

HALLENSTEIN GLASSON HOLDINGS LIMITED

UNAUDITED RESULTS FOR 6 MONTHS ENDED 1 FEBRUARY 2018

The company advises that Group sales for the 6 months to 1 February 2018 were \$146.8 million, an increase of 19.4% over the corresponding period last year (\$122.9 million). Like for like sales for the group were +10.8% on the prior year.

Gross margin rate for the Group for the six month period was 61.5% which was 3.4 percentage points up on the prior year (58.1%). This was achieved through a strong sales performance, our improved buying strategy and a reduction in promotional activity and discounting across all brands.

The net profit after tax was \$15.1 million, an increase of 64.9% over the corresponding period last year (\$9.2 million). The result is in line with the guidance announced to the NZX on 16 February 2018.

Segment Results

Glassons

Sales in New Zealand for the 6 months were \$50.3 million, an increase of 9.8% on the prior year, and sales in Australia for the 6 months were \$41.8 million, an increase of 60.5% on the prior year. Both countries delivered a very strong Christmas trading period.

The team's focus on fashion, speed to market, customer service and digital engagement continues to deliver strong sales as well as a reduced dependency on discounting and promotions in both markets. This, together with the strong focus placed on Australia by the management team and along with the two new store openings, including Melbourne CBD, has delivered the strong growth.

Hallenstein Brothers

Sales for the 6 months were \$51.0 million (including Australia), an increase of 8.8% on the prior year. Hallenstein Brothers continues to build and evolve its established leadership position in New Zealand, as well as its three stores in Australia. The focus on fashion, speed to market, customer service and digital engagement continues to deliver solid results.

Storm

Storm sales were \$3.6m which was a decrease of 12.9% on the prior year. During the period under review, the planned closure of two stores resulted in an impairment charge of \$1.7m being recorded. Subsequent to balance date, the Group has entered into an unconditional agreement to sell the assets of Storm. The stores planned for closure do not form part of the sale and will close at the end of April.

E-Commerce

For the 6 month period, online sales have grown to over 11% of Group turnover. Our move away from traditional marketing to digital, social and influencer events, together with our fashion and speed to market continues to deliver and build engagement for both Glassons and Hallenstein Brothers. The Group will continue to invest and build this area as we continue to further differentiate ourselves from the competition.

Dividend

The Directors have declared a final dividend of 20 cents per share (fully imputed) to be paid on 13th April 2018. The balance sheet continues to be strong, inventories well controlled and the current trading patterns have allowed the company to increase the dividend payment.

Future Outlook

Total group sales for the first 7 weeks of the 2018 Winter season have been encouraging, with an increase of 18.2% on the same period last year. E-commerce sales growth continues to build and will remain a key focus for the Group. Due to the sale of Storm, from 1 May 2018 sales versus previous year will be affected.

Following the sale of Storm, the Group's focus is on building and growing Glassons and Hallenstein Brothers in both the New Zealand and Australian markets, with each of the brands in a strong position going in to the key Winter trading months.

Mark Goddard

Group CEO