



GLG Corp Ltd

Corporate Presentation

April 2017

Shawn Fung
Chief Financial Officer



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Capital Structure

ASX Code	GLE
Joined the ASX	December 2005
Market cap.	A\$18.5 million
(based on closing price of 25c at 3 April 2017)	

Ordinary shares on issue **74.1 million**

Top 5 Shareholders **87.96%**

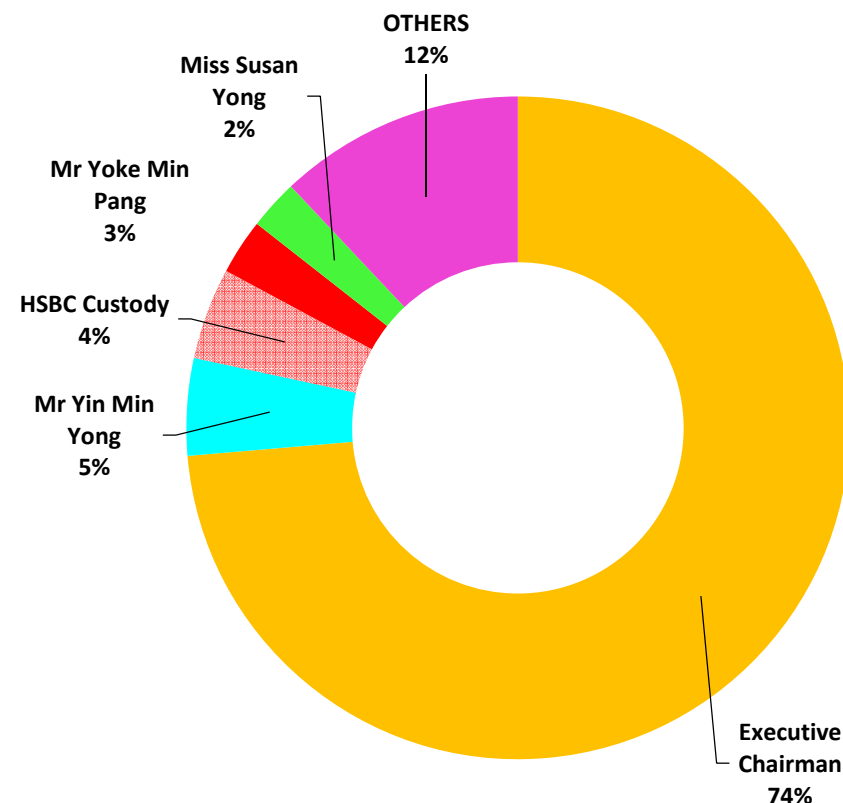
Financials (at 31 December 2016)

HY revenue	US\$70.9 million
HY NPAT	US\$2.1 million
Cash	US\$9.7 million

Directors & Senior management

Exec. Chairman	Estina Ang
Exec. Director	Felicia Gan
Independent Director	Christopher Chong

Independent Director	Shane Hartwig
CFO	Shawn Fung
VP, Business Development	Catherine Yam



...a leading vertically-integrated global textile and apparel manufacturing and supply chain business

- **7,000** employees across **7** countries
- **1** owned fabric mill (Malaysia)
- **1** owned garment manufacturing facility (Vietnam)
- **6** outsourced manufacturing facilities (Cambodia, Indonesia (2), Malaysia and Vietnam (2))
- **1** procurement & material sourcing centre (Singapore)
- **2** supply chain management centres (Singapore, USA)
- **2** sales & design offices (South Korea, Singapore)
- Exporting to the US for over **35 years**



We offer...

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- A diverse product range across all genders and age groups
 - Cotton & cotton blends, organic & recycle yarn

