



TPI Enterprises Ltd

Annual General Meeting – 29 May 2017





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Introductions

TPI Representatives & Auditors

TPI Representatives

1. Mr. Peter Robinson, Non Executive Chairman
2. Mr. Jarrod Ritchie, CEO and Managing Director
3. Mr. Simon Moore, Independent Non Executive Director
4. Mr. Stuart Black, Independent Non Executive Director
5. Mr. Todd Barlow, Non Executive Director

TPI Auditor

1. Mr. Tony Batsakis - KPMG





Notice of Meeting

Items

Item 1

Receipt and Consideration of Financial Statements and Reports for the year ended 31 December 2016.

Item 2 Resolution 1

Adoption of Remuneration Report for the year ended 31 December 2016.

Item 3 Resolution 2

Re-election of Mr. Todd Barlow as a Non-Executive Director.

Item 4 Resolution 3

Re-election of Mr. Simon Moore as a Non-Executive Director.



Notice of Meeting

Items

Item 5 Resolution 4

Re-election of Mr. Stuart Black as a Non-Executive Director.

Item 6 Resolution 5

Ratification of Placement.

Item 7 Resolution 6

Approval of TPI Share Appreciation Rights Plan.

Item 8 Resolution 7

Approval of grant of Share Appreciation Rights to Managing Director under the TPI SARP.



TPI Enterprises Ltd

AGM

29 May 2017





AGM AGENDA

TPI at a glance

Recent Highlights

Strategic Priorities and Progress

Financial Results

Market Update

Business Update



TPI AT A GLANCE





TPI ENTERPRISES LTD

At a glance

- Stock Code ASX: **TPE**
- Founded: **January 2004**
- Listed on the ASX: **August 2015**
- Market Cap: **\$145 million**
- Shares on Issues: **72.9 million**
- Employees **62**
- Head Office: **Melbourne Australia**
- Core competency: **Lowest cost Narcotic Raw Material (NRM) producer globally**
- Currently has manufacturing and storage facilities in: **Melbourne Victoria, Cressy Tasmania, Lisbon Portugal**

.





RECENT HIGHLIGHTS





2017 RECENT HIGHLIGHTS

Significant progress YTD

Financial

1. Completed \$44.2 million Capital Raising.
2. Strengthening of senior executive team. **CFO Appointed, Agricultural Director Appointed, API Regulatory Director Appointed**
3. Targeting 15% reduction in fixed cost base. **On track for a minimum \$1.0 million reduction**

Supply Chain

1. Continued expansion of supply chain. **TPI now has access to NSW, SA and Hungary**
2. Targeting **the best farmers has yielded a 100% increase in kg/Ha in 2017** compared to 2016





2017 RECENT HIGHLIGHTS continued

Significant progress YTD

Production

1. Toll processing approvals received. **2000 tonnes targeted to be processed in 2017**
2. Production improvement continuing. **Well placed for 55 tn production in 2017**

API

1. UK API Strategy on track. **First Codeine NRM batches produced**, Validation campaign planned for July 2017 with Sterling Pharma
2. Portugal API Strategy on track. **All site approvals received**, plant and equipment design and quotation occurring
3. Expansion into Medicinal Cannabis initiated. **Licence applied for and pending** (invoice paid) with partners being identified





