

# GLOBE INTERNATIONAL

2006 / 2007 FULL YEAR RESULTS



PRESERVING CHANGE AMID ORDER

## Globe International – Who We Are

- Australian owned publicly listed company trading on the Australian Stock Exchange
  - Net sales revenue \$122.5m
  - Net assets \$94m
  - Net tangible assets \$51m
  - Total issued capital 41.4m shares
- Premier proprietary brands
- Market leadership in boardsports footwear and hardgoods and a growing presence in apparel
- Established international distribution channels in Australia, North America and Europe



## Business Strategy Update

### What we said we would do

- Grow profit in continuing business
- Simplify and refocus the business
- Reposition brands and grow market share
- Deliver savings from business restructure
- Improve shareholder returns

### What we have done

- \$3m EBITDA turn-around in continuing business before significant items
- Divested non-core assets
- Increased brand profiles via investment in key brands that is now delivering revenue and profit growth
- Removal of duplicate marketing spends and asset realignment with brand costs reduced by 8%
- 77 cents per share capital return to shareholders on a post share consolidation equivalent



## FY07 Summary - Total Business

	<b>FY07</b> (1)	<b>FY06</b>
Net Sales	\$ 158.1m	\$ 194.7m
EBITDA	\$ 6.9m	\$ 6.2m
NPAT (2)	\$ (3.1)m	\$ 1.0m

(1) Includes discontinued operations for six month only

(2) Impacted by \$3.6m of once-off significant items related to restructure and asset realignment



## FY07 Summary Continuing Business

	<b>FY07</b>	<b>FY06</b>	<b>Change</b>
Net Sales (1)	\$ 122.5m	\$ 121.6m	+\$1.0m
EBITDA	\$ 5.2m	\$ (1.7m)	+\$6.9 m
NPAT	\$ 2.0m	\$ (3.4)m	+\$5.4m
Gross Margin	47.5%	46.5%	+1%
Cash flow from Operations	\$ 10.3m	\$ 3.2m	

(1) Underlying sales growth masked by sales from discontinued brands and operations in FY07



## FY07 Highlights

### Growth trajectory

#### Sales Revenue <sup>(1)</sup>

Total Business	+8.9%
• Australia	+8.2%
• North America	+13.5%
• Europe	+4.7%

EBITDA <sup>(2)</sup> \$3m positive turnaround

Footwear Unit Sales +7.5%

Skateboard Unit Sales +20%

GLOBE Apparel Growing strongly from a low base

Margin Growth <sup>(3)</sup> 1%

(1) Currency adjusted and excluding operations and brands discontinued in FY07

(2) EBITDA excludes significant items - including these items, the turnaround is \$6.9m

(3) Full year growth impacted by lower first half. H2 performance up 2.6% on H1 and 2.3% on FY06 full year average



## FY07 Regional Review

### North America

- Net Sales A\$60.2m
  - Sales in local currency up 13.5% (1)
  - Footwear unit sales up 11.7%
  - Dwindle brands skateboard unit sales up 20%

(1) In local currency and excluding sales from discontinued brands in FY07



## FY07 Regional Review

### Australia and New Zealand

- Net Sales A\$39.8m (1)
  - Footwear unit sales up 10.6%
  - Strong growth in apparel sales
- Market leadership in Action Sports Retailer (ASR) category footwear market
- Relocation of Melbourne office and establishment of offices in Sydney and on the Gold Coast

(1) In local currency and excluding sales from discontinued brands in FY07



## FY07 Regional Review

### Europe

- Net Sales A\$ 23.7m
  - Sales in local currency up 4.7%
  - Net sales increase primarily due to benefits of new distribution model and the establishment of new direct hardgoods markets
- Good margin growth
- Significant revenue and profit flowing from growing apparel offering
- Direct market conversions and infrastructure investments now largely completed



## FY07 Financial Position

	Continuing Business FY07	Continuing Business FY06 (1)	Total Business FY06
Assets			
Cash	22.6	5.3	5.3
Receivables	24.6	33.1	49.1
Inventory	14.5	19.6	28.8
Prop/plant/equip	2.5	4.0	7.8
Intangibles	43.4	50.3	71.3
Other (2)	7.2	8.8	8.8
<b>TOTAL ASSETS</b>	<b>114.8</b>	<b>121.1</b>	<b>171.1</b>
Payables	10.9	12.6	18.5
Borrowings	2.2	7.9	11.2
Provisions	1.9	1.5	2.1
Other (3)	5.4	6.8	6.8
<b>TOTAL LIABILITIES</b>	<b>20.4</b>	<b>28.8</b>	<b>38.6</b>
<b>NET ASSETS</b>	<b>94.4</b>	<b>92.3</b>	<b>132.5</b>
<b>NET TANGIBLES</b>	<b>51.0</b>	<b>42.0</b>	<b>61.2</b>
<b>NET (DEBT)/CASH</b>	<b>20.4</b>	<b>(2.6)</b>	<b>(5.9)</b>

(1) Adjusted to exclude discontinuing operations

(2) Includes tax and other financial assets

(3) Includes tax and other liabilities



## Globe's Strategy

### Key principles

- Growth based on core values
- Well positioned brands
- Market leadership in footwear
- Leveraging brand strength into an apparel offering
- Premium market leading hardgoods
  - Technically superior design and construction
  - Iconic brands



## Brands

- High recognition of Globe brand internationally
  - World leading team riders – surf and skate
  - Ground breaking events and movies
- Leveraging Globe brand into apparel
  - The “dream event”, the Globe Pro Fiji, to return in 2008
- Iconic status with skate hardware brands
  - Highest technology in design and construction
  - Highest industry award recognition for team riders





## Strategic goals

- Maintain current growth trajectory in core brands
- Step improvement in gross margins
- Significant improvement at EBITDA level
- Deliver EPS growth



## Summary

- A financially sound and growing business
- Internationally recognized category leading brands
- Management of capital to the benefit of shareholders
- Strong brand positioning
  - Market leading position in footwear
  - Strong demonstrable growth in North American market
  - Global distribution infrastructure
  - Leveraging brand equity into apparel
  - Product development in premier hardgoods brands



## Summary

- Sustainable growth
- Restructuring now complete
- Profit turnaround in continuing business
- Financially strong
- Strong further sales growth
- Single focus
- Financial discipline
- Strong and clean balance sheet
- A single focus leaner business
- Positioned for further revenue and EBITDA growth