Casual wear



Active wear



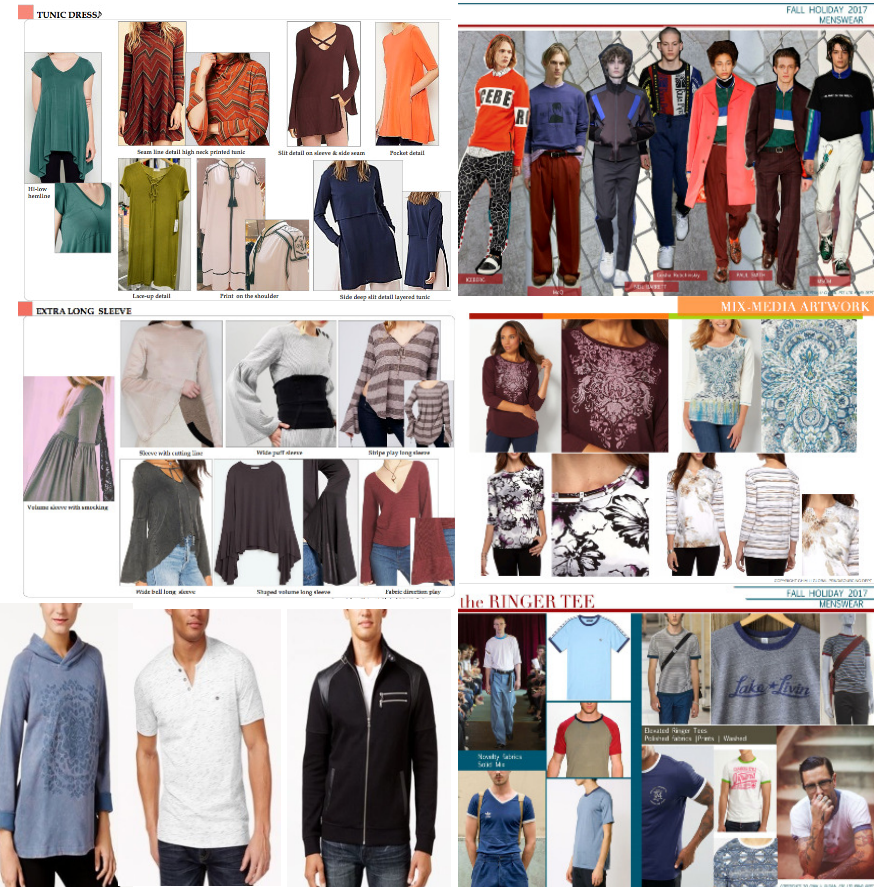
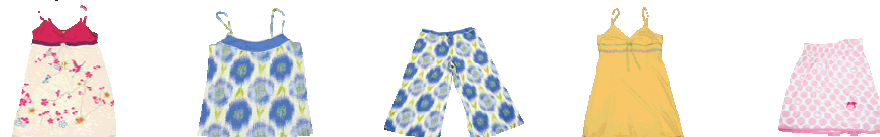
Sports wear



Lounge wear



Sleep wear

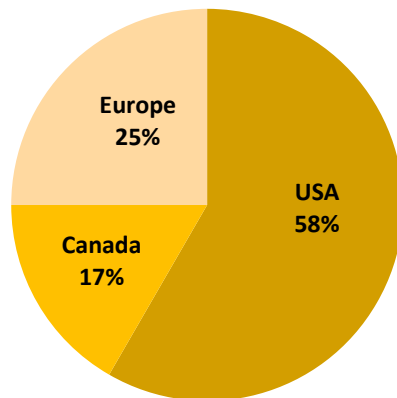


- Our vast manufacturing network and technical competence allows us to service different customers internationally

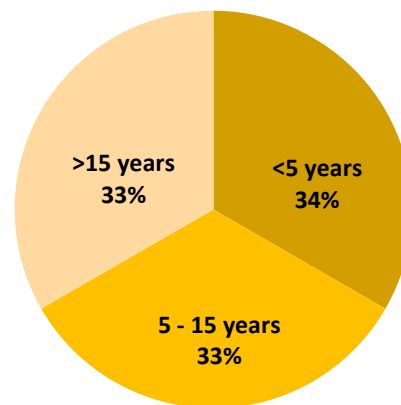
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- We ship over **62 million** garments annually
- Our customers include many big name retailers and fashion houses across the US, Canada and Europe

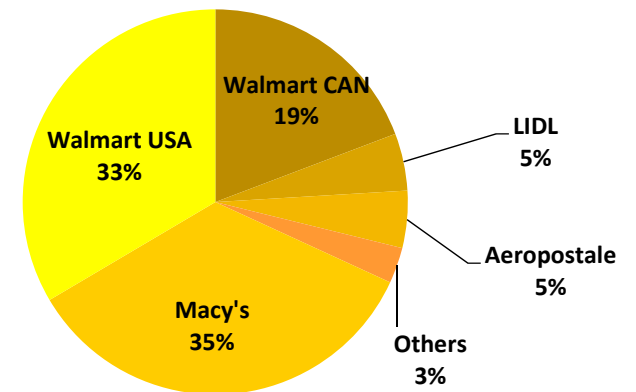
Revenue by destination



Customer contract length



Revenue by key customer



Competitive strengths – vertically-integrated supply chain

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- Yarn is sourced from overseas suppliers with agreed lead time for deliveries
- Total yarn consumed by Maxim 25 million lbs pa
- Cost of yarn constitutes about 58% of total costs of fabric production

- The first process, capacity is 23 million lbs pa
- It takes 105mins to knit one roll (25kgs) of fabric
- 0.33kg of yarn is needed to make one polo shirt
- Knitting cost is approx. US\$0.08/lb

- Second step in the production process
- Dyeing capacity is about 21 million lbs pa
- It takes 8-12 hours per dye lot (depending on color request)
- Dyeing cost at US\$0.59/lb

- Printing capacity is about 4 million lbs pa
- It takes 3hrs for preparation to start a printing process
- During printing it take 10 mins to complete a roll of fabric (25kgs)
- Max 8 colours for a machine
- Printing cost at US\$0.50/lb



