

30<sup>th</sup> March 2017

## Hallenstein Glasson Holdings Limited

### Results for the 6 months ended 1<sup>st</sup> February 2017

The company advises that total group sales for the 6 month period ended 1 February 2017 were \$122.9million, an increase of 9.4% over the prior corresponding period (\$112.4million). Net Profit after Tax (unaudited) was \$9.185m, an increase of 34.7% on the prior corresponding period (\$6.817m). The result is in line with guidance announced to the NZX on 3 February 2017.

Gross margin on sales was 58.1% compared to 56.8% in the prior corresponding period. This has been achieved due to an improved exchange rate and better product cost prices achieved through negotiation. Expenses continue to be well controlled and are in line with expectation. While Glassons saw strong sales growth in both countries, Hallenstein Brothers and Storm saw a small decline in sales on the prior corresponding period. There is continued management focus on both brands and results for the start of the winter season have already seen improvement. Ecommerce growth for the group continued with sales increasing by 35% on the prior corresponding period.

Glassons Australia continued further expansion with the opening of a further 2 new stores, refurbishing 3 stores, and closing 2 non profitable stores in the season. This helped drive an increase in sales of 23.3% on the prior corresponding period, and saw the Australian chain return to profit. Hallenstein Brothers opened 2 stores in Queensland, Australia during the season with early results in line with expectation.

### Dividend

The balance sheet continues to be robust and stock levels remain controlled. The directors have recommended an interim dividend of 14.5 cents per share (last year 13.5 cents per share), payable on 13<sup>th</sup> April 2017. The dividend will be fully imputed.

### Future Outlook

Total Group sales for the first 7 weeks of the 2017 winter season have been encouraging, increasing on last year by 5%. Gross margin continues to show a small improvement over last year. Growth in sales from ecommerce continues to out-perform bricks and mortar, with sales for the first 7 weeks of the season up 36%. Each chain is in a strong position going into the key winter trading months. Mark Goddard will commence as Group CEO mid-April.

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