GAZAL CORPORATION LIMITED

CHAIRMAN AND CEO'S ADDRESS

AT THE ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE J.S. GAZAL BUILDING, 3-7 McPHERSON STREET, BANKSMEADOW ON THURSDAY, JUNE 28, 2018 AT 10.00AM

CHAIRMAN'S ADDRESS – MR MICHAEL GAZAL

I am pleased to address you today at this timely and important meeting. While Gazal has been operating in the retail sector since 1958, there are many new developments taking place at your company. These developments frame our results and will shape our future.

- We have "re-set" our operations.
- We have streamlined our structure, changed our year end, and we rebased our issued capital.
- We have aligned ourselves with PVH Corp, a USD$12BN global retail powerhouse, through our PVH Brands Australia ("PVHBA") joint venture.
- And we are executing an organic growth strategy that is already beginning to deliver the strong anticipated results. It is an exciting time to be at Gazal.

Before I get into the financial details of the 7-months ended 3 February 2018, the Annual Report containing the Financial Statements and Directors' and Auditors' Reports were sent to shareholders in May, let me highlight some key points:

- In our region through PVHBA we operate, distribute and manage two of the world's leading and most desired fashion brands, Calvin Klein and Tommy Hilfiger.
- We delivered one of the strongest "like-for-like" organic growth rates across the retail sector at +16%.
- We have been disciplined in recycling capital to intensify our focus on the PVHBA core brands, to drive growth and to reward shareholders.
- We have a multi-channel growth strategy for PVHBA covering department stores, expansions in premium stores and outlets, and on line. We expect to almost double our footprint over the coming years.
- Our financial position and balance sheet are solid enabling us to self-fund our growth strategies.

We have a highly capable and experienced management team that executes well and delivers results. The numbers speak for themselves. Pat will talk later of the impressive results for the first four months of the new financial year.

Let me now turn to the results for this shortened reporting period. The shorter financial reporting period bridges the change in financial reporting periods to align the Company closer with its JV partner PVH Corp. and to move to a more typical reporting period for the retail sector. From this year onwards, financial periods will commence on or around the 1st of February for a 52-week period ending on or around the 31st of January each year.

I am happy to report that for this shorter 7-month period ended 3 February 2018, the continued momentum of the Calvin Klein and Tommy Hilfiger businesses helped deliver very pleasing trading results. Sales in the PVHBA joint venture increased by 22% to $144.7m for the 7-month period compared to the same 7 months unaudited sales for the previous corresponding period.

EBITDA margins improved to 17% of sales during this period, up from 14% for the previous corresponding period based on a sales mix improvement from accelerated retail growth and overall costs being well contained. PVHBA after tax profit increased by 47% to $13.9m. Gazal's share of the PVHBA profit after tax was $6.9m compared to $4.7m for the previous corresponding period.

Gazal's Corporate Services and Property Services provided mainly to PVHBA including fee revenue and other income delivered a positive return of $3.2m compared to $200,000 in the previous corresponding period.

Overall, Gazal Group profit before tax from continuing operations before impairment charges rose to $8.8m for the 7-month period, up 91% on the previous corresponding period.

On 30 November 2017, the Oroton directors announced that they had appointed administrators and the Company was suspended from the ASX. As previously reported, in the period the Directors took the decision to fully provide against for the investment in Oroton shares of $3.1m. The Company will, however, pursue recovery action that may be reasonably available to it.

Obviously, we are disappointed with the Oroton outcome and its impact on the 7-months results. However, it is pleasing to note that even after the impairment charge, Gazal net profit before tax for the 7 months improved to $5.7m, a 23% improvement on the previous corresponding period, which demonstrates the strength of the underlying business.

Turning to the balance sheet, one of the Group's major assets is the owned and occupied Banksmeadow office and warehouse property. In January 2018, CBRE were commissioned to undertake an independent valuation of the Banksmeadow property. This valuation ascribed a value to the property of $60.5 million and the directors adopted the new valuation in the balance sheet as at 3 February 2018.

Turning to discontinued operations during the 7-months, on 29 December 2017, Gazal announced that it had completed the sale of its Bisley Workwear business to a company controlled by Mr David Gazal and the associated share buy-back. Initial proceeds from the sale of Bisley Workwear were $35m (of which, $24.5m was applied to the buy-back) with an additional $3m due for the true-up of net assets. Net profit after tax on the sale was $5.1m.

In relation to what is now the new 'final dividend', the Company paid the final dividend of 8 cents per share fully franked on 4 May 2018. This compares to last year's interim dividend paid in early April 2017 of 6 cents per share fully franked.

In April 2018 the Company bought back a total of 4.2 million shares on-market at an average price of $2.50 per share, a total cost of $10.5m. Given the recent performance and growth prospects of the Company, the directors considered (and still do) that the market price did not reflect underlying value and accordingly, remaining shareholders would benefit from the buy-back. The buy-back was funded through additional borrowings. With these additional borrowings, net debt now stands at around $29m which is well covered by the Banksmeadow property alone.

Over the last few years, Gazal has undertaken a fair amount of change and restructuring as we have gone about repositioning the Company and the business to a more focused organisation with a clear direction and an exciting future. The combination of a) the global and local brand power behind Calvin Klein and Tommy Hilfiger through our valued partnership with PVH Corp., b) the strength of our operational platform and c) most importantly our competent team of quality, hard-working people, places us in a great position to execute and drive the business forward for substantial growth ahead.

I would now like to briefly discuss our remuneration policy.

Giving our people every opportunity to succeed, and allowing them to share in the Company's successes, are two key components of our core values.

