



Sigma Pharmaceuticals Limited

Annual General Meeting, 4 May 2016



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Brian Jamieson
Chairman

Broader business base delivering growth



Revenue up
10.2% to
\$3.5 billion

Underlying[#]
NPAT up
11.6% to
\$59.2
million

High
Dividend
Payout
Ratio

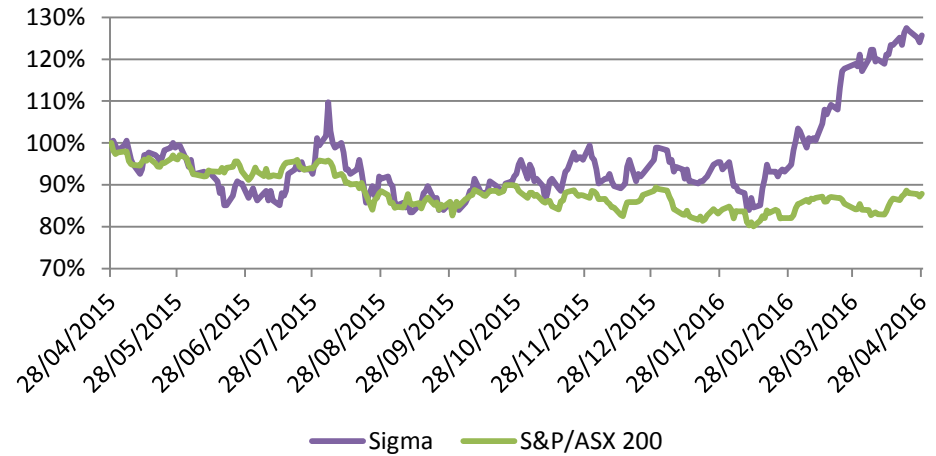
Final
Dividend
increased
to 3.0 cents
per share

Recognition of strategy execution

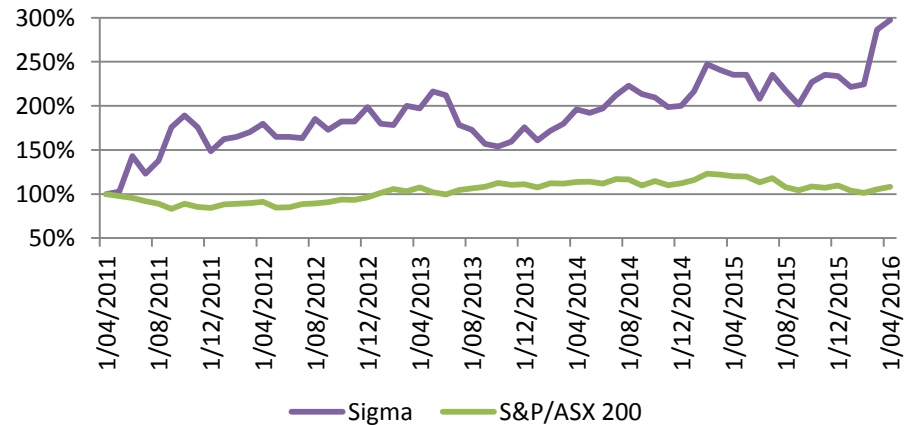
Sigma share price continues to outperform ASX200 – up 25% in past 12 months, and almost tripled in the last 5 years

Underlying EBIT has grown by over 90% over the last 5 years

12 month share price performance



5 year share price performance



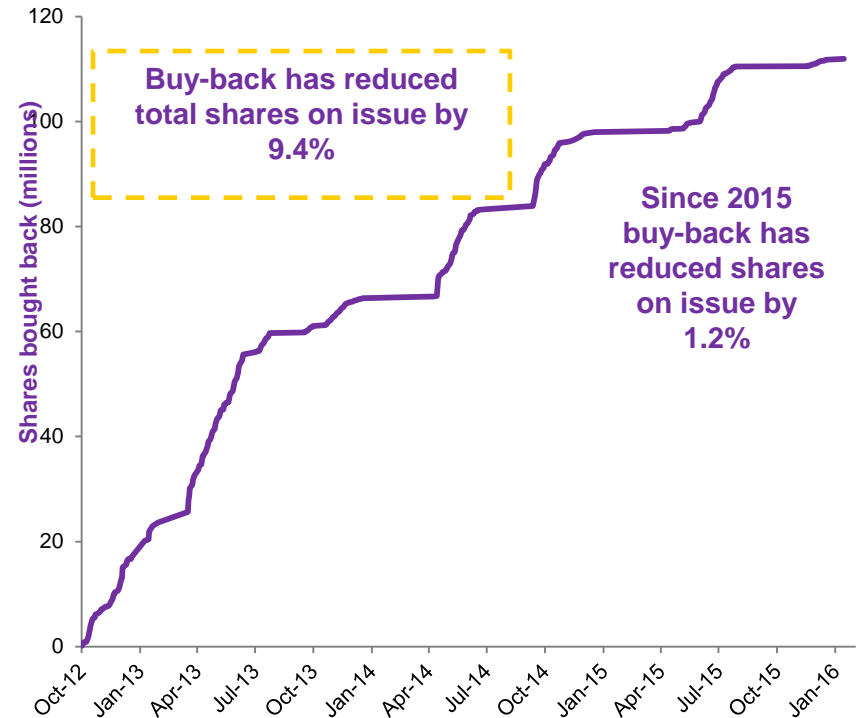
Capital Management

Share Buy back Program

- Active since October 2012
- \$82 million invested in the program
- 112 million shares bought back
- Average cost per share \$0.73

