HALLENSTEIN GLASSON HOLDINGS LIMITED

CEO Address to shareholders meeting 13 December 2016.

The Chairman has detailed our results for the year ended 1 August. I acknowledge they were disappointing, but they do not show the work that was put in to strengthen each brand, and in particular Glassons.

What I can say is that the work we have put in is now bearing fruit, and results for this new season thus far are much better than last year.

Last year I introduced you to our new store format for each brand. I hope you have had the opportunity to visit both Hallensteins and Glassons in the ANZ Centre – the heart of the new Christchurch CBD. I think those stores are as good as you will find anywhere in the world. And they have to be. Two months ago we faced competition from both H&M and Zara in New Zealand for the first time when both brands opened at Sylvia Park, Auckland. To meet that competition we re-built our stores and I can report performance has improved since the 'new competition' has opened.

Our strategy to have dominant stores in key locations in New Zealand is now complete – Auckland, Wellington, Dunedin, and now at last Christchurch.

This calendar year we have invested a significant sum in our store network. It's critical that we keep up with store reinvention. Our customers are constantly exposed to the best of the best on the internet, and our bricks and mortar stores have to meet what are increasingly high customer expectations.

Glassons in Australia

We have embarked on a program to reposition the brand and focus on our key stores. Our new fitout concept undoubtedly elevates the brand and together with a focus on fashion we are seeing a shift in perception and a gratifying lift in sales. From a loss position we have moved into profit and there is little doubt we are heading in the right direction.

In the past 8 months we have introduced our new format stores into 6 locations, opened 3 new stores, and closed 2 low performance stores. Moving forward we will continue to rationalise the store portfolio – closing low performance stores and replacing them with better located stores in other centres. We also plan to grow the total number of stores in Australia from the present 30.

Glassons NZ

In New Zealand we have been less active on the store refurbishment front, but have put an immense effort into rebuilding the key executive team. Getting Di Humphries back to lead Glassons has been an important part of that rebuild process. We now have an amazing new team comprising people sourced from both a domestic an international playing field. We are now seeing a very positive reaction from our customers and look forward to the future with confidence.

As previously mentioned we installed our new store concept at Sylvia Park in Auckland in July this year, and opened the new Christchurch CBD flagship store on 17th November this year.

Hallensteins

Over the past 4 years we have seen a complete 're-birth' of this brand. What was known as 'Hallensteins' has now morphed into 'Hallenstein Brothers.' The emphasis on the word Brothers is an important part of our marketing strategy. 'Brothers' has a strong appeal and connection with our target audience.

Hallenstein Brothers are operating of some very high growth figures in New Zealand, so it is becoming much harder to get big performance increases. With that in mind we have put our toe in the water in the Australian market, opening 2 stores in Brisbane in the last 2 months. Both these stores are performing ahead of our expectation and are trading profitably. It is of course very early days, but we have the benefit of a massive learning experience with Glassons in Australia that we can leverage our success on. A third store in Brisbane is planned for April next year.

Storm

At the end of July we relocated our store in Wellington to a prominent location on Lambton Quay, and at the end of September after a long search for a suitable site finally opened a store in Queenstown.

Storm occupies a unique position in the market. It does not compete with Glassons, nor does it compete with the higher priced exclusive designer stores.

E-Commerce

Our sales on the web have continued to grow, increasing 33% season to date. We are continuing to ensure we allocate sufficient resources and are continually improving our web offer. Currently the web accounts for almost 8% of group sales and we anticipate that proportion will continue to increase.

Current trading

The Chairman has already advised that sales are running 10% ahead of last year. Gross margin is also up and the season so far is showing very strong profit growth. Its impossible for me to give you a projection for the 6 months ending January because the Christmas trading period contributes such a large proportion of the profit for the season. What I can say is that I am confident we will deliver a much improved performance over last year. Current performance has underpinned our decision to retain the final dividend which was paid last week.

Retirement

This is the last time I will address this meeting as CEO. As announced earlier I will be retiring at the end of this year as an executive of the company after 46 years' service. I think that is long enough and its time for some fresh thinking to lead the business forward. As the saying goes 'timing is everything', and in this case I can retire confident in the knowledge that the business is in great heart and we have a key executive team that is the strongest it has ever been.

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Graeme Popplewell

Group CEO

Hallensteinn Glasson Holdings Ltd