GLOBE INTERNATIONAL LIMITED - FY2009

FY2009 Full Year Summary

Globe International Limited

- Public company listed on the Australian Securities Exchange (GLB)
- Branded international boardsports, footwear and apparel company

	FY2009	FY2008
➢Revenue	$ 117.6m	$ 122.3m
➢Net Loss after tax	($ 8.9m)	($ 24.6m)
➢Net Cash	$ 11.3m	$ 7.1m
➢Total assets	$ 70.5m	$ 78.5m
➢Net tangible assets	$ 29.2m	$ 36.0m
➢Total shares on issue	41.4m shares	

FY2009 Full Year Summary

	FY2009	FY2008	Change
Net Sales (1)	$ 116.9m	$ 120.7m	- 3.1%
Gross Margin %	46.0%	50.5%	- 4.5 pts
Cash flows from operations	$ 6.7m	($ 3.0m)	+ $9.7m

(1) In constant currency terms, net sales are down on the prior period by 14%

	FY2009	FY2008
Profit / (Loss) before significant items		
EBITDA	($ 1.3m)	$ 2.8m
NPAT	($ 2.4m)	$0.2m
Profit / (Loss) After significant items		
EBITDA	($ 4.5m)	$ 0.8m
NPAT	($ 8.9m)	($ 24.6m)

FY2009 Full Year Summary

Significant Items After Tax - $6.5m

- **One-off costs of restructuring $3.2m ($2.2m net of tax)**

  Predominantly relates to the one-off costs associated with redundancies in all regions and retail store closures in Australia.

- **Derecognition of Deferred Tax Assets related to tax losses $4.7m**

  These assets have been derecognised in relation to tax losses that are deemed not to be recoverable in the foreseeable future. These losses do not expire under current legislation in the relevant jurisdictions and will be recognised in future periods once recovery is deemed to be more probable.

- **Write back of contingent tax provision +$0.4m**

  A provision made in the prior financial year relating to on-going tax audits has been reversed.

FY2009 Full Year Summary

Highlights

- Profit turn-around in second half reduces the loss reported for the first half
- Major rationalisation of the cost base resulting in excess of $15 million per annum cut from operating costs
- Financing arrangements successfully restructured
- Solid financial position with operating cash flows generated for the year due to:
  - No borrowings
  - Tight controls over costs
  - Active clearance of aged inventory resulting in historically low inventory levels
  - Improvement in trade payables terms negotiated with certain suppliers
  - Continued tight controls over trade receivables and collections

FY2009 Full Year Summary

FY2009 Second Half profit reported

	H1	H2	FY2009
Net Sales	$ 60.1	$ 56.8m	$ 116.9
Gross Margin %	46.3%	45.0%	46.0%
Profit/ (Loss) After significant items			
EBITDA	($ 5.7m)	$ 1.2m	($ 4.5m)
NPAT	($ 9.3m)	$ 0.4m	($ 8.9m)

FY2009 Full Year Summary

Australia & New Zealand

- Net Sales, adjusted for retail store closures, down by 4%
  - Impacted by soft hardgoods market
  - Globe branded sales up by 6%
  - Retail exit predominantly complete

- EBITDA profit reported for full year, with improvement in second half
  - Solid second half profit growth despite declining gross margins due to US dollar depreciation

FY2009 Full Year Summary

North America

- Net Sales down by 20% in local currency
  - Heavily impacted by market conditions

- EBITDA turn-around in second half
  - Second half profit of A$0.9m after first half loss of A$1.6m
  - Profit growth achieved through:
    - Cost rationalisation including 38% reduction in head-count
    - Simplification of business processes and product offerings
    - Improved hardgoods gross margins through product development initiatives and sourcing improvements

FY2009 Full Year Summary

Europe

- Net sales down by 7% in local currency
  - Hardgoods continue to show solid growth in new direct markets
  - The level of Globe branded sales decline reduced in second half, compared to prior corresponding period.
- EBITDA turn-around in second half
  - Second half profit of A$1.1m after first half loss of A$2.6m
  - Profit growth achieved through:
    - Significant restructuring and non-recurring costs in first half
    - Higher sales in second half due to seasonality

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FY2009 Full Year Summary

FY2010 Overview

Financial stability	The focus on costs, cash flows, access to funding and working capital will continue into FY2010. While conditions are currently stable, the business is now in an improved position to react to macro economic trends due to the restructured management group and the significant reduction in long term expenditure commitments.
Brands	Despite a reduction in expenditure across the business, we continue to strategically invest in our portfolio of internationally recognised brands – servicing a variety of customers in the board sports market globally.
Sales growth initiatives	Despite the uncertain economic landscape, we continue to develop and implement initiatives aimed at growing market share, including category expansion and alternative distribution strategies. More significantly, in this current environment, we will look for growth opportunities through brand acquisition if the timing, price and fit is right – such as the acquisition of the Cliché skateboarding brand in July 2009.
Outlook	We currently have a stable operating environment, but we expect trading conditions will continue to be difficult over the next twelve months.

Global Proprietary Brands

globe

gallaz™

almost

enjoi

Darkstar

SPEED DEMONS

blind

TENSOR

cliché©