



SUPPLY NETWORK LIMITED

ABN 12 003 135 680

1 Turnbull Close Pemulwuy NSW 2145

PO Box 3405 Wetherill Park NSW 2164

Telephone: 02 8624 8077

ASX Release

24 November 2020

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.

Authorised by the Board of Supply Network Limited

Peter Gill

Company Secretary

Telephone: + 61 2 8624 8077

Chairman's Address to 2020 Annual General Meeting

I would like to open by acknowledging the efforts of our management and staff over the last year, as they responded quickly and effectively to the constantly changing conditions created by the Pandemic. Their actions continue to enable our business to safely maintain operations and our high customer service standards.

2020 Financial Year revenue growth of 10.4% to \$136.8m and Net Profit After Tax of \$9.5m would have been considered strong under normal circumstances, but were particularly pleasing in the year we have just had. Growth was solid in most regions and we finished the year with good momentum.

Dividends declared from the FY2020 results totaled 15 cents per share, which is an increase of 7% on 2019.

Unsure of how the pandemic may evolve, the Board took steps to ensure we remained in a strong financial position, including the deferral of payment of the interim dividend and preliminary discussions with our bank on additional funding, if required. As time progressed we learnt more about the resilience of our business under these new circumstances, and as it became clear Australia and New Zealand were navigating the Pandemic much better than most countries we made the decision to bring forward the deferred dividend payment. I am pleased to report that no additional funding was required as a consequence of the pandemic.

Good progress has been achieved on the current 3-Year Plan with our second Brisbane branch making a strong start. We have also signed agreements to lease a third site in Greater Sydney and our first site in Townsville. Both new branches will commence operations in the second half of this financial year, significantly improving service levels for local customers and continuing our balanced approach to network investment in major urban centres and regional areas.

Longer term plans were also advanced for modular expansion of our distribution capacity. We have secured rights to additional space adjacent to our main Brisbane facility and we are developing plans to expand established distribution in Hamilton, New Zealand and to add a new distribution operation in Melbourne to manage a narrow range of high volume items.

The first quarter of FY2021 has seen continued positive sales momentum with revenue sitting around 12% higher than for the same period in FY2020.

Notwithstanding that economic conditions remain weak and markets highly competitive, we now expect to exceed our previously announced FY2022 revenue target of \$150m in the current financial year. The combination of revenue growth and new investment in our network are expected to result in similar Net Profit Margins to what was delivered in FY2020.

Again, I'd like to thank all our staff for their excellent effort over the past year, my fellow Board members for helping steer us through recent challenges and shareholders for their continued support.