

3 November 2016

## September 2016 Quarterly Trading Update

XPD Soccer Gear Group Limited (ASX: XPD) is pleased to release the following update based on unaudited results to 30 September 2016.

### Highlights

- Sales of A\$87.6million, up 17.2% from the corresponding period in 2015.
- Gross Profit Margin of 33.9%.
- NPAT of approx. A\$8.5million (RMB41.5million) for the nine months to 30 Sep 2016.
- NPAT of approx. A\$3.8million for the September quarter.

Sales were approximately A\$87.6 million (RMB427.8 million converted at an average A\$/RMB exchange rate 4.8854). This represents a 17.2% increase over corresponding period in 2015.

Gross Profit of A\$29.7 million continues XPD's past 3 year performance where the Gross Profit margin exceeded 30%.

The Gross Profit margin for the year to date is 33.9%.

Soccer sportswear (shoes and apparel) accounted for 67.7% of total sales.

The increase in XPD's sales is attributed to the continued growth of the soccer sector in China resulting in:

- a growing demand for XPD soccer sportswear,
- a release of new XPD product lines and
- increased sales of junior soccer boots.

XPD has reconfirmed the revenue guidance given as a part of its Half Yearly Results presentation in September, that 2016 revenue will be in the range A\$115 million to A\$120 million, assuming no significant change to exchange rates.

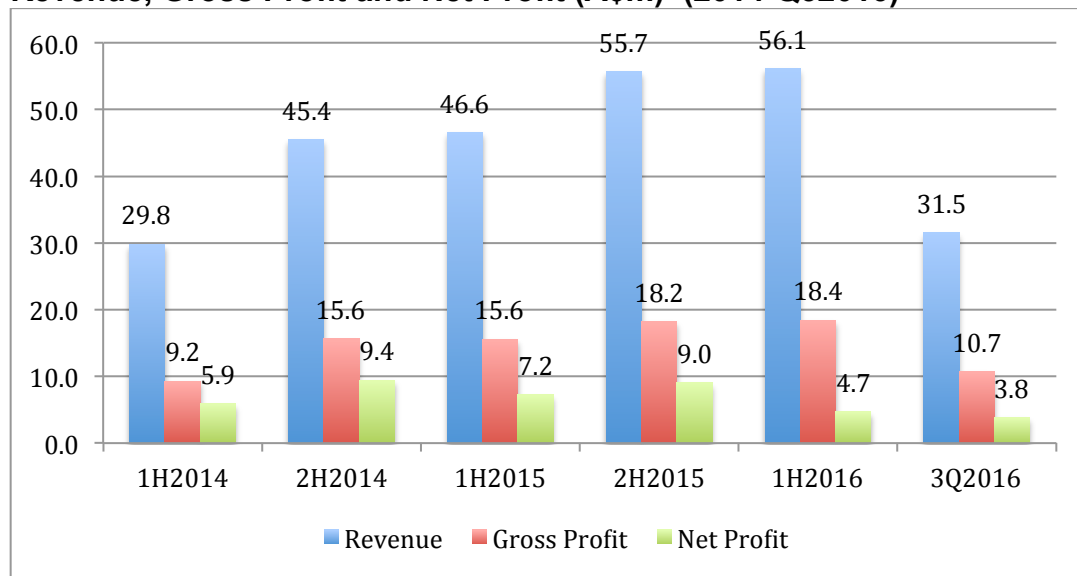
The retail display refurbishment program continued in the third quarter with a cost of A\$1.2 million (RMB6 million) incurred and expensed in the 3<sup>rd</sup> quarter. It is expected that approximately A\$0.4 – 0.6 million (RMB2 - 3 million) will be incurred in the 4<sup>th</sup> quarter.

In the months since refurbishment, retail sales in these stores are showing an increase of 6% on average compared to unrefurbished stores.

XPD plans to continue the retail display refurbishment program in the balance of its stores in 2017 and 2018. The Company is budgeting approximately A\$4

million in each of these two years.

