

# GLG CORP LTD

Annual General Meeting

LEVEL 11, 1 MARGARET STREET  
SYDNEY

11:00am Sydney Time  
12<sup>th</sup> November 2018

## WELCOME

# Cautionary Note on Forward-looking Statements

This presentation may contain statements regarding the business of GLG Corp Limited and its subsidiaries ('Group') that are of a forward looking nature and are therefore based on management's assumptions about future developments.

Such forward looking statements are intended to be identified by words such as 'believe', 'estimate', 'intend', 'may', 'will', 'expect', and 'project' and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors.

Potential risks and uncertainties includes such factors as general economic conditions, foreign exchange fluctuations, interest rate changes, commodity price fluctuations and regulatory developments. Such factors that may affect GLG Corp's future financial results are detailed in our 2016 Annual Report. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward looking statements.

# Board of Directors, Exec & Auditor

## **Members of The Board**

- Estina Ang Suan Hong – Executive Chairman & CEO
- Christopher Chong – Lead Independent Director
  - Shane Hartwig – Independent Director
- Felicia Gan – Executive Director, Chief Marketing Officer

## **Company Secretary**

Alistair Chong

## **Chief Financial Officer**

Shawn Fung

## **Auditor, BDO East Coast Partnership**

Ryan Pollett – Engagement Partner

# Agenda of AGM

Director's Review

Outlook and Prospects

Annual Report

Resolutions

Any Other Business

# Director's Review

# Income Statement FY2018 vs FY2017

GLG Corp Ltd Income Statement	FY2017 US'000	FY2018 US'000	% Change
Sales	156,041	180,606	16%
Cost of sales	(134,570)	(155,326)	15%
Gross Profit	21,471	25,280	18%
Other Operating Income	344	1,118	225%
Selling & Distribution Expenses	(3,410)	(6,252)	83%
Administrative Expenses	(10,244)	(11,614)	13%
Other Operating Expenses	(2,469)	(2,649)	7%
Finance cost	(1,215)	(2,077)	71%
Profit before tax	4,477	3,806	15%
Income tax	(284)	(1,411)	397%
Profit after tax	4,193	2,395	43%

# Revenue by Key Customers

## FY2018 vs FY2017

Sales from Top 10 Customers	FY 2017 US'000	FY 2018 US'000	Variance US'000	Variance % US'000
MACY'S	48,736	49,513	777	+2%
WAL-MART USA	48,146	57,375	9,229	+19%
WAL-MART CANADA	31,150	34,151	3,001	+10%
AEROPOSTALE	10,976	17,504	6,609	+61%
LIDL HONG KONG LTD	8,793	10,256	1,463	+17%
GIII Apparel	2,928	6,123	3,195	+109%
MGF SOURCING FAR EAST,LIMITED	2,200	86	(2,114)	-96%
Gerber	939	863	(76)	-8%
EL CORTE	918	1,195	277	+30%
OTHERS	1,255	1,679	424	+34%
<b>Grand Total</b>	<b>156,041</b>	<b>180,606</b>	<b>24,565</b>	<b>16%</b>

