



api Investor Briefing

TUESDAY 4 FEBRUARY 2020

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.

Carolyn Ireland

Strategy & Investor Relations

API Executive Team



Richard Vincent
CEO & Managing Director



Andrew Vidler
GM, Priceline



Tamsyn Alley
GM, Clear Skincare



Jim Redfern
GM, Consumer Brands &
Supply Chain



Peter Mendo
Chief Financial Officer



Clyde Morgan
GM, Pharmacy Business
Development



Dean Matthews
Chief Information Officer



Steve Arthurson
GM, People



Rob Tassie
GM, Healthcare Services



Anne Mustow
General Counsel &
Company Secretary

Introduction

Richard Vincent

Vision



ENRICHING
LIFE

..... AS THE MOST
INSPIRATIONAL CHOICE
FOR
**HEALTH, BEAUTY
& WELLBEING**



Strategy

Portfolio of complementary health and beauty assets delivering growth

Pharmacy Distribution

Deliver
stable ROCE
and cash
generation

Priceline Pharmacy

Evolve offer
to address
customer
changes

Clear Skincare

Expand
network
and grow
profitability

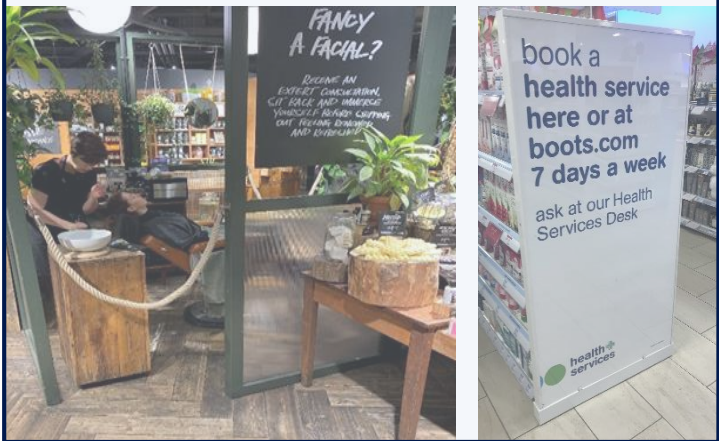
Consumer Brands

Build portfolio
and
earnings
contribution

LEVERAGE EXISTING INFRASTRUCTURE AND MARKET EXPERTISE

Global Trends

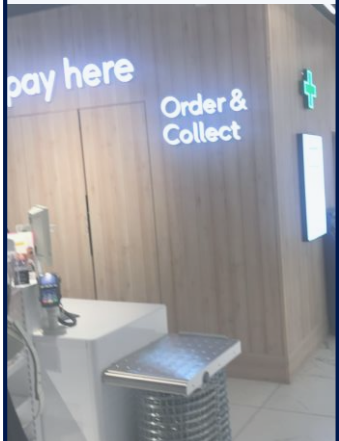
Experience Retailing



Natural



Convergence



Self Health Management



Environment



Authenticity



Priceline Pharmacy

Andrew Vidler

and

Geoff Hope

Franchise Partner

Geoff Hope

**Pharmacist,
Priceline Franchise Partner, and
Brand Advisory Committee Member**

Priceline Pharmacy Glenorchy &
Priceline Pharmacy Bridgewater, TAS



What we do



DIFFERENTIATED CUSTOMER OFFER

Built on a belief that Health & Beauty are intrinsically linked. The insight for Priceline is that **you are beautiful when you are well**

