



**SUPPLY NETWORK LIMITED**

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21 November 2012

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 2012 Annual General Meeting

Welcome to the Supply Network Limited Annual General meeting.

2012 was another great year for your company.

Growth was again well above industry rates as the effective execution of well laid plans continued to bear fruit. Once again our Managing Director Geoff Stewart and his team have delivered and should be congratulated.

Sales for 2012 exceeded \$60 million while earnings before interest and tax were \$6 million, both significant gains over the prior year. Such growth requires much higher stock and staffing levels but gearing has remained steady at the low end of our desired range while increasing ordinary dividends to 7 cents per share, up 40% when compared with last year.

The organic growth strategy put in place in 2009 has been successful and our plan for the next three years continues along the same lines with a balance of development in both the truck and bus segments and further expansion of our market footprint.

Economies remain challenging, our market's competitive and our branches throughout Australia and New Zealand are dealing with variable economic conditions: nonetheless we aim to grow group revenue by an average 10% p.a. over the life of our current 3-year plan through a targeted approach in largely untapped sectors of the market.

To achieve our goals we will invest further in research and development activities, our people and facilities. Many of the additional costs associated with this will be taken on in the current financial year and we expect this to hold earnings around the record 2012 levels in 2013. These investments are a necessary part of our growth strategy for the coming three years. Growth initiatives previously announced include the relocation of our main warehouse in Auckland NZ to a larger, more efficient site, our NZ head office and branch in Wellington to more suitable premises and an additional branch in Kwinana WA. Today I am pleased to announce we have also now committed to a new branch in the South of Sydney which will expand our retail presence in the large Sydney market and also act as a secondary distribution site to alleviate capacity constraints here in the main distribution centre at Guildford.

We believe these investments will allow us to create the platform for sustainable future growth. As we expand into these new facilities, better buying and continued focus on costs should see the operational leverage of recent years re-emerge. By the end of the 3-year planning period, Supply Network should be in a position to sustain and grow EBIT margins.

Your board has confidence in our executive directors and senior management within the organisation to execute our plan and we look forward to the outcomes over the coming years.

With that I would like to thank you, our shareholders, for your continued support and my fellow board members and all our staff for their efforts to grow our business.

Thank you for your attendance at the meeting today.