



GALE Pacific Limited

(ASX: GAP)

08 February 2024

GALE Pacific announces 1H FY24 earnings; reaffirms 2H and full year FY24 guidance

GALE Pacific Limited (GALE or the Company) announces that it expects first half FY24 profit before tax of \$(6.2)m as compared to \$0.6m in 1H FY23.

Net debt at 31 December 2023 was \$2.4m compared to net debt of \$24.7m at 31 December 2022 driven by lower global inventory.

The results are subject to final audit review and will be released prior to market open on 20 February 2024.

The first half result was driven by a revenue decline largely attributable to:

- unfavourable weather conditions in Australia, which dampened demand in both commercial and consumer retail sectors,
- improved manufacturing lead times and increased global shipping capacity, which led to further on-hand inventory reductions at US retailers throughout the first half,
- the deferral of product shipments needed for the upcoming northern hemisphere summer selling season from the first half to the second half at retailers in the Americas due to the noted improvements in global supply chains, and,
- lower sell-through for the company's products at retailers in the United States due to the further rotation of consumer spending from goods to services, the persistence of inflation, high interest rates, and continued challenges across housing markets.

In response to these demand factors, the company proactively reduced manufacturing volumes to manage down global inventory throughout Q4 FY23 and Q1 FY24, with the financial impact of these inefficiencies fully realised in the first half result.

GALE's long-term debt financing and global treasury management transition is well advanced, with credit approval completed at the company's new partner global bank, board resolutions ratified, and closing scheduled to occur before the release of 1H results on 20 February 2024.

OUTLOOK

The company expects improved results in the second half, driven largely by:

- the launch of new patent pending Coolaroo with Heat Shield® shade products in the US,
- increased distribution of core product ranges across new retailer locations in the US,
- incremental promotional placements across retailers in the US,
- increased core range inventory across Americas customers in preparation for the Northern Hemisphere summer selling season,
- sell-through improvement across Americas retail customers compared to the prior corresponding period,
- favourable trading conditions and market share gains resulting in increased demand for the company's commercial fabric ranges in the US, Australia, and the Middle East.

Additionally, relative input cost stability, further operational efficiency initiatives, and increased manufacturing volumes matched to the anticipated increased demand environment coupled with favourable mix and pricing consistency are expected to drive margin expansion in the second half.

Given these positive factors, the company reaffirms previous guidance for the second half and the full year, with increased revenue and profit anticipated for the second half and the full 2024 financial year compared to the prior corresponding periods.

Authorised for release by the Board of Directors of GALE Pacific Limited.

INVESTOR AND ANALYST WEBINAR

CEO John Paul Marcantonio and CFO Sheryl Smith will hold a webinar briefing for analysts and investors outlining first half business performance and second half guidance on Tuesday, 20 February 2024, at 10:30 am Australian Eastern Daylight Time.

An accompanying presentation and media release will be made available via the ASX announcements platform before the call.

Participants are required to register in advance. Following registration, a confirmation email will be sent with details on how to access and join the webinar.

The webinar will feature a Q&A session for attendees. Alternatively, investors can pre-submit their questions to investor.relations@galepacific.com before the webinar.

Participants can register for the conference at: <https://s1.c-conf.com/diamondpass/10036581-olrz7h.html>.



ABOUT GALE PACIFIC

GALE Pacific is a market-leading manufacturer of technical fabrics used for consumer and commercial applications around the world. Founded in Melbourne, Australia in 1951, today GALE has operations in Australia, New Zealand, the United States, China, and Dubai and employs more than 600 people worldwide. GALE's products are sold across Australia, New Zealand, Asia, the Americas, Europe, the Middle East, and a growing number of additional markets.

GALE's products are recognised around the world for their innovative technology, quality, durability, and reliability. The company's consumer products, marketed under the Coolaroo® brand, include outdoor roller shades, shade sails, shade and garden fabrics, shade structures and pet products. They can be found at market leading major retailers, both in-store and online, around the world.

The Company's commercial products, marketed under the GALE Pacific Commercial® brand, include knitted, coated, and advanced polymer fabrics used in a growing number of applications across the agricultural, horticultural, aquacultural, architectural, construction, mining, and packaging industries.

GALE's core strategy is to accelerate its growth as a world-class global fabrics technology business through product innovation, category expansion, expanded distribution in existing and new markets, and improved operational efficiency and flexibility.

GALE Pacific Limited's shares are listed on the Australian Securities Exchange (code: GAP).

For further information please contact:

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