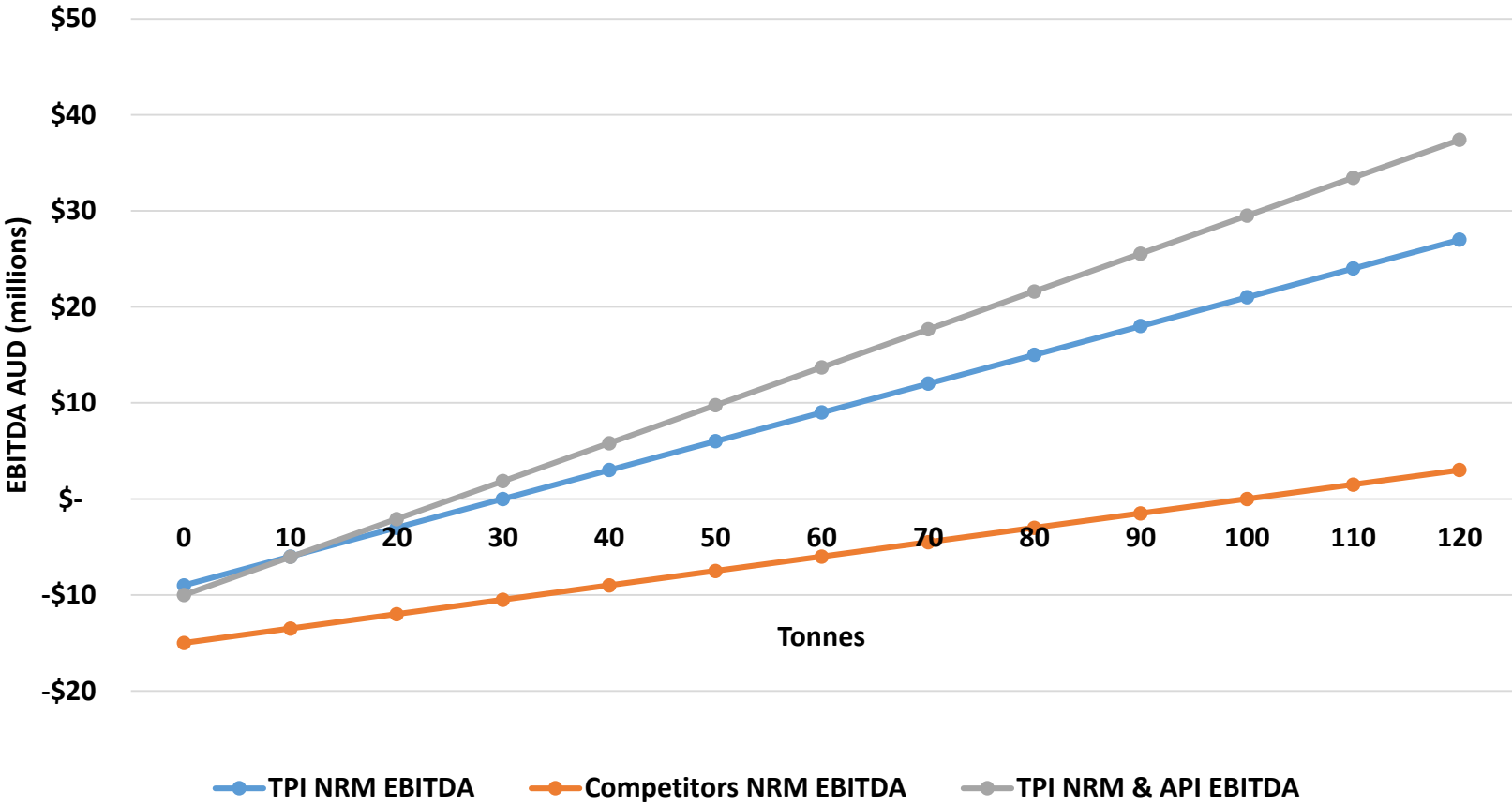
STRATEGIC PROGRESS





ILLUSTRATIVE COMPARISON OF TPE COMPETITIVE ADVANTAGE

TPI's NRM business breakeven at approx. 30 tonne per annum, lower with API's





2017 NRM PRIORITIES AND PROGRESS

NRM business on track

Sales of 55tns NRM 1500 tns Poppy Seed	
KPI	Target
Production throughput	✓
Sufficient contracts	✓
Sufficient raw material	✓
Sufficient Poppy Seed	✓
Clean Poppy Seed production	Delayed until H2 2017

Supply Chain	
KPI	Target
NSW/SA Growing	✓
Codeine & Thebaine varieties	✓
Hungary imports	✓
Toll Processing	✓
3000Ha Contracted in Australia	Oct 2017