- Finishing capacity is about 22 million lbs pa
- It takes 10 mins to finish one roll of fabric (25Kgs)
- Cost for finishing process ranges US\$0.12/lb to US\$0.25/lb (depending on Buyer's request fabric function)

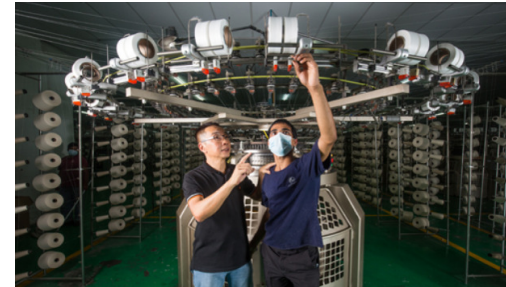


- Inspection & packaging capacity is about 22 million lbs pa
- It takes 8 mins to inspect 1 roll of fabric



- Total capacity 22 million lbs pa
- 3 hours loading to container for delivery
- **From Knitting to Finishing Fabric for delivery, the cycle time is about 1 week**

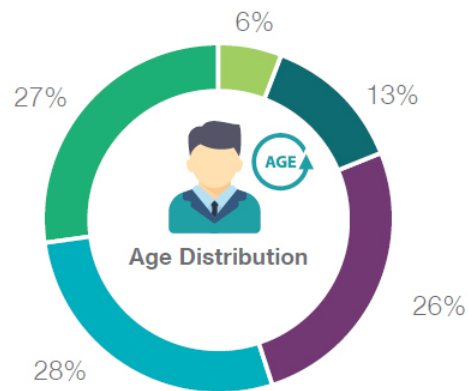
- Primary supplier in customer's supply matrix and supply chain process
- One-stop service provider
 - Product design & development – 25 years of track record for leading brands
 - Fabric R&D sourcing
 - Vertical fabric mill
 - Efficient supply chain management / direct importer
 - Multi-country manufacturing network
 - In-house printing, embroidery & laundry
 - Technical expertise & quality assurance
 - Compliance
 - Supplier accreditation
- Proven track record with wide product capability
- Significant economies of scale, delivering 62 million garments a year
- Able to leverage lower costs with huge purchasing power
 - Production efficiencies through lean manufacturing



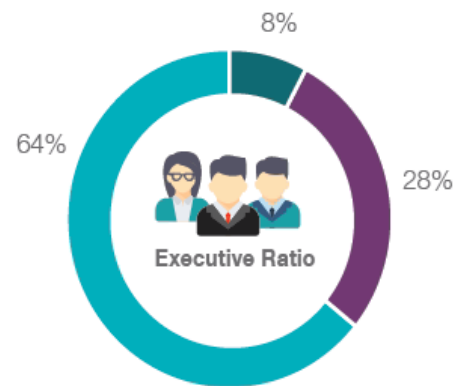
Our employees are key

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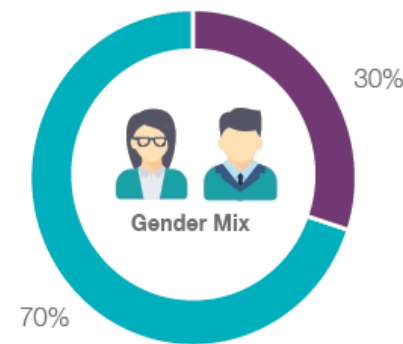
- Significant skill and knowledge
- 7,000 employees in 7 countries
- GLG is a member of the Textile & Fashion Federation in Singapore
 - Felicia Gan, CMO/Executive Director sits on the Executive Committee



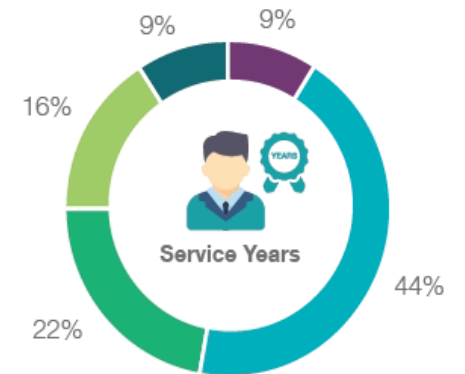
■ <30 Years old ■ 51-60 Years old
■ 31-40 Years old ■ >60 Years old
■ 41-50 Years old



■ Top Management
■ Middle Management
■ Employees



■ Female
■ Male



■ Less than 5 years ■ 15 to less than 20 years
■ 5 to less than 10 years ■ 20 years or more
■ 10 to less than 15 years



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Our flagship factory in Vietnam

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- Greenfield development completed in September 2016
 - On time and on budget
- Based in Ho Chi Minh city area (Binh Son Industrial park)
 - Size area approx. 40,100m²
- First in-house garment factory
- Leverages Vietnam's strengths
 - Key garment manufacturing centre
 - Abundant and skilled labour force
 - Fabric Mills and Embellishment Support
 - Strong trading relationships with US & EU
- Benefits to GLG
 - Fabric mills support
 - Embellishment support with partner suppliers
 - Laundry partner support



