

**Chairman's Address
Annual General Meeting – 21 October 2015**

The Group has achieved significant growth since listing in particular in the last five years. Group sales have grown from \$0.94 billion to \$2.24 billion and Group EBIT from \$65.8 million to \$170.2 million.

During this time the company's share price has increased from \$5.27 as at 20 October 2009 to \$9.00 at the close of the market yesterday and annual dividends from 21.5 cents to 40 cents.

In the context of this strong track record, the 2014/15 year was a more mixed year for the Group. The larger auto and sports business delivered both increased sales and profit. However the total Group profit was below our expectations. Net profit for the year attributable to shareholders was \$81.1 million compared with \$108.4 million in the previous year representing a reduction in earnings per share from 55.1 cents to 49.4 cents. This result was adversely impacted by our decision to undertake significant restructuring activities to address performance issues in a number of the smaller businesses.

The two most significant of these were:

- The closure of Fishing Camping Outdoor in New Zealand, which was completed by June 2015 within the amounts provided; and
- The decision to restructure and reposition the Rays business

The repositioning of Rays is well advanced with the first three stores in the new format now open and a further two stores currently being refurbished. The new stores involve changes to the brand, product range and store fit out. The company is very excited about the presentation of the store; it has taken the retailing of outdoor products to a new level. I encourage you to visit one of the new stores the closest one to us here is Rothwell.

During the last few years net profit had been affected by a number of one off items, restructuring costs, and the expenditure in developing supporting capabilities especially in the areas of online retailing and the supply chain. These investments are substantially complete and this year we expect to start to achieve operational efficiencies and increased returns from this investment.

While the share price has not grown materially over the past two years, shareholders who invested in the IPO in 2004 have received over the period since listing to the end of FY15 a total shareholder return of 775% compared with 154% for the ASX 200 accumulation index over the same period. This has placed the Group in the top 20% of total shareholder returns.

The Group continues to focus on providing solutions and engaging experiences that enable our customers to make the most of their leisure time. A strategic platform has been developed and implemented in each of the businesses comprising the following initiatives to enable the Group to achieve this vision:

- Understanding our customers' leisure passions and their behaviours, opinions and preferences
- Engaging and inspiring our customers across all channels
- Developing Innovative and Relevant solutions
- Building leading Private and Exclusive brands.
- A fully integrated optimised supply chain
- Engaging and developing our Team

While at a reduced level to the previous year we will continue to invest in and develop our capabilities in a number of key areas to achieve the above objectives and become a successful multi channel retail organisation. This will enable our customers to shop with us how they wish either in store, online or a combination.

During the year the company generated strong cash flow with Net Cash flow from operating activities of \$182 million, an increase of \$14.8 million on the previous period. This enabled the Group to continue to fund the investment in the development of our businesses and supporting capabilities out of operating cash flow. During the year, \$71.9 million of capital was invested in the business, comprising \$38.8 million in new and refurbished stores and \$33.1million developing and improving capabilities in multi channel platforms, new loyalty programs, supply chain and inventory management.

We see opportunities to grow each of the businesses by opening new stores, store refurbishments and an improved online presence. We expect to open a total of 30 new stores this year. In addition, we will increase the rate at which we refurbish stores as we continue to test and roll out new features in each of the businesses. This year there will also be further investment in building capabilities particularly around understanding the customer, online channels and optimising the supply chain.

We estimate that capital expenditure in 2015/16 will approximate \$100 million with the major portion being on new and refurbished stores. As in past years we expect that this capital spend will be funded from operating cash flow.

The Group is firmly committed to being a good corporate citizen in supporting the safety of our team members and the communities in which we operate.

This year has seen increased emphasis in Health and Safety to better understand the safety hazards in our business and to identify controls and practices to mitigate the risks to our team members.

We are conscious of the need to minimise the impact that the business has on the environment with continued focus on a number of environmental initiatives including reducing packaging and power consumption and the recycling of waste particularly packaging materials, batteries and oils.

As a large importer of private label and international brands we are committed to ethical sourcing. We have an ethical sourcing policy which we require all suppliers to adhere to. In addition we undertake audits of our suppliers on a regular basis to ensure compliance with our ethical sourcing policies.

Directors were pleased to declare a fully franked final dividend of 21.5 cents per share taking the dividend for the full year to 40 cents per share, the same as last year despite the fall in net profit. As in previous years the dividend is funded out of operating cash flow.

I would like to thank my colleagues on the board for their contribution including Rob Murray who resigned during the year. On behalf of the board thank Peter, his management team and all of our 12,000 plus team members for their contribution to our result in a challenging year.

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.