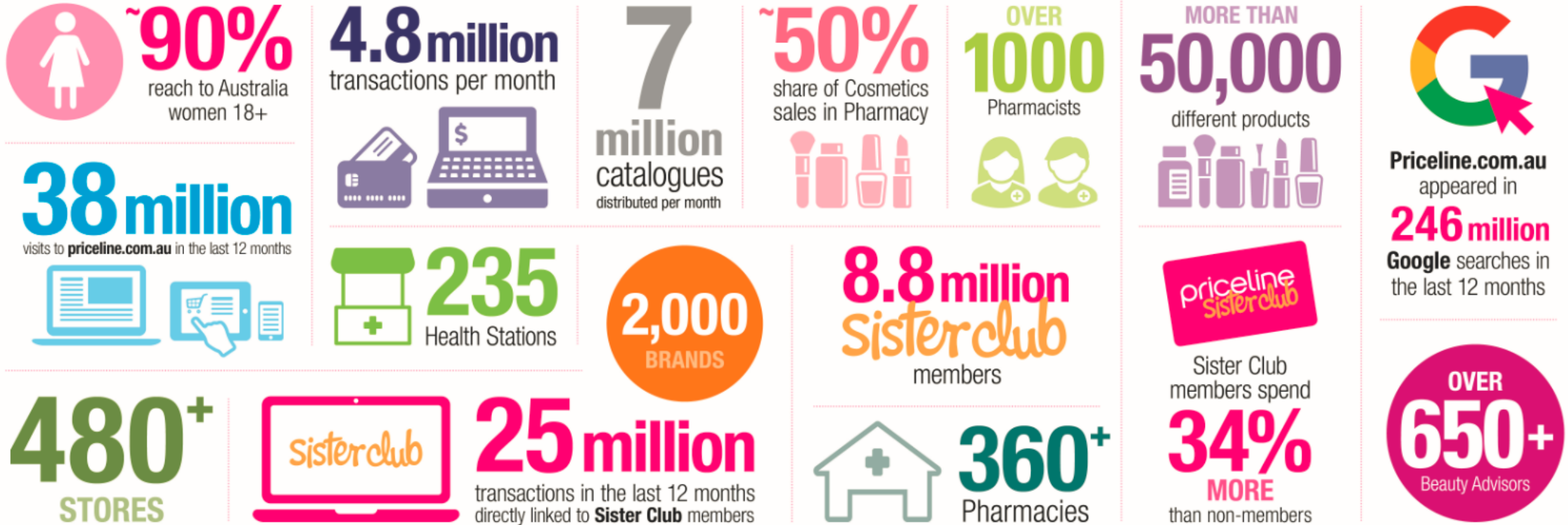
EFFECTIVE BUSINESS PARTNERSHIPS

For our franchise partners we do what we say we are going to do. **They then do it for the customer**

