



Market Release

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29 November 2017

Manager Companies  
Company Announcements Office  
Australian Securities Exchange Limited  
Level 4, Stock Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**CORUM GROUP LIMITED (COO) - ANNUAL GENERAL MEETING 2017**

Please find attached the address of our Chairman, Bill Paterson and Chief Executive Officer, David Clarke, presented at today's Annual General Meeting.

For further information please contact:

David Clarke  
Company Secretary



## **Address of Chairman and Chief Executive Officer**

Ladies and Gentlemen

Welcome to the Corum Group Limited Annual General Meeting.

As outlined in my Chairman's letter in the Annual Report, Corum continues to address the underlying causes of its declining revenues.

Corum has been doing this by:

- Vigorously addressing the needs of our customers
- Continuing to improve the utility of the products
- Continuing to work on streamlining and automating company processes; and
- Examining all expenses and expanding on the steps already taken to reduce them.

These activities are being undertaken against a background of banner group losses in prior years and in that context the focus of Corum is to:

- Transform the business so it is profitable on the projected revenue base.
- Position the business to take advantage of emerging opportunities in the health care sector; and
- Actively pursue merger and consolidation opportunities.

I will now hand over to David Clarke, the Company's Chief Executive Officer, to explain these activities and Corum's progress.

Corum has been experiencing a reduction in customer sites over a number of years and this has impacted revenue and profitability. Most recently, this is the result of the loss of banner groups through unsuccessful tendering processes in 2015 and 2016. As members of these groups continue to migrate to their chosen provider, a decline in Corum's revenue will similarly be reflected in Corum's results.

However, excluding these banner group losses, annual recurring revenue in the first quarter of FY18 has been flat and our customer base has stabilised.

The Company is responding to the situation by executing a strategy focused on Stabilisation, Transformation, and Growth.

The business has been stabilised by the steps taken to rebuild customer confidence. We are transforming the business by creating a leaner Corum that is profitable at lower revenue levels and a business with a strong platform from which to grow.

Growth in the near and medium term will come from our existing and new products, and engaging with the broader digital health sector. We see opportunities to grow organically and through partnering or merging. The company is actively focused on all of these areas.

We are retaining customers by rebuilding customer confidence in our existing products and our internal support, by re-engaging directly with banner groups, and providing standard integrations with third party products. We have completely addressed the legacy stability issues with the LOTS Dispense and POS products, eliminating previous product deficiencies and causes of product failure. We have also put in place enhanced test and release processes to ensure that what is released is fit for purpose. This has helped us improve our brand perception and reputation.

We are also retaining customers by delivering additional features, such as Tyro integration and streamlined dispensing workflow, and we have lifted engagement with pharmacy groups, giving attention to the specific requirements that help them and their members succeed. We have upgraded our core head-office product, RPM, to incorporate new features and have made other changes to ensure that the needs of these enterprise banner groups are being met.

We are actively addressing the challenge of achieving net revenue growth. We see near term growth opportunities in areas such as integrating with accountancy software, loyalty programs and Dose Administration Aids. We are commercialising add-on products that solve problems facing community pharmacies including the Corum Bill Payments platform, script scanning solutions and Corum Safeguard.

Growth and reputation will also be driven by integrations such as the My Health Record and further simplification and enhancements to the head office store management, reporting and analytics products.

All these initiatives are in development and will build revenue either directly or through increased demand for our core products.

Corum is also pursuing growth from other sources such as the Prescription Exchange Services where we currently achieve less than a 20% completion of electronic prescriptions sent to the exchange.

In the longer term, Corum recognises the continued need to invest in new generation software to sustain competitiveness. The Corum Clear product platform provides new workflow, simplified integration, and the flexibility to incorporate new features over time. It uses the latest edge-computing techniques to combine on-premise and cloud technologies to balance the need for speed, flexibility, access to data, and security.

The cloud-based Clear Reports are now in use by early adopters and customer reference groups, allowing reports to be refined and further functionality developed. Clear Dispense is on track for tech-preview in January 2018 and will be ready for market release once we are satisfied it has met the standards of our revised test and release protocols. Corum Safeguard, which acts as a platform for the Clear products, is already installed in over 200 pharmacies.

Growth opportunities outside our core pharmacy dispense and retail offerings are also being explored, including transaction and subscription-based revenue streams within the digital health space.

Our transformation program addresses all immediate key drivers relating to revenue and cost; including brand reputation, customer experience, product performance, internal productivity and general overheads. Corum's prime measure of success will be free cash flow.

Beyond the revenue initiatives, internal productivity gains are essential to enable the business to adapt. Customer hardware sales and support is one example: we have listened to customers and as a result, Corum has:

- simplified our involvement
- streamlined our materials handling
- arranged for our software to be factory installed by suppliers; and
- developed software-driven solutions to hardware-created problems.

This is expected to significantly reduce the time and complexity for our support teams and greatly improve the experience for our customers.

We are taking this type of action across all areas of our business.

Our focus is squarely set on retaining customers, building revenue and transforming the business to be leaner and more competitive.

We aim to contribute directly to the success of our customers and the care of their patients. This is at the centre of everything we do and we believe that our customers' success will reflect in ours.

I would like to thank our customers, investors and staff for their continued loyalty, support and commitment to Corum over many years.

**Bill Paterson**  
Chairman

**David Clarke**  
Chief Executive Officer