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ACQUISITION OF A LEADER IN THE BEAUTY SALON MARKET IN AUSTRALIA

HGL today announced the acquisition of BLC Cosmetics Pty Limited (BLC) the Sydney based exclusive Australian distributor of Thalgo products. Thalgo is a worldwide recognised brand of natural beauty and skin care products.

BLC imports Thalgo products from Thalgo France and distributes to beauty salons throughout Australia. The Thalgo brand is well accepted and one of the market leaders in the growing beauty salon market in Australia which is brand and service driven. BLC has training centres, for the training of customer staff, in Sydney, Melbourne and in Brisbane.

As part of the transaction, BLC has entered into a new long term and favourable distribution agreement with Thalgo France.

HGL has introduced Sol Caganoff as a 40% shareholder and CEO of BLC. Sol was previously Managing Director and co founder, together with HGL, of Luxottica Australia. From a small base that company became the market leader in the import and distribution of high quality branded spectacle frames and sunglasses to the professional optometry market in Australia.

"We look forward to supporting Sol Caganoff work with the Thalgo management team to develop Thalgo into an even stronger business for its customers, suppliers, staff and owners" Kevin Eley, Chief Executive of HGL said.

The total purchase price of BLC is approximately \$9m with HGL investing \$8m in the form of equity and debt.

Thalgo will continue to benefit from the contribution of Natalie and Paul Brand, the founders of Thalgo Australia. Kevin Eley said HGL and Sol Caganoff were grateful for their cooperation and assistance during the due diligence process.

In the last three months with the acquisition of Thalgo and Sydney Point of Sale HGL has invested approximately \$14 million in Sydney based import and distribution businesses. As a result HGL's recurring profit after tax and minorities, on a fully debt funded basis, has increased by \$1.1m and is now forecast to be \$4.6 million per annum. This is before any contribution from investment transactions.

"This acquisition forms part of HGL's ongoing strategy to acquire easily understood businesses to strengthen and enhance our ongoing profits and cash flow," Kevin Eley said. "We are reviewing similar opportunities where we are able to introduce partners to run businesses previously managed by the vendors and we are keen to talk with both business vendors and potential managers to discuss these types of opportunities," he added.



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About HGL

- HGL is a diversified industrial investment group listed on the ASX
- HGL invests in easily understood businesses that are usually partially owned by management
- HGL invests for the long term
- HGL has achieved an average compound earnings per share growth of 10% a year since 1990

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Kevin Eley
Chief Executive
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