

Grays eCommerce Group Limited 2016 Annual General Meeting

Chairman's address – Jonathan Pinshaw

On behalf of the Board I am pleased to welcome you to the 2016 Annual General Meeting of Grays eCommerce Group Limited.

I am delighted to have the opportunity of speaking to you today about a period of significant progress for our company. The 2016 financial year saw Grays eCommerce Group successfully transform from a mix of fixed price retail and auction businesses to a predominantly Business to Business (B2B) online auction business.

Following the sale of the fixed price retail business in November 2015, we refocused our Business to Consumer (B2C) offer on auctions and implemented a number of strategic growth initiatives. These initiatives, combined with a reduction in warehouse space and other costs are targeted to drive profitable growth.

In line with our growth strategy, we continued to focus on further building our B2B auction business, investing in new facilities and expanding our auto yards. We also increased the number of Business Development Managers by 50% to capture growth opportunities we have already identified.

We have leveraged our experience and expertise in new markets, expanding our industrial offering into South-East Asia, as well as the Middle East where we are pleased we already have a number of sales opportunities.

In addition to our organic initiatives, we acquired DMS Davlan at the end of the 2015 financial year. Successfully integrated in the first half of FY2016, DMS Davlan was earnings accretive during the second half.

These initiatives implemented over the 2016 financial year, have put Grays eCommerce Group in a position to sustainably grow over the long term.

The Group's financial performance over FY2016 was excellent, with sales exceeding \$600 million and revenue from our continuing operations up 14% to \$125 million. Even with the increased investment into B2B resources to support growth initiatives, EBITDA from continuing operations was up 33% to \$14.3 million. I will let Mark provide a more detailed overview of our company's financial performance shortly.

The Board was pleased to initiate a dividend policy in FY2016 as part of ongoing capital management and shareholder return initiatives. This was possible due to our strong balance sheet, earnings growth from Continuing Operations and an attractive growth outlook. The dividend policy is linked to earnings per share growth with an expected

dividend payout ratio of around 40% of net profit after tax. It is anticipated that dividends will commence following the release of the first half FY2017 results and be fully franked.

On 10 October 2016, we were pleased to announce the appointment of Nicolette Maury, currently Vice President and Country Manager for Intuit Australia, to our board as a non-executive director. Her experience at a senior level in the digital marketplace, including the online auction environment, will add significant value and expertise to the board. Ms Maury replaced Naseema Sparks who resigned from the board in July 2016, and we wish Naseema well with her other opportunities.

Following a year of transition to refocus our Group as an auction business, we now have the platform in place to underpin the company's future long-term growth. We expect to see the benefits from the strategic initiatives implemented during last financial year to start flowing through this financial year and support the continued growth of our business.

Before I finish today, and on behalf of the board, I would like to thank our shareholders, staff, customers and suppliers for their loyalty and support and look forward to your continued support in the years ahead.

I would now like to invite Chief Executive Officer Mark Bayliss to present more detail regarding Grays' achievements during FY2016 and key priorities for FY2017.