

**MARKET RELEASE**

22 August 2018

**Cavalier Result at the Top End of Guidance**

- Significant financial turnaround for Cavalier in FY18, with results at top end of guidance
- Profit after tax of \$4.1 million with the company now better positioned to benefit from more favourable operating conditions and realise operating efficiencies
- Development of future strategy with increased focus on wool flooring, expanding global presence and stronger customer relationships
- Innovation and operational efficiencies remain key
- Outlook for FY19 is for a further year of improving financial performance and growth

<b>\$ millions</b>	<b>FY18</b>	<b>FY17</b>
Sales revenue	148.1	156.1
EBITDA (Normalised)	10.0	2.6
Net Profit/Loss After Tax	4.1	(2.1)
Net debt as at 30 June	29.4	40.2
Operating cash flow	12.1	(5.4)

Cavalier Corporation Limited (NZX: CAV) has today reported a significant financial turnaround with an increase in earnings and profit, with strong cash flows resulting in an improved debt position.

For the year ended 30 June 2018, sales were \$148.1 million, EBITDA (Normalised) was \$10.0 million and Net Profit After Tax (NPAT) was \$4.1 million.

Operating cashflow was \$12.1 million, a significant turnaround on FY17. Cavalier's debt position improved by \$10.8 million to \$29.4 million, and inventory levels improved with yarn and carpet inventory reduced by \$3.3 million.

Whilst FY18 delivered a strong improvement in results, dividend payments will remain suspended as the company establishes sustainable earnings growth and performance.

Cavalier CEO Paul Alston says.

"We are very focused on returning Cavalier to sustainable and profitable growth. Our internal transformation, including the consolidation of our manufacturing operations in FY17, and focus on cost management have enabled us to reduce debt and improve profitability. We are back on the right track and expect to see continuing improvements being delivered in future years.

Paul says lifting volumes and revenue will be a focus for the business in FY19 and beyond.

"While FY18 sales were affected by softer market conditions in both New Zealand and Australia and a short term impact on supply to Australian customers as a result of Cavalier's consolidation programme, an uplift in sales is expected in FY19 as we implement our new strategy.

"We are increasing our focus on our higher end, high margin products. Our home markets of New Zealand and Australia remain a priority and we will also carefully consider opportunities in other markets which meet strict criteria, such as a large population of high socio-economic consumers wanting the best of the best in their homes.

“Wool is nature’s miracle fibre and wool will increasingly be a focus for Cavalier. The virtues of wool are becoming more widely known and Cavalier is very well placed to be part of the growing environmental conversation.

As a significant employer in regional New Zealand, where we add value to the New Zealand Wool clip, we applaud the Government’s recent Wool Summit initiatives to prioritise value creation in New Zealand wool.”

Cavalier is considered a leader in innovation in wool flooring and is committed to a contemporary product to match consumer trends.

The company will be working closely with its trade customers to support their sales efforts, with a new sales strategy being rolled out in New Zealand and Australia.

Manufacturing and operating efficiencies have already improved significantly and planning is underway for a new IT platform which will further help operational efficiency.

Cavalier Chairman, Alan Clarke, says the company will continue to assess new business and market opportunities and focus investment, where appropriate, to benefit the company and add shareholder value.

“This is an exciting time for Cavalier as we move forward with a strong operational platform, a new strategy, and rising demand for our high end products. There is huge passion within the company for Cavalier’s products and brands. The Board and management are focused on making Cavalier a preeminent provider of wool flooring in the world.”

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