

**Chairman's Address**  
**Annual General Meeting – 23 October 2017**

The 2017 Financial Year marked the fourteenth time that the company has reported its results as a listed company and I am pleased to report that the Group continues to perform strongly. It has been a record year with sales increasing to \$2.5 billion and the total segment earnings before interest and tax increasing to \$207.3 million.

There were strong contributions from all three Divisions. Pleasingly the restructuring and transformation initiatives undertaken over the past two years have contributed to the strong result with a significant improvement in the Leisure Division.

Our investment in supply chain capabilities is delivering the benefits previously foreshadowed and have contributed to the improved results across the three business. Further efficiency benefits are expected in the current year.

Strong cash flow management augmented the positive operating performance and as a result normalised Net Profit After Tax was \$135.8 million, 25 per cent higher than the prior comparative period. Reported Net Profit After Tax, after deducting the costs of transformation initiatives, was \$101.8 million, 62 per cent higher than the prior comparative period.

The retail environment in Australia continues to see rapid changes, with the arrival of international retailers both online and bricks and mortar, changing consumer expectations and behaviours, digitalisation and new technologies.

The concern over new competitors entering the retail market has dampened our share price performance in recent months but our ten year total shareholder return continues to track strongly ahead of the ASX 200 index.

We have been anticipating increased competition for some time and our strategy continues with a clear focus on our customer and we continue to invest in improving our capabilities to deliver for our customers and team members.

We recognise the need to continue to evolve our businesses to position them to be able to compete and perform in the changing retail environment

We recently announced the merger of our Rebel and Amart Sports businesses. The merger will result in all the Amart stores converting to Rebel with no store closures. This transformation will present the opportunity for the Division to capture efficiency benefits of

\$15 million which can be reinvested back into the Rebel business to strengthen its competitive position.

The Auto Division continues to innovate to keep pace with evolving customer needs. An example of this is the creation of an innovative new concept known as the Customer Experience Centre or Vision Store at Penrith in New South Wales.

The Vision Store creates an engaging experience for the customer where digital is integrated into the store environment. The heart of the store is the Customer Experience Area where customers can interact both physically and digitally.

If you are in Sydney at any time I encourage you to visit the store.

In the Leisure Division, BCF achieved a substantially improved performance on the of back a new brand campaign, revised pricing and promotion strategies and the increased store numbers as a result of the transfer of stores from the former Rays Outdoors business.

The new Rays format has shown some promising signs as we continue to develop and test the concept. As previously announced to the market we will determine the most effect way to move forward with this business in the next six months.

The Group has maintained its disciplined approach to financial management, generating a strong cash flow with Net Cash flow from operating activities of \$234.5 million. This, as in previous years, has enabled the Group to continue to fund the Group's capital expenditure and dividends while reducing average net debt.

We estimate that capital expenditure in 2017 will be approximately \$120 million. We continue to see opportunities to grow each of the businesses by opening new stores, store refurbishments to enhance the in store experience, and building capabilities, particularly around understanding the customer, team members and omni-retail.

Your Directors were pleased to declare a fully franked final dividend of 25 cents per share taking the dividend for the full year to 46.5 cents per share, an increase of 12 per cent on the previous year.

The Group is firmly committed to corporate social responsibility and we share our customer's passion to make our world a cleaner, healthier and happier place. The Group's Sustainability Report which will be published on the company's website in the next two weeks, outlines the Group's strong commitment to being a good corporate citizen, setting out our strategies and the good progress we have made in reducing our impact on the environment. I commend the report to you.

We have a strong commitment to the safety of our team members and the communities in which we operate. The Board is pleased to see that the continued focus on health and safety throughout the Group has resulted in a further reduction in lost time injuries.

The Board recognises the importance of both Board renewal and diversity.

As I mentioned at the beginning of my address, we are now into our fifteenth year as a listed company. I have had the pleasure serving as one of your Directors since listing and Chairman for the past eight years. As previously announced, I will retire at the conclusion of this meeting and Sally will take over as Chair.

It has been a tremendous pleasure and honour to serve both as a Director and as Chair of your Company.

And it's been an exciting and stimulating time and very pleasing to have been part of the substantial growth the Group has achieved since listing.

Following the appointments that we made to the Board last year, female directors represent over 40 per cent of the Board, and with Sally's appointment a female Chair.

In June earlier this year we were pleased to appoint Howard Mowlem to the Board. Howard brings strong financial and retail skills to the Board and is standing for election later in the meeting.

We expect to announce a further appointment to Board in the near future.

On behalf of the Board, I thank Peter, his management team and all of our 12,000 team members for their contribution to our result.

The Directors would also like to thank you, our shareholders, for your support and interest in the Group and I will now call on Peter to talk in more detail on this year's highlights.