



2018 ANNUAL GENERAL MEETING

WEDNESDAY 23 JANUARY 2019

Important Notice

The material in this presentation is of general information about API's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. Nothing in this presentation should be construed as a recommendation or forecast by API or an offer to sell or a solicitation to buy or sell shares. It does not take into account the investment objectives, financial situation or needs of a particular investor. These should be considered with or without professional advice when deciding if an investment is appropriate.

Welcome

Handset

- For voting shareholders

Admittance Cards

- **Yellow** for non-voting shareholders
- **White** for visitors

Introductions – API Board

- Mr Robert Millner
- Mr Ken Gunderson-Briggs
- Ms Lee Ausburn
- Mr Peter Sanguinetti, Company Secretary
- Mr Mark Smith, Chair
- Mr Richard Vincent, CEO & Managing Director
- Ms Jennifer Macdonald
- Mr Gerry Masters

- Mr Tony Romeo – KPMG

Notice of Meeting

1. Receive and consider the Financial Report for the year ended 31 August 2018
2. Adopt the Remuneration Report for the year ended 31 August 2018
3. Re-election of Director:
 - Mr Robert Millner
4. Grant of Performance Rights

Financial Report to 31 August 2018

- Chair's Address
- CEO & Managing Director's Address



CHAIR'S ADDRESS
MARK SMITH

Year in Review

The Board has endorsed the strategy to diversify earnings with growth vehicles:

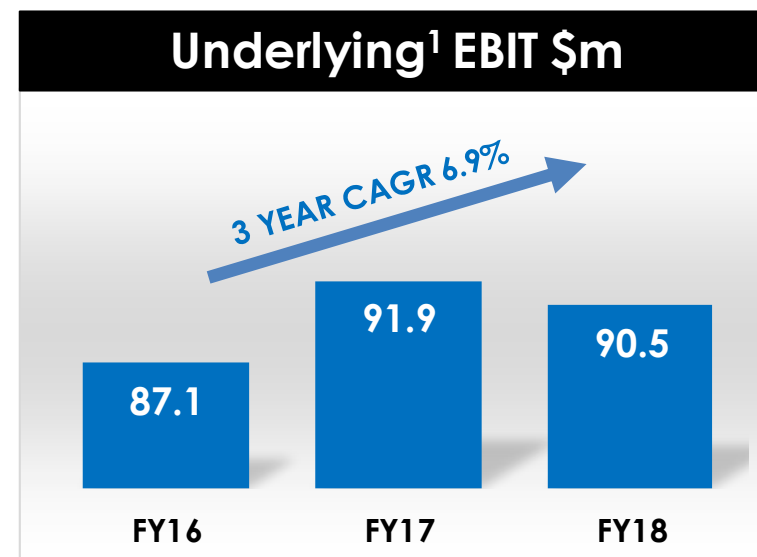
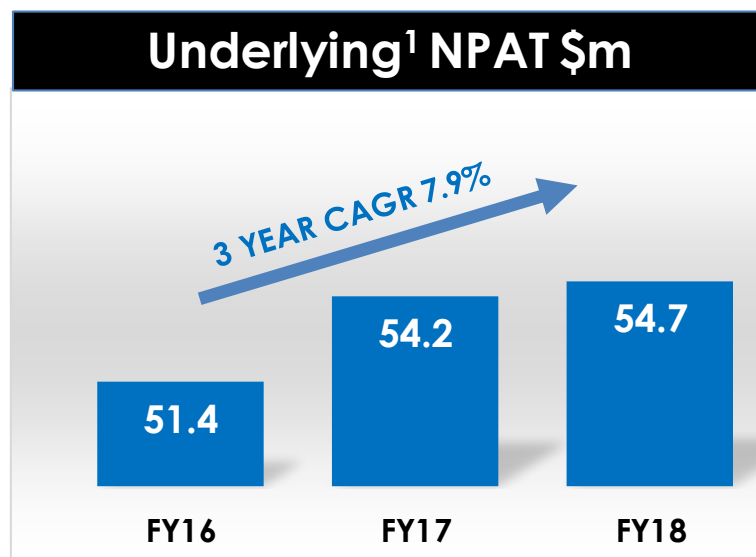
- Keep primary assets delivering a return on shareholder funds
- Invest in new assets using the financial strength and position of the company

