



Growth through transformation

Annual General Meeting
13 May 2020



Important notice

This presentation for Sigma Healthcare Limited and its subsidiaries (Sigma Group) is designed to provide:

- an overview of the financial and operational highlights for the Sigma Group for the 12-month period ended 31 January 2020; and
- a high level overview of aspects of the operations of the Sigma Group, including comments about Sigma's expectations of the outlook for FY2021 and future years, as at 13 May 2020.

This presentation contains forward-looking statements relating to operations of the Sigma Group that are based on management's own current expectations, estimates and projections about matters relevant to Sigma's future financial performance. Words such as "likely", "aims", "looking forward", "potential", "anticipates", "expects", "predicts", "plans", "targets", "believes" and "estimates" and similar expressions are intended to identify forward-looking statements.

References in the presentation to assumptions, estimates and outcomes and forward-looking statements about assumptions, estimates and outcomes, which are based on internal business data and external sources, are uncertain given the nature of the industry, business risks, and other factors. Also, they may be affected by internal and external factors that may have a material effect on future business performance and results. No assurance or guarantee is, or should be taken to be, given in relation to the future business performance or results of the Sigma Group or the likelihood that the assumptions, estimates or outcomes will be achieved.

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Brian Jamieson
Chairman

Board of Directors



David Manuel



Kathryn Spargo



David Bayes



Christine Bartlett



Ray Gunston



Michael Sammells

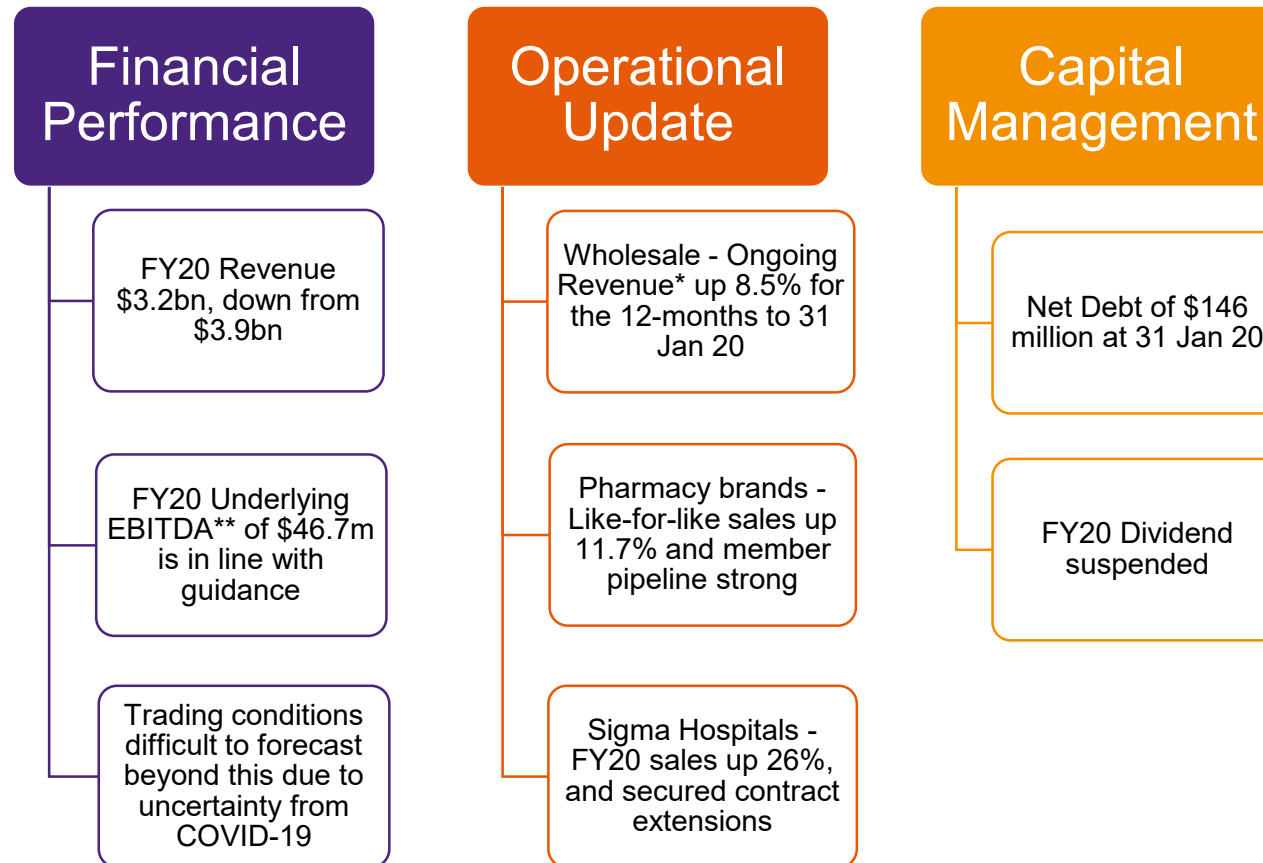


Mark Hooper

Year in Review



Overview



* References to Ongoing Revenue relate to the Sigma business excluding Hep-C and sales to Chemist Warehouse

** Refer to Appendices for a Reconciliation of Reported to Underlying

Distribution Centre investment



- Over \$220 million investment to date
- Generational advancement in infrastructure
- Significantly improves operational capacity and efficiency

April 2018
Berrinba QLD
\$52m

February 2019
Canning Vale WA
\$52m

October 2019
Pooraka SA
\$20m

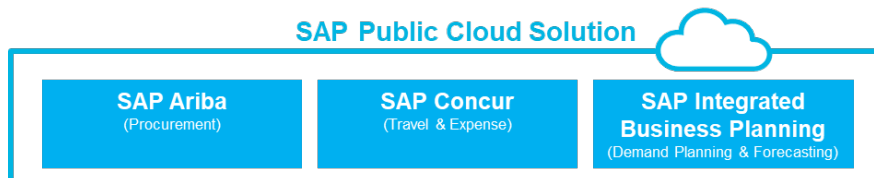
