



TPI Enterprises Ltd

Annual General Meeting – 31 May 2018





Introductions

TPI Representatives & Auditors

TPI Representatives

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

5. Mr Jaime Pinto, Company Secretary
6. Mr Brendan Middleton, Chief Financial Officer

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 2017.

Item 2 Resolution 1

Adoption of Remuneration Report for the year ended 31 December 2017.

Item 3 Resolution 2

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

Item 4 Resolution 3

Ratification of Placement.

Item 5 Resolution 4

Approval of TPI Employee Share Plan.



TPI Enterprises Ltd

Chairman's Address and

CEO and Managing Director's Presentation – 31 May 2018





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 2017, together with the Directors' Report (other than Remuneration Report) and the Independent Audit Report as set out in the 2017 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 2017 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:	11,415,657
Against:	9,423,732
Open – usable:	240,454
Abstain:	5,661,120



3. Resolution 2 – Re-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 re-election of Mr Stuart Black, 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:	24,090,721
Against:	69,789
Open – usable:	240,454
Abstain:	2,339,999



4. Resolution 3 – 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 8,181,811 new TPI Shares, as more fully described in the Explanatory Statement."

Proxies Received	
For:	15,618,621
Against:	93,515
Open – usable:	240,954
Abstain:	4,738,902



5. Resolution 4 – Approval of TPI Employee Share 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 Employee Share Plan [**ESP**], and future issues to Eligible Individuals under the TPI ESP from the date of this Meeting for the next 3 years, as described in the Explanatory Statement, be approved. For the purposes of Listing Rule 7.2 exemption 9, this scheme has not previously been approved and there have been no securities issued under the scheme."

Proxies Received	
For:	20,297,121
Against:	1,428,072
Open – usable:	240,954
Abstain:	5,661,120



Thank You For Attending

Annual General Meeting – 31 May 2018





TPI Enterprises AGM – Chairman’s Address

Welcome everyone to the 2018 Annual General Meeting of TPI Enterprises Shareholders.

At the outset, I would like to introduce myself and say a few words about the year since the last AGM.

As some of you may be aware, my background is in Private Equity and, while I have been a non-executive Director of a number of public companies, I am new to the role of Chairman of a public company. I have been fortunate to serve on public boards with a number of high quality Chairmen and I will bring the learnings from these dealings to the role as your Chairman. Importantly, I see the two major roles of Chairman as:

1. to act as the connection point between the Board, Management and the shareholders
2. to work closely with the Board in the development of the corporate strategy and the Managing Director in its implementation and execution.

Ultimately, I am here as your representative and my goal is to help deliver significant value creation for all shareholders.

Now down to the business of today. I would like to make a few comments about the business - the year that has been and the year ahead - and then hand over to the Managing Director who can provide you with a more detailed update.

The year has been one of significant progress across all aspects of the business.

1. The development of multiple supply sources for opium poppy straw has been completed with the Victorian Facility processing straw from Tasmania, New South Wales, Victoria, Hungary and France over the last 12 months. Importantly, these multiple sources appear capable of ensuring supply in line with the projected ramping up of the NRM business to our medium term production target of 100 metric tonnes.

2. The availability of opium straw over the last three months has enabled the Coolaroo NRM manufacturing operations to operate on a consistent basis and in so doing it has confirmed Management’s view of the low-cost nature of the production process relative to its international competitors.

3. The acquisition of the Vistin Opiates business in October has substantially improved the Company’s ability to realise the benefits of its low cost of NRM production by enabling the Company to engage with a much larger number of downstream customers through the sale of opiate-based Active Pharmaceutical Ingredients (APIs) and tableted finished goods. We are already seeing the benefits of the combination in the form of increased production of NRM and its subsequent sale as the API, codeine phosphate.



However, the year has not been all positive, as is reflected in the share price decline, with three significant disappointments taking the gloss off the very significant progress that has been made.

1. The decision of the Managing Director to sell half his shareholding to meet personal financial obligations was unhelpful, poorly explained and damaging to the credibility which the Company had worked hard to rebuild after its difficult start as a publicly traded entity. The Board has discussed this decision at length with the Managing Director and has determined that the appropriate consequence is that the Managing Director forgo a Long Term Incentive Award for the 2018 Year.

2. The subsequent half year earnings result shortfall, explainable in large part by delays in the delivery of opium straw under the tolling contract, the inventory position of Vistin at the time of acquisition which delayed the recognition of NRM sales which were now internal and additional costs associated with the initial operation of the Vistin Opiates acquisition but nonetheless disappointing.

3. The financial condition of the non-strategic Contract Manufacturing Operations of the acquired Vistin Opiates business have proven not to be as represented in the sale process and Management has commenced corrective actions looking to either renegotiate or terminate the customer contracts while also seeking redress from the Seller under the Purchase Agreement. Ultimately these actions will be for the long term good of the business with a more profitable less working capital intensive CMO business emerging but in the near term profitability has been negatively impacted relative to expectations.

