

API CHAIR 2020 AGM ADDRESS

Again, I would like to thank you for attending virtually today. We appreciate you taking the time to listen in, and we very much look forward to an in-person AGM next year.

API produced a solid result in 2020 despite the challenges caused by both the bushfires in the Eastern States followed by the national impacts of COVID, state by state lockdowns and the on-going restricted movement of people. We reported a strong result in Pharmacy Distribution backed by a solid performance in our retail businesses, Priceline Pharmacy and Clear Skincare. This was despite government mandated store and clinic closures at various times throughout the year in different states combined with the sustained impact of reduced foot traffic in CBD locations. Our Consumer Brands business felt the effect of restricted access to raw materials from China and India.

We are pleased with our operational results given the backdrop against which they were achieved. They show that API's strategic business plan is sturdy, and we have strong execution capabilities in all our business units that can deliver sustainable returns for you, our shareholders, in the years to come, with a clear runway and solid balance sheet coming out of the COVID era.

The Group's total revenue increased by 0.2 per cent on 2019, Underlying net profit after tax was down 42.6 per cent on the prior year and underlying EBIT decreased 40.1 per cent. As outlined, the decline in profit was almost entirely related to COVID impacts. During the year we increased our focus on costs savings that will flow through to future years, and we also improved our working capital position and balance sheet – Richard will discuss these further during his address. Our solid operational performance allied to a healthy balance sheet led your Board to declare a fully franked final dividend of 2 cents per share which represents a payout ratio for the full year on an underlying basis of 33 per cent.

As a Board, we have a number of other key priorities.

We remain determined to achieve as close to zero workplace injuries as possible. We have a strong safety culture with a focus on ensuring everyone understands their roles and responsibilities and that we have the processes in place for incident management and reporting. Management has continued to make progress in this regard by strengthening Safety Management Systems and we remain accredited to the highest safety standard of ISO45001.





COVID introduced a whole new dimension to safety. We moved quickly to ensure physical distancing and hygiene measures were in place at all our sites and offices, with treatment and tracing protocols established at the earliest possible opportunity. We were directly impacted in our retail store network and in one of our major distribution centres, but I am pleased to report that our safety plans protected our staff and provided continuity for the supply of products and services.

This year's Sustainability Report shows our progress in key areas. We restated our sustainability vision and principles which are to govern ourselves responsibly, care for our people and our community, help protect our planet, contribute to the economy, and be customer centric.

In reducing our environmental impacts, through the year we achieved a 3% energy reduction via a further rollout of LED lights and diffusers, a 6% paper consumption reduction through electronic document management and working from home, and a reduction in plastic waste of 0.23 of a tonne on prior year through improved waste tracking and processes.

Even before COVID we had commenced a material reduction in business travel which continued throughout the year. And we have made significant progress to help ensure we meet our Modern Slavery reporting obligations, having put in place the systems and mechanisms with our suppliers to ensure we have appropriate visibility over their practices.

Our new Sydney DC, which is under construction and due to open in 2022, will be a leading-edge facility, including environmental sensitivities, with LED lighting paired with smart lighting controls, rainwater harvesting, insulated wall panels to reduce energy use, solar roof panels and recyclable totes.

In respect of the overall ESG of the Company i.e. Environmental, Social and Corporate Governance, MSCI has upgraded API to 'AAA' from 'AA'.

Richard will talk to the tremendous contribution that our Priceline Sisterhood Foundation continues to make.

In concluding, I would like to acknowledge the passing of Mark Smith, our former Chair, during the year. Mark held the role of Chair of API from 2017 and during his time with us Mark made an enormous contribution. Mark's legacy at API is significant and he is missed by his fellow board members and by the broader API community.

Finally, I would like to take this opportunity to thank my fellow Directors and Management of API for their remarkable contributions over the last year. I am very proud of what we have achieved through these unprecedented times.

I will now invite Richard to address the meeting.