

29 March 2019

HALLENSTEIN GLASSON HOLDINGS LIMITED

UNAUDITED RESULTS FOR 6 MONTHS ENDED 1 FEBRUARY 2019

The Company advises that Group sales for the six months to 1 February 2019 were \$151.24 million, an increase of 3.1% over the corresponding period last year (\$146.76 million). Net profit after tax was \$16.04 million, an increase of 5.9% over the corresponding period last year (\$15.14 million). The result is in line with the guidance announced to the NZX on 13 February 2019. The prior year figures include the financial results for the Storm business, which has since been sold.

Gross margin on sales was 59.7% compared with 61.5% in the prior corresponding period, this was a result of higher promotional activity due to the competitive market place particularly during November and December. The cost of doing business fell over the six-month period, continuing to be well controlled into the current trading period.

Segment Results

Glassons

Sales in Australia were \$48.45 million for the six month period, which were up 15.9% against the prior corresponding period. There were three stores refurbished during the season in Bondi, Parramatta and Highpoint and two new stores were opened in The Glen in Melbourne and Liverpool in Sydney. A number of new stores are currently under consideration.

Sales in New Zealand were \$51.11 million, which was up 1.6% against the same period last year. The Dunedin store was refurbished during the six month period and there was significant strategic investment in digital. The Newmarket store is currently being refurbished and upgrades to the Bayfair, Palmerston North and Te Rapa stores are planned for the Winter season.

As with last season, the focus will be on fashion, speed to market and customer service to keep the brand in a strong position in both New Zealand and Australia.

Hallenstein Brothers

Sales for the six month period were \$51.69 million (including Australia), with sales growing 1.3% against the same period last year. The brand continues to build on its market leading proposition in New Zealand, and the three stores in Australia are delivering solid growth. During the period, the Hallenstein Brothers Fulfillment Centre was extended to support the growth of online sales. Investment in the brand is ongoing with a new store opening in Frankton, Queenstown in May and with the Botany, Bayfair and Te Rapa stores being refurbished during the Winter season.

E-Commerce

Digital sales now represent over 14% of total Group sales and this is continuing to grow. The key marketing focus for both Glassons and Hallenstein Brothers is building digital engagement. This remains a key area of investment for the Group.

Dividend

The Directors have declared an interim dividend of 20 cents per share (fully imputed) (last year 20 cents per share) to be paid on 18 April 2019. The balance sheet continues to be strong, inventories well controlled and the current trading patterns have allowed the Company to maintain the dividend payment.

Future Outlook

Although the trading environment in both New Zealand and Australia is still challenging, it has been encouraging that Group sales for the first seven weeks on the 2019 Winter season are +1.5% ahead of the same period last year. Following the appointment of Mary Devine from 1 April 2019 as the new Group Managing Director, the business will continue to focus on building digital engagement with our customers, cost control and improving our market share in the New Zealand and Australian fashion apparel sector in which we operate.

Warren Bell
Chairman