Operating environment largely unchanged in FY18:

- CSO review completed and funding pool committed until 2020
- Retail conditions remained challenging throughout the year
- Tapping into new growing services market through Clearskincare

Strong Business Base

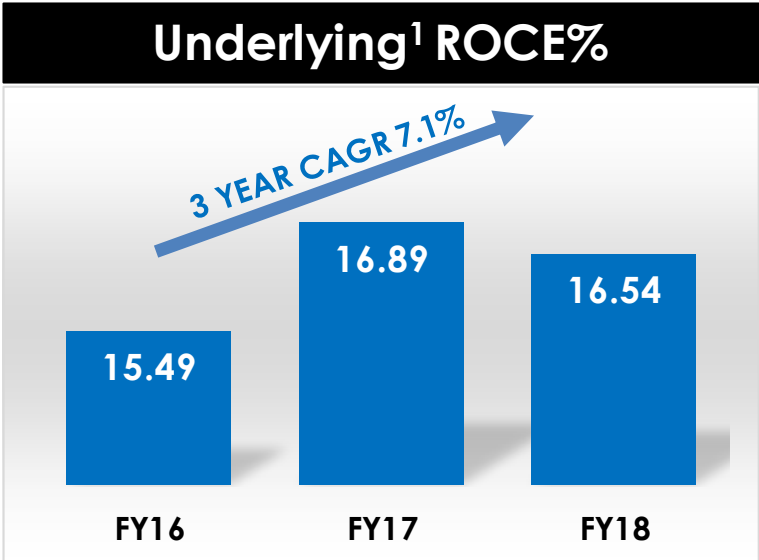
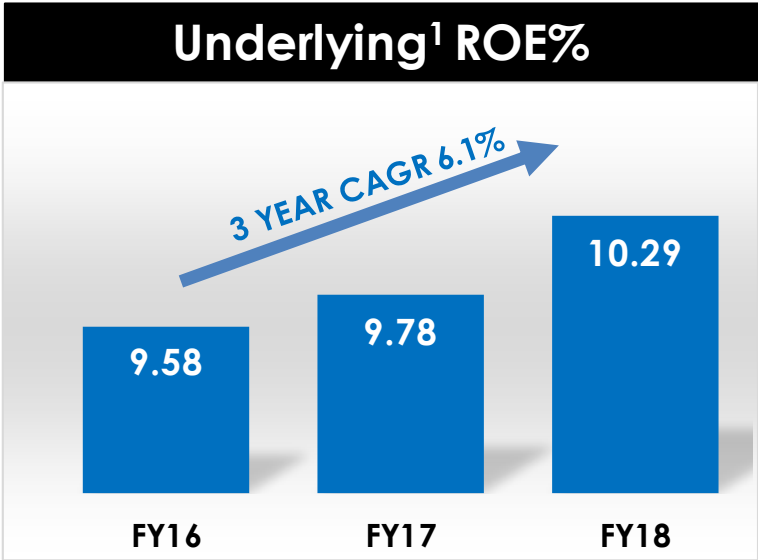
IMPROVED FINANCIAL POSITION