My opinion is that the issues above have already been addressed or will be addressed in the next six months and that the Company is well positioned for a meaningfully profitable future. Given the historical performance of the business relative to expectations, which is consistent with the formative stage of its development, the Board and Managing Director are going to be more directional than numbers specific about expected future earnings performance. The Managing Director will address the expected performance of the business in his Address.

I would like to thank Jarrod and his management team for all their efforts over the past twelve months. It is no small task to operate a truly global business with significant manufacturing operations at opposite ends of the world. The necessary travel and long odd business hours are recognised and appreciated by the Board and the shareholders. To the Board, thank you for your service over the last twelve months, which like that of management, has involved a much more significant time commitment than you would have expected when you joined the Board.

Finally, I would like to acknowledge the very significant contribution of Peter Robinson as both a Director and Chairman of your Company. Peter has served on the Board of TPI Enterprises for seven years and in that time has overseen the development of the Company from Tasmanian-based intellectual property-owning concern to a truly international pharmaceutical manufacturer with customers around the world.

TPI Enterprises Ltd - AGM

31st May 2018

TPI Enterprises Ltd
ABN 26 107 872 453



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Financial data

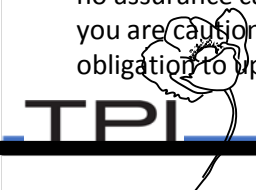
All dollar values are in Australian dollars (A\$) unless stated otherwise.

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Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future performance

The presentation includes forward-looking statements regarding future events and the future financial performance of TPI. Forward looking words such as “expect”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” or other similar expressions are intended to identify forward-looking statements. Any forward looking statements included in this document involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, TPI and its officers, employees, agents or associates. In particular, factors such as variable climatic conditions and regulatory decisions and processes may affect the future operating and financial performance of TPI. This may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. The Information also assumes the success of TPI’s business strategies. The success of the strategies is subject to uncertainties and contingencies beyond control, and no assurance can be given that the anticipated benefits from the strategies will be realised in the periods for which forecasts have been prepared or otherwise. Given these uncertainties, you are cautioned to not place undue reliance on any such forward looking statements. TPI is providing this information as of the date of this presentation and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.





Introductions

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TPI Auditor

1. Mr. Tony Batsakis - KPMG





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TPI Background

TPI Enterprises Ltd
ABN 26 107 872 453





TPI Background

Technology and Innovation Based Company

1. Founded: January 2004
2. Listed on the ASX (TPE): August 2015
3. Employees: 150
4. Core competency: Lowest cost Narcotic Raw Material (NRM) producer based on novel environmentally friendly water based extraction technology
5. Manufacturing and Head Office: Melbourne, Victoria
6. Other sites: Kragerø, Norway; Cressy, Tasmania
7. Market Cap: \$112 million





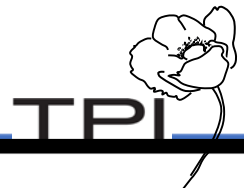
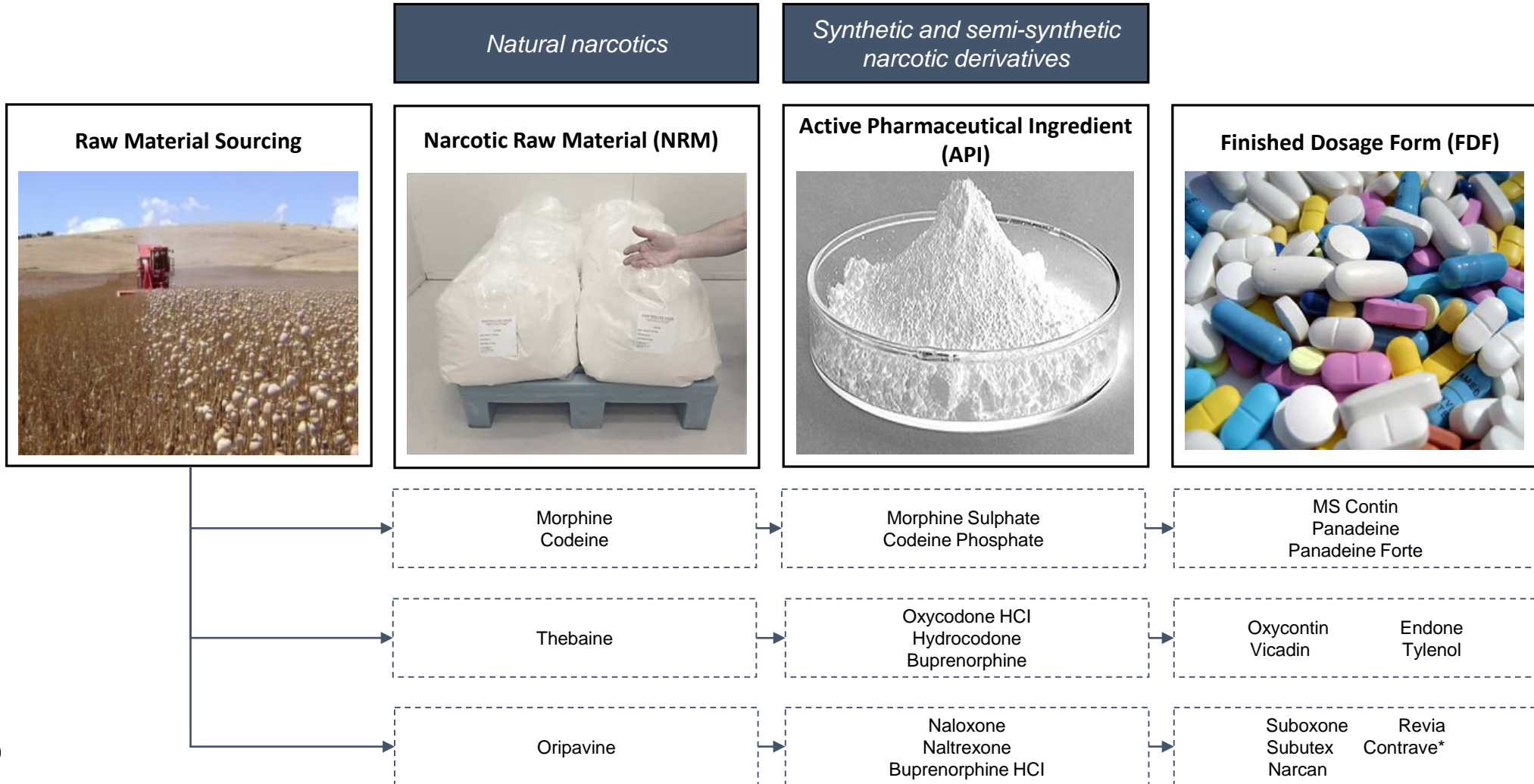
What We Do