# Revenue for FY2018

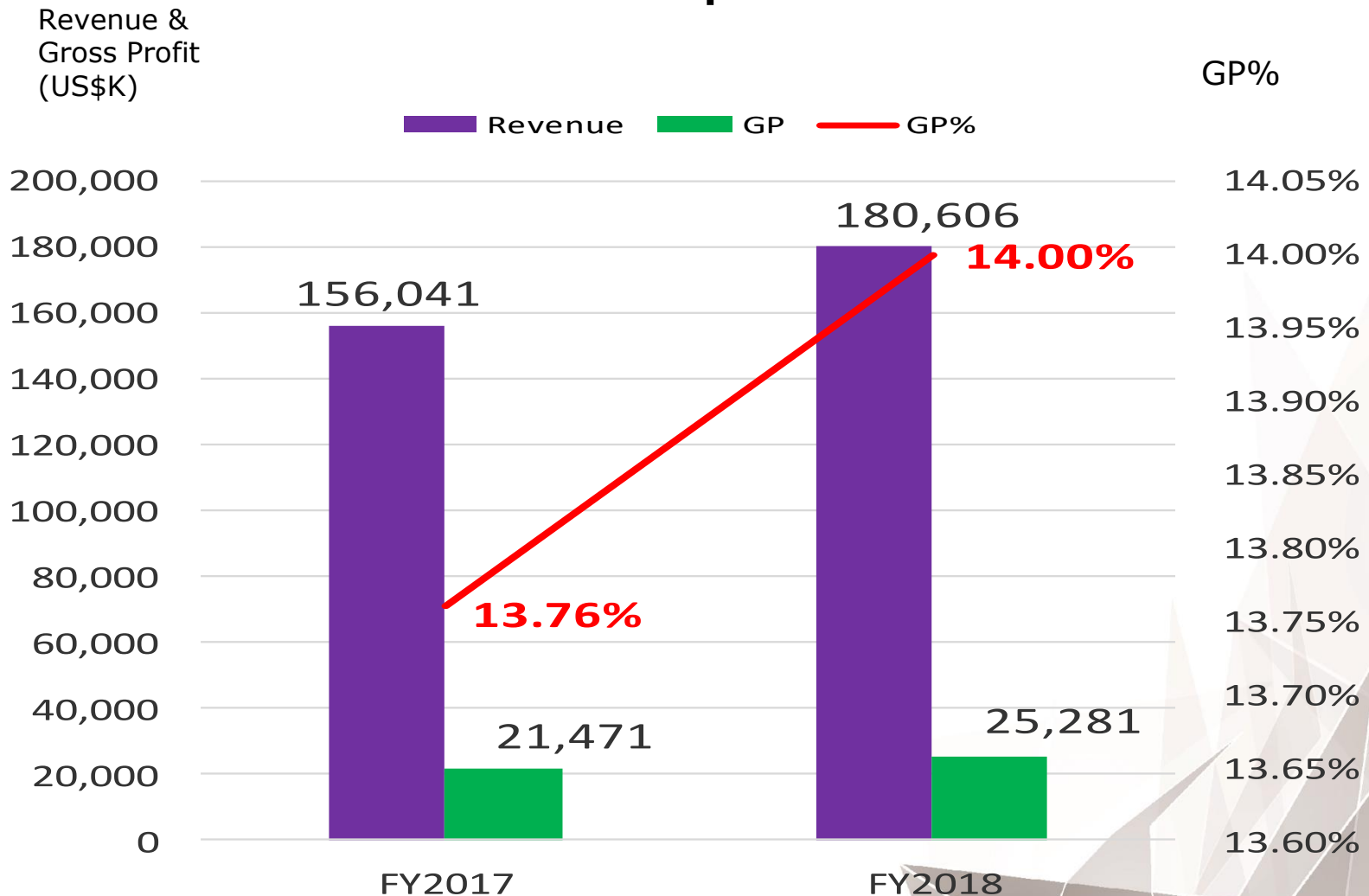
## By Quarter - Value and Unit Price

Revenue by Quarter	FY2018		
	Sales	Dozen	Average price per dozen
	US\$ million	US\$ million	US\$
1Q: Jul-Sep 2017	45.2	1.4	32.29
2Q: Oct-Dec 2017	43.3	1.4	30.93
3Q: Jan-Mar 2018	41.2	1.3	31.69
4Q: Apr-Jun 2018	50.9	1.6	31.81
<b>Grand Total</b>	<b>180.6</b>	<b>5.7</b>	<b>31.68</b>



