

## **HALLENSTEIN GLASSON HOLDINGS LIMITED**

### **RESULTS FOR FULL YEAR ENDED 1 AUGUST 2018**

The company advises that Group sales for the 12 months to 1 August 2018 were \$277.64 million, an increase of 16.2% over the corresponding period last year (\$239.00 million). The audited net profit after tax was \$27.36 million, an increase of 58.4% over the corresponding period last year (\$17.27 million).

The 2017/18 financial year has continued to build on the success of the previous year. The buying strategy, investment in digital and the improvements in customer service and experience that were implemented in 2017 have supported sales and margin growth. Combined with tighter cost control, this has in turn led to significant net profit growth. Whilst the trading environments remain tough in both New Zealand and Australia, our brands have responded and adapted to these conditions to deliver the strong result.

#### **Segment Results**

##### **Glassons New Zealand**

Sales for the year were \$96.73 million, an increase of 8.1% on the prior year. Key to the performance over the last twelve months has been our focus on fashion, our speed to market and our customer service. Significant investment was made in digital throughout the year, improving customer engagement with our website, social media platforms as well as in our stores.

During the year, we renovated the Queenstown and Queensgate stores to our new concept design, and we closed one underperforming store in Henderson.

Planned investment is proceeding in New Zealand for the current financial year. We have already refurbished our Dunedin Store and have a number of additional store upgrades scheduled.

##### **Glassons Australia**

Sales for the year were \$78.42 million, an increase of 56.7% on the prior year. Again, our focus on fashion, speed to market, customer service and our investment in digital has driven sales in what remains an especially challenging retail market.

During the year two new stores, Melbourne Central and Charlestown were opened, and a further two stores, Warringah and Chermside, were refurbished into our new concept.

Planned investment is proceeding in Australia. We have refurbished three stores in the current season in Bondi, Highpoint and Parramatta with additional refurbishments scheduled in the short term. There are also additional store openings planned in The Glen and Liverpool for later this year with additional stores under consideration.

##### **Hallenstein Brothers**

Sales for the year were \$96.89 million (including Australia), an increase of 6.4% on the prior year. Hallenstein Brothers continues to build on its established market leading position in New Zealand. The three stores in Australia have performed steadily and we remain positive about the opportunity that exists for the brand in that market. Investment has continued in digital to help drive sales and improve customer engagement.

During the year, the Queenstown store was refurbished to new concept and two small underperforming non-strategic stores were closed.

Further investment in stores is planned for the current financial year as well as an extension to the Distribution Centre to accommodate the growth in online sales.

## **Storm**

The Storm business assets were sold on 30<sup>th</sup> April 2018 to Blackstar Holdings Limited. The Storm retail stores are no longer part of the Hallenstein Glasson Group.

## **E-Commerce**

As a result of the company's ongoing investment in digital, online sales growth has improved at a significantly greater rate than bricks and mortar stores. During the last financial year, online sales growth was 63.6% and now represents 12.8% of Group turnover. We will continue to invest in technology and resources to build momentum in this strategic area of the business into the future.

## **Dividend**

The Directors have declared a final dividend of 24 cents per share (fully imputed) to be paid on 17th December 2018. Together with the interim dividend of 20 cents per share that was paid on 13th April 2018, the full year dividend is 44 cents per share. This increase in dividend payment comes as a result of the company's strong balance sheet, well controlled inventories and the current trading patterns.

## **Future Outlook**

The first eight weeks of the new financial year have seen sales grow +7.2% on the prior year. The Group continues to improve and build on its buying strategies, speed to market, and customer service. Strategic investment continues in digital, as well as in new and refurbished stores. Customers have reacted positively to new season stock and web sales continue to grow. The Group is focused on delivering a strong performance going into Christmas trading.

An update will be provided at the annual meeting of shareholders in December 2018.

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