One of Four Fully Integrated Pain Relief Suppliers Globally

1. Source Raw Material (Opium Poppies) globally
 - a. Only company to source in both hemispheres.
2. Extract, isolate and purify and sell Narcotic Raw Material (NRM) at our Melbourne based facility
 - a. Morphine
 - b. Codeine
 - c. Oripavine
 - d. Thebaine
3. Convert NRM into Active Pharmaceutical Ingredients (API) at our Norwegian facility (Codeine Phosphate and Pholcodine) and sell globally
4. Convert to API into Finished Dosage Formulation (FDF) at our Norway facility selling within the EU and the UK
5. Sell poppy seed for culinary purposes globally



Narcotics Industry Overview



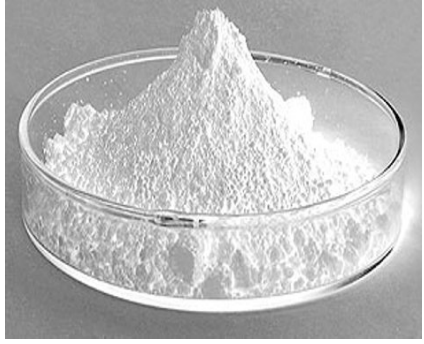


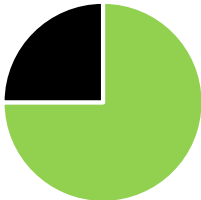




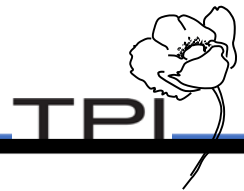


Complete Supply Chain Control

One of Four (4) Fully Integrated Narcotic Suppliers Globally



Raw Material Sourcing	Narcotic Raw Material (NRM)	Active Pharmaceutical Ingredient (API)	Finished Dosage Form (FDF)
			
			
50% on Target	75% on Target	50% on Target	50% on Target
<ol style="list-style-type: none">1. Diversification of cultivation areas2. Increase alkaloid content	<ol style="list-style-type: none">1. Increase efficiency2. Reduce \$/kg	<ol style="list-style-type: none">1. Increase efficiency2. Increase throughput3. Reduce \$/kg4. Increase sales	<ol style="list-style-type: none">1. Increase efficiency2. Increase throughput3. Reduce \$/kg4. Dossier acquisition



1st Half 2018 Highlights & Key Priorities





1H 2018 Highlights

A substantially strengthened foundation

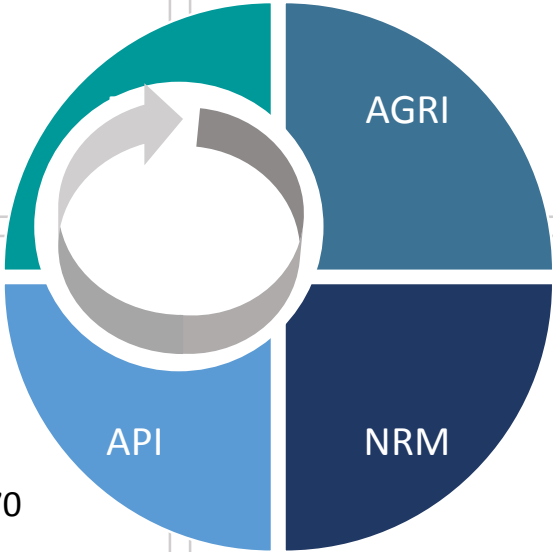
1. NRM and API production running as expected
2. First half as much Codeine Phosphate sales equal to former owners full prior year
3. We forecast increased Codeine Phosphate sales in the second half
4. NSW growing area contracts increased by 400%
5. Revenue in the first half equivalent to 2017 full year
6. Cost out program underway in Norway with financial benefit to flow in second half
7. Operational review of CMO division completed resulting in further streamlining CMO business
8. Poppy seed pricing levels remain strong expect sales of in excess of A\$2 Million for 2018



