FY2019

GBG

interim results announcement

ANALYST MEETING

28 NOV, 2018

GLOBAL BRANDS GROUP

1H FY2019 - HIGHLIGHTS

- Strategic divestment of select North American assets
- Divestment of China Kids business
- Repayment of Global Brands' long term debt
- Special cash dividend estimated to be about 28 HK cents per share
- Profit attributable to shareholders significantly decreased
- Implement restructuring plan

FINANCIAL HEADLINES - CONTINUING OPERATIONS

(US$M)	1H FY18	1H FY19	CHANGE
Revenue	729	699	-4.1%
Total Margin	229	187	-18.1%
% of Revenue	31.4%	26.8%	
Operating Profit / (Loss)	14	(159)	N/A
% of Revenue	1.9%	-22.7%	
EBITDA [1]	32	(54)	N/A
% of Revenue	4.4%	-7.7%	
Net Loss Attributable to Shareholders from Continuing Operations	(10)	(190)	N/A
% of Revenue	-1.4%	-27.1%	
Net Profit / (Loss) Attributable to Shareholders	**26**	**(284)**	**N/A**
% of Revenue	**3.5%**	**-40.6%**	

(1) EBITDA is defined as net profit / (loss) before net interest expenses, tax, depreciation and amortization. This also excludes share of results of associate and joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs, discontinued operations and non-cash gain on remeasurement of contingent consideration payable

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STRATEGIC DIVESTMENT OF SELECT NORTH AMERICAN LICENSING BUSINESSES

- Divestment of Kids, Accessories, and West Coast Fashion businesses in North America
- Transaction closed on October 29, 2018
- At closing, received US$1.2 billion in cash
- Long-term debt retired
- Special cash dividend estimated to be about 28 HK cents per share
- More focused business model

STRATEGIC DIVESTMENT OF CHINA KIDS BUSINESSES

- Sold for net tangible asset value US$20m
- US$18m operating loss in 1H FY2019
- Going forward, Asia will continue to focus on Spyder Korea, and expanding Brand Management business

GBG'S PORTFOLIO

- Broad-based portfolio
- Dominant Brand Management business
- A leaner and more agile operation
- Working capital reduced

