



COMPANY ANNOUNCEMENT

GLOBE INTERNATIONAL LIMITED

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

MELBOURNE, 21 February 2017: 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 2016. Compared to the prior corresponding period (pcp), the Group reported a decline in revenues and profits but remained profitable and generated strong cash flows for the half year. The decline in revenues and profits was due mainly to the foreshadowed downturn in the skateboard hardgoods market in the Northern Hemisphere.

- Revenues of \$70.7 million were 11% below the pcp (9% down in constant currency).
- Earnings before interest, tax, depreciation and amortization (EBITDA) of \$3.2 million were \$1.0 million below the pcp.
- Net profit after tax (NPAT) of \$2.5 million for the half year was \$0.4 million below the pcp.
- Cash-flows generated from operations during the period were \$6.7 million, a turn-around compared to the \$6.9 million used in operations in the pcp.

Financial Performance

Reported net sales of \$70.5 million for the half year were \$8.4 million below the same time last year. The negative impact of the sales decline was somewhat off-set by higher margins and lower costs, resulting in EBITDA of \$3.2M, which was \$1.0 million lower than the prior corresponding period.

The reduction in revenues came largely from a decline in skateboard hardgoods in the North American and European businesses. These divisions reported lower net sales than the prior corresponding period of 26% and 35% respectively. The bulk of the decline occurred in the first quarter of the year with the rate of decline slowing significantly in Q2.

In contrast the Australian business continued to be the stand-out performer, with reported revenue growth of 16% for the half year ended 31 December 2016. This growth came largely from the region's streetwear and workwear divisions.

During the period, the North American division continued a process of restructure which has resulted in improved margins, lower cost base and an adjustment to brand mix in that division. The restructuring has included the acquisition of an interest in the surf, fish, dive and sail apparel brand, Salty Crew effective 1 January, 2017. The brand, while in its infancy, provides a new growth engine for North America and enables that division to increase its sales in the apparel sector and to access more diverse distribution channels.

Financial Position

Cash flows from operations for the period were \$6.7 million, compared to \$6.9 million cash used in operations in the prior corresponding period. The positive cash flows were driven largely by the reduction in excess hardgoods inventory over the period, as well as an improvement in the ageing of accounts receivables compared to the same time last year.

Dividend

The Directors have determined that a fully franked interim dividend of 3 cents per share will be paid to shareholders on 24 March 2017.

Looking Forward

Chief Executive Officer Matt Hill said, "Looking forward to the second half of the year, we expect to see overall net sales trends flatten out and profitability to improve as a result of improving margins and reduced cost base. The net result for the financial year is that, in line with previous guidance, we expect our business to remain stable and full year profits to be relatively flat, despite lower full year sales than the previous year."

Investors, Media and Analysts:

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