What we do well



The numbers are impressive





for advice
you trust

Health experience



FOR ADVICE
YOU TRUST

there's no place like priceline

Keep expanding the health experience



priceline Sister club

8.8 million Sister Club members



1 million qualify for a Quarterly Reward

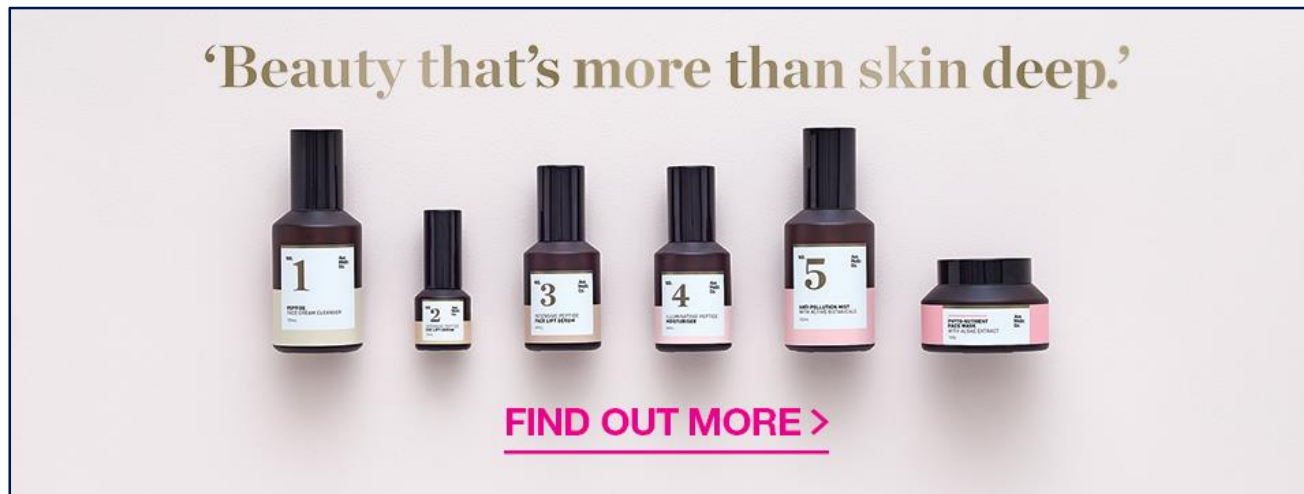
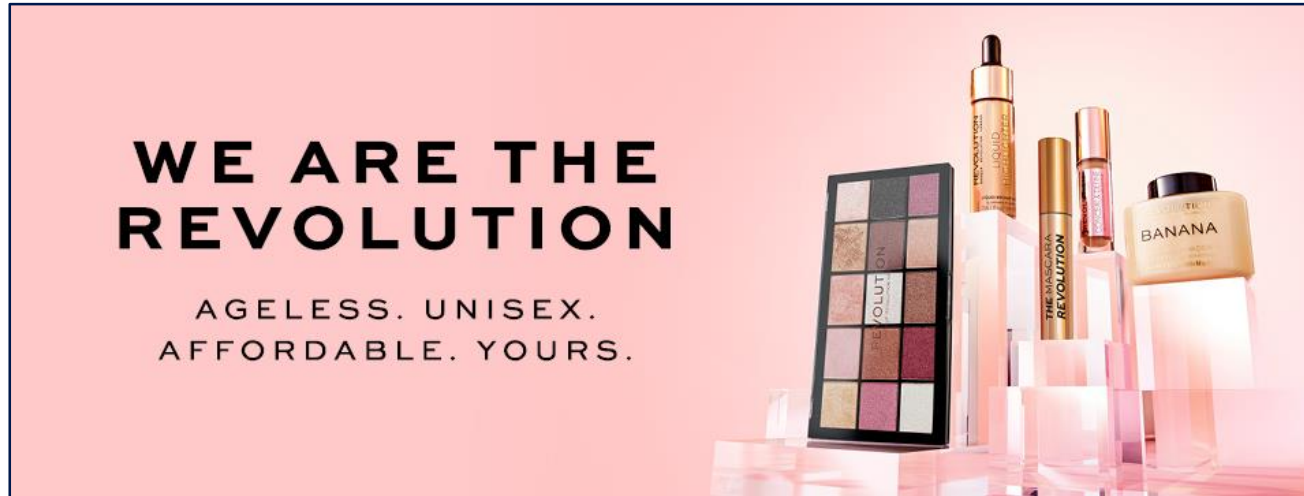
20 million emails per month

58% of Priceline's Total Retail Sales



34% larger basket size than non-members

Exclusive products



Private Label and House Brand

Customer benefits

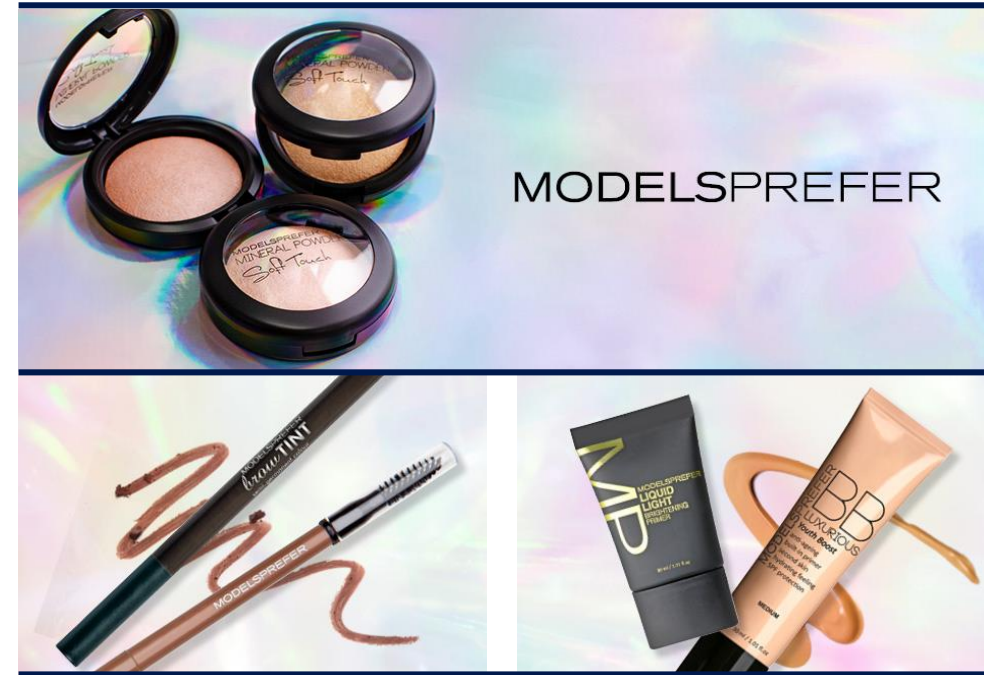
- ♥ Delivers high quality and exceptional value through our range
- ♥ Can deliver new trends to market quickly