# Full Year Performance FY2018 vs FY2017

## GLG Corp Ltd

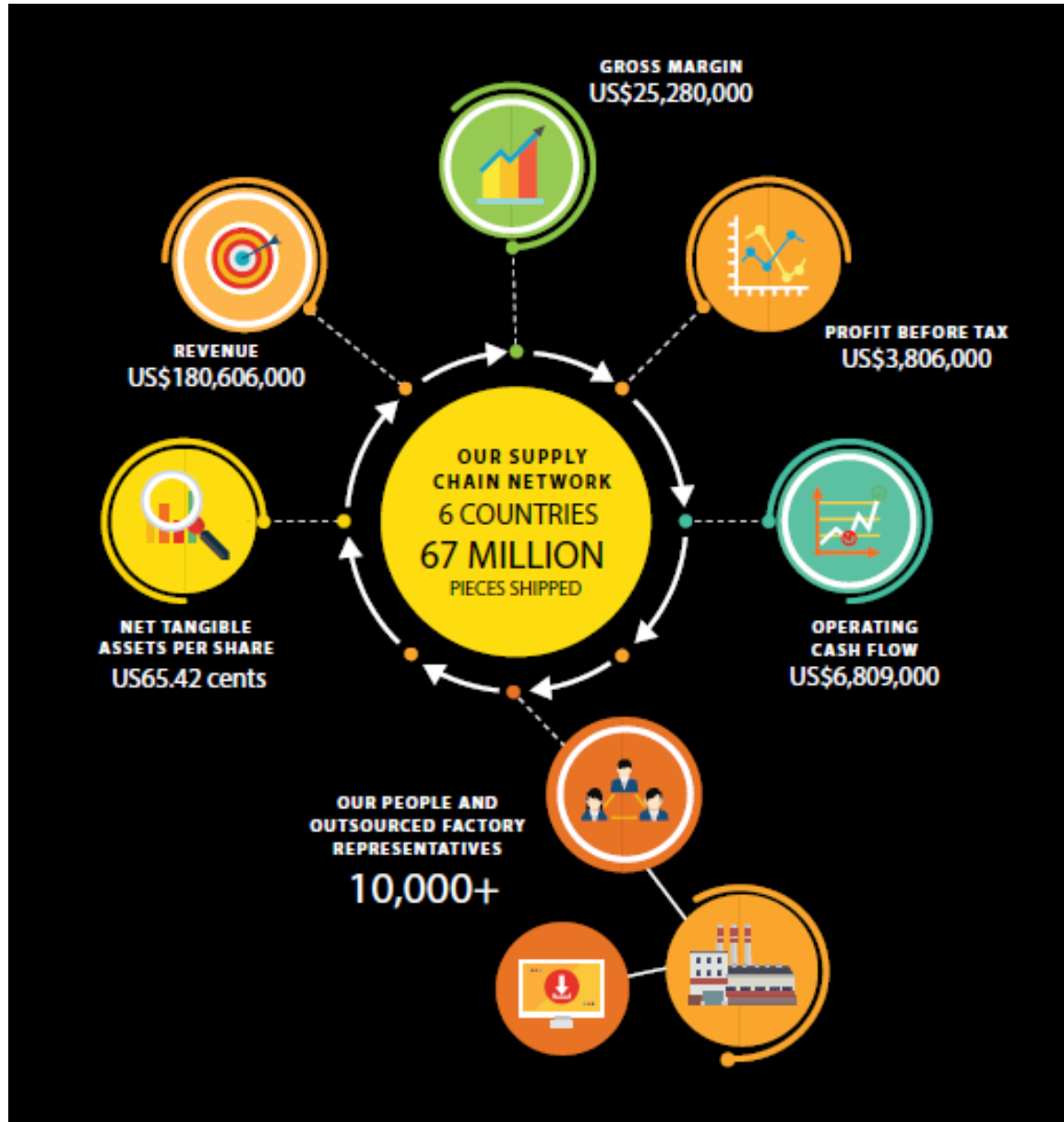


# Cost below Gross Margin Analysis FY2018 vs FY2017

	FY2017 US'000	FY2018 US'000	% Change
Selling & Distribution Expenses	(3,410)	(6,252)	-83%
Administrative Expenses	(10,244)	(11,614)	-13%
Other Operating Expenses	(2,469)	(2,649)	-7%
Finance cost	(1,215)	(2,077)	-71%

- Higher selling & distribution costs incurred due to increase in LDP sales resulting in higher U.S. custom duties and freight costs.
- Administrative costs increase due to such costs for Malaysia and Cambodia, included in 2018 compared with 2017 where they were non-existent.
- Other Operating Expenses slightly increased due to legal fees incurred on JES Apparel pursuit.
- Finance costs increase due to purchase of raw materials to support higher sales and new machinery investment.