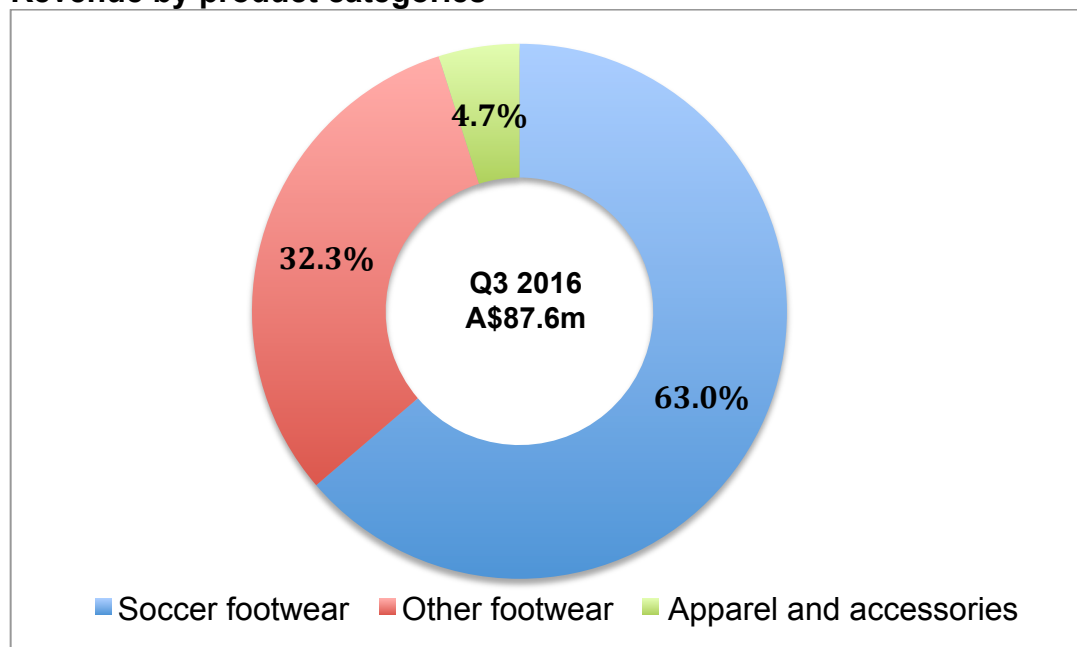
### Revenue, Gross Profit and Net Profit (A\$m) (2014-Q32016)



Note:

- Except Q3 2016 which is based on unaudited management accounts, other figures were extracted from audited/reviewed financial accounts.
- 1H 2016 Net Profit included expenses of \$5.9m for retail refurbishment.

### Revenue by product categories



## Key Balance Sheet Items

| A\$m                 | 30 Sep 2016* | 30 Jun 2016 <sup>#</sup> | Change  |
|----------------------|--------------|--------------------------|---------|
| Current Assets       | 73.8         | 72.7                     | +1.5%   |
| Current liabilities  | 18.4         | 18.6                     | -1.1%   |
| Net Current Assets   | 55.4         | 54.1                     | +2.4%   |
| Shareholders' Equity | 81.9         | 77.2                     | +6.1%   |
| Cash                 | 38.5         | 44.7                     | -16.1%  |
| Bank loans           | 2.7          | 7.9                      | -192.6% |

\* The A\$/RMB exchange rate used in this table is the rate as at 30 Sep 2016, 5.0893 abstracted from RBA

<sup>#</sup> From XPD 2016 Interim Report

## 2015 Retail Outlets

XPD continued to expand its distribution networks in third and fourth tier cities in China. As at 30 Sep 2016, total XPD retail outlets in China reached 2015, representing an increase of 5 outlets from 30 June 2016.

## Henan Yuanlong JV Update

The Henan Yuanlong JV has now leased 5 of the 8 new factories, including the 2 factories leased by XPD. The JV will generate some rental revenues in 2016.

Machinery for 2 production lines has been ordered and will be installed in the new manufacturing facilities in Henan. Engineers will be on site this month commissioning the new machinery.

Production is expected to commence in December 2016.

## XPD Share Buy Back Scheme

In September 2016, XPD announced to the market that it planned a Share Buy Back scheme. Following the announcement, XPD completed the required notification forms to ASX and ASIC. Furthermore XPD opened a Broker account to enable Share Buy Back transactions to be executed.

The final step was to apply to People's Bank of China for XPD funds to be transferred from China to Australia to settle trades under the Share Buy Back scheme. XPD still awaits a response from PBOC to this funds transfer application. XPD is unable to advise the market precisely when approval will be granted and funds will be transferred.

## Website Upgrade

XPD is pleased to advise it is upgrading its Australian website – [www.xpdsoccer.com.au](http://www.xpdsoccer.com.au).

All the latest ASX announcements are available online via this website.

The website should be launched by 4 November 2016.

## **About XPD Soccer Gear Group Limited**

XPD Soccer Gear Group Limited is a leading and fast-growing sportswear company in China. It has developed a vertically integrated business model, through which it designs, develops, manufactures, markets and distributes sportswear products under the “XPD” brand. It started as an Original Equipment Manufacturer (OEM) on footwear products for renowned international brands in 1992.

XPD has been employing a focused business strategy on soccer sector since 2004 whilst it offers products for other sports. XPD has established an extensive supply chain management system through in-house and sub-contracted manufacturing operations, and an extensive distribution network of over 2,000 retail outlets throughout China.

XPD listed on the Australian Securities Exchange on 21 May 2015.

**-END-**

For further information, please contact

T: (03) 9909 7412

E: [andrew.s@xpdsoccer.com.au](mailto:andrew.s@xpdsoccer.com.au)