Key Priorities

- 1. Purchase of dossiers Efficiency gains
- 2. Secure government tenders Investment in multi-tip tablet punch for five-fold volume increase

- 1. Further expansion of mainland Australia growing Additional northern hemisphere supply chain Reduce straw freight costs 'GMO' research to reduce farming input costs



- 1. Expand API product portfolio Naloxone
 - a. Morphine Sulphate
 - b. Dihydrocodeine
- 2. File pholcodine CEP Expand production capacity: 32 to 70 tonnes
- 3. Install automation at the Norwegian facility

- Continue to improve operating leverage
- Implement 24/7 operation at Coolaroo factory
- Increase factory efficiency by 5%

Industry Update

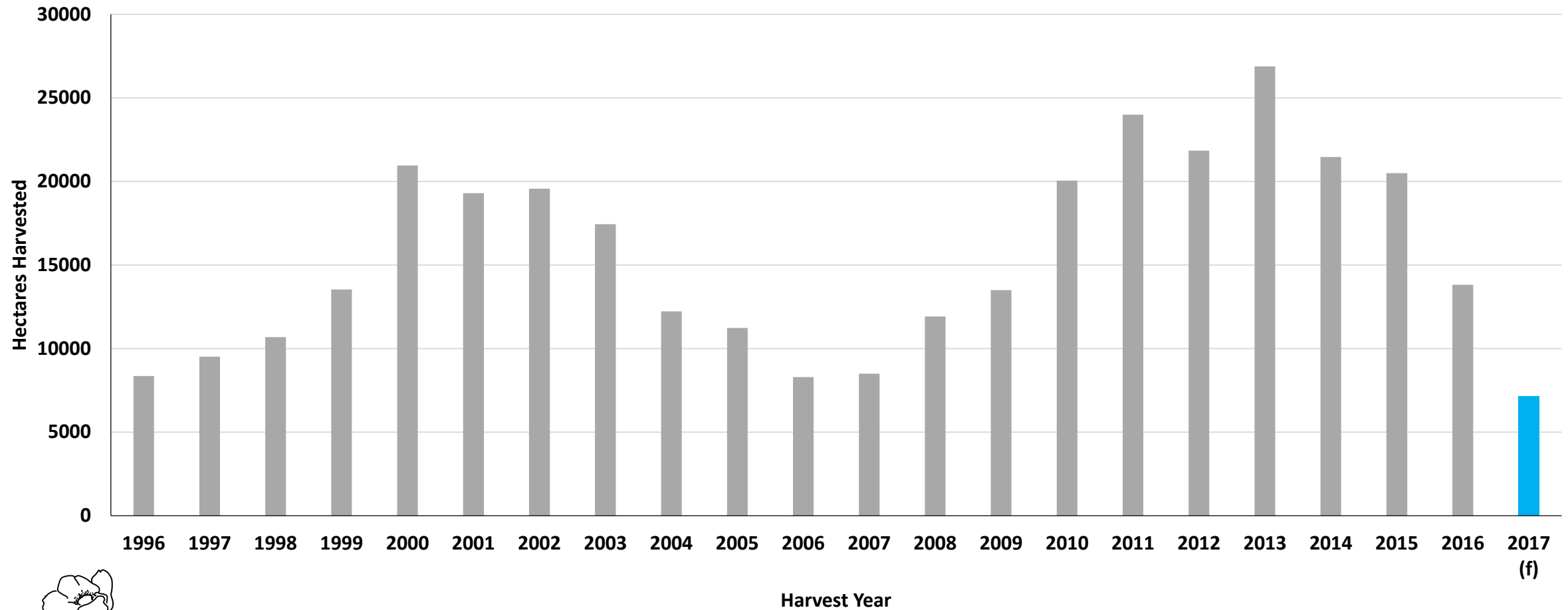
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Tasmanian Area Harvested