# Financial Highlights of FY2018



# Operational Highlights of FY2018

FY2018 was a significant year for the Singapore Headquarters' marketing arm, Ghim Li Global Pte Ltd, as it achieved revenue of about US\$180 million, which was the level of revenue attained three years ago in FY2015. This marks a turnaround year as it was able to return to its revenue momentum after the slowdown for the past two years (FY2016 and FY2017) impacted by the global retail landscape.

## FIRST QUARTER



**JULY 17**

BDO Australia Partner visits GLG Corp's Singapore HQ and factories in Malaysia



**AUG 17**

August Board meetings held in Singapore HQ to review FY2017 financials, audit, etc.

**AUG 17**

Completion of Appendix 4E (Prelim Report) and filing with ASX



**SEPT 17**

Statutory Report FY2017 completed and filed with ASX



# Operational Highlights of FY2018

## SECOND QUARTER



**OCT 17**

AC Chairman/  
Board member visits  
Vietnam garment  
factory to review  
operations



**OCT 17**

Annual Report FY2017  
completed and sent  
to shareholders and  
available on company  
website

**NOV 17**

Held 1st bi-annual  
Business and  
operations review  
of Singapore HQ  
and all subsidiaries



**NOV 17**

Annual General  
Meeting for GLG Corp  
held in Sydney



**NOV 17**

Maiden shipments  
of garments for new  
customer, J. Crew

# Operational Highlights of FY2018

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## THIRD QUARTER



**FEB 18**

Appendix 4D (First Half of FY2018) financial statements audited and filed with ASX



**FEB 18**

February Board meetings held in Singapore HQ to review business results, HR matters, etc.

**MAR 18**

Held 2nd bi-annual Business and operations review of Singapore HQ and all subsidiaries



**MAR 18**

CMO (Felicia Gan) elected by customer, Macy's as Chairman of Vendor Council



# Operational Highlights of FY2018

## FOURTH QUARTER



**APR 18**

Ghim Li Malaysia factory achieved Macy's self-inspection Quality program



**MAY 18**

May Board meetings held in Singapore HQ to approve Budget FY2019 and business strategies



**MAY 18**

Ghim Li Malaysia factory attained Macy's self fit approval



**JUN 18**

Maxim Malaysia Fabric Mill achieved a new milestone of US\$52m, an all-time high revenue, after its acquisition in Dec2016

**JUN 18**

Grew the LDP Door-to-door business to reach \$16M in FY2018



# Factory Highlights of FY2018

## MAXIM MALAYSIA – FABRIC MILL



In the current fiscal year ending June 2018, the Company has enhanced its manufacturing capacity in its fabric mill in Malaysia, with an all-time record of revenue of US\$52 million to support the increased demand of knitted fabric from its customers. This is a new milestone for the fabric mill which was acquired by the Company in December 2016, as part of its vertical-integration and textile manufacturing strategic roadmap.



# Factory Highlights of FY2018

## G&G FASHION (VIETNAM) CO., LTD.



G&G Fashion (Vietnam) Co. Ltd was a legal entity incorporated in Vietnam in 2016 to house GLG Corp Ltd's first-owned garment manufacturing factory, to supplement its outsourced manufacturing capacity. In FY2018, the factory had its first year of volume production, although not at its optimal level.

# Factory Highlights of FY2018

## GHIM LI FASHION (MALAYSIA) SDN BHD



At the end of June 2017, the Company acquired Ghim Li Fashion (M) Sdn Bhd, a garment manufacturing factory in Malaysia to enhance its production capacity. Since acquisition, its operating results were consolidated into the Group in FY2018.



# Factory Highlights of FY2018

## GG FASHION (CAMBODIA) CO., LTD.



In June 2018, we also witnessed the Company's decision to invest in garment manufacturing capacity, for the first time, in Cambodia by entering into an agreement to purchase some specific assets in Cambodia from GLIT Holdings Pte Ltd and its subsidiary in Cambodia.

The intention is to establish a new legal entity, GG Fashion (Cambodia) Co. Ltd in Cambodia to own and manage these assets in its own garment manufacturing factory in Cambodia.

