



AUSTRALIAN PHARMACEUTICAL INDUSTRIES LIMITED

2016 ANNUAL GENERAL MEETING

25 JANUARY 2017



Important information

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

Admittance Cards

- **Blue** for voting shareholders
- **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 Peter Robinson, Chairman
 - Mr Stephen Roche, CEO & Managing Director
 - Mr Richard Vincent, CEO-elect
 - Mr Gerard Masters
 - Ms Carol Holley
-
- Mr Maurice Bisetto – KPMG

Notice of meeting

1. Receive and consider the Financial Report for the year ended 31 August 2016
2. Adopt the Remuneration Report for the year ended 31 August 2016
3. Re-election of Gerard Masters
4. Non-Executive Director's Remuneration



Financial Report to 31 August 2016

- Chairman's Address
- CEO and Managing Director's Address
- CEO-elect's Address



2016 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Mr Peter Robinson



Improved returns for shareholders



*Refer to API's Full Year presentation lodged with the ASX on 20 October 2016 for definitions and reconciliations



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CEO & MANAGING DIRECTOR'S ADDRESS

Mr Stephen Roche



API 2016 Financial Year

Group
Revenue \$3.8b
↑ 11.1%

Underlying*
NPAT \$51.4m
↑ 18.0%

Underlying*
EBIT \$87.1m
↑ 17.7%

Earnings per
Share 10.5¢
↑ 18.0%

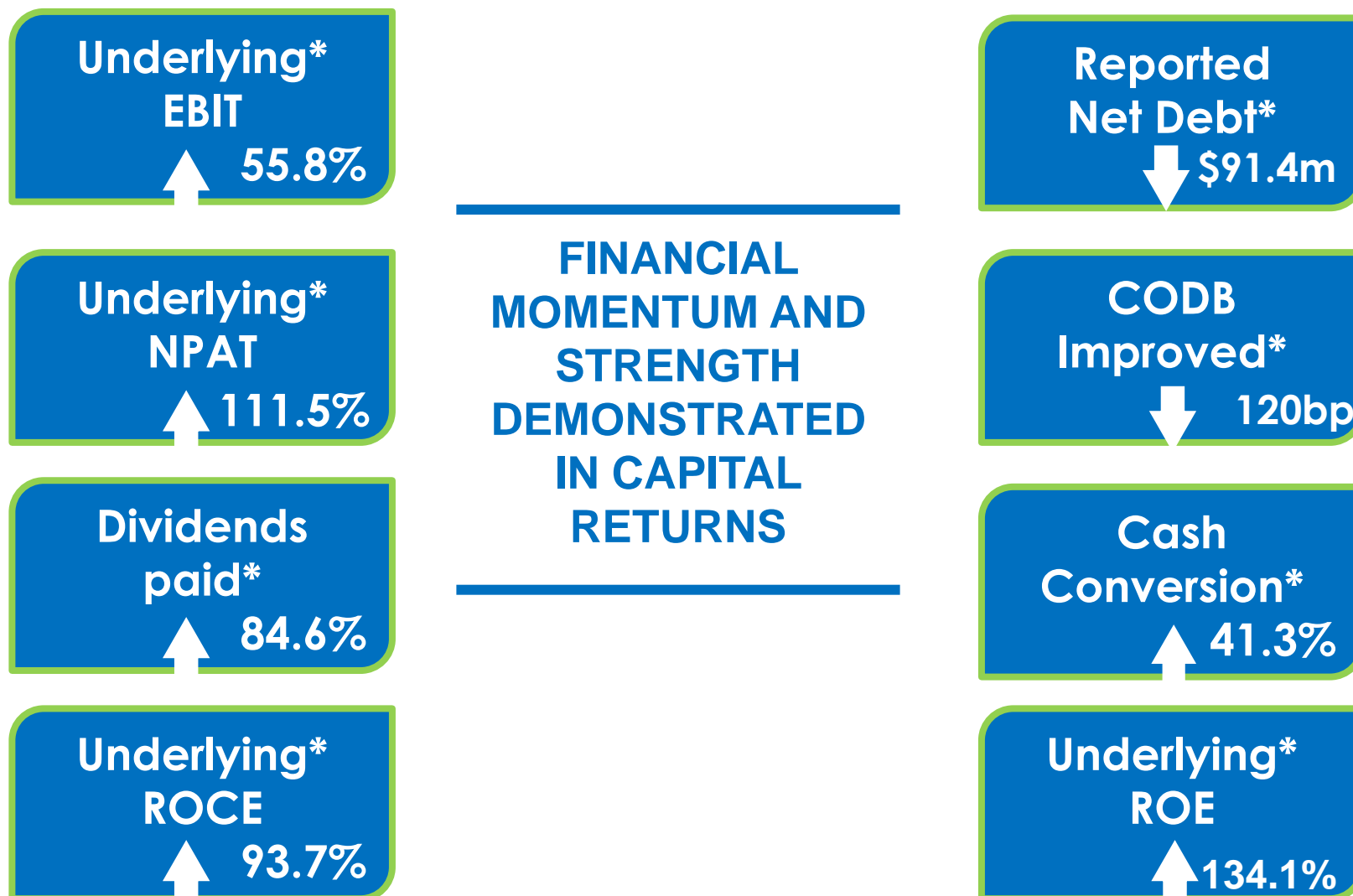
Strategy Delivering

Growth continues from
core assets

Operational execution
maintained

Future growth options

Sustained performance over 3 years



*Refer to API's Full Year presentations lodged with the ASX between 2013 and 2016 for historical information and definitions

Priceline Pharmacy

Total Retail
Sales* \$2bn



11.7%

Market Leader

#1 COLOUR COSMETICS
#1 SKINCARE

Sister Club
Membership



6.4m

Store
Network 442



+ 22



*Refers to Retail network sales at register including all dispensary sales. Retail sales made by franchise stores do not form part of the financial results of the consolidated entity. Refer to the 2016 Appendix 4E lodged with the ASX for recorded segment revenue.