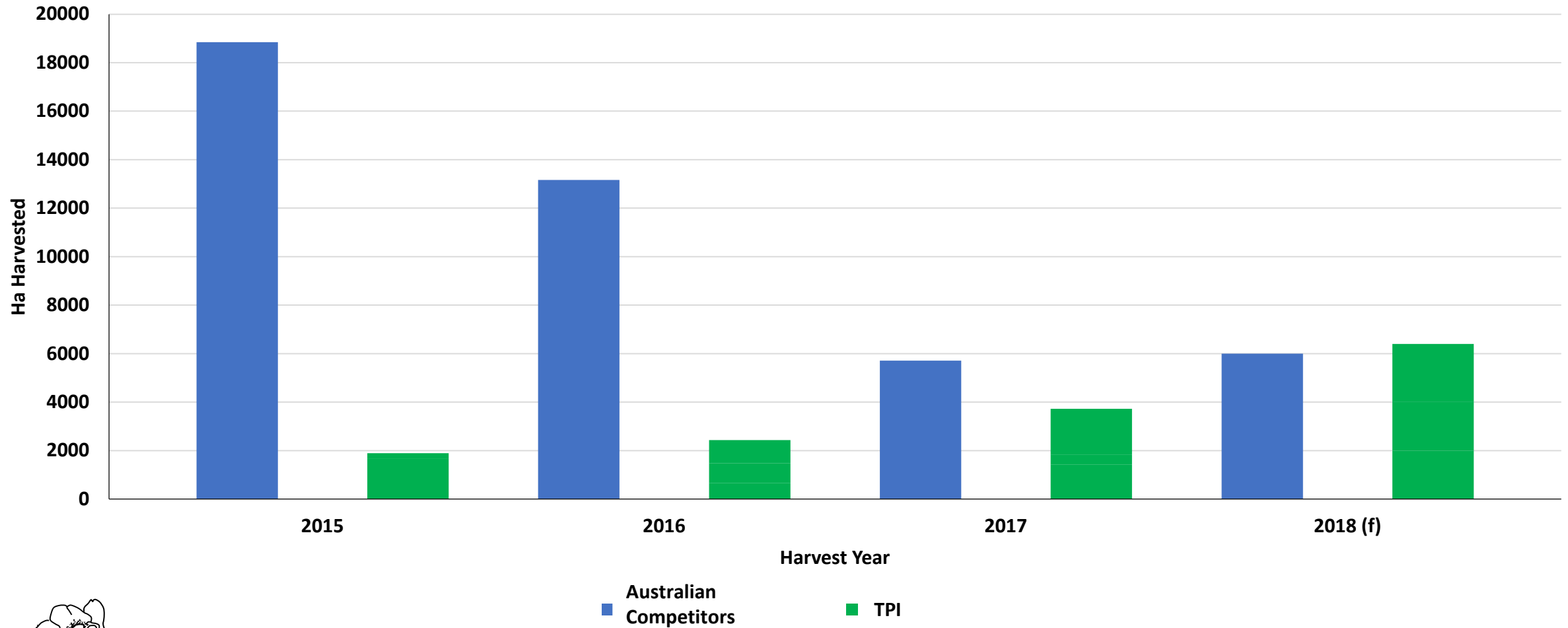
Area harvested shows cyclical pattern





TPI Harvested Area vs Australian Competitors

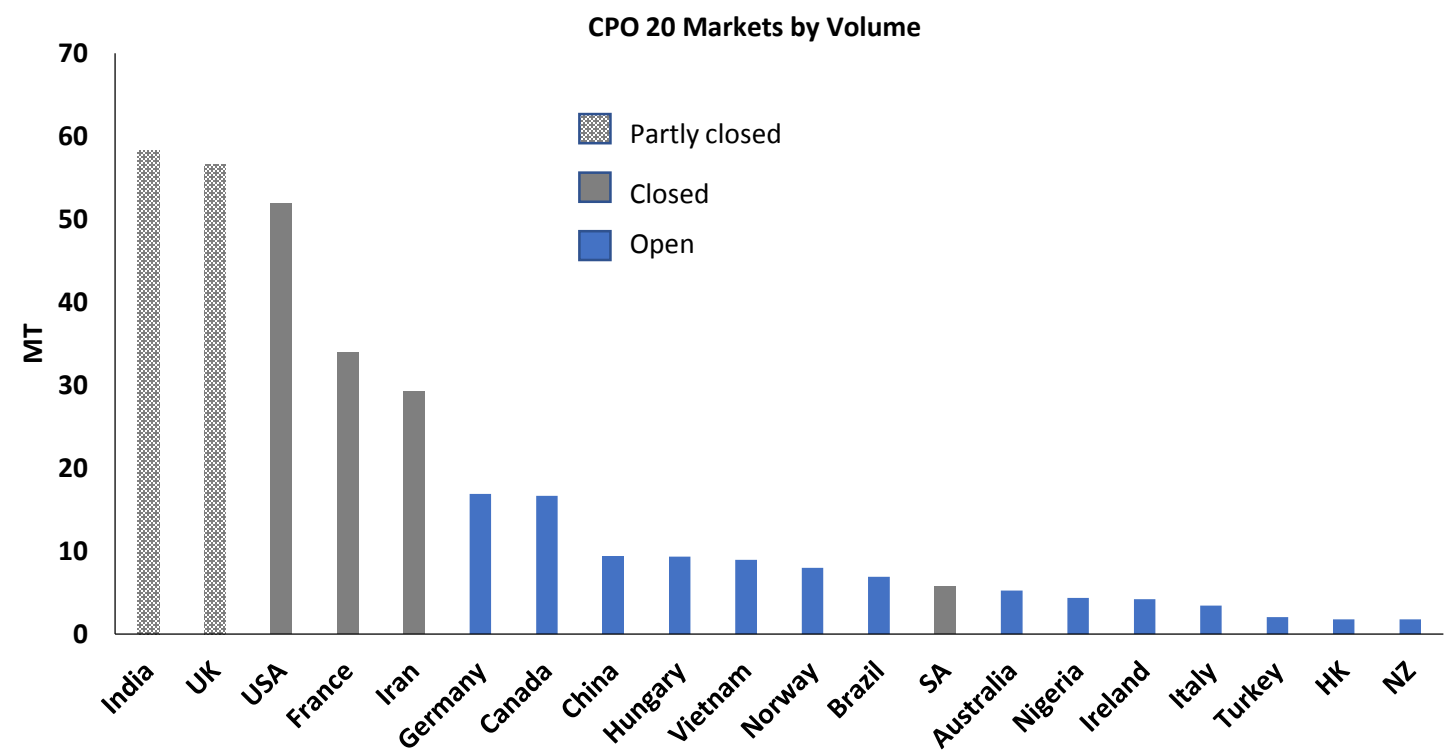
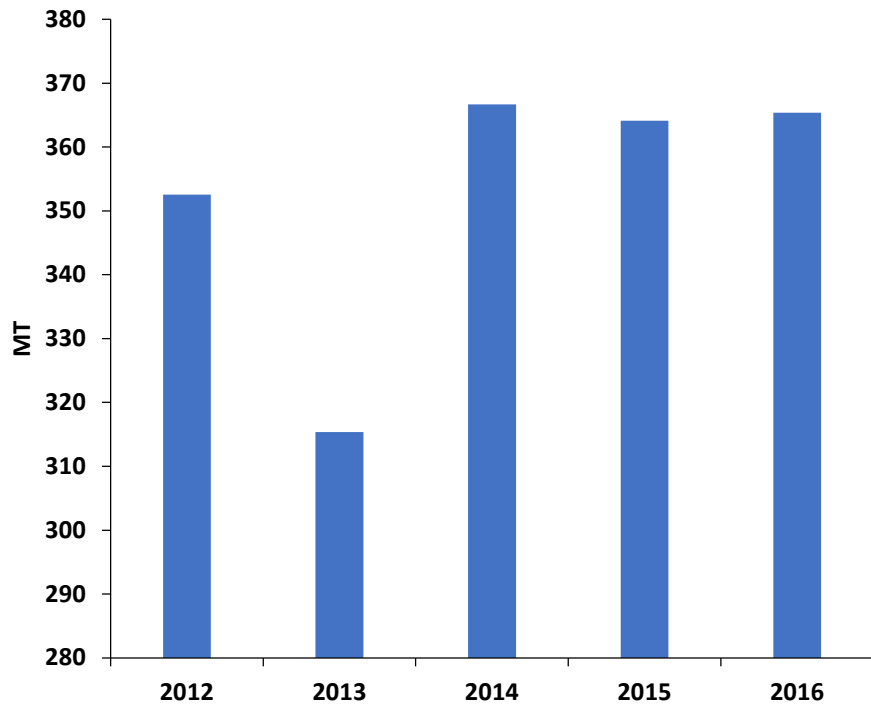
