

**ASX Announcement**

**18 October 2017**

**Trading Update**

Specialty Fashion Group Limited (ASX: SFH) (the Group) announces today that, as foreshadowed in the full year results announcement dated 29 August 2017, difficult market conditions experienced in July have continued over the first quarter.

The negative impact of the first quarter on trade means that any improvement is unlikely to be sufficient to recover the shortfall in earnings in that period. As a result, the Group anticipates first half underlying EBITDA to be in the range of \$14.0m to \$17.0m vs. \$30.4m last year.

The business is continuing a robust improvement program focused on optimising the store portfolio, accelerated closure of loss making stores and continuation of its cost out program. Concurrently, it has now completed the successful implementation of a new Ecommerce platform to maximise multi-channel migration.

Full year underlying EBITDA is therefore expected to be in the range of \$14.0m to \$20.0m vs. \$26.7m<sup>1</sup> underlying EBITDA reported in FY17.

**ENDS**

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**About Specialty Fashion Group**

Specialty Fashion Group is the largest specialty retailer of women's fashion in Australasia, through Millers, Katies, Crossroads, Autograph, City Chic and Rivers.

<sup>1</sup>Underlying FY2017 EBITDA adjusted for costs related to change of control proposal (\$1.4m) and store exit costs for City Chic USA stores (\$4.9m).