Capacity of new flagship factory

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- Projected garment facility will have 56 sewing lines each with 32 sewing workers
- We will have:
 - Polo 10 lines
 - Tops 15 lines
 - Pants 2 lines
 - Jackets 10 lines
 - Activewear 10 lines
 - Fashion 9 lines
- 2 million units per month expected capacity
- Auto cutting & laying capability
- Garment wash
- Sample Room: 30 sewers



Strategic imperatives

- Defend and extend our core business
- Expand into profitable related ventures such as acquisitions and mergers vertically or horizontally
- Selectively disrupt markets and adapt to new markets
 - Grow in untapped countries eg. China, Australia, Asia including Japan

Building blocks

- Top line revenue growth
 - New customers
 - Strategic pricing
 - Increase existing customer's share of spend
- Bottom line maximization
 - Process improvements
 - Cash management



GIII APPAREL GROUP LTD

- US diversified apparel company – comprehensive portfolio of over 30 licensed and proprietary brands, including Calvin Klein, Donna Karan, Guess, Tommy Hilfiger, Karl Lagerfeld, Levi's, Dockers and Jessica Simpson
- We produce
 - Basic Tops – shipments started in October 2016 for Spring 2017 collections
 - Polo Shirts – shipments in December 2016 for Summer 2017
- GLG were selected for high product quality and value pricing



GERBER

- European customer – leading marketer of infant and toddler apparel & related products
- Acts as importer for end-customers like Walmart, New Balance, Amazon and other on-line retailers
- We produce children's wear for New Balance & Graduate brands for Spring and Summer 2017 collections this year for them
- GLG chosen for artwork capability and our capability to produce products in high volume for their future order increase with value pricing

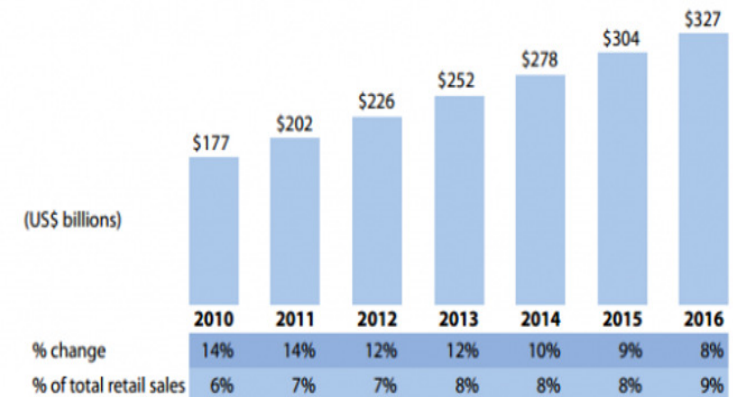


USA

- Experiencing decline in retail store numbers as online shopping increases
- Growth in online shopping driven by:
 - Dramatic increase in mobile technology usage;
 - Innovative online sales; and
 - Loyalty and free shipping programs
- Need to expand customer base to include large on-line retailers like Amazon
 - Producing samples for their evaluation and eventually qualifying for volume production
 - Get into such retailers' list of preferred suppliers



Figure 1 Forecast: US Online Retail Forecast, 2011 To 2016

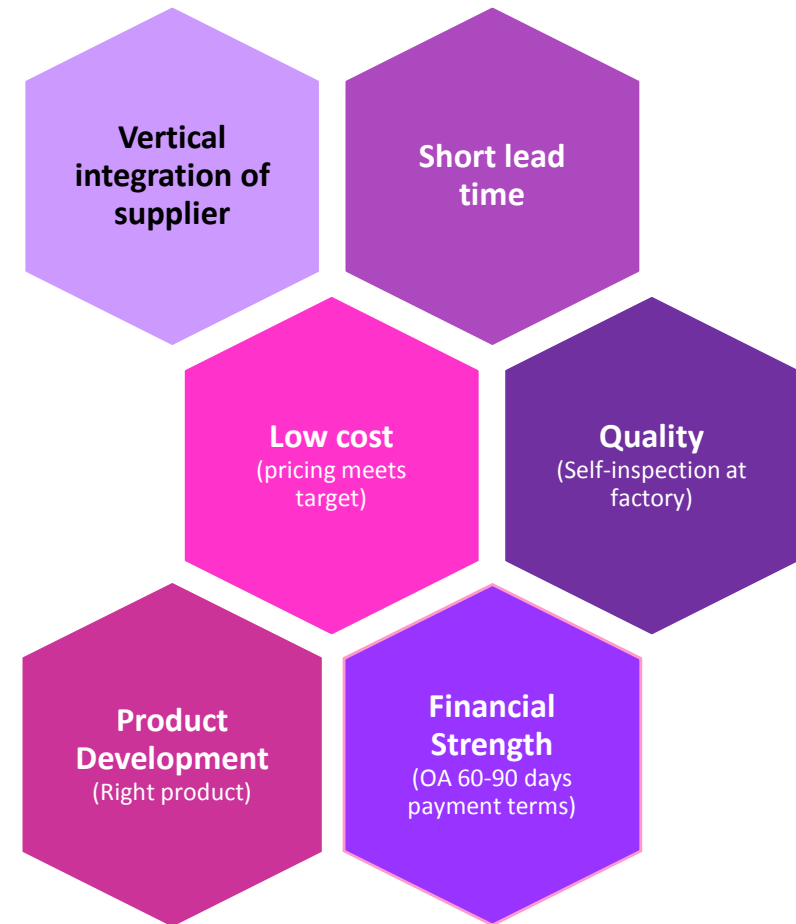


Source: Forrester Research Online Retail Forecast, 2012 To 2016 (US)

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Source: Forrester Research, Inc.