Franchise partners and company stores

- ♥ Protects margin
- ♥ Balanced approach where customers also expect to find the latest and best brands

API benefit

- ♥ Manufacturing margin for API Consumer Brands



Click & collect

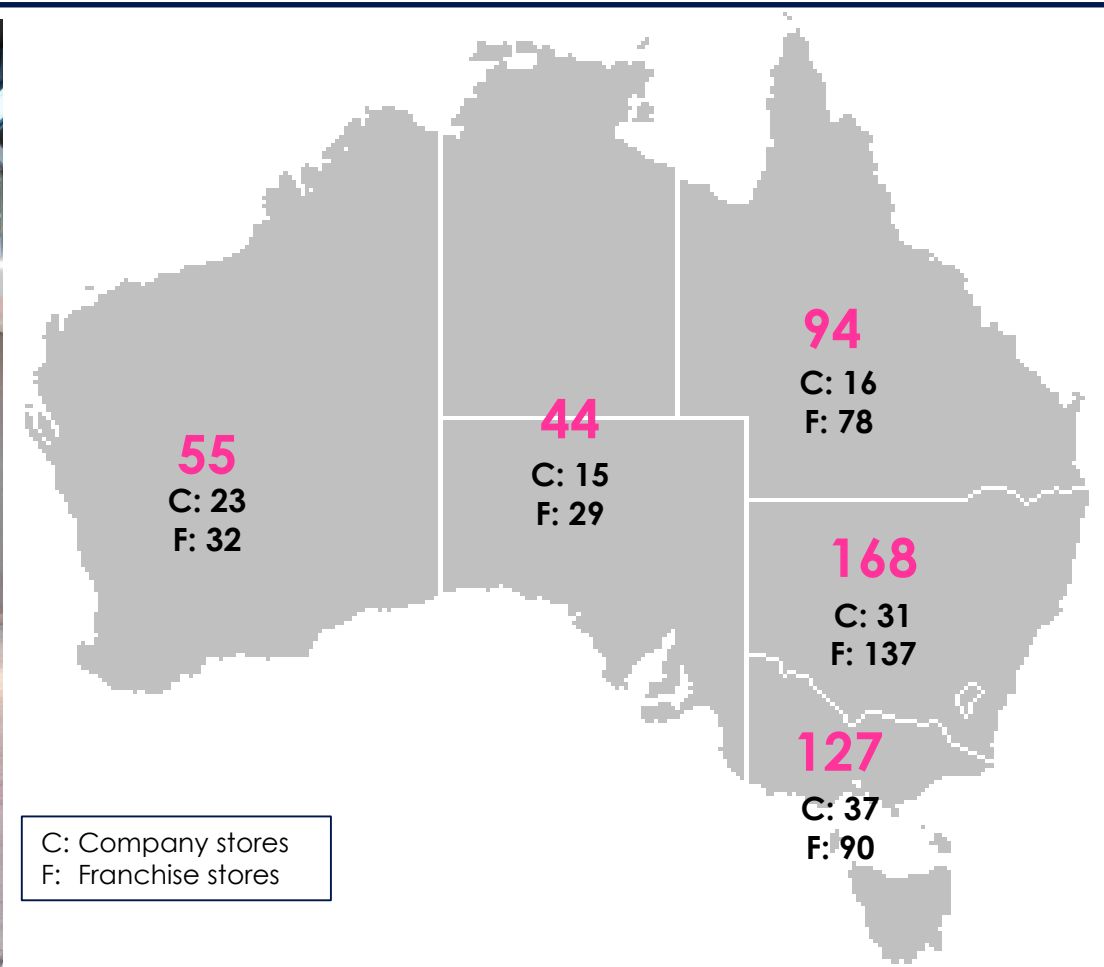


click&collect

**Available Now
in Selected
Stores**

FIND OUT MORE >

A National retailer



Clear Skincare

Tamsyn Alley

What we do

Creating
Beautiful Skin
since 1999



Clear Skincare

ANTI-AGEING,
ACNE &
LASER CLINICS



What we do well



SKIN AND ACNE



LASER HAIR REMOVAL



COSMETIC INJECTING



CLEAR SKINCARE

Our leading technology and innovation

- ❖ Clear Skincare clinics utilise industry leading equipment
- ❖ It is a changing consumer landscape as customers are increasingly skin savvy and we are focused on staying at the forefront of results-driven skin treatments
- ❖ We are in continuous liaison with the leading medical technology suppliers, testing and trialing a range of equipment to expand and strengthen our treatment mix

