

Chairman's Address 22 Nov 2016 AGM

Thank you for joining us for Joyce Corporation's 2016 Annual General Meeting. I am Dan Smetana, the Chairman of Joyce Corporation.

Firstly, I would like to run through the highlights of the last year.

Many of the shareholders who have been with us for some time would have heard me refer to our Company as being in a robust financial position. I am pleased the results are again showing significant year-on-year increases in performance.

As at 30 June 2016 the Company had zero bank debt, which provides ample opportunities for growth. We anticipate some modest, low-level debt coming onto the balance sheet shortly as we implement our strategy, including the \$6.5 million acquisition and construction of the Howe Street, Osborne Park property (just around the corner). This property will house our central offices and Bedshed warehouse, as well as providing further space for rental potential and other future growth plans. We strongly believe this asset presents future scope for solid revaluation gains in the years to come.

Revenues for the group in 2016 were up 62.8 % year-on-year to \$56.5 million. This year we are already maintaining a relatively high rate of revenue growth for the first quarter of 2017, and whilst there are some uncertain global economic challenges ahead, the Company is well placed to take advantage of opportunities that may arise locally.

The company's financial position is strong and underpins our ability to grow and pay good dividends. As I have previously mentioned in my letters to shareholders, it comes as no surprise that we have paid increased dividends year-on-year over the recent past. These dividends are now fully franked. We paid six cents including a final dividend on November 18, 2016 and this brings the year's dividend, including special dividend, to 11 cents per share, fully franked. The earnings per share (EPS) on a fully diluted basis for continuing businesses in 2016 was 6.3 cents for members of Joyce Corporation.

It is our stated plan to replace the five cents per share per annum special dividend that was derived from the profit on the sale of our industrial property at Moorebank in NSW, to become a regular dividend. We believe we are on track to achieve this earlier than anticipated as cash earnings from new business units and subsidiaries are delivered.

Subsequently, as an after balance date event, on July 1, 2016 we announced Joyce International Pty Ltd, a wholly owned subsidiary of Joyce, purchased a 51% interest in Lloyds Online Auctions Pty Ltd, the owner of www.lloydsonline.com.au.

The business acquisition is earnings accretive and is estimated to add approximately 3.85 cents per share, per annum after tax for 51% to Joyce's EPS and approximately five cents per share to EBITDA. It will also add an estimated \$10 million to our revenue. Notwithstanding this immediate effect, Lloyds Online has further plans to develop and grow.

Joyce Corporation's other business units, including Bedshed and KWB group (kitchens), performed well and to our expectations. The total group network written sales, including franchisee sales, is expected to be within the range of \$180M- \$200M in 2017. At this early stage it appears to be tracking toward the higher end of this range.

The strategic development and execution of our plans have been extraordinarily progressive. Not only do we now find ourselves, after selling Moorebank, with cash in the bank, we now own an industrial property in a highly desirable location, and a number of fast-growing, cash-generating business units with huge potential. This has underpinned and set the foundation for further growth opportunities for Joyce into the future.

I would like to acknowledge the contributions made by the entire management team and staff, including Mr Anthony Mankarios our Executive Director and the Joyce and KWB Boards for a solid, enviable performance. I have no hesitation commending the Company as highly secure and with significant wherewithal for growth. I particularly wish to acknowledge the founder of Lloyds Online Auctions, Andrew Webber and Mark Fitzpatrick Chief Operations Manager who are here with us today. We really look forward to a prosperous relationship together.

I look forward to sharing our positive future together as we continue to consolidate on 130 years in business. I will now pass on to Anthony to present us with an update and brief summary of the year just past.

Dan Smetana
Chairman