Cost Reduction	
KPI	Target
15% fixed cost	✓
20% Reduction in Crop Cost	✓
Reduced Interest costs	✓
Agri overhead Reduction	✓
Reduction in COGS	✓

Expanded Customer base	
KPI	Target
US Market	Samples supplied
Asia	Explore
UK CPO Contract	Sept 2017
India contracts	Nov 2017
Other Toll contracts	Dec 2017



2017-2018 KEY API PRIORITIES AND PROGRESS

UK Codeine Phosphate (CPO) on track, continued investment in other products

UK CPO API Strategy	
KPI	Target
Codeine NRM Produced	✓
CPO UK Registration batches	July 2017
CPO CEP Submission	Dec 2017
CPO Validation	Sept 2018
CPO CEP Approval	Nov 2018

Portugal API Strategy	
KPI	Target
Licence approval	✓
Design completed	✓
Full construction costing	Sept 2017
Contract for construction	Jan 2018
Completion of Construction	Feb 2019

New Products	
KPI	Target
Oripavine Samples	✓
NHM orders	Dec 2017
Naloxone Lab development	Dec 2017
DHC CEP Submission UK	Jan 2018
DHC CEP Approval	Jan 2019

Medicinal Cannabis	
KPI	Target
Licence Applied for	✓
Licence invoice paid	✓
Partner identified	On-going
Growing trials	Dec 2017
Extraction trials	June 2018



FINANCIALS





2016 FULL YEAR RESULTS

Key Points

1. Total Revenue of \$10.6 million for 2016

- a. Seed and NRM sales of \$7.6 million.
- b. Grant monies of \$2.9 million.

2. Total Expenses reduced by \$8 million

- a. \$7 million reduction in impairments.

3. Total operating loss of \$11.2 million

- a. Total reduction of \$14 million in operating losses YoY.

	Consolidated 2016 \$	Consolidated 2015 \$
Revenue		
Sale of goods	7,614,801	2,064,578
Other income	2,941,648	1,614,485
	<u>10,556,449</u>	<u>3,679,063</u>
Expenses & Depreciation		
Combined Expenses	(18,940,631)	(25,243,343)
Depreciation and amortisation expense	(2,858,984)	(3,556,296)
	<u>(21,799,615)</u>	<u>(28,799,639)</u>
Loss from operating activities	(11,243,166)	(25,120,576)
Net finance expenses	(2,777,669)	(779,262)
Loss before tax	(14,020,835)	(25,899,838)





MARKET UPDATE

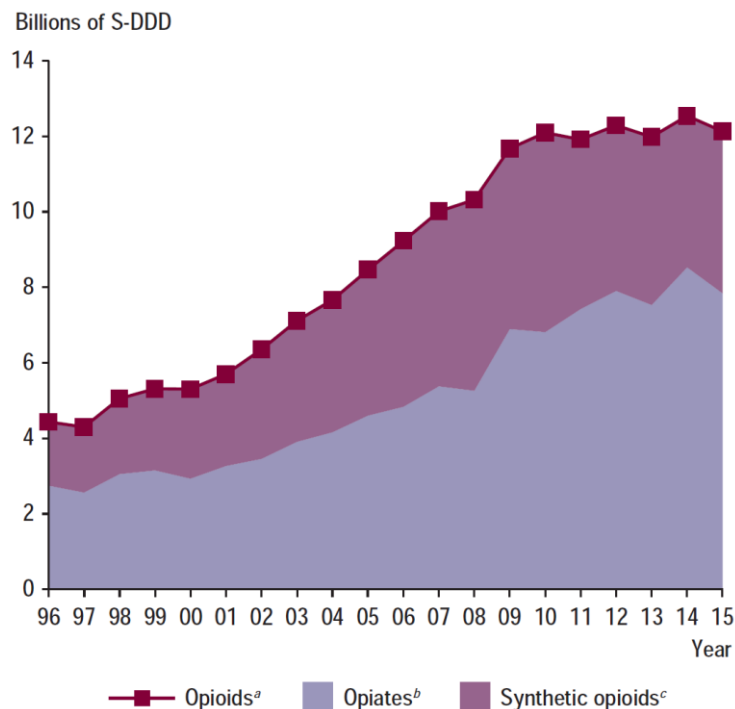




NRM Market Update

NRM pricing influenced by excessive stocks

Figure IV. Global consumption of opioids,^a expressed in billions of defined daily doses for statistical purposes (S-DDD), 1996-2015