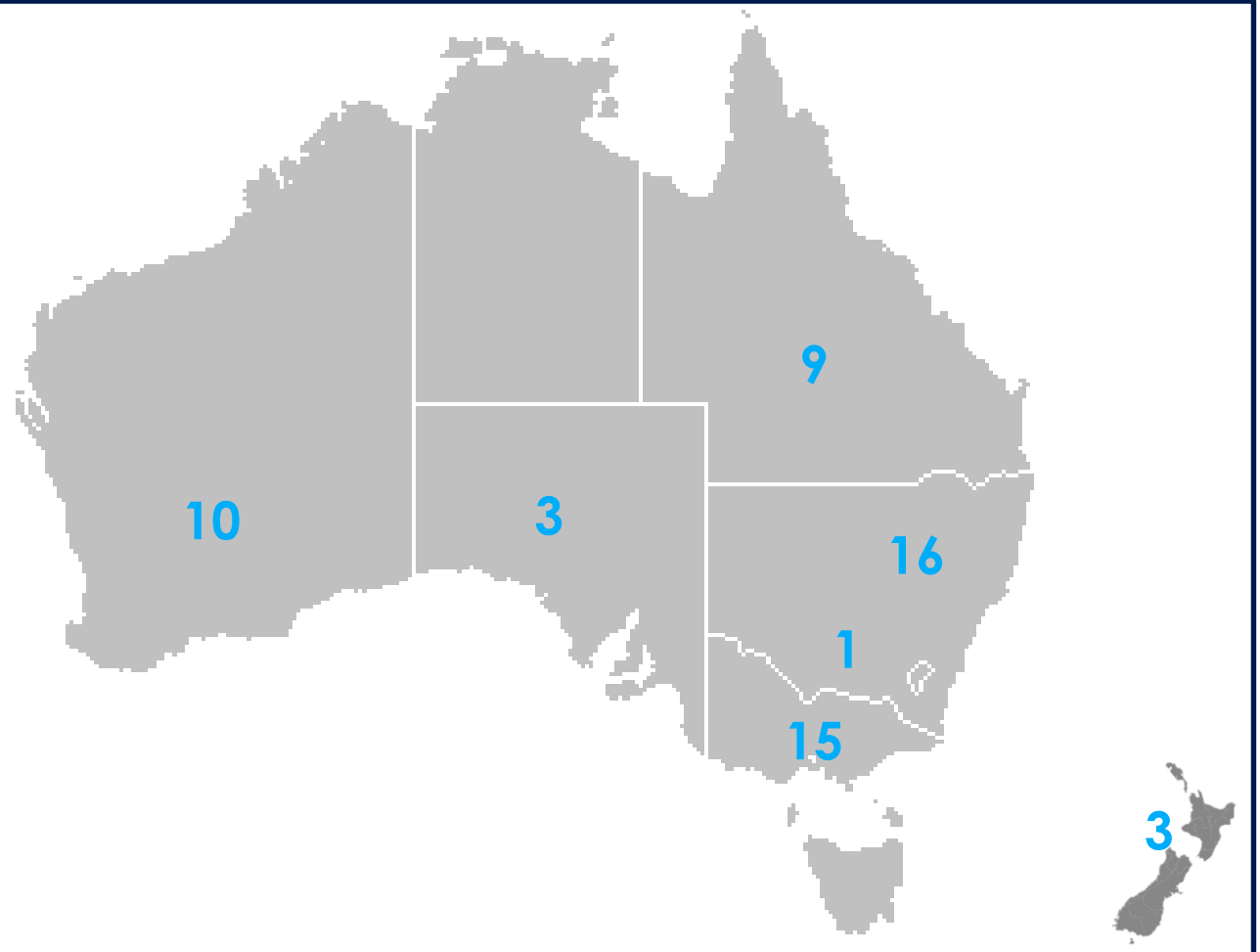


The Clear Skincare difference



- ❖ A highly trained team of therapists, nurses and experienced doctors, who truly care for our customers

A focus on continued growth



Consumer Brands

Jim Redfern

What we do

- Established in 1985 and purchased by API in 2002
- Private Label and private brands are key for our retail business
- Shifted focus from purely manufacturing to a consumer mindset
- Two manufacturing plants



What we do well

- A leading seller, distributor & manufacturer in both the Pharmacy and Grocery channels that provides competitive tailored products and services to retailers and manufacturers
- We are a key contract manufacturing supplier
- Provide API with a vertically integrated manufacturer to retail model

Healthcare strategy

- To deliver high quality, affordable and innovative products to our broad customer base
- To focus our New Product Development around bringing high volume Generic products to market
- OTC range is over 130 products across multiple brands and growing



- Manufacture or source products for a number of pharmacy groups
- Contract manufacture for the likes of Pfizer, Arrowtex and EBOS
- Future growth will be focused on maximising our capability in NZ as well as through our network of suppliers to bring innovation to the market



Personal Care strategy

- To provide quality personal care products to the Pharmacy and FMCG markets
- Key markets for Only Good include New Zealand FMCG, Australian Pharmacy and FMCG and Holland & Barrett in the UK
- The Health Basics range is sold into New Zealand FMCG and also exported to China
- Future growth will be focused on continuing to develop innovative products and expanding the export market including online platforms



Supply Chain

Jim Redfern

Supply Chain

- National network with a focus on continuous efficiency gains