¹ As defined in the full year results release

Sustained Results

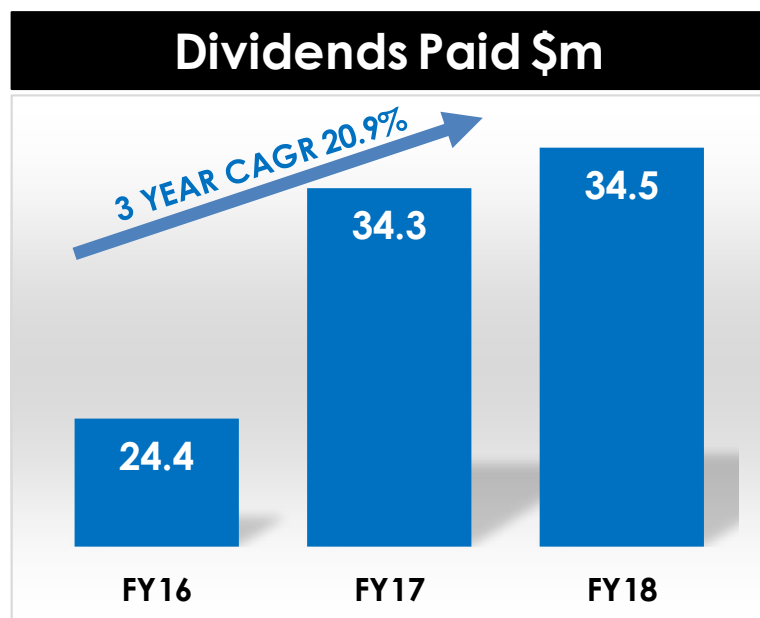
RETURNS TO SHAREHOLDERS GROWTH OVER TIME



¹ As defined in the full year results presentation

Improved Shareholder Returns

Dividends paid increasing



- Dividend payout ratio at 77% up from 66% prior year
- Sufficient franking credits for future dividend payments
- Strong underlying performance

Sigma Proposal

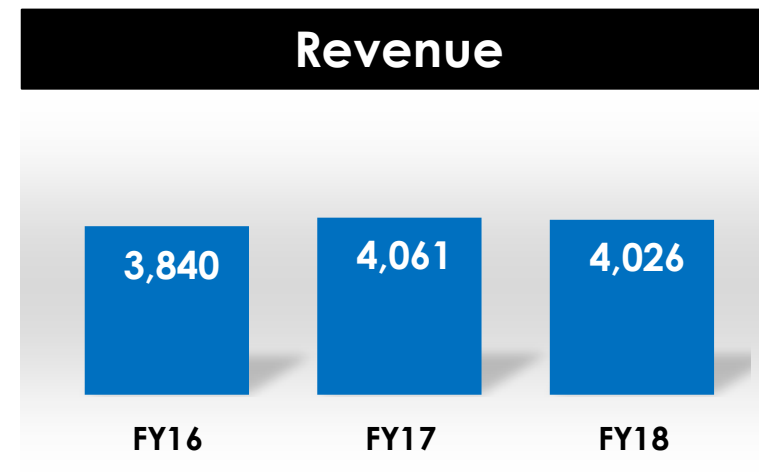
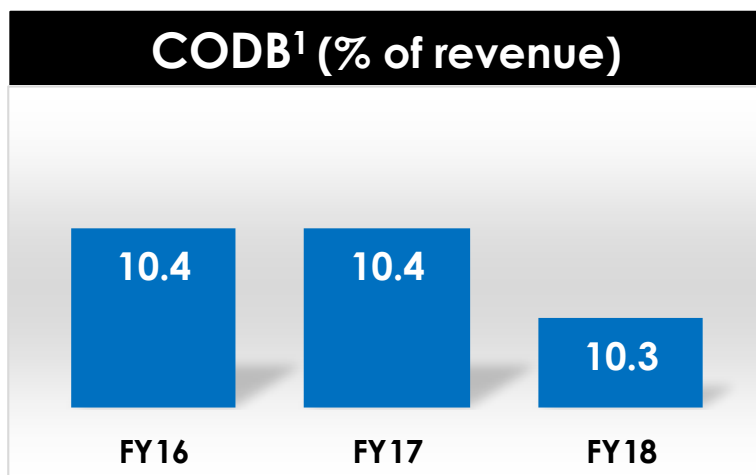
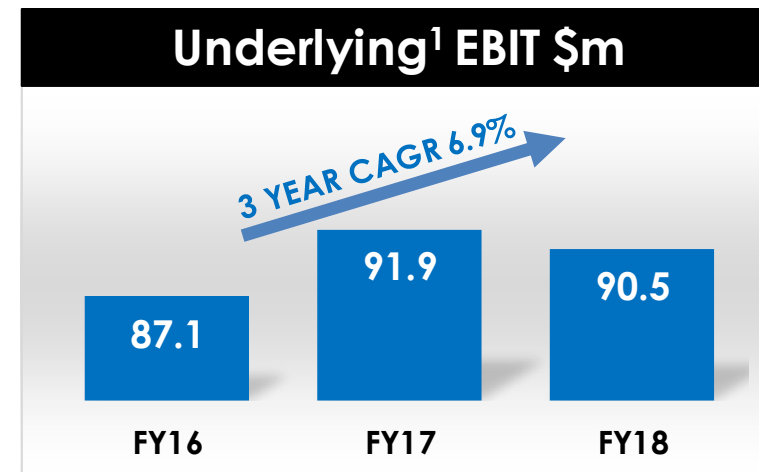
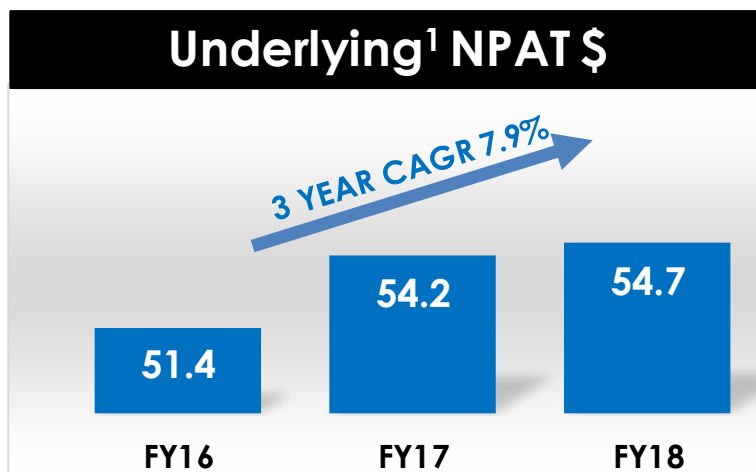
- Non-binding indicative offer made in October, advised market of holding 14 December 2018
- Continue to hold 12.95% of Sigma
- Sigma shareholders receive 0.31 API shares and 23 cents for each Sigma share
- Preference remains to take the next steps with Sigma so that all shareholders can share in the benefits of a merged entity
- Merger expected to deliver \$60m synergies per annum by year three
- Subject to regulatory approval



