



31 May 2019

Dear shareholder,

Australian Pharmaceutical Industries Limited (API) – Interim Dividend payment

Further to our half year financial results announcement on 17 April 2019, I am pleased to enclose the details of your fully franked interim dividend payment for the six months ended 28 February 2019.

API has steadily increased its dividend payments to shareholders over recent years reflecting our consistently strong operational and financial management. Our dividend payout ratio now sits at 77%.

The Priceline Pharmacy network resumed its growth with like for like sales of 0.3%, increasing basket sizes and growth in Australia's largest health and beauty loyalty program; the Sister Club. At the half year, the network totalled 479 stores with a positive new store pipeline, and we remain one of the largest specialty retail brands in Australia.

Our Pharmacy Distribution business saw underlying sales growth of 8.8% which is a pleasing result in a highly competitive market. Over the half year, we grew our independent pharmacy offer with more than 1,400 pharmacists now in our retail programs.

Consumer Brands reported another half year of strong growth following a recent overhaul of its product range and value proposition which resulted in new customer contracts. We expect this business to keep this momentum and become a more significant contributor to API. Our acquisition of Clear Skincare from 2018, reported a solid performance for its first half year as part of API. Clear Skincare continues to leverage our broader strengths, having increased the network to 47 clinics, and we expect further clinics to be opened in the second half.

We believe our core assets are capable of further growth in the medium to long term and we continue to assess opportunities. Our strong balance sheet and growth trajectory has allowed us to declare a fully franked interim dividend of 3.75 cents per share, a 7% increase on the prior corresponding period.

Thank you for your ongoing support and we look forward to updating you on our full year performance on Thursday 24 October 2019.

Yours sincerely,

Mark Smith
Chairman