Update

1. Continued growth in Opiates, while flattening (US) demand of synthetics
2. Approx 90% of supply sold to 15% of World Population
3. For moderate to severe pain, the WHO has recognized that strong opioids, such as morphine, are 'absolutely necessary'

Useful Links for Investors

INCB

https://www.incb.org/documents/Narcotic-Drugs/Technical-Publications/2015/part_3_SandD_E.pdf

DEA Quota

<https://www.deadiversion.usdoj.gov/quotas/>



MARKET TRENDS

Consolidation within the industry continuing

TWO LARGEST NRM PRODUCERS (Johnson & Johnson and GlaxoSmithKline) sold their NRM operations to SK Capital and Sun Pharma respectively

1. New owners are focussing on reducing inventory.
2. Approx. 14,000 Ha to be planted in Australia compared to peak of 32,000Ha
3. Prices at farm gate dropped by 15% accommodating reduced pricing while inventory is reduced.



MARKET TRENDS

USA and ROW opposite stories

USA Market is flat for pain relief, rest of the world growing

1. Main US product, Oxycodone Quota is flat (130 MT of Thebaine input per annum)
2. However other products such as Naloxone, Naltrexone that are used to treat opiate abuse growing.
3. Prices of Thebaine are starting to strengthen in USA due to supply consolidation and API competition.
4. Over last 2 years Indian Opium cultivation has dropped by 75%



MARKET TRENDS

Morphine continues to be the gold standard in pain relief

Competing products/Market developments

1. Recent announcement that only one weeks use of Ibuprofen can double the risk of heart attack
2. Medicinal cannabis not generally effective for acute pain relief
3. Growth in Asia starting to gain traction with Asia being a key focus of TPE
4. No new products in the market for a replacement of opiate pain relief



BUSINESS UPDATE





BUSINESS UPDATE

Strengthening the balance sheet and diversifying supply

Financial

1. Completed \$44.2 million Capital Raising

- a) \$12.5 million cash on hand
- b) \$12 million inventory excluding Hungary imports
- c) WHSP Debt fully repaid with \$12 million debt facility available (expires March 2018)

Raw Material Supply

1. Continued expansion of supply chain

- a) **NSW, SA added** to Victoria, NT and Tasmanian as approved growing areas (discussions with QLD and WA ongoing)
- b) Department of Agriculture Water Resources (DAWR) **approval to import Portugal, Hungary and Turkish Straw**
- c) **Hungarian Straw currently in transit** expected to arrive week commencing 12 June
- d) New **poppy varieties with higher % alkaloid** being grown commercially





BUSINESS UPDATE

Production continues to improve with both NRM & API expansion on track

NRM Production

1. Continues to improve

- a) Continued **improvement in processing efficiencies and throughput**
- b) Commercial **batches of Codeine NRM and Thebaine NRM completed in H1** of 2017 reducing H1 sales
- c) 2nd Half 2017 production ramp up to 7 days in preparation for **approximately 75 tonnes of sales in 2018**

API

1. API Strategy on track

- 1. Sterling partnership opening closed UK market** (60 tonne Codeine Phosphate Market)
- 2. All Portugal API approvals received**





BUSINESS UPDATE

Tale of two halves with 2nd half showing continued strength

Sales

1. Sales continue to grow

- a) NRM sales ramp up is slower than API due to longer term contracts
- b) Second half will have larger sales due to toll processing
- c) Expansion into new markets for NRM are a priority, including the USA and Asia
- d) Licences continue to be obtained to enable API expansion which open up spot business through tenders
- e) On track for 55 tonnes sales for 2017



THANK YOU



Business of Meeting

Attendance Cards

Yellow	Voting Shareholders
Blue	Non-Voting Shareholders
Red	For Visitors

Voting

A significant number of TPI shareholders vote by proxy, and the Board considers it appropriate to recognise the votes both of those shareholders present today and those who have voted by proxy and are not present.