- Our clients want
 - Lower costs
 - Shorter lead times
 - Vertical integrated suppliers
 - High quality
 - Innovative product development
- GLG is meeting this demand through
 - New fabric mill (Maxim) with own fabric to **supply directly** to customers instead of nominated suppliers
 - Use of **own-garment manufacturing** (Vietnam) allows better control of costs and quality of production
 - **Streamlining internal processes** in Merchandising team to respond to RFQs with shorter lead time (target within 24 hours)
 - **Expanding product portfolio** by offering Door-to-Door Importer service – products produced **and** delivered to customers (on Landed Duty Paid basis) as opposed to just Agency business



In the offices

- Changed office lighting from T8 to T5 energy efficient bulbs for 60% reduction in energy consumption
- Changed halogen bulbs to LED bulbs for 80% reduction in energy consumption
- Reduced usage of centralised air condition system by 2hrs daily for 20% reduction in energy consumption
- Use of recycled paper
- Promotion of car pooling for trips to customers offices to reduce carbon emissions

At our factories

- Recycle of fabric waste for non – garment products
- Installation of capacitor to reduce electricity
- Use of recycled paper or bulk cutting
- Replacement of old bulbs with energy savings bulbs
- Switch off all unused lightings during downtime



Recognized for excellence

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- By our customers, suppliers and industry peers
- Most recent awards are Macy's 5-Star Award received in 2015 and Walmart Canada's Supplier Award in 2014

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Financial information

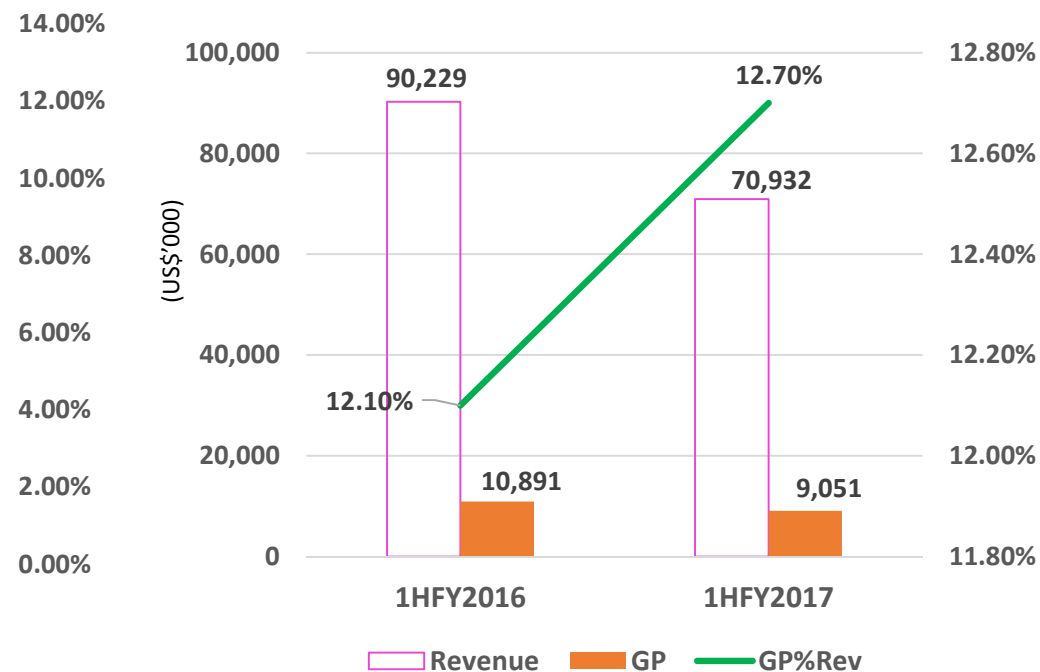
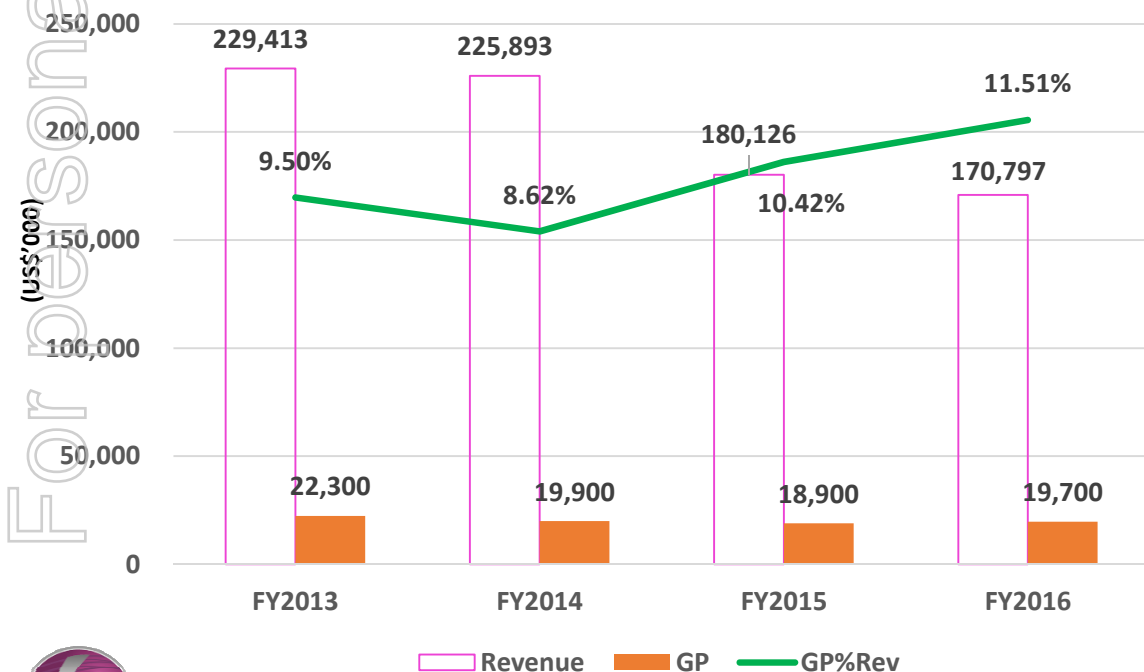
Snapshot of Income statement