- Reduced from 15 Distribution Centres (DCs) to 7 DCs delivering circa 3,500 pharmacies on a daily basis out of a 5,723 community pharmacies nationally
- Our Supply Chain picks circa 295 million units with 1.1 million store deliveries per annum
- Step change in efficiency will come from investing in the supply chain
- New Sydney DC investment



Community pharmacy landscape and closing remarks

Richard Vincent

What we do

- Pharmacy distribution and retail support services
- National sales force supports greater than 2,500 first-line pharmacies and provides a high level of personal service



Soul Pattinson Chemist

Pharmacist Advice



CLUB  PREMIUM

What we do well

- Consistent and reliable daily distribution services
- Comprehensive retail services – buying, marketing, merchandising and technology support
- Innovative and integrated ordering platform
- Pharmacy services provided to over 1,450 banner groups and independent pharmacies via banner brands and Club Premium
- Strong relationships with pharmacists and deep understanding of their business

7th Community Pharmacy Agreement

- The 7th Community Pharmacy Agreement (7CPA) determines the funding for PBS drugs paid to wholesalers
- Wholesaler remuneration = wholesale margin + CSO Pool
- API engaging in negotiations, together with the NPSA
- The next agreement likely to be in place by 1 July 2020

Summary

- Confident in our strategy and we have the right capability to implement
- Leadership is focussed on growth opportunities including:
 - Pipeline of Priceline Pharmacies and Clear Skincare clinics
 - Consumer Brands sales growth from second half of FY20
 - Pharmacy Distribution upside from AstraZeneca and Upjohn
- Stringent Balance Sheet management and strong cash generation
- Sydney DC \$50m investment to provide a leading edge distribution capability
- Continue to consider acquisitions that fit with our strategy

Further questions?