Gazal adopts three components to its remuneration – base salary, annual short-term incentive bonuses and a long-term incentive (LTI) plan.

Having completed the repositioning of the business, it was a good time to sit down with the CEO Pat Robinson and the Board to review these components, in particular the LTI plan to ensure that senior managers are aligned to the long-term goals of the business. We also believe this is key to providing continuity to the senior management team who can deliver over the long term and should be rewarded for their efforts.

In March we extended the participation in the LTI plan to the next 16 most senior executives by granting new performance rights or cash equivalents, with appropriate hurdles that will vest over the next 3 years, subject to performance. To ensure complete alignment, it is proposed that Pat as CEO and myself as Executive Chairman will participate alongside the senior management team so we are all in this together.

Hence, we are seeking shareholder approval for the issue of performance rights to Pat and myself by proposed resolutions 5 & 6, to be considered by shareholders later in this meeting. The terms of the performance rights proposed to be issued to Pat and myself are detailed in the explanatory memorandum as part of notice of meeting sent out to shareholders at the end of May.

Finally, I would like to take this opportunity to thank the Non-Executive Directors, Bruce Klatsky, Graham Paton and Craig Kimberley for their continuing support and contribution.

I would also like to thank Pat as well as Craig, Guy, Peter and the rest of the PVHBA and Gazal management teams for their ongoing commitment and efforts.

I now invite Pat to address the meeting and provide you with more detail on the operating results.

CEO'S ADDRESS – MR PATRICK ROBINSON

Thank you Michael, on behalf of the management team and myself I want to thank you and the Board for their ongoing support.

As demonstrated in the past year and outlined by Michael, Gazal is well placed for continued significant growth by investing in our identified strategic opportunities for PVHBA. 2018 will include continued growth in product categories, store locations, and expansions of our online capabilities. To support this growth, we will also continue to invest in our people, supporting systems and logistics.

Through PVHBA we have attractive and desirable brands that have an acknowledged leadership position in today's contemporary international fashion market. Our brands led by Tommy Hilfiger and Calvin Klein boast significant social media and celebrity support from personalities such as the Kardashians, GiGi Hadid and Lewis Hamilton (over 613 million followers currently). Uniquely both Tommy Hilfiger and Calvin Klein boast a diverse customer following with customers aged from 15 years old to 50 years old in the Australian market, giving multiple attractive distribution opportunities. Our current data base of VIP customers has grown 36% over the past 12 months and is now over 1.4 million

Our 2017 highlights for continuing operations included increasing PVHBA sales by 16% to $224.7m compared to the prior year, while retail sales increased 26.5% to $112m. We opened 8 new stores in 2017 and have plans to open a further 8 new stores in 2018. NPAT excluding the Oroton impairment charge increased 73% to $9.4m. Costs were well managed and our gross profit percentage increased against the prior year. We increased our final dividend to 8c and the property valuation once again increased based on a valuation undertaken by CBRE.

I will now outline a few of our strategic growth priorities for PVHBA as we navigate 2018 and plan for 2019.

We will continue to support our key partners, the department stores. While this channel continues to realign their business models, we will work closely with them to find the right formula moving forward. Over the past year we have increased our footprint and brand locations in their stores from 179 to 225 locations. As our brands evolve we also continue to invest in concepts which are enticing, fun and desirable to both their and our customers.

New stores and store expansions will also continue to be a key focus. By the end of 2018 we will have increased our store count from 66 in 2017 to 74 stores. These include major metro locations and shopping strips, new states SA and WA and key branded outlet expansions. We have increased our retail space by 35% in the past year and are expecting a like increase in the coming year.

Outlets are an exciting channel for us and we are well placed to drive ongoing growth. In addition to clearance stock, we select stock specifically for these outlets to ensure we achieve similar margins to our premium stores. Given the customer demographics are quite different, we see little to no cannibalisation between these channels.

As the Australian market continues to evolve, many new channels and distribution opportunities are also becoming viable. Our continued focus on customer research will ensure we find the right balance across these growth opportunities for our varied customer base.

In September and October, we will have the significant launch of our eCommerce channels for Tommy Hilfiger and Calvin Klein in the Australian market. With a data base of 1.4 million already built, I am sure our customers will enjoy the added benefit of shopping online. We will also continue to work closely with Amazon and The Iconic in the online space. We have also seen a 66% increase in sales from our youth channels such as Glue and Universal over the past year.

One of the international benefits of Tommy Hilfiger and Calvin Klein is the ongoing development of further key product categories. We will continue to focus on these key opportunities that Tommy and Calvin present. Some of the higher growth newer categories include Tommy Jeans, Tommy Homewares, CK Performance, CK Jeans and CK Handbags.

Importantly these growth initiatives are funded within PVHBA's 2018 cash flow with planned cash at the end of the period to be positive after all growth initiatives and dividends are paid.

In conclusion I am delighted to report that we have had continued good performance for the first 4 months of 2018 February to end of May. We have successfully opened 2 new stores and completed 4 key store expansions. As we expand product ranges and develop deeper knowledge of the wide customer base I am delighted to report PVHBA JV's sales were, up 26.4% on the same four months last year, with like-for-like stores sales growth of an impressive +35.1%. Excluding the 4 store expansions in the first four months LFL sales growth is still over 30%, a very pleasing result. I am delighted to say that our planned investment in growth is on track and our underlying unaudited EBITDA for the group for the first 4 months of 2018 vs 2017, excluding discontinued businesses is up 28.3%. As pleased as we are with the strong performance with the first four months trading, this should not be taken as a guide for the next eight months trading and we look forward to updating the market after we finalise the first half results.