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- Revenue impacted as a result of US economy impacting some retailers
 - Offset in part by new contracts
- Gross profit improved due to increase in seasonal fashion design collections adopted by customers

(US\$'000)	1H FY 2017	1H FY 2016	FY 2016 (June year end)
Sales	70,932	90,229	170,797
Cost of Sales	(61,881)	(79,338)	(151,136)
Gross Profit	9,051	10,891	19,661
GP margin	12.7%	12.1%	11.5%
Profit Before Tax	2,056	3,190	3,643
Net Profit After Tax	2,104	2,853	2,920

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- Selling and distribution expenses decreased 34%
 - Freight cost reduction
- Administrative expenses decreased 5%
 - Saving in manpower costs; and
 - Reduction in some discretionary spending
- Finance costs decreased 45% as a result of the elimination of trade credit service fee for receivable factoring
 - GLG has no other factoring contracts
- Operating expenses increased due to foreign exchange losses
 - 3 month hedge on US\$6m against SGD as at 31 December 2016

(US\$'000)	1H FY 2017	1H FY 2016	FY 2016 (June year end)
Selling & Distribution	948	1,438	2,238
Admin	5,283	5,563	10,242
Finance costs	417	754	761
Other operating expenses	509	217	3,243

- Inventory reduced in line with the revenue reduction
- Receivables up due to increase in working capital for outsourced manufacturing facilities to purchase materials for our production orders
- Other financial assets (Current) consist of amount owed by JV partner (49%) in AFNI
- Other financial assets (Non-Current) consists
 - \$5m for deposit paid to GLIT factories for capacity booking
 - \$2.6m for Vietnam land lease
 - \$2.3m due from parent, Ghim Li Group
- PPE includes Senai property occupied by Maxim
- Investment Property is the freehold building which Maxim leases to outsourced manufacturing factory, Ghim Li Malaysia

