



## ASX ANNOUNCEMENT

7<sup>th</sup> November 2014

### ADG Global Supply Limited – Annual General Meeting for 2014 Financial Year

## Chairman's Address

Our dedicated strategy over the past few years has been to shift the traditional “procurement” ADG business model to one that drives sustainable contract revenue and delivers truly integrated client solutions. During 2014, despite difficult trading conditions, this strategy led to ADG securing six new client contracts with an additional three contracts signed post 30 June.

During FY14, the widely reported cyclical downturn in the resource sector had a significant impact across new project and exploration activities and operating spend. With the vast majority of our key clients involved in the resource sector, this delivered a material impact to our financial results. Combined, sales from our drilling clients and sales of off -the-road tyres fell by 93%. In the face of this, overall revenue for the group was 53% down from the previous year, testament to our diversification strategy over the year.

In light of the trading conditions in the past year, and to best position the company for the year ahead, ADG's Board made a number of one-off balance sheet adjustments. This comprised a write off of all goodwill associated with the business (\$7.8m) and impairment of stock by \$3.9m. This was in addition to a bad debt write down as reported during the year of \$1.8m.

Some of the positive outcomes for the year include new contracts and new joint venture company, Matera Supply.

Despite a difficult year with significant changes in market conditions the business continues to focus on improving our financial position through its strong pipeline.

Importantly, our outlook and return to a profitable position does not overly rely on a recovery in sales of off -the-road tyres or resurgence in mining exploration. Any recovery from these areas will be an added benefit to ADG.

Our strategy is focused on new and current client growth as well as a continued focus on improving working capital management and cost management.

Further, we are committed to continually building our capability in industrial products, procurement and supply chain.

Building our own capability will bring more value to our clients and in turn allow us to become an integrated partner to assist them to improve their bottom line.

As always, we would like to sincerely thank the Board, ADG Management and team and our Shareholders for your ongoing support.

**ADG Global Supply - Australian Head Office**  
19 Walters Drive Osborne Park Western Australia 6017  
PO Box 709 Osborne Park BC Western Australia 6916  
**T** +61 8 9329 5900 **F** +61 8 9329 5999  
**E** [info@adgglobalsupply.com.au](mailto:info@adgglobalsupply.com.au)  
**www.adgglobalsupply.com**  
ACN 082 341 197 (ADG Global Supply Limited)

Australia  
United Kingdom  
South Africa  
Sierra Leone

industrial  
products  
global  
procurement  
supply  
chain



I would also like to thank our out-going CFO, Paul Roberts, who will continue to provide company secretarial services but has moved on from his operational role of CFO. His input and dedication has been highly valued over the past few years.

End.

**For more information contact**

John Mancini  
Managing Director  
+61 8 9329 5900  
[info@adgglobalsupply.com](mailto:info@adgglobalsupply.com)

Joanne Stewart  
Communications Manager  
+61 8 9329 5900  
[stewartj@adgglobalsupply.com](mailto:stewartj@adgglobalsupply.com)

**About ADG Global Supply** ADG Global Supply (ASX:ADQ) is an industrial products, global procurement and supply chain services company. Headquartered in Perth, Western Australia, ADG services clients in over 50 countries around the world.

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19 Walters Drive Osborne Park Western Australia 6017  
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**E** [info@adgglobalsupply.com.au](mailto:info@adgglobalsupply.com.au)  
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