



# GLOBAL BRANDS GROUP

*For Immediate Release*

## **Global Brands Announces FY2018 Interim Results**

***Total Margin Continues its Upward Trajectory  
Focus on Investing in Core Business and Building for Long-Term***

### ***Highlights***

- Total margin continued its upward trajectory, increasing from 28.3% to 30.5%, as a percentage of revenue
- Revenue decreased by 3.2% driven largely by the shift of retail buying to later in the year, as well as the anticipated cessation of the Quiksilver license due to the company's bankruptcy, and the expiration of Coach footwear license
- Operating profit increased by 94.1% to US\$80 million, while net profit attributable to shareholders increased by US\$25 million to US\$26 million, reflecting gains primarily related to the sale of intellectual property of Frye in the amount of US\$67 million
- Maintained position as licensing partner of choice, attracting more iconic brands, such as CCBG and Bebe

***Hong Kong, 15 November, 2017*** – Global Brands Group Holding Limited (“Global Brands” or the “Group”; SEHK Stock Code: 787), one of the world’s leading branded apparel, footwear, and fashion accessories companies, today announced its interim results for the six months ended 30 September, 2017 (the “Reporting Period”).

For the Reporting Period, the Group’s revenue decreased by 3.2% to US\$1,785 million, as compared to the same period last year. This was driven largely by the shift of retail buying to later in the year, in addition to the anticipated cessation of the Quiksilver kids fashion license due to the company declaring bankruptcy and Coach taking their footwear business in-house when their license expired in June 2017.

The Group’s total margin continued its upward trajectory, increasing from 28.3% to 30.5%, as a percentage of revenue, primarily due to sourcing optimization.

Operating costs, which is net of other gains and the gain on disposal of interest in an associate, reflected a net decrease of 3.5%. The decrease was driven by the gains primarily related to the sale of Frye’s intellectual property in the amount of US\$67 million, partially offset by higher operating costs due to new licenses and higher direct-to-consumer distribution.

As a result of the increased total margin and lower operating costs, operating profit for the Reporting Period increased by 94.1% to US\$80 million, while net profit attributable to shareholders increased by US\$25 million to US\$26 million, as compared to the same period last year.



To align the Group's cost reporting structure with many of its peers in the licensing world, starting from this fiscal year, the Group began to report royalty payments to brand owners under our license agreements under Cost of Sales, rather than Operating Costs. The Group has also shifted the focus of its margin discussion to operating profit going forward, rather than core operating profit.

Commenting on the business environment, Mr. Bruce Rockowitz, Chief Executive Officer and Vice Chairman of Global Brands Group Holding Limited, said, "The global retail industry continues to experience a structural transformation, with consumers becoming progressively more powerful when it comes to defining their shopping experience. In order to meet ever changing expectations, brands are increasingly looking to work with licensing partners like Global Brands in order to leverage upon our product expertise, global platform and multi-channel distribution network."

The industry has seen a growing number of specialized brand investors continue to acquire brands, while looking to separate intellectual property ("IP") ownership from brand operations. Global Brands has continued to benefit from this trend given its track record in brand operation, and has forged an increasing number of new, long-term licencing agreements with these IP owners. Notably, during the Reporting Period, this includes the BCBG brands and the Bebe brand.

Mr. Rockowitz continued, "This is the first year of our second Three-Year Plan. As in the past, the first year is always an investment year and we concentrate on investing in our core business and upholding our position as a licensing partner of choice. We will continue to put resources into areas such as e-commerce, where we can drive significant value both in our own direct-to-consumer offering and our relationships with leading platforms. In addition, we will continue to invest in our operations to drive efficiency and fully leverage the scale of our businesses."

Mr. Rockowitz added, "Looking ahead, we expect activities with major new brands like BCBG will increase, and the delayed buying by key retailers will have positive impact on sales. Therefore, for the full fiscal year, we expect top line growth will be consistent with our Three-Year Plan targets."

– Ends –

*For details of Global Brands Group Holding Limited's FY2018 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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## **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 and fashion accessories companies. The Group designs, develops, markets and sells products under a diverse array of owned 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. In addition, the Group is the global leader in the brand management business through CAA-GBG Brand Management Group.

For more information, please visit the corporate website: [www.globalbrandsgroup.com](http://www.globalbrandsgroup.com).

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