



12 December 2019

Dear Shareholder,

Australian Pharmaceutical Industries Limited (API) – Final Dividend payment

Further to our full year financial results, which were announced on 24 October 2019, I am pleased to enclose the details of your dividend payment for the six months ended 31 August 2019.

Our final dividend is 4 cents per share, which results in a total fully franked dividend of 7.75 cents per share, up from 7.5 cents per share in 2018. This provides a dividend payout ratio of 70%, reflecting basic earnings per share of 11.2 cents for the 2019 year, up from 9.8 cents in 2018. The Board is pleased that API has been able to maintain strong dividend payments over recent years, reflecting the Group's consistent operational and financial management.

During our 2019 financial year, the Group recorded solid growth, particularly in our Clear Skincare and Consumer Brands businesses. The Group's net profit after tax was \$56.6 million, a 17.4% increase from \$48.2 million in 2018. Total revenue (excluding Hepatitis C and PBS reforms) was \$4.0 billion, up 4.1% on prior year with earnings before interest, tax, depreciation and amortisation of \$123.1 million, up 11.3% on the prior year.

The Group's 2019 year was the first full year which included the Clear Skincare business. It now has a range of complementary businesses, which means it is well positioned to leverage its healthcare and retailing capability to provide long term benefits to shareholders.

During the 2019 year, the Priceline Pharmacy network remained one of the largest speciality retail brands in Australia. The business reported like-for-like sales growth of 0.7% and an increase in store numbers to 488 pharmacies.

Our Priceline Sister Club remains Australia's largest health and beauty loyalty program. Our Pharmacy Distribution business reported underlying sales growth (excluding the impact of Hepatitis C sales and PBS reforms) of 4.2%, which is a good result in a highly regulated and competitive market.

Our Consumer Brands business continued its growth trajectory, reporting an increase in gross profit of almost 25% whilst significantly expanding its range of healthcare products.





Clear Skincare reported pleasing revenue growth of 20% on the prior year before our ownership. The business continues to expand with 8 clinics opened, resulting in a total of 52 clinics at year end, and the Clear Skincare product range is now stocked throughout the Priceline Pharmacy network.

Thank you for your ongoing support and we look forward to updating you at our Annual General Meeting on 22 January 2020.

Yours sincerely,

A handwritten signature in black ink that reads 'Mark G Smith'. The signature is written in a cursive, flowing style.

Mark Smith
Chairman