SUPPLY NETWORK LIMITED
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17 November 2015

The Manager
Companies Announcement Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: Chairman's Address to Shareholders

Please find attached the Chairman's Address to Shareholders being delivered to the Annual General Meeting today at 2.00pm.

Yours faithfully

Peter Gill
Company Secretary

Chairman's Address 2015 Annual General Meeting

Welcome to our new facilities in Pemulwuy. For anyone interested we will conduct a brief tour at the close of the meeting today.

Sales for the 2015 financial year grew 5.1% to $85.3m. Although our pace of growth slowed last year, this was a solid performance in a transitioning economy and circumstances that have stimulated significant competitive activity.

Earnings Before Interest and Tax (EBIT) declined 4.9%, predominantly as a consequence of higher rent and staff costs related to network expansion and branch renewal projects. Although the Australian dollar weakened against our major sourcing currencies, negotiated reductions in many product costs and improved price management prevented any significant deterioration in gross margin.

Earnings per share (16.16 cents) declined by a slightly greater 7.9% due to the increased number of shares on issue.

Total ordinary dividends declared from 2015 earnings were 9 cents, which is steady on the prior year.

In addition, the Board declared a special dividend of 25 cents fully franked, which returned a significant amount of retained earnings to shareholders.

The Dividend Reinvestment Plan (DRP) operated for both the interim and special dividends and a high participation rate enabled us to conserve cash to fund the planned significant increase in capital expenditure. It has also resulted in a large increase in the number of shares on issue, which we hope will lead to more market liquidity. As a sign of your Board's confidence in the future, the final dividend was held steady and paid on the expanded capital base without the DRP in operation.

Excellent cash flow over the year put the balance sheet in good shape ahead of the significant capital expenditure incurred in setting up the new Sydney Branch and Pemulwuy Distribution Centre (DC) and relocating some of our IT systems to a second data centre substantially improving our disaster recovery capacity.

The relocation of Sydney operations will conclude a major branch renewal process undertaken over the last few years in both Australia and New Zealand. As discussed in the past, space constraints and in some cases out-dated locations had become barriers to continued growth. We have now removed these barriers and established a platform for continued organic growth from modern, efficient and safer facilities.

No new branch locations have been opened over the past 12 months while we focused on relocating our main Perth site and Sydney operations. Recently opened regional branches are performing well in both Australia and New Zealand and additional sites are under consideration for the 2017 financial year.

Continued product development is supporting growth in targeted areas of the truck market and after a year of consolidation in the bus market we are again developing new opportunities in this customer segment.

As outlined in the Annual Report, we expect revenue growth of around 5% in the current year and to increase revenue to $100m over the following 2 years.

2016 financial year EBIT is expected to be in the region of $7.5m as a result of additional costs associated with new premises in Sydney and Perth and a number of one-off expenses relating to the Sydney relocation.

With a major capital expenditure cycle behind us it is the Board's intention to flex the payout ratio to maintain dividends at the current rate over the 2016 financial year, subject to any material change in business conditions.

This year, due to the Sydney relocations, there will be a slight change to the usual timing of the release of our half-year results. Unaudited half-year results will be released to the market in mid-February and final half-year accounts in late February.

Once again, I would like to thank all our staff, senior management and Directors for their dedication, loyalty and efforts over the past year and our shareholders for their continued support.