Balance Sheet Strength

- Net Debt of \$56 million at year end
- Expect Net Cash by 31 January 2017
- Capacity to invest



Infrastructure Investment

CHS Eastern Creek DC – new business

- Pharmacy servicing capacity
- Third Party logistics services
- NSW Hospital pharmacy market

Sigma Berrinba QLD DC

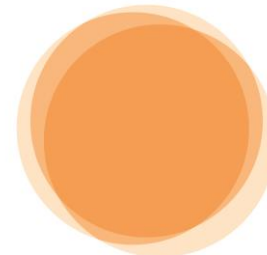
- \$65 million investment in DC and automation
- Environmentally sustainable design features
- Operational last quarter 2017



Corporate Social Responsibility

- 76% employee satisfaction rating
- 63% of employees are shareholders
- Committed to gender diversity
- A strong Health and Safety culture
- Focussed on reducing our environmental footprint
- Committed to supporting the Community

SUMMER
FOUNDATION



Government Regulation

Sixth Community Pharmacy Agreement (6CPA)

- Announced in June 2015
- Provided good outcome for pharmacy

Review of Pharmacy Remuneration and Regulation

- Headed by Professor Stephen King
- Wide mandate to review the long term sustainable structure of the industry
- Initial consultation paper expected shortly

Mark Hooper

Managing Director and CEO


Consistently delivering on our promises



Promised	Delivered	
Grow EBIT by 10% - 11%		
Grow non PBS earnings		
Maintain strong balance sheet		
Reward shareholders		

Consistently delivering on our promises



Promised	Delivered	
<p>Grow EBIT by 10% - 11%</p> <p>Grow non PBS earnings</p> <p>Maintain strong balance sheet</p> <p>Reward shareholders</p>	<ul style="list-style-type: none">• Underlying[#] EBIT up 13.7%	

Refer to Appendix 1 for a reconciliation of Reported to Underlying

Consistently delivering on our promises



Promised	Delivered	
Grow EBIT by 10% - 11%	<ul style="list-style-type: none">Underlying[#] EBIT up 13.7%	✓
Grow non PBS earnings	<ul style="list-style-type: none">Non-PBS sales revenue now approx. 35% of total revenue, up from 33%Other revenue up 39.9% to \$73.2m	✓
Maintain strong balance sheet		
Reward shareholders		

Refer to Appendix 1 for a reconciliation of Reported to Underlying

Consistently delivering on our promises



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Maintain strong balance sheet	<ul style="list-style-type: none"> Minimal net debt of \$56.6m Return to net cash by next year end Capacity to support further investment and reward shareholders 	✓
Reward shareholders		

Refer to Appendix 1 for a reconciliation of Reported to Underlying

Consistently delivering on our promises



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Maintain strong balance sheet	<ul style="list-style-type: none"> Minimal net debt of \$56.6m Return to net cash by next year end Capacity to support further investment and reward shareholders 	✓
Reward shareholders	<ul style="list-style-type: none"> Final Dividend increased to 3.0 cents 14m shares bought back and cancelled 	✓

Refer to Appendix 1 for a reconciliation of Reported to Underlying

Acquisitions exceeding expectations

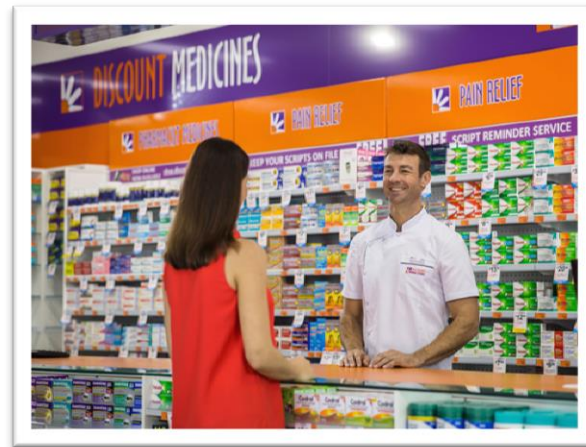
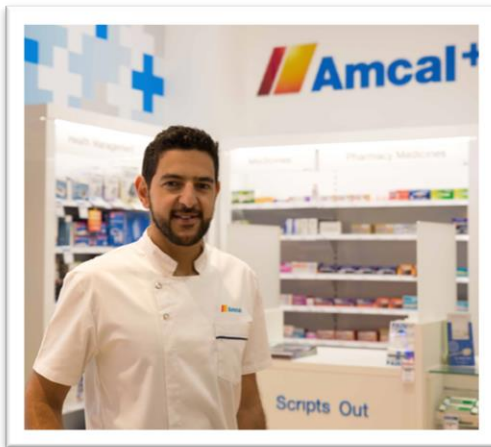