Accordingly, I will not call for a show of hands on each item. Instead, **all Resolutions set out in the Notice of Meeting will be put to a poll.**



1. Receipt and Consideration of Financial Statements and Reports

“To receive and consider the Financial Statements of the Company and its controlled entities for the year ended 31 December 2016, together with the Directors' Report (other than Remuneration Report) and the Independent Audit Report as set out in the 2016 Annual Report.”



2. Resolution 1 - Adoption of Remuneration Report (Non-binding resolution)

To consider, and if thought fit, to pass the following resolution as an ordinary resolution*:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as contained in the Company Directors’ Report for the year ended 31 December 2016 be adopted”.

**Note: under Section 250R(3) of the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.*

Proxies Received	
For:	22,942,971 (75.24%)
Against:	7,548,303 (24.76%)
Open – usable:	384,843
Abstain:	126,200
Exclusions:	4,953,138





3. Resolution 2 - Re-election of Director – Todd Barlow

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the members of the Company approve the re-election of Mr Todd Barlow, a Director of the Company who, pursuant to clause 23.10(d) of the Company's Constitution, retires by rotation and being eligible offers himself for re-election."

Proxies Received	
For:	35,168,491 (98.62%)
Against:	492,000 (1.38%)
Open – usable:	381,483
Abstain:	12,001
Exclusions:	0



4. Resolution 3 - Election of Director – Simon Moore

To consider, and if thought fit, to pass the following resolution as an ordinary resolution*:

"That the members of the Company approve the Election of Mr Simon Moore, a Director of the Company appointed by the Board since the 2016 Annual General Meeting who, pursuant to clause 23.6 of the Company's Constitution, retires and being eligible offers himself for election by shareholders."

Proxies Received	
For:	33,932,181 (98.99%)
Against:	347,200 (1.01%)
Open – usable:	369,483
Abstain:	13,801
Exclusions:	1,379,310



5. Resolution 4 - Election of Director – Stuart Black

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the members of the Company approve the Election of Mr Stuart Black, a Director of the Company appointed by the Board since the 2016 Annual General Meeting who, pursuant to clause 23.6 of the Company's Constitution, retires and being eligible offers himself for election by shareholders."

Proxies Received	
For:	35,186,491 (98.68%)
Against:	472,200(1.32%)
Open – usable:	380,983
Abstain:	13,801
Exclusions:	0



6. Resolution 5 – Ratification of Placement

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given for the prior issue of 9,509,175 new TPI Shares, as more fully described in the Explanatory Statement."

Proxies Received	
For:	8,965,196 (95.84%)
Against:	389,001 (4.16%)
Open – usable:	383,483
Abstain:	2,000
Exclusions:	26,316,295



7. Resolution 6 – Approval of TPI Share Appreciation Rights Plan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.2, exception 9 and for all other purposes, the TPI Share Appreciation Rights plan [**SARP**], and future issues to Eligible Individuals under the TPI SARP from the date of this Meeting for the next 3 years, as described in the Explanatory Statement, be approved."

Proxies Received	
For:	28,774,073 (97.80%)
Against:	646,401 (2.20%)
Open – usable:	384,843
Abstain:	1,197,000
Exclusions:	4,953,138



8. Resolution 7 – Approval of grant of Share Appreciation Rights to Managing Director under the TPI SARP.

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant to Mr Jarrod Ritchie of 451,613 Share Appreciation Rights under the TPI SARP, on the terms described in the Explanatory Statement."

Proxies Received	
For:	31,860,458 (97.83%)
Against:	706,777 (2.17%)
Open – usable:	384,843
Abstain:	2,000
Exclusions:	3,103,257



Thank You For Attending

Annual General Meeting – 29 May 2017