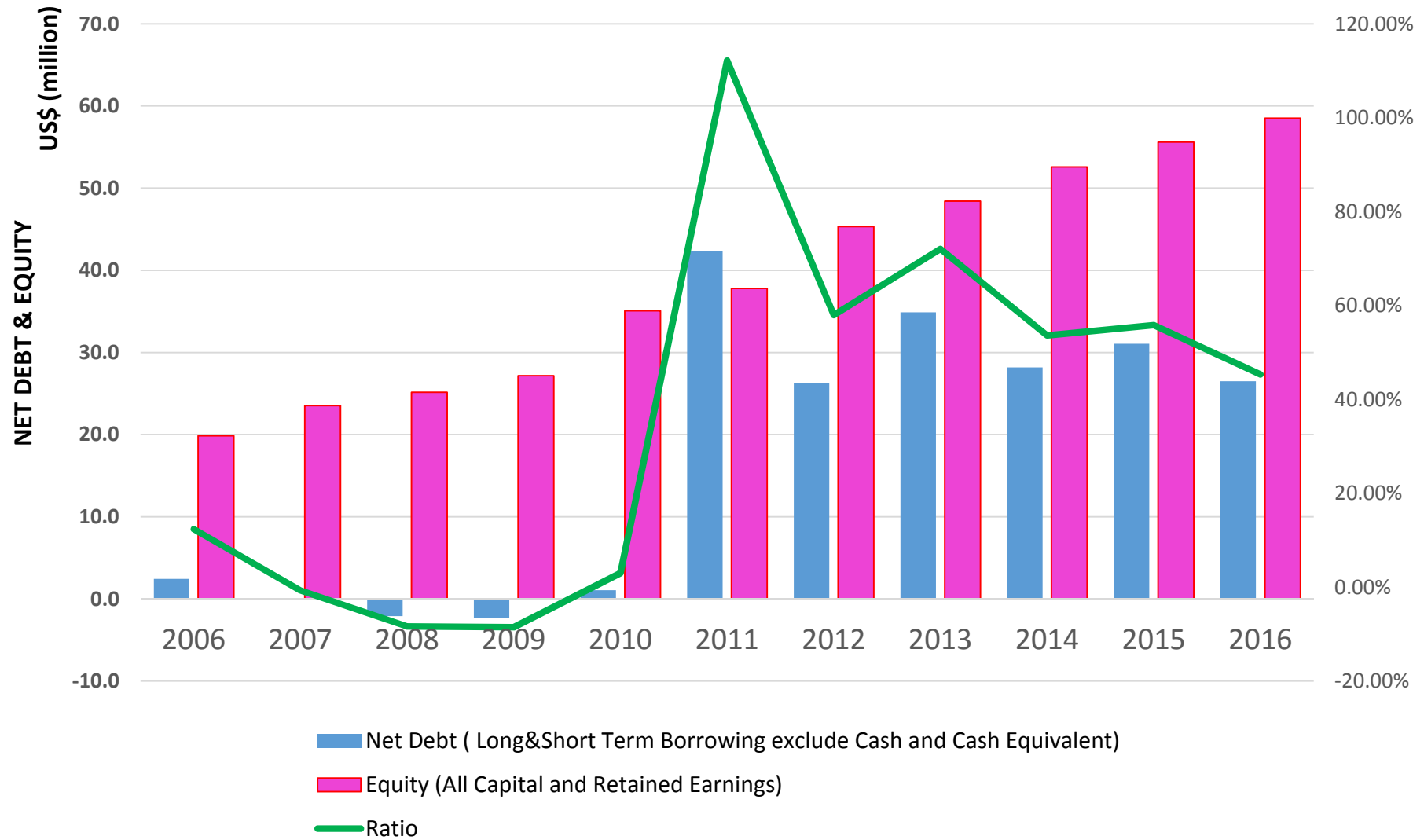
(US\$'000)	1H FY 2017	FY 2016
<u>Current assets</u>		
Cash & equivalents	9,742	7,908
Trade & other receivables	63,916	60,190
Inventory	9,785	11,715
Other assets	843	445
Other financial assets	344	344
Total current assets	84,630	80,602
<u>Non-current assets</u>		
Other financial assets	9,905	8,724
Property, Plant & equipment	30,483	26,337
Investment property	4,014	4,014
Total non-current assets	44,402	39,075
Total assets	129,032	119,677

- NTA per share, \$0.61 per share as of 31 December 2016
- Trade Payables increased due to:
 - Vietnam factory not operationally-ready, hence need to use subcontractor to produce garments for a customer
- Borrowings for Current and Non-Current Liabilities higher due to:
 - Increase in term loans for financing of Vietnam factory fit out including machinery
- Merger reserve arose from the difference between the Purchase Consideration over the Share Capital and Retained Earnings of Maxim, upon acquisition
- Gearing as measured by:
 - Long-Term Debt as a ratio of EBITDA has ranged from 0-0.6x since 2005, as at 30 June 2016 0.5x
 - Net Debt as a ratio of Equity has declined over the past few years, as of 30 June 2016 at 0.45x

(US\$'000)	1H FY 2017	FY 2016
<u>Current liabilities</u>		
Trade & other payables	24,994	23,097
Working capital facility	46,164	41,336
Current tax liabilities	589	1,154
Total current liabilities	71,747	65,587
<u>Non-current liabilities</u>		
Borrowings	10,622	9,530
Deferred tax liabilities	1,277	1,278
Total non-current assets	11,899	10,808
Total assets	83,646	76,395
Net assets	45,386	43,282
<u>Equity</u>		
Issued capital	10,322	10,322
Retained earnings	45,896	43,792
Merger reserve	(14,812)	(14,812)
Revaluation reserve	3,980	3,980
Total equity	45,386	43,282

Net Debt to Equity Ratio since IPO inception

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- Cash from operating activities decreased due to decrease in revenue caused by:
 - Weakness in retail apparel consumer market
- Net cash used in investing activities increased
 - New investment in Vietnam factory for the construction and land cost
- Increase advances to GLIT factories to support their working capital needs for production of our garments