TPI global area increases whilst competitors reduce





Global Market for Codeine Phosphate

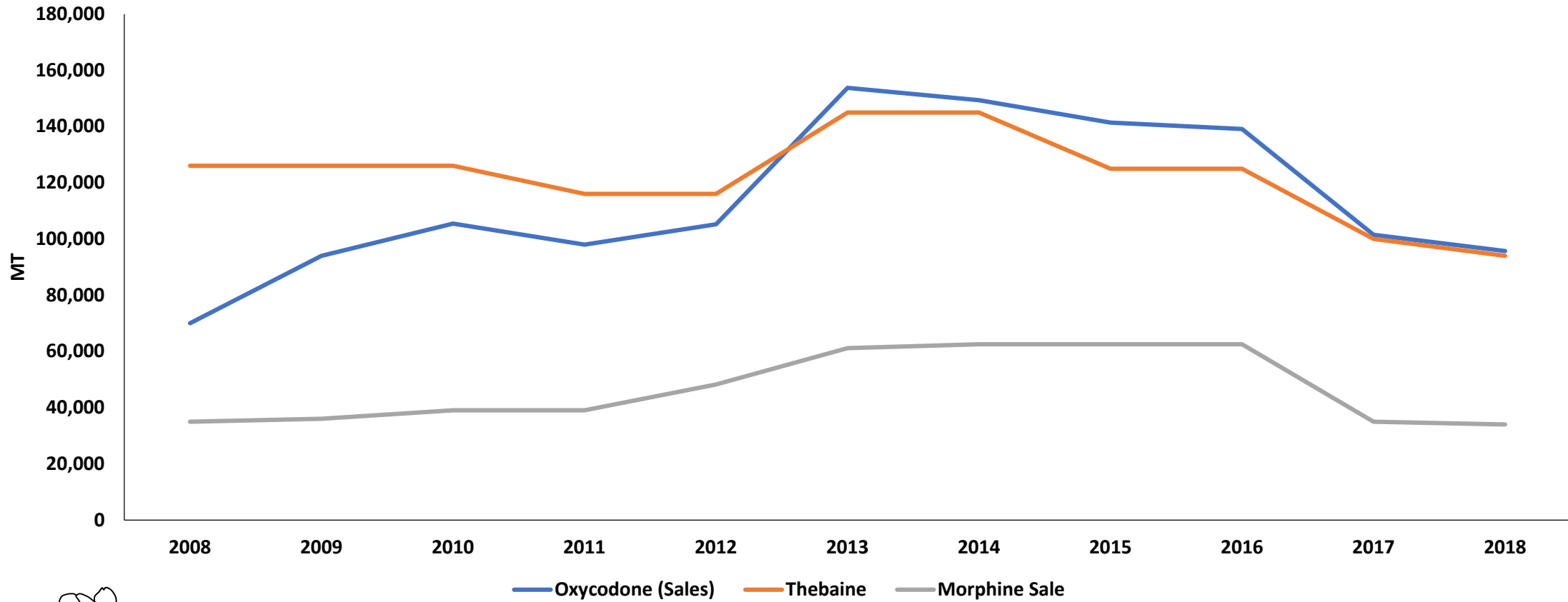
The total market is 365 MT with top 20 countries accounting for 335MT.*





