HALLENSTEIN GLASSON HOLDINGS LIMITED

RESULTS FOR FULL YEAR ENDED 1 AUGUST 2017

The company advises that Group sales for the 12 months to 1 August 2017 were $239.00 million, an increase of 6.93% over the corresponding period last year ($223.51 million). The audited net profit after tax was $17.27 million, an increase of 26.24% over the corresponding period last year ($13.68 million).

The 2016/17 financial year has shown solid growth over the prior year with the first half being stronger than the second half. The improved buying strategy, focus on cost control and a favourable exchange rate led to the significant net profit improvement. The trading environment has remained tough in both New Zealand and Australia, however the brands have adapted and responded to these challenges to deliver the strong result.

Segment Results

Glassons New Zealand

Sales for the year were $89.50 million, an increase of 7.16% on the prior year. Although the second half was not as strong as the first, Glassons continued to deliver margin growth. A key driver in performance over the 12 months has been improvement in fashionability and speed to market. During the year a new store was opened in Christchurch CBD and one underperforming store in Glenfield was closed.

As previously announced, at the beginning of this month Di Humphries, the CEO of Glassons resigned, she has left a strong management team in place who will continue to drive the business. A search is currently underway to find her replacement.

Glassons Australia

Sales for the year were $50.06 million, an increase of 21.57% on the prior year. The strategy to roll out the new concept stores has been successful along with the improved fashionability and speed to market. This has resulted in continued growth in Australia despite a particularly tough market for retail. The store portfolio continues to be reviewed and in the last year there has been 3 new stores opened, 3 non profitable stores closed and 6 stores refurbished to the new concept format. Investment will continue in Australia as we are encouraged by the results over the year. There are currently plans to open 2 new stores including the first Australian CBD store in Melbourne.

Hallenstein Brothers

Sales for the year were $91.10 million (including Australia), an increase of 1.89% on the prior year. The increase was driven by a much improved second half as the brand refocused and continued to differentiate in the market. Hallenstein Brothers continues to build on its established market position in New Zealand and during the last year has opened 3 stores in Australia. We will continue to review the performance in Australia and based on the success of these stores a decision will be made on any further rollout. Two new stores were opened in Newmarket and Christchurch CBD and one underperforming store was closed in The Hub in Christchurch.

Storm

Sales for the year were $8.34 million, a decrease of 11.24% on the prior year. Sales struggled to maintain momentum during the year due to tough trading in a highly competitive segment of the market. This has not been helped by major infrastructure works around 3 key Auckland stores which has had a material impact on trade. A review of the brand was carried out towards the end of the year and the decision made to close the Storm store in Australia to focus on the brand in New Zealand, this has seen trading improve. Christchurch CBD store opened this year replacing the Christchurch Container Store and a new store was opened in Queenstown. There were also one-off costs associated with the closure of Storm Australia.

E-Commerce

Online sales continue to grow at a significantly greater rate than bricks and mortar stores, as a result of the company's commitment to build and invest in digital. For the last financial year online sales grew 44% which now represents over 9% of Group turnover. We will continue to invest in technology and resources in this area to ensure that growth continues in this strategic area of the business.

Dividend

The Directors have declared a final dividend of 17 cents per share (fully imputed) to be paid on 18th December 2017. Together with the interim dividend of 14.5 cents per share paid on 13th April 2017 the dividend for the full year is 31.5 cents per share.

During the year capital expenditure was $12.138 million, which was considerably higher than historic levels of circa $6 million. This was primarily due to a higher number of new and refurbished stores in Australia, together with relocating all chains back to the Christchurch CBD. We anticipate capital expenditure will return to historic levels in the new financial year. 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

The first 7 weeks of the new financial year has seen sales grow +5.48% on the prior year. The improved buying strategy has allowed the gross margin rate to also increase on last year. Customers have reacted well to new seasons stock and web sales continue to show increased rates of growth. The company is continuing to invest in stores with refurbishments planned for both Hallenstein Brothers and Glassons in Queensgate shopping centre in Wellington this season and 2 new stores in Australia. The group is focused on ensuring our performance going into Christmas trading.

An update on performance will be provided at the Annual Meeting of Shareholders in December 2017.

Mark Goddard

Group CEO

+64 21 194 7035