Women in sport



Next generation store delivers for our customers

Dedicated
playground
areas

Improved
lighting,
directional
flow and
signage

Broader aisles
and easier
access



Pharmacy distribution

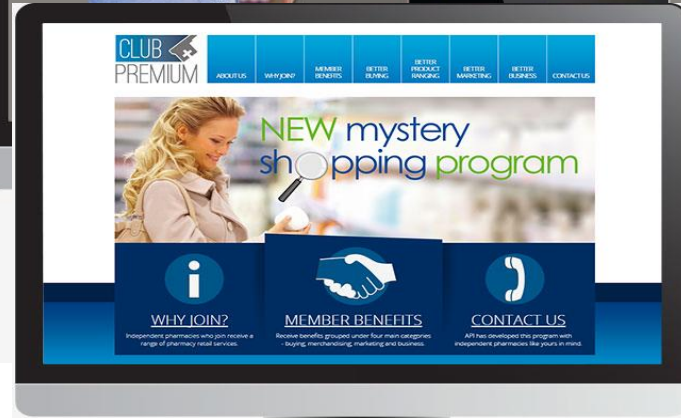
Revenue up to
\$2.75bn

↑ 11.2%

Gross Profit
\$217m

↑ 1.9%

1000+
Pharmacies in
programs



2016 Highlights

**SAP
implementation
savings being
realised**

- **Fundamental infrastructure investment complete**
 - Supply Chain
 - SAP
- **Delivering expected savings and lower cost per unit**
- **Scalable for volume increases**

**Further
improvement in
safety**

- **28.8% decrease in LTIs**
- **18.6% reduction in total recordable injuries over FY16**
- **Underpinned by Safety, Health & Wellbeing management system**



Priceline Sisterhood Foundation

WHAT IS THE
**PRICELINE
SISTERHOOD?**



The Priceline Sisterhood Foundation raises money for five charities that support women and their families. First established in 2011, the program has now raised more than \$3 million for its charity partners, with more than \$1,000,000 raised in 2016.



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CEO-ELECT'S ADDRESS

Mr Richard Vincent



Outlook

➤ **Expect 1H17 NPAT of \$29.0m, up 14.6% on prior period**

➤ **Total Priceline Pharmacy network sales growth to 14 January was 3.6%***

LFL growth to Christmas 1.4%, followed by slower market with LFL growth 0.6%* in total to 14 January

➤ **Store network at least 450 at half year and on track for 462 at full year**

➤ **Reported net debt expected to be positive before 31 December 2017**

Outlook is subject to:

- No major changes in consumer or customer demand
- A stable economic climate
- No unforeseen regulatory adjustments or reforms to the PBS

*Refers to Retail sales at register, excluding dispensary sales, for the period 1/9/16 to 14/1/17.



2016 ANNUAL GENERAL MEETING

ORDINARY BUSINESS



Business of Meeting

Reminder

- **Blue** Admission card – 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 2016.”



Conduct of a Poll

To be conducted at the end of the meeting
following consideration and discussion of all items of
business

Item 2 – Remuneration Report

Ordinary Resolution:

“To adopt the remuneration report for the year ended 31 August 2016.”

Remuneration Report – Proxies Received

Proxies Received	
For:	331,132,416
Against:	2,751,175
Open – usable:	1,432,639
Abstain:	421,579
Exclusions:	1,973,620

Item 3 – Re-election of Director – Mr Gerard Masters

Ordinary Resolution:

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

Re-election of Gerard Masters – Proxies received

Proxies Received	
For:	335,349,903
Against:	198,151
Open – usable:	1,486,483
Abstain:	676,892
Exclusions:	0

Item 4 – Non-Executive Director's Remuneration

Ordinary Resolution:

“That, for the purposes of listing Rule 10.17 and for all other purposes, the maximum aggregate of fees payable to Non-Executive Directors be increased by \$350,000 per annum, from \$850,000 per annum to \$1,200,000 per annum.”

Non-Executive Director Remuneration – Proxies received

Proxies Received	
For:	330,977,863
Against:	2,993,008
Open – usable:	1,426,649
Abstain:	340,289
Exclusions:	1,973,620



Conduct of Poll and Voting Instructions

- **Blue** coloured cards only
- Directions for Poll
- Results of Poll



Commencement of Voting

- Remember:

- ✓ Mark each box
- ✓ Write your name and sign
- ✓ Place in Ballot box

Proxy votes received

Proxies Received	Remuneration Report	Re-election of Gerard Masters	Non-executive Director Remuneration
For:	331,132,416	335,349,903	330,977,863
Against:	2,751,175	198,151	2,993,008
Open – usable:	1,432,639	1,486,483	1,426,649
Abstain:	421,579	676,892	340,289
Exclusions:	1,973,620	0	1,973,620



THANK YOU FOR ATTENDING

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25 JANUARY 2017**

