

MARKET RELEASE

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Cavalier Corporation forecasts profit uplift for FY18

Cavalier Corporation Limited (NZX: CAV) is forecasting an uplift in earnings and profit for the financial year ending 30 June 2018.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is expected to be in the range of \$9.6 million to \$10 million (FY17: \$2.6 million).

Net Profit After Tax (NPAT) is expected to be in the range of \$3.7 million to \$4 million, excluding any abnormal costs (FY17: Net Loss After Tax of \$1.8 million, which excluded \$0.2 million of net abnormal costs associated with the consolidation and restructuring in FY17¹).

The forecast result reflects the company's continuing turnaround, following a period of restructuring and the now completed yarn spinning consolidation programme undertaken in the previous year.

Cavalier Corporation CEO Paul Alston says the guidance, on top of the improved half year result, is a tangible reflection of the course Cavalier is now on.

He points to greater efficiencies, better margins, positive performances from the wool operations and favourable macro-economic factors such as the wool price, as key drivers behind the guidance.

"We are pleased to be able to signal to the market our expectation of what will be a better full year result for our business. This is another step towards us achieving our objective of long term, sustainable and profitable growth," says Alston.

"We are looking forward to reporting our full year results on 22 August 2018, where we will provide the market with a more comprehensive commentary on our performance.

"The Board and management are also coming to the end of a detailed strategic review of the business and we look forward to sharing our view for the future with shareholders – something we hope will once again make Cavalier Bremworth carpet the flooring of choice across Australasia."

ENDS

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¹ FY17 abnormal costs included restructuring costs totalling \$5.3 million, offset by \$1.1 million from the reversal of impairment of fixed assets and \$3.9 million gain on merger and dilution of CAV's interest in the wool scouring operation.