This is another step forward to enhance its manufacturing and supply chain business from its original state of being just a trading agent to become a vertical-integrated textile and garment manufacturing player.

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## GHIM LI'S NETWORK

**Over 10,000+ employees  
across 6 countries**

shipping over 67 million  
garments annually



\* Outsourced Manufacturing Partner

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# Marketplace Update & Outlook



# Marketplace Update



**Sears Holdings** has filed for Chapter 11 bankruptcy and will close 142 unprofitable Sears and Kmart stores near the end of 2018. Critics have doubts about long-term viability of both brands

Traditional department stores continue to face heavy competition from online competitors like Amazon, but some department chains like **Macy's** and **Kohl's** are still making money.



**Macy's** has been expanding its store-label brands, adding more of the off-price Backstage stores, and upgrading its checkout technology to make it faster and easier for shoppers.



# Marketplace Update

**J. Crew** announced in March, that it plans to close 20 stores in 2018, after shutting down 50 stores during their fiscal 2017.

The retailer says it is seeing results in its most important business — women's apparel — but the company is only in the beginning stages of evolving its J. Crew brand.



**A&F**, the teen apparel company said it is not finished shrinking its retail footprint. They plan to close about 60 stores in the U.S. during the fiscal year as leases expire, because more people are buying clothes online.

After closing more than 140 stores in 2017, **J.C. Penney** is shutting down one of its distribution centers and eight more stores nationwide.





# Marketplace Update

Optimistic Economic Outlook for Retail Industry in 2018/2019 for these reasons:

- ❑ **U.S. economy** likely to continue to grow at a moderate 2 to 2.5% in 2018.
- ❑ A key source of strength is **Consumers** and rising disposable personal incomes
- ❑ **U.S. tax reform** has resulted in more jobs and **strong labour market** and low unemployment in the U.S.
- ❑ **Low inflation** so far will benefit consumers
- ❑ Rising **Housing prices** in the U.S. will increase personal wealth of households

These factors will put more money in the pockets of consumers, hence support the retail industry outlook.





# Marketplace Update

Against this rosy outlook, are some forces in the background that are potential risks to the Retail Markets in 2019:

- ❑ **Tariffs** have not impacted retailers in 2018 so far, but they may lead businesses to pass on associated costs to the consumers.
- ❑ U.S. real estate price increases will lead to increase in home equity loans, which will trigger rise in mortgage debt. Auto loans and credit card debts are also rising putting **Americans more and more in debt** across the board.
- ❑ Increase in **commodity prices** such as aluminium, will lead some of the market leaders to increase prices which will impact store prices.
- ❑ The logistic and **transportation** industry is seeing demand for their services outstrip their capacity, and will drive costs up leaving consumers to feel the pinch

In summary, today's conditions with economy, consumers' confidence and jobs are in favour for the Retail industry. But geopolitical risks could stifle this growth next year leading one to be more cautiously optimistic.

# Annual Report FY2018

# Annual Report

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- To table and consider the Annual Report of the Company which includes the following:
    - Financial Report
    - Directors' Report
    - Auditor's Report
- for the period ended 30 June 2018
- Questions or comments?

# Resolutions

# Resolutions

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- Resolution 1: Adoption of Remuneration Report
- Resolution 2: Re-election of Mr. Christopher Chong as Director
- Resolution 3: Re-appointment of Auditor of the Company

# Resolution 1

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## Adoption of the Remuneration Report

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2018.”*

For	Open	Against	Abstain
55,638,734	16,698	5,566	0

# Resolution 2

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## Re-election of a Director

*“That Mr. Christopher Chong, having been appointed as an addition to the Board, and who retires in accordance with clause 12.7 of the Company’s Constitution, and being eligible, offers himself for re-election as a Director of the Company, is hereby re-elected as a Director of the Company”.*

For	Open	Against	Abstain
57,759,454	8,000	14,700	110,001

# Resolution 3

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Re-appointment of BDO as Auditor

The Company proposes and a shareholder has nominated that BDO East Coast Partnership be re-appointed as auditor of the Company.

For	Open	Against	Abstain
57,871,998	8,000	12,157	0