	1H FY2017	1H FY2016	FY2016
Cash flows from operating activities			
Receipts from customers	72,692	98,875	176,843
Payments to suppliers and employees	(65,120)	(89,621)	(173,033)
Interest and other costs of finance paid	(282)	(621)	(521)
Interest received	4	-	-
Income tax paid	(516)	(471)	(501)
Net cash provided by operating activities	6,778	8,162	2,788
Cash flows from investing activities			
Payment for property, plant and equipment	(5,182)	(2,641)	(3,318)
Grant received	-	-	101
Proceeds from disposal of property, plant and equipment	1	3	114
Net cash used in investing activities	(5,181)	(2,638)	(3,103)
Cash flows from financing activities			
Proceed from/ (repayment of) borrowings	5,919	(2,690)	(7,976)
(Amounts advanced)/ received from to other parties	(5,314)	(3,151)	4,824
Payments/ (amount advanced) to related parties	(368)	4	30
Net cash generated by/ (used in) financing activities	237	(5,837)	(3,122)
Net increase/ (decrease) in cash and cash equivalents	1,834	(313)	(3,437)

- Leading vertically-integrated global textile and apparel manufacturing and supply chain business
- Proven value-add manufacturing knowledge and ability
- Long-standing customer relationships
 - Servicing America's largest retailers
- Consistent history of being profitable Conservative accounting practices
- Experienced management team
- Growth opportunities from changes in industry dynamics

Appendices

Technical Fit Expertise

- Grading of Technical Specification
- MACYS 360 FIT APPROVAL Trained and READY
- Self Approval for Fit / PPS
- Integration of Patterns & Markers automation

Quality Assurance

- Achieving The Right Final Product On-time
- Adherence to Buyers Quality Standards
- Proactive Quality Assurance
- Self Approval Inspection

Self Approval Phase:

1. Color Approval
Complete Phase 3 (Solid), Phase 1 (Printed)
2. Fit / PPS Approval with effective Aug 2016
Basic/Repeat (Mens / RTW)
3. Self Quality Audit (Est. Q3 2017)
4. In-House Lab test (Est. Q4 2017)





Estina Ang

Founder, Executive Chairman & CEO

Estina has over 25 years of experience in the textile and apparel industry. She began her career in the industry in 1975, working for Polly Allied Knitwear Pte Ltd., a Singapore based apparel group.

Under her leadership, GLG Corp has established itself as a global supplier of quality apparel to major retailers in the US. Estina also spear headed the Business' expansion into USA, and Europe.

She was also the Founder of GLIT Group, a key garment manufacturing supplier to GLG. She oversaw GLIT Group's establishment of operations in Malaysia, Fiji, Brunei, Indonesia, Guatemala, China and Sri Lanka. Ms Ang divested GLIT Group following the listing of GLG.

Estina also oversaw the acquisition of Maxim Textile Technology Pte Ltd, a textile finishing company, and a subsidiary of Ghim Li Group Pte Ltd (the shareholder of GLG).

She graduated from Nanyang University in 1974 with a Bachelor of Arts degree, and is a member of the Singapore Institute of Directors.



Felicia Gan

Executive Director

As Chief Marketing Officer, Felicia leads Business Development, Korea Sourcing Office, Sales & Marketing,

Felicia armed with 5 years of legal experience with Rajah and Tann dealing with mergers and acquisitions and Corporate/Capital Markets joined the Company in 2006 as a legal officer responsible for the legal compliance office.

Felicia graduated with a Bachelor of Law with Honours from University of Nottingham in 2003 and was admitted to the Singapore Bar in May 2005.

She is a member of the Singapore Academy of Law and a management committee member of the Textile Apparel Fashion Federation Singapore.



Christopher Chong

Independent Director

Christopher is a Partner and co-founder of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore.

He is also an independent director of ASL Marine Holdings, Singapore O&G and Ying Li International Real Estate on the SGX-ST, besides GLG Corp and Koon Holdings on the ASX.

He has significant experience in capital markets, securities law, corporate governance and corporate affairs.

Holds a Bachelor of Science degree in Economics (1st class Honours) from the University College of NSW and a MBA degree from the London Business School.

Member of the Institute of Chartered Accountants of Scotland, a Fellow of the Australian Institute of CPAs, a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Singapore Institute of Directors, a Fellow of the Australian Institute of Company Directors and a Master Stockbroker of the Australian Association of Stock Brokers.



Shane Hartwig

Independent Director

Shane is a Certified Practicing Accountant and Chartered Company Secretary.

He is involved in the areas of initial public offerings, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice.

Had over 20 years experience in finance industry, both nationally and internationally with exposure to debt and equity capital markets

Holds a Bachelor of Business degree from Curtin University of Technology in Western Australia.

Capital Structure

ASX Code	GLE	Ordinary shares on issue	74.1 million
Joined the ASX	December 2005	Top 5 Shareholders	87.96%
Market cap.	A\$18.5 million	Singapore Shareholders	82%

(based on closing price of 25c at 30 March 2017)

