



***For Immediate Release***

## **Global Brands Announces 2014 Interim Results**

### **Strong Foundation Established for Global Brands' Further Growth**

#### ***Highlights***

- Turnover of US\$1,349 million, an increase of 1.4% compared to same period last year
- Total margin increased by 2.8% to US\$400 million despite Global Brands' investments in new high-growth brands
- Frye continued to record tremendous growth, with turnover up 20% compared to same period last year
- Investments made in relation to acquisitions and new brands such as Cole Haan, Quiksilver, Spyder, Juicy Couture and Aquatalia increased operating costs by 11.8% to US\$463 million
- The increased operating costs mainly due to new licenses and acquisitions contributed to a core operating loss of US\$63 million
- Achieved positive operating cashflow despite incurring a core operating loss, ending the first half with a healthy net cash balance of US\$163 million
- Seasonality continues to skew performance significantly towards the 2nd half of the year

***Hong Kong, 21 August, 2014*** – Global Brands Group Holding Limited (“Global Brands” or the “Group”; SEHK Stock Code: 787), one of the world’s leading branded apparel, footwear, fashion accessories and lifestyle product companies, today announced its interim results for the six months ended 30 June, 2014.

“The first half of the year marked the birth of Global Brands as a standalone entity and an exciting time as we embark on building out our brands business,” said Mr. Bruce Rockowitz, Chief Executive Officer and Vice Chairman of Global Brands Group Holding Limited. “Our focus during the first half was to establish a strong foundation for Global Brands’ future growth. As part of this, we added a number of new, high-growth brands into our licensed and controlled brands portfolio. While the investments associated with launching these new brands impacted our first half earnings negatively, the brands will considerably fuel the growth of our business as their contribution to turnover is recorded beginning in the second half of 2014. With the contribution of these new brands to turnover, and particularly given the skewing effect of seasonality on our business, we expect to see much more promising performance in the second half.”

Global Brands recorded turnover of US\$1,349 million for the six months ended 30 June, 2014 compared to US\$1,330 million for the same period in 2013. Although the global macro economy continued to show steady improvement during the first six months of 2014, the extreme winter weather in the US, the Group’s largest market, affected sales volumes in the first quarter. Due to investments made in the first half in relation to acquisitions and the new



brands added to the Group's portfolio, such as Cole Haan and Quiksilver within Licensed Brands, and Spyder, Juicy Couture and Aquatalia within Controlled Brands – operating costs increased by 11.8% to US\$463 million. This increase in operating costs negatively impacted EBITDA<sup>1</sup> which was US\$34 million in the first half of 2014 as compared to US\$44 million in the first half of 2013, and was also a key factor contributing to the Group's core operating loss of US\$63 million for the period. Additional factors impacting Global Brands' first-half results included the non-recurring expenses the Group incurred in relation to its spin-off and listing, as well as operating costs associated with acquisitions made in the first six months of 2014.

Mr. Dow Famulak, President of Global Brands Group Holding Limited, said, "We achieved solid results across both our Licensed and Controlled brand segments, primarily due to the fact that we have a well-balanced portfolio that covers a broad spectrum of product categories. Our entertainment character business, which has historically been a steady and profitable business for us, continued to perform well, as did our higher-margin footwear brands. On the Controlled Brands side, we have a number of powerful brands, such as Frye, Spyder and Juicy Couture, where we see significant potential and from which we anticipate considerable positive impact on the Group's turnover and profitability in future periods."

Mr. Rockowitz concluded, "Now that the milestone of a successful Hong Kong Listing is behind us, the Group is focused on accelerating its growth by taking our brands global, exposing them to new markets and further strengthening our competitiveness in existing markets. Over the coming months and beyond, we will continue to leverage our well-established platform to expand our portfolio of licensed brands, extend product categories and further develop our own brands. We have a clear strategy and focus in place and are very excited about the future of Global Brands."

– Ends –

*For details of Global Brands Group Holding Limited's 2014 interim results, please refer to the announcement posted on the Stock Exchange of Hong Kong Limited website ([www.hkex.com.hk](http://www.hkex.com.hk)).*

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



### **About Global Brands Group Holding Limited**

Global Brands Group Holding Limited (SEHK Stock Code: 787) is one of the world's leading branded apparel, footwear, fashion accessories and related lifestyle product companies. The Group designs, develops, markets and sells products under a diverse array of controlled and licensed brands and a wide range of product categories. Global Brands' innovative design capabilities, strong brand management focus, and strategic vision enable it to create new opportunities, product categories and market expansion for brands on a global scale. For more information, please visit the corporate website: [www.globalbrandsgroup.com](http://www.globalbrandsgroup.com).

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