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HGL Limited
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21 November 2018

Results for year ended 30 September 2018

Results reflect sale of discontinued operations and growth from continuing business including acquisitions

HGL Limited (ASX:HNG) ('HGL' or 'the Group'), an investment company with a portfolio of wholesale and distribution businesses operating in high-growth industries, is pleased to announce its financial results for the year ended 30 September 2018 (FY18).

- Sales revenue of $43.4 million from Continuing Operations[1], a 7.7% increase on prior period (FY17: $40.3 million). Recent acquisitions, including Pegasus Healthcare were solid contributors to revenue growth for the period.
- Underlying Earnings Before Interest and Tax (EBIT) from Continuing Operations was $3.9 million, an 8.5% increase on prior period (FY17: $3.6 million).
- Statutory Net Profit After Tax (NPAT) for FY18 was $0.8 million (FY17: $2.7 million), and includes a $1.7 million net loss from discontinued operations and other non-underlying expenses of $0.9 million.
- Final dividend of 1.5 cents per share fully franked

Group portfolio optimised towards scalable investments in high-growth sectors

In FY18 HGL completed a number of acquisitions and divestments, optimising its portfolio with a mix of scalable investments in high-growth sectors. The acquisitions of Intralux Australia by JSB Lighting and of POSM by SPOS Group enhanced the Group's existing architectural lighting and point-of-sale businesses. Intralux Australia and POSM are fully-integrated, have delivered cost synergies and contributed to FY18 Group revenue and earnings.

In April 2018 HGL acquired a 70% stake in Pegasus Healthcare in partnership of equity and skills with the existing CEO. Pegasus Healthcare is a leading supplier of high-quality, clinically proven pressure-relieving mattresses and medical technology devices. In the six months since acquisition, Pegasus Healthcare has been a solid performer, adding scale to the Group's revenue and immediately contributing to earnings for the period.

[1] The Group's Continuing Operations include JSB Lighting, SPOS Group, BLC Cosmetics and Pegasus Healthcare. Biante, Leutenegger and Nido Interiors are classified as discontinued operations in line with accounting standard requirements and have been excluded.

During the period, HGL disposed of Biante and Leutenegger and closed Nido Interiors, exiting the model car and homewares markets. With the sale of Leutenegger, Nido Interiors lacked its own existing footprint and the ability to create a sustainable long-term position in the Australian homewares market.

Dividend

The directors have declared a final dividend of 1.5 cents per share fully franked, taking the full year dividend to 3.0 cents per share (FY17: 2.75 cents per share). This constitutes an increase of 9% and reflects the Board's confidence in the outlook for the Group.

Outlook and Strategy

Henrik Thorup, Chief Executive Officer states: "FY18 has been a transformational year for HGL, with significant corporate activity undertaken to optimise the Group's portfolio of investment companies. Three acquisitions added scale and contributed to revenue and earnings for the period and we entered the large and growing medical equipment market with the acquisition of Pegasus Healthcare embracing our equity and skills partnership model."

"The rationalisation of three businesses saw us exit the model cars and homewares markets in favour of reinvesting this capital more efficiently into other areas of the Group."

"We can see the benefits of these decisions, with FY18 results reflecting improvement in revenue and earnings from our Continuing Operations."

"We have revised our GPS Strategy Plan to define our performance objectives for the next four years and the management team remain focussed on executing to this strategy and building long-term value for our shareholders."

For further information
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