.

GALE experienced high demand across its range of market-leading coated technical fabrics, most notably those used in grain handling applications on the back of a historically large Australian grain harvest in calendar 2020, driving commercial sales growth.

### REVENUE



### EBITDA





# ANZ GROWTH DRIVERS



**NEW PRODUCT LAUNCHES**



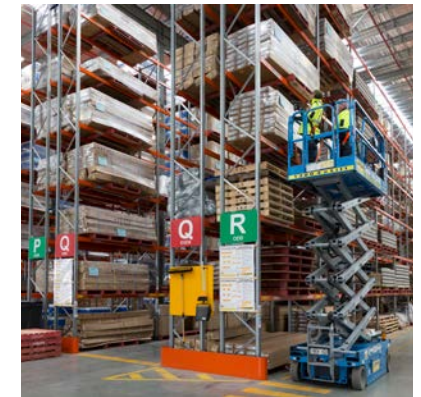
**CUSTOMER PARTNERSHIPS**



**DEMAND GENERATION**



**MANUFACTURING CAPACITY EXPANSION**



**SUPPLY CHAIN IMPROVEMENTS**

## STRATEGIC INVESTMENTS TO ACCELERATE GROWTH

PEOPLE & CAPABILITIES

PRODUCT INNOVATION

DISTRIBUTION EXPANSION

SUPPLY CHAIN EFFICIENCY

# A LANDMARK GRAIN SEASON

**AUSTRALIA'S HISTORICALLY LARGE GRAIN HARVEST IN CALENDAR 2020 LED TO A LARGE INCREASE IN SALES OF GALE'S MARKET-LEADING RANGE OF TECHNICAL FABRICS USED IN GRAIN HANDLING APPLICATIONS.**

Overall sales of GALE's technical coated products ranges – used across agriculture, aquaculture, construction, mining & packaging markets – were up sharply versus both calendar 2019 and calendar 2016, its prior record year.

GALE was able to take advantage of the spike in demand and service its partner customers effectively as a result of its investment in additional coating capacity in its Melbourne facility in 2019 and its continued supply chain improvement initiatives.





# MENA & EURASIA

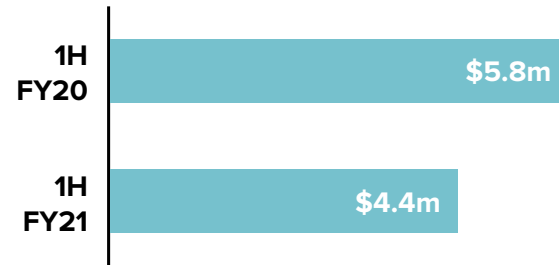


## MENA

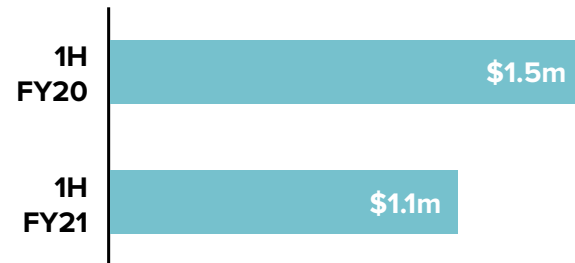
Challenging macroeconomic and broad market trading conditions have persisted and pandemic-related restrictions continued to affect demand.

GALE's tightened credit policy impacted trading, and although overall debtors decreased, challenges in collecting long-dated debtors persisted.

### REVENUE



### EBITDA



## EURASIA

Though challenged by variability in key market openness and lower economic activity due to COVID-19, the region was relatively flat to the prior year.

Progress continues on driving demand for commercial fabrics and servicing demand increases for core consumer product ranges in key markets.

### REVENUE



### EBITDA



# COMPANY STRATEGY





# FOUR CORE STRATEGY

TO BUILD GALE PACIFIC INTO  
A FASTER GROWING, WORLD-  
CLASS, GLOBAL FABRICS  
TECHNOLOGY BUSINESS.

PRODUCT  
INNOVATION

CATEGORY  
GROWTH

IMPROVED  
OPERATIONS

NEW  
MARKETS





# PRODUCT INNOVATION

**NEW PRODUCTS ARE THE  
LIFEBLOOD OF OUR COMPANY  
AND A CRITICAL COMPONENT  
OF OUR GROWTH STRATEGY.**

We've accelerated our investment in product development and are focused on developing and launching functional product innovation with new benefits in our core consumer and commercial categories.





# FLAME RETARDANT FABRICS

**GALE PACIFIC IS THE LEADING CHOICE  
FOR FLAME RETARDANT ARCHITECTURAL  
SHADE FABRIC.**

Over 30 colours and three ranges providing the fabric weights, performance requirements, and colour selection necessary for any shade project.

Our shade fabrics are tested to meet or exceed the most stringent fire standards in the world.

Commercial  
**NinetyFive**  
340FR

Commercial  
**DualShade®**  
350FR

Commercial  
**Heavy**  
430FR





# CATEGORY GROWTH & NEW MARKETS

**WE'RE RAPIDLY EXPANDING  
OUR CORE CATEGORIES AND  
DEVELOPING NEW, NEAR  
NEIGHBOUR CATEGORIES IN BOTH  
CONSUMER AND COMMERCIAL.**

This allows us to grow our categories by attracting new users, increasing usage and driving high value benefits while expanding distribution, entering new markets and driving demand.

Our new Coolaroo® foldable pet bed and grow bags ranges and our new GALE Commercial coated fabric innovations are examples of this strategy in action.





# IMPROVED OPERATIONS

**WE'VE MADE STEADY INVESTMENTS  
AND MARKED IMPROVEMENTS ACROSS  
OUR GLOBAL SUPPLY CHAIN AND ARE  
ACCELERATING OUR PLANS TO FURTHER  
INCREASE OUR EFFECTIVENESS,  
FLEXIBILITY AND EFFICIENCY.**

We're better matching our capacity to serve with market demand and developing our operations so that we may continually improve service to our partner customers, consumers, and commercial end-users as they evolve.

Increased production capacity in our China & Australia manufacturing facilities, expanded distribution capabilities and capacity in our United States operations, and expanded global sourcing and value engineering initiatives are examples of our strategy in action.



# GALE PACIFIC STRENGTHS



**CATEGORY &  
MARKET LEADING  
BRANDS**



**HIGH QUALITY,  
INNOVATIVE  
PRODUCTS**



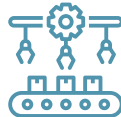
**CUSTOMER  
PARTNERSHIPS**



**CONSUMER &  
COMMERCIAL  
DIVERSIFICATION**



**TECHNICAL  
FABRICS  
EXPERTISE**



**VERTICALLY  
INTEGRATED  
MANUFACTURING**



**GLOBAL  
DISTRIBUTION &  
SUPPLY CHAIN**



**ON-TREND,  
OUTDOOR  
ENVIRONMENTS**



# H2 & FULL YEAR OUTLOOK

**THE COMPANY ANTICIPATES PROFIT BEFORE TAX TO BE IN THE RANGE OF \$7.0m – \$9.0m FOR 2H FY21 (PCP: \$8.3m) AND IN THE RANGE OF \$15.8m – \$17.8m FOR FY21 (PCP: \$4.8m).**

- Consumer spending momentum anticipated to continue in US & AUS in 2H
- Q4 comp growth rates more moderate as COVID-19 demand impacts cycle
- GALE is executing on summer selling season growth plans in the United States
- Outlook tempered with measures in place to counter expected headwinds in international shipping, transportation, labour and materials
- GALE is resilient and well-positioned despite complex operating conditions.







# THANK YOU

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