

Cavalier Update re COVID-19 and the strategic change outlined at the Annual Meeting

Cavalier Corporation Limited (NZX: CAV) advises that it is actively monitoring the COVID-19 situation and while there has been no discernible impact on business performance in the last month, the Board is aware that retailers who stock and sell Cavalier Corporation's carpets are reporting a significant slowdown in customer traffic and orders.

CEO of Cavalier, Paul Alston, said: "The situation with COVID-19 is unprecedented and rapidly evolving and we are not immune to the commercial impact this will have on consumer behaviour. We have implemented a company-wide travel ban and are delaying all non-essential capital and operational expenditure. As at the start of March 2020, we were trading in line with expectations, however, we cannot foresee the extent and timing of COVID-19 on our business.

"Our first priority is the wellbeing and safety of our staff. The company has implemented a comprehensive response plan which includes remote working for all non-essential staff in Australia and New Zealand and increased monitoring and communications for our operational staff at our three New Zealand plants. We have also implemented staggered shifts and meal breaks and have separate shift teams. There have been no supply chain or manufacturing capacity concerns to date and we are confident that the actions that we have put in place will ensure our ability to supply our customers with the carpets and rugs they have or will order."

Cavalier indicated at the annual meeting that it would be moving into a transformational phase in coming months with further detail to be communicated to shareholders before the end of the financial year. Cavalier can report that while those plans have been Board approved, the implementation and communication of this strategic change will now be tempered by the rapidly changing impact that COVID-19 will have on the business.

Paul Alston continued: "We remain fully committed to a natural fibre future and we will be carefully monitoring the impact this pandemic will have on our business. We have limited reliance on international supply chains, sourcing our wool needs direct from our New Zealand farmer suppliers and selling over 95% of our finished natural fibre carpets and rugs to clients in both New Zealand and Australia."

Given the significant uncertainty surrounding the extent and the duration of COVID-19, Cavalier is unable to provide any earnings guidance for FY20. The Board will continue to monitor the situation and will keep shareholders and the market informed.

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