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ASX Release

25 March 2020

Trading update and deferral of interim dividend payment

Trading Update

Group performance has been tracking slightly ahead of the guidance issued with our half year result, however, in recent days we have experienced a slowdown of around 10%, consistent with a significant and progressive slowdown in the broader economy.

Our priority has been the health and wellbeing of staff and customers and we have taken many steps to ensure their protection as we continue to conduct business in this rapidly evolving COVID-19 situation.

Last Monday the New Zealand Government issued notice they will proceed to stage 4 social and economic lockdown effective from midnight Wednesday 25 March 2020. Our operations have been classified as Essential Service so all Multispares branches will remain open, albeit with significantly reduced staffing and demand for spare parts.

Given this New Zealand lockdown and the uncertain situation in Australia, the Board has decided to withdraw the revenue and profit guidance provided on 24th January 2020.

We currently hold normal levels of stock and expect any potential interruptions to our supply chain as a result of overseas factory closures to be short term and immaterial. We also expect to be in a strong position to continue our growth trend once market conditions return to normal.

Capital Management

Gearing as at the end of February stood at 26.9% and we are well supported by our lenders.

Notwithstanding this, given current uncertainty around short term revenues the Board has decided it is prudent to defer payment of the interim dividend of 6.5 cents fully franked that was due to be paid on 2nd April 2020 until 2nd October 2020.

We will continue to update the market as trading conditions become clear.

Authorised by the Board of Supply Network Limited

Peter Gill

Company Secretary
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