CEO'S ADDRESS
RICHARD VINCENT

Strong Business Position

IMPROVED FINANCIAL POSITION



¹ As defined in the full year results release

API Growth Agenda and Priorities

LEVERAGE EXISTING INFRASTRUCTURE AND MARKET EXPERTISE

Pharmacy Distribution to deliver stable ROCE and cash generation

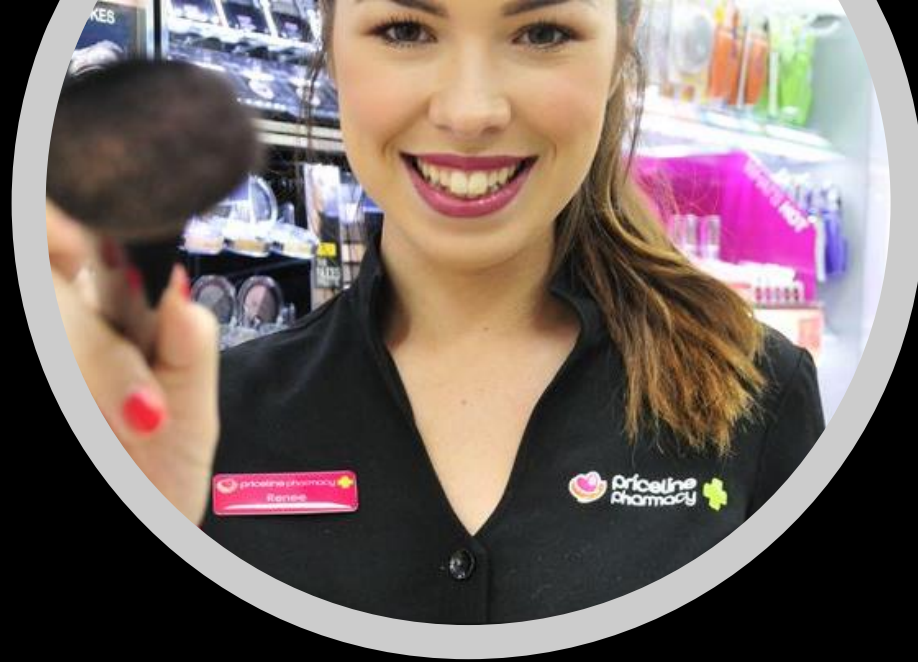
Evolve **Priceline Pharmacy** offer to address customer changes

