



# COMPANY ANNOUNCEMENT

## GLOBE INTERNATIONAL LIMITED

### RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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**MELBOURNE, 27 February 2015:** 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 2014, reporting significant and continued revenue growth and an improvement in profitability compared to the prior corresponding period.

- Revenue of \$66.2 million grew 28% over the prior corresponding period (27% in constant currency).
- Earnings before interest, tax, depreciation and amortization (EBITDA) of \$2.8 million grew 17% over the same time last year.

#### **Financial Performance**

All regions reported double digit revenue growth for the half-year, contributing to the \$14.6 million or 28% increase in revenue reported by the Group. This growth in revenue drove the underlying profitability improvement. This revenue and profitability improvement came from multiple sources across the Group, as a consequence of the investment and diversification into new markets and brands over recent years.

The stand-outs from a regional perspective were Australia and Europe, with constant currency revenue growth of 23% and 59% respectively. In Australia, revenue growth for the half-year came from all divisions including Globe, Hardcore, 4Front and the Group's proprietary work-wear brand FXD. In Europe, the Globe brand continued to grow across all categories of footwear, apparel and skate hardgoods. Finally, the 12% increase in revenue in North America came from Dwindle skate hardgoods, Globe apparel and the addition of licensed brands Fallen and Zero.

The significant growth in revenue translated to reported earnings before interest, tax, depreciation and amortisation (EBITDA) of \$2.8 million for the half-year. This result represents a 17% increase in EBITDA over the same time last year. Excluding the release of \$0.6 million of restructuring provisions reported in the prior period, the half-on-half increase in EBITDA was \$1.0m, representing a 55% increase in underlying operating profitability.

Net Profit After Tax (NPAT) of \$1.6 million for the half year was significantly higher than the \$0.8m reported in the prior corresponding period.

#### **Financial Position**

At 31 December 2014, the Group had available net cash of \$8.9million, which is \$0.8m higher than the \$8.1 million net cash reserves at 30 June 2014. Cash generated from profits during the half-year was mainly reinvested back into the business through higher working capital to fund top line sales growth. Despite the increase in working capital, the underlying ageing profile of accounts receivable and inventory improved considerably as both asset classes had a higher proportion of balances in the "current" category at 31 December 2014 than they did at 30 June 2014 and 31 December 2013.

#### **Dividend**

The Directors have determined that a fully franked interim dividend of 3 cents per share will be paid to shareholders on 27 March 2015.

#### **Looking Forward**

Chief Executive Officer Matt Hill said, "The continued momentum in our business across all of our major brands is extremely satisfying as it is the result of key strategic investments and changes made to the business in prior years. We expect revenues to continue to grow and for the company to remain profitable. However we do face challenges with the strengthening US dollar impacting margins in Australia and Europe. Overall the future looks positive for our brands."

#### **Investors, Media and Analysts**

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