

SNL 

MULTISPARES



DISCLAIMER

This presentation has been prepared by Supply Network Limited (SNL). The information in this presentation is current as at 18 March 2015.

This presentation is not an offer or invitation for subscription or purchase of securities or a recommendation with respect to any security. Information in this presentation should not be considered advice and does not take into account the investment objectives, financial situation and particular needs of an investor. Before making an investment in SNL, any investor should consider whether such an investment is appropriate to their needs, objectives and circumstances and consult with an investment adviser if necessary. Past performance is not a reliable indication of future performance.

SNL has prepared this presentation based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of SNL, its directors, employees or agents, nor any person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

This presentation may contain forward looking statements that are subject to a range of risk factors and uncertainties. Whilst the statements are considered to be based on reasonable assumptions, the statements themselves and the assumptions upon which they are based may be affected by a range of circumstances which could cause actual results to differ significantly from the results expressed or implied in these forward looking statements.



The Management Team

- Hands-on senior management team with extensive experience in the sourcing, distribution and sale of replacement parts for truck and bus
- Flat structure supporting quick decision making
- Small and stable Board consisting of two Executive and two Non-Executive Directors

Board and Senior Management		Service with SNL
Gregory Forsyth	Non-Executive Chairman	9 years
Geoffrey Stewart	Managing Director & CEO	15 years
Peter Gill	Finance Director & Secretary	20 years
Peter McKenzie	Non-Executive Director	9 years



The Truck Parts Market

- Estimated market size >\$1bn p.a.
- Large range of vehicle models in a relatively small and geographically and climatically diverse market
- Vehicles typically remain in service for 30 years
- Average vehicle life relatively stable
- Fragmented and dynamic customer base
- Replacement parts are mostly non-discretionary purchases and often difficult to plan
- Competitive supply market with item costs and service levels the key drivers



The Bus Parts Market

- Estimated market size >\$100m p.a.
- Dominated by route services in major urban centres and a narrower range of vehicle models
- Vehicles typically remain in service for 25 years
- The majority of route services now operated under contracts with a term of ~8 years
- Significant fleet consolidation under way with many operators seeking a multinational platform
- Replacement parts remain largely non-discretionary purchases but maintenance planning is good
- Highly competitive market with total cost of transacting the key driver



Multispares' Competitive Strengths

- Large and effective information base including in-house catalogues and product demand patterns
- Broad product range covering most truck and bus models
- Strong “first tier” supplier support with competitive global pricing and strategic partnerships
- Targeted branch network supporting fast deliveries
- Large and customer focused stock holding
- Integrated, efficient and service oriented operations
- Robust and complementary IT platform
- Huge customer base covering owner-drivers, fleets, independent repairers and resellers of all sizes
- Experienced and committed staff



The Multispares Strategy

- Build a diversified business connected to all parts of the economy selling SERVICE based on:
 - Reliable parts interpretation and problem solving
 - Consolidation of requirements
 - Quick delivery of parts, and
 - Consistent quality
- To improve the value of our SERVICE, we continue to invest in our:
 - Catalogues
 - IT platform
 - Supply channels
 - Branch networks, and
 - Staff



Current Market Trends

- Total market revenue for replacement parts is estimated to be growing at an average rate of ~5% p.a.
- Industry consolidation is mainly driven by consolidation of the vehicle manufacturers, who generally hold the largest share of the replacement parts market for current models
- Aftermarket companies are increasing their market share but remain competitive and somewhat fragmented along European, Japanese, American and Trailer product lines
- Supply Network, trading as “Multispares”, is the largest independent aftermarket supplier for Japanese and European truck and bus replacement parts in Australia and New Zealand and has a small but growing share of the American truck and trailer replacement parts market



The Financial Year Ahead

- Continued competitive tension in large fleet business
- Consolidation of significant growth in the Bus Market
- Transition to greater emphasis on growth in the Truck Market where there is significant long term potential
- Separation of the large Sydney Branch from the Australian Distribution Centre to improve operating efficiency (scheduled August 2015)
- Relocation of our Australian DC to support double our current revenues (scheduled September-December 2015)
- Consideration and possible preparation for opening one new branch in Australia and one in New Zealand



Long Term Plans

MULTISPARES

- Continued focus on realising organic growth opportunities around the current business model based in Australia and New Zealand
- 3-year revenue target of \$100m at 10% EBIT



- Conservative gearing
- Dividend payout ratio maintained at 60-70% of earnings