Expand **Clearskincare** network and grow profitability

Build **Consumer Brands** portfolio and earnings contribution

Grow via proposed **merger**

FINANCIAL STRENGTH AND STABILITY



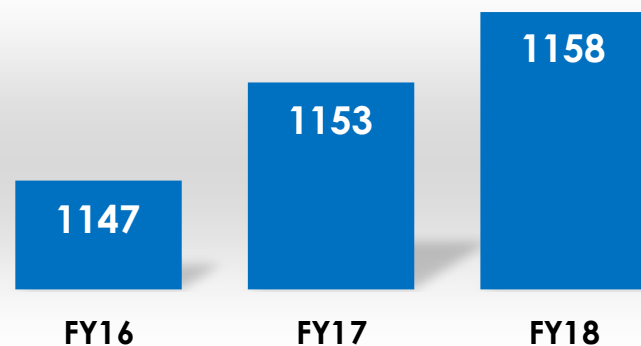
Priceline Pharmacy



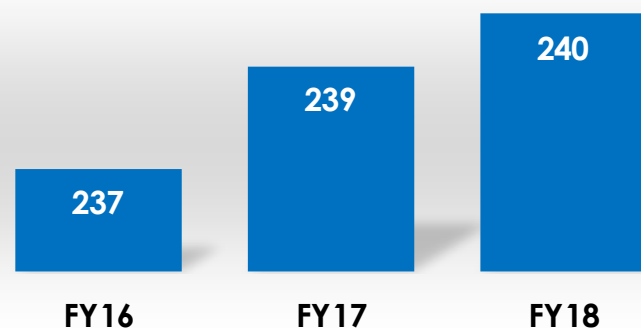
there's
no place
like priceline

Priceline Pharmacy – Results

Retail Register Revenue \$m



Retail GP \$m



IMPROVED TRENDS DURING 2H18

- Total network sales¹ up 2.1% to \$2.11bn
- Total register sales¹ (excluding dispensary) up 0.4% to \$1.158bn
- Retail register like-for-like sales -1.1%, improved 60bp on 1H18
- Retail network at 475 stores as at 31 August
- Gross profit result reflects management focus
- Franchise partner sentiment strengthened further on FY17