DEA Quota

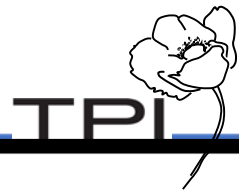
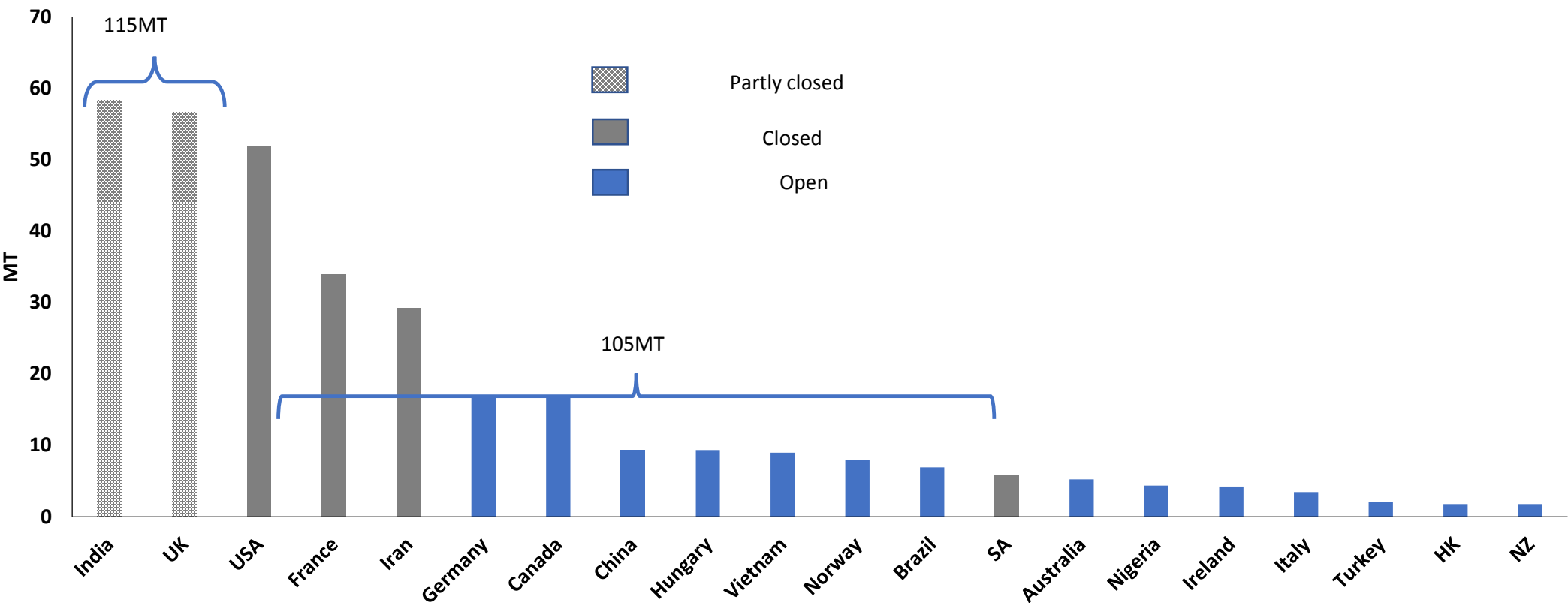
Reduced US market due to abuse.