- Pharmacy brands growing
- Expanding our Hospital pharmacy presence
- NSW distribution centre expands our reach



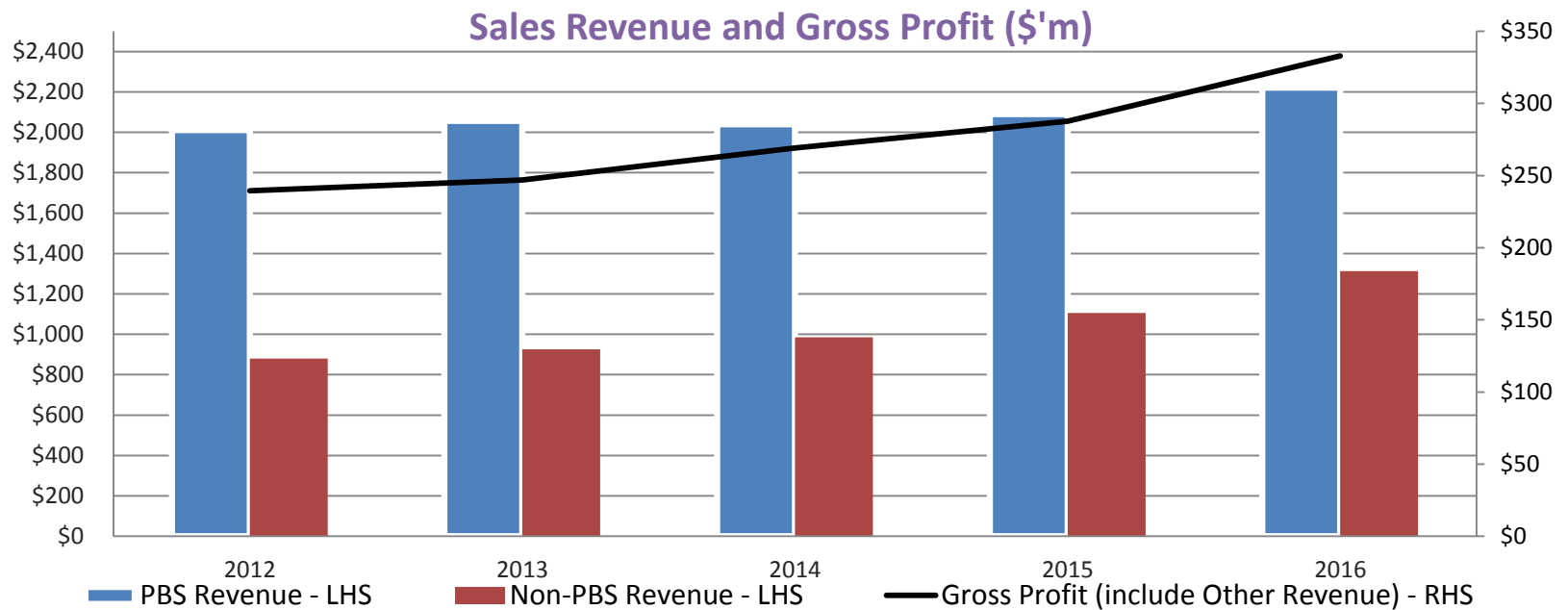
Australia's largest pharmacy footprint

- Putting pharmacists at the core
- Improving consistency and brand standards
- Expanding range of services, products and programs
- Growing Other Revenue
- Expanded Private and exclusive label range



Diversified revenue driving profit growth

- Diversifying our income stream
- Focussed on Return on Invested Capital on broader earnings



Committed to Service excellence

Sigma is committed to providing structured programs that help our pharmacy brand members support the health of their customers



Looking forward



Thank you

Appendix 1 – Reported to Underlying Reconciliation



Financial Performance

The consolidated profit attributable to shareholders was \$50,502,000 compared to \$52,773,000 for the prior year. The reported profit for the current year was impacted by a significant one-off item. The underlying profit before financing costs and tax (or EBIT), and profit after income tax (NPAT) is reconciled as follows:

\$'000	2016	2015
Reported EBIT	80,071	78,055
<u>Add back</u>		
Share of profit/(loss) of equity accounted investee, before tax	300	(6)
Acquisition expenses	-	307
Loss on recognition of contingent consideration from prior year	7,784	-
Amortisation of other intangibles acquired in acquisition	940	-
Underlying EBIT	89,095	78,356

\$'000	2016	2015
Reported NPAT[†]	50,502	52,773
<u>Add back</u>		
Acquisition expenses	-	307
Loss on recognition of contingent consideration from prior year	7,784	-
Amortisation of other intangibles acquired in acquisition	940	-
Underlying NPAT	59,226	53,080

[†] Profit attributable to the owners of the company