¹ As defined in the full year results release



Consumer Brands

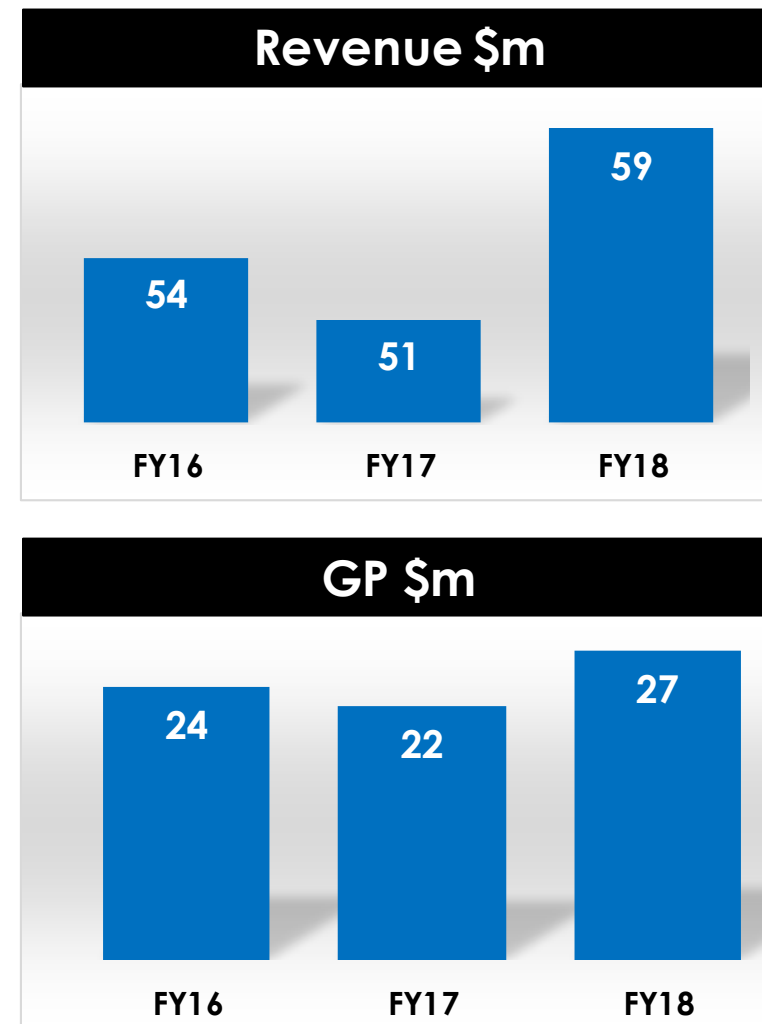
DERMA

IQ

Consumer Brands – Results

MOMENTUM WITH NEW BASELINE PERFORMANCE ESTABLISHED

- Developing as a key portfolio in API future growth agenda
- EBIT up \$2.1m on FY17 with similar growth expected in FY19
- Sales growth primarily from Australian OTC health product growth
- Broadening portfolio of high-quality low-cost products that provides one of the strongest range offers in trans-Tasman market
- Improved product supply and range through mix of locally manufactured and in-sourcing products