FASHION APPAREL MEN'S & WOMEN'S

SPYDER

SEAN JOHN

JONES NEW YORK

KENNETH COLE NEW YORK

ELIE TAHARI

FOOTWEAR

FRYE SINCE 1863

AQUATALIA

Calvin Klein

TARYN ROSE

KATY PERRY

ALLSAINTS

CAA-GBG BRAND MANAGEMENT

Coca-Cola

DAVID BECKHAM

PLAYBOY

JLO JENNIFER LOPEZ

Discovery CHANNEL

CALIA BY CARRIE UNDERWOOD

GBG EUROPE

Disney

Calvin Klein

SPYDER

GBG ASIA

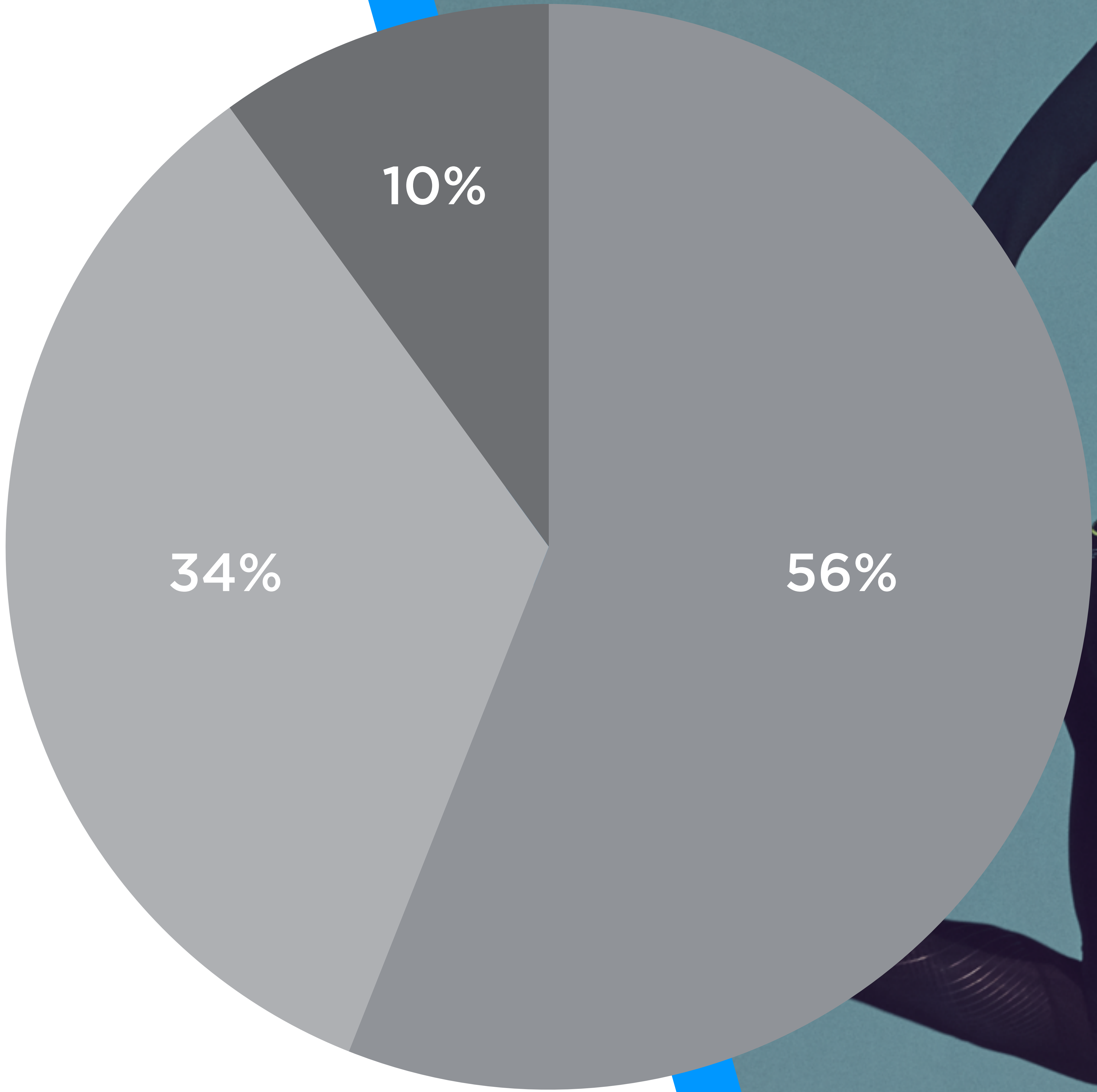
SPYDER

Spyder Korea

GEOGRAPHICALLY BALANCED

1H FY19 REVENUE

- AMERICAS
- EUROPE
- ASIA



RESTRUCTURE PLAN

- 180-day plan to reduce US$100m operating expenses
- Restructuring firm retained for execution
- Move back of the front closer to needlepoint
- Develop 3-D design and virtual sample to speed up product development cycle
- Develop clear growth drivers
- Flatten organization structure

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KEY FINANCIAL HIGHLIGHTS – 1H FY2019 (CONTINUING OPERATIONS)

(US$M)	1H FY18	1H FY19	CHANGE
Revenue	729	699	-4.1%
Total Margin	229	187	-18.1%
% of Revenue	31.4%	26.8%	
Operating Costs	293	354	20.7%
% of Revenue	40.2%	50.6%	
Other Gains, net (1)	11	33	199.2%
Impairment of Goodwill	-	25	N/A
Operating Profit / (Loss)	14	(159)	N/A
% of Revenue	1.9%	-22.7%	
EBITDA (2)	32	(54)	N/A
% of Revenue	4.4%	-7.7%	
Net Loss Attributable to Shareholders	(10)	(190)	N/A
% of Revenue	-1.4%	-27.1%	
Net Profit/(Loss) Attributable to Shareholders - Discontinued Operations	36	(94)	N/A
Net Profit/(Loss) Attributable to Shareholders - all Operations	26	(284)	N/A

- Pulled back off-price and discounts at the end of 1H FY2019
- Prior year included US$125m primarily from sale of Frye IP, and Sean John Asia
- US$75m of write off in 1H FY2019 results
- Commenced restructuring plan to reduce operating costs
- Sale of China Kids will further reduce working capital needs

(1) 1H FY2018: Gain on disposal of trademarks of US$11m
1H FY2019: Gain on remeasurement of contingent consideration payable of US$42m, net off with write off of intangible assets of US$9m

(2) EBITDA is defined as net profit / (loss) before net interest expenses, tax, depreciation and amortization. This also excludes share of results of associate and joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs, discontinued operations and non-cash gain on remeasurement of contingent consideration payable

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MACRO ENVIRONMENT

- U.S. continues to raise tariffs on Chinese goods
  Next phase including apparel and footwear, starting March 2019

- The U.S. retail climate is strong, however, there are winners and losers

- Retail sales across Europe remain a challenge

- Direct-to-consumer continues to grow

ACTION PLAN

- Restructuring to reduce operating expenses
- Move sourcing, production, product development close to needlepoint
- Implement technology to speed up design and development process
- Expand Brand Management dominance to Asia
- Enhance Brand Portfolio

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