



G O W I N G B R O S

Investing Together For a Secure Future

GOWING BROS LIMITED

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ASX MARKET RELEASE

Gowing Bros. Limited (ASX: GOW) is pleased to announce that it has today completed the purchase of Surf Hardware International (SHI) from SurfStitch Group Ltd (ASX: SRF). SHI is a manufacturer and global supplier of surf related hardware products under four highly recognised brands including FCS, Gorilla, Softech and Hydro.

Prior to SurfStitch's recent ownership of SHI, Gowings was a shareholder in SHI through its private equity investment with Crescent Capital for nearly 10 years. Over that time, Gowings developed a good understanding of the business and has followed the growth of the company.

Commenting on the acquisition, Managing Director John Gowing said "SHI is a unique Australian business in a niche industry in which Australians have both a strong presence and competitive advantage. The SHI business, which operates largely as a standalone entity, will make a good fit within the Gowings investment portfolio."

Gowings General Manager Garth Grundy said that "Gowings has made several direct private equity investments in recent years and that SHI is a business where we believe that we can add value. We are pleased to be inheriting a strong management team at SHI who we plan to support in realising the further growth potential of the business."

Gowings looks forward to working with all of the SHI team to build on the strategy and grow the business over the long term.

SHI was acquired for a total net consideration of \$16 million with \$10 million paid from existing cash reserves and a deferred consideration amount of \$6 million payable on 30 June 2017. SHI is a profitable business with no debt and will be earnings accretive for Gowings.

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ABOUT GOWINGS

The Company's focus is to preserve and grow the value of its underlying financial and real assets and to grow net income from ordinary activities as the principal source of income to pay ordinary dividends.

Gowings is an investment company whose investment horizon is intergenerational. In fact, Gowings has had only four managing directors since its establishment in 1868. Being a shareholder in Gowings is for investors who share a similar investment philosophy who wish to invest alongside the Gowings family.

ABOUT SURFSTITCH

SurfStitch Group is an industry leading online global action sports and youth culture network. SurfStitch Group has evolved from a pure-play online action sports retailer to become a destination for customers to connect with everything action sports related. Together, SurfStitch Group's websites serve a unique customer audience of over 6 million, representing a digital ecosystem capable of capturing and influencing all points of the surf and action sports lifestyle cycle.