Pharmacist Advice

Pattinson Ch

Pharmacy
Distribution

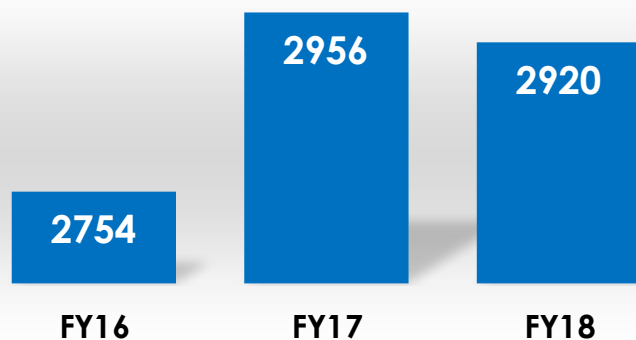
CLUB



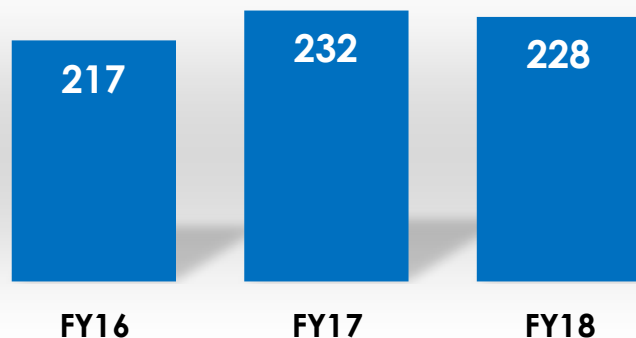
DEMANIA

Pharmacy Distribution – Results

Distribution Revenue \$m



Distribution GP \$m



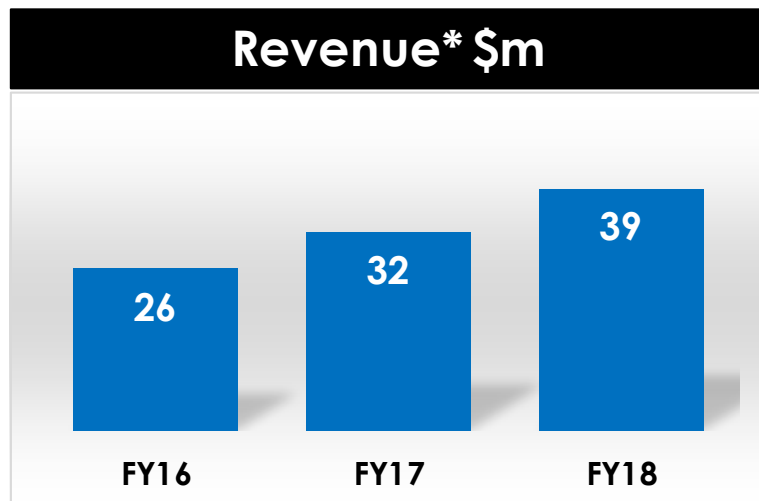
SUSTAINED PERFORMANCE IN TOUGH MARKET

- Underlying revenue growth of 6.4% excluding PBS Reforms and Hepatitis C
- Hep C sales decreased by \$155m
- Total revenue of \$2.9bn down 1.2% on FY17
- Despite competition, maintained GP margin at 7.8%
- Combination of PBS changes and exclusive direct distribution removed more than \$10m gross profit



Clearskincare

Clearskincare – Results



INVESTMENT IN NEW GROWTH SECTOR

- Strong investment in clinic openings
- Developing consistent store rollout approach
- Growth trajectory continues

Clear Skincare ANTI - AGEING, LASER & ACNE CLINICS

* Unaudited Clearskincare revenue sourced from vendor management accounts for a 12 month period ending 31 July on a 100% ownership basis

Safety



Priceline Sisterhood Foundation



Outlook

Pharmacist Advice



Soul Pattinson Chemist

CLUB
PREMIUM

api



priceline



priceline
pharmacy



Clear Skincare

ANTI - AGEING, LASER & ACNE CLINICS

Outlook

CONFIDENCE IN GROWTH PORTFOLIO

- Breadth of portfolio will deliver growth in FY19
- Retail trading in line with our FY19 expectation, although environment remains tough
- Growth assets performing to expectation with some challenges in Pharmacy Distribution due to PBS reforms and exclusive direct distribution
- Expect 1H19 EBIT to reflect 5% growth on prior year
- Results for the period will incur increased finance costs to fund the acquisition of Sigma shares



AGM ORDINARY BUSINESS

MARK SMITH

Business of Meeting

Reminder

- **Handset** – vote and ask questions
- **Yellow** admission card - ask questions but cannot vote
- **White** Admission card - cannot ask questions or vote

Financial Report

“To receive and consider the Financial Report of the Company and its controlled entities and the reports of the Directors and the Auditor for the year ended 31 August 2018.”

Conduct of a Poll

- To be conducted on each item of business by use of a handset
- Results of poll available following consideration and discussions of all items of business

Proxy Voting

- Proxy holders will cast open votes on the keypad
- Any underlying instructions from shareholders will be cast automatically

Handset Instructions – Inserting your Smartcard

- The smartcard should be inserted into your handset
- If the smartcard is not inserted into your handset, please do so now
- Make sure the chip at the bottom of the smartcard is inserted and facing you



Handset Instructions – Welcome Message

- A welcome message will briefly appear when the card is inserted correctly
- You will then be returned to the holding screen where your name will now appear at the top of the display



