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22 May 2018

Result for six months ended 31 March 2018

Continuing Operations deliver profit growth and improved cash generation

- NPAT from Continuing Operations of $2.2 million, up 20.5% on prior period
- Increased Interim dividend of 1.5 cents per share fully franked
- Material increase in Net Cash, up 142% to $5.2m with no term debt outstanding at balance date
- Revenue from Continuing Operations including Mountcastle increased by 1.7% to $31.9 million
- Statutory NPAT of $0.7 million, down from $1.7m incl. non-underlying items from disposals
- Sale of Biante completed in December 2017 and Leutenegger completed in February 2018
- Integration of Intralux and POSM acquisitions are progressing according to plan
- Acquisition of Pegasus Healthcare completed effective on 1st April 2018

HGL Limited (ASX: HNG) announces a Net Profit After Tax (NPAT) from Continuing Operations of $2.2 million for the six months ended 31 March 2018, up 20.5% on the prior corresponding period. Statutory NPAT, after including a $1.5 million loss on the disposed businesses (Biante and Leutenegger, classified as "Discontinued Operations"), was $0.7 million (2017 $1.7 million).

The Directors have declared an interim dividend of 1.5 cents per share fully franked (2017: 1.25 cents), payable on 24 July 2018 with a record date of 4 July 2018. The dividend reinvestment plan (DRP) will continue to be available to Australian and New Zealand shareholders.

Total revenue of the wholly owned continuing subsidiaries was $21.0 million, with an additional $10.9 million revenue from our 50% owned Mountcastle. Total combined revenue is up 1.7% on the prior year.

Management of working capital combined with the improved profits to generate operating cash flows from Continuing Operations of $1.3 million, up from $1.1 million in the prior period. Net Cash on Hand at 31 March 2018 of $5.2 million was significantly higher than the 30 September 2017 position of $2.1 million.

Corporate Strategy and Company Portfolio Changes

HGL's repositioned company portfolio was a positive development, with the recent investments in Intralux and POSM Solutions both contributing to the underlying performance, and the disposals of Biante and Leutenegger freeing up both cash and other resources.

SUPPLYING
MARKET
LEADING
BRANDED
PRODUCTS

The opportunity to reinvest the funds from the two divestments into the attractive healthcare sector, through Pegasus Healthcare Group, is an exciting step in the expansion of the industry footprint of HGL, and consistent with the strategy to develop organically and enter faster growing and higher returning markets. HGL's 70% investment was completed on 1 April 2018, and is already contributing to Group EBIT.

Outlook

The financial results for the period ended 31 March 2018, culminating in improved profitability and materially increased cash flow generation, reflects the combination of stronger operational performance, early signs of positive contribution from the recent acquisitions and reduced capital employed after the divestment of the non-core assets.

Peter Miller
Chairman

For further information

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