Overview of TPI CPO market opportunity

There is over 220MT of CPO to target



Financial Summary

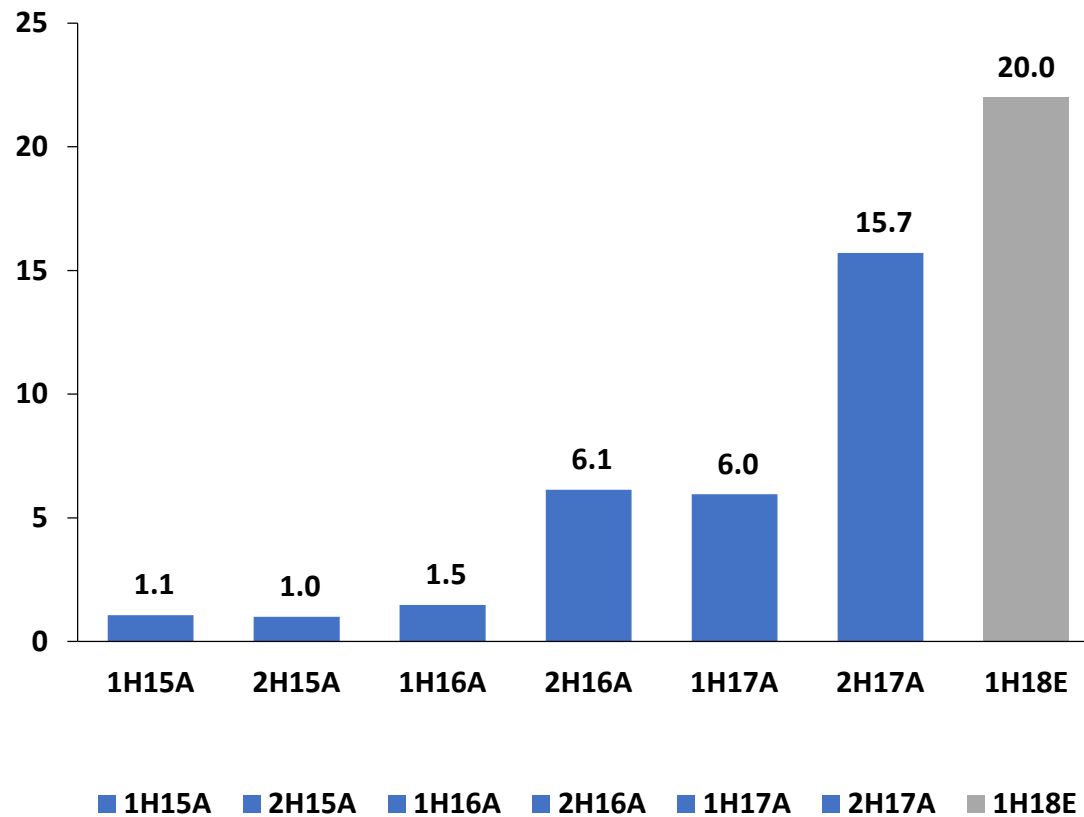




Revenue Trends

Continued trend of growth

Revenue (A\$m): Australia and Norway



1. Revenue growth both organic and via acquisition of TPI Norway
 1. organic revenue growth through further NRM market penetration
 2. new markets (API/FDF) being accessed through Norway acquisition.
2. Maintain FY18 revenue estimate of A\$50m.



Group Profit and Loss Summary

Profit & Loss Summary (A\$'000)	FY2017	FY2016
Operating revenue		
CMO, API, NRM, seed sales	21,666	7,615
Cost of goods sold	17,188	6,940
Gross profit	4,478	675
<i>Gross profit (%)</i>	<i>20.7%</i>	<i>8.9%</i>
Overhead costs	12,223	11,264
Operating EBITDA	(7,745)	(10,589)
<i>Less: acquisition and transaction integration costs</i>	2,043	-
<i>Less: inventory impairments and agricultural trialling costs</i>	2,391	737
<i>Less: discontinued operation</i>	298	-
<i>Add: other income</i>	597	2,942
Reported EBITDA	(11,880)	(8,384)
Depreciation and amortisation	2,763	2,859
Net finance expenses	2,050	2,778
Net Profit/(Loss)	(16,693)	(14,021)

2017 Highlights:

1. Revenue growth both organic and by acquisition of TPI Norway: total revenue growth of +280% y-y, +63% from organic growth through further NRM market penetration.
2. Full year Operating EBITDA improved to -\$7.7m from -\$10.6m.
3. Gross margins and operating leverage benefitting from higher manufacturing throughput, further improvement expected in 2018.
4. Strong cost control and positive margin mix contributed to an improved Operating EBITDA.
5. One-off expenses predominantly relate to acquisition and integration costs (\$2.0m), agricultural trials and impaired stock-on-hand (\$2.4m), partially offset by other income.
6. Impairment of inventories relates to further analysis having been completed of legacy mother liquors showing a lower alkaloid concentration than previously expected.



Delivering on long term plans

1. Maintaining revenue forecast of \$50m.
2. Continuing improvement in gross margin and operational leverage from increased volumes.
3. Vast majority of NRM volume supplied downstream to Norway for further value add.
4. Forward sales of poppy seed greater than \$2 Million.
5. Expect to more than double Norwegian API production compared to prior owners.
6. Optimise inventory levels throughout the supply chain.
7. Explore the acquisition of dossiers to utilise significant granulation, tableting and packaging capacity in Norway for FDF.

