



**SUPPLY NETWORK LIMITED**

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23 November 2011

The Manager  
Companies Announcement Office  
ASX Limited  
20 Bridge Street  
**SYDNEY NSW 2000**

Dear Sir

**Re: Chairman's Address to Shareholders**

Please find attached the Chairman's Address to Shareholders being delivered to the Annual General Meeting today at 2.00pm.

Yours faithfully

**Peter Gill**  
Company Secretary



## **Chairman's Address 2011**

Welcome to the 2011 Supply Network Limited Annual General Meeting.

The results for financial year 2011 were exceptional and are the rewards of many years of market repositioning and business restructure by our management team. On behalf of the Board and shareholders I would like to thank all our staff for the effort put in to achieve this great outcome.

The milestone of \$50 million in sales revenue was achieved one year ahead of schedule and has seen all financial metrics improve along with it.

Earnings before interest and tax exceeded \$3.8 million

Net profit after tax increased to \$2.5 million

Return on average equity has improved to 18.9%

Interest cover, based on earnings before interest tax depreciation and amortisation is over 21 times.

Your Board's view is that we have the people, knowhow and momentum to enable our company to continue to improve on this performance.

Our organic growth strategy has to date been successful. We are currently developing a new three year plan to 2015 which involves, among other things, further expansion of our branch network and product range, consolidation of our e-commerce and supply services to major bus fleets and a greater focus on the substantial truck and trailer market.

Over the 2012 financial year we expect continued strong sales growth in the range of 10-15% and earnings before interest and tax in the region of \$4.5m.

The move away from special dividends to a more flexible approach to ordinary dividends has resulted in ordinary dividends declared from 2011 earnings increasing by 66% to 5 cents per share, a payout ratio of 68% based on total issued capital. The dividend reinvestment plan was suspended for the final 2011 dividend of 3 cents per share due to our strong cash position, but will be reactivated when the board believes it is required.

Our Balance Sheet is strong with gearing (total interest bearing debt/equity) below 21% and almost no net debt as at the 30th of June. This is at the low end of the range we have set but places us in a comfortable position during this period of renewed uncertainty in global markets. Our plans for growth should be comfortably financed from existing facilities and future cash flow.

I would like to thank you, the shareholders, for your continued support and my fellow directors for their stewardship throughout the year.

Thank you for your attendance at today's meeting.