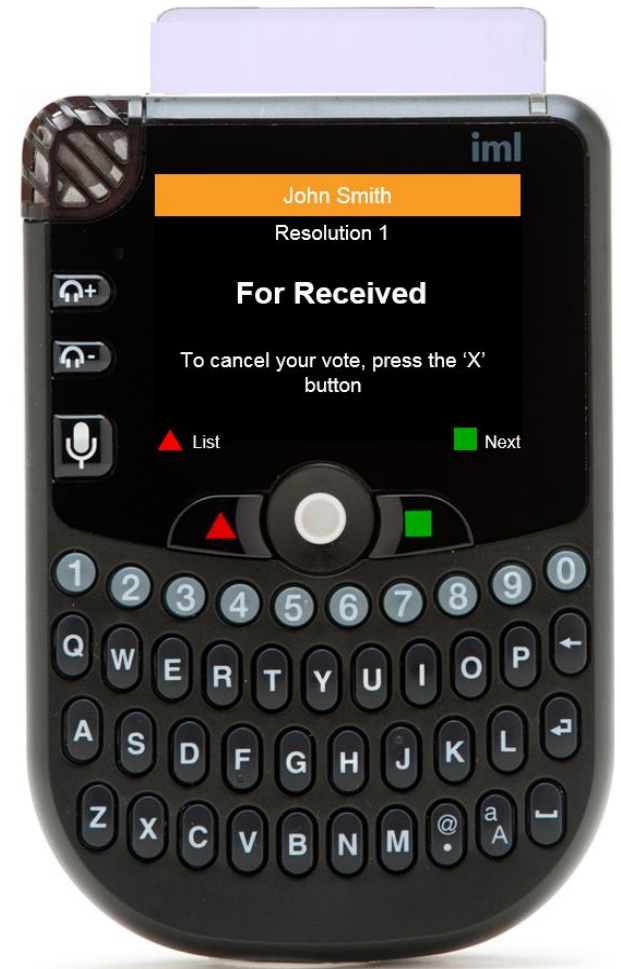
Handset Instructions – Casting your Vote

- When the polls open, the resolutions will appear on screen. Navigate to a resolution using the blue track ball.
- Select a resolution using the green button. This will bring up the details of that item. Press the green button again to vote
- The handset will display the voting options. Press:
 - ❖ Button 1 to vote **FOR** the resolution
 - ❖ Button 2 to vote **AGAINST** the resolution
 - ❖ Button 3 to **ABSTAIN** your vote



Handset Instructions – Casting your Vote

- Confirmation that your vote has been received will appear on the screen
- Press the green square button to advance to the next resolution
- Press the red triangle to return to the resolution list
- To change your vote, simply enter your new choice (1, 2 or 3) to overwrite your previous selection
- If you wish to cancel your vote, press the 'X' button



Opening the Poll

- Handsets are now activated
- You can vote at any time
- You will be advised when voting closes

Remuneration Report

Ordinary Resolution:

“To adopt the remuneration report for the year ended 31 August 2018.”

Remuneration Report – Proxies Received

| Proxies Received | Votes | % |
|------------------|-------------|-------|
| For: | 336,375,634 | 98.44 |
| Against: | 3,337,510 | 0.98 |
| Open – usable: | 1,972,972 | 0.58 |
| Abstain: | 7,284,209 | |
| Exclusions: | 1,657,286 | |

Re-election of Director – Mr Robert Millner

Ordinary Resolution:

“To re-elect a Director. Mr Robert Millner retires by rotation in accordance with the Company’s Constitution, and being eligible, offers himself for re-election.”

Re-election of Director – Mr Robert Millner – Proxies Received

| Proxies Received | Votes | % |
|------------------|-------------|-------|
| For: | 214,349,083 | 62.63 |
| Against: | 125,922,038 | 36.79 |
| Open – usable: | 1,968,978 | 0.58 |
| Abstain: | 6,750,226 | |
| Exclusions: | 1,637,286 | |

Grant of Performance Rights

“That, for the purposes of listing Rule 10.14, and for all other purposes, the grant of performance rights under the API Long Term Incentive Plan to the Company’s Managing Director and Chief Executive Officer, Mr Richard Vincent, on the terms set out in the Explanatory Notes to the Notice of 2018 Annual General Meeting be approved.”

Grant of Performance Rights – Proxies Received

| Proxies Received | Votes | % |
|------------------|-------------|-------|
| For: | 336,400,906 | 98.29 |
| Against: | 3,892,935 | 1.14 |
| Open – usable: | 1,950,923 | 0.57 |
| Abstain: | 6,725,561 | |
| Exclusions: | 1,657,286 | |

Closing Poll

- Please ensure that you have entered your selection for each resolution
- Voting is now closed
- The results will be displayed shortly on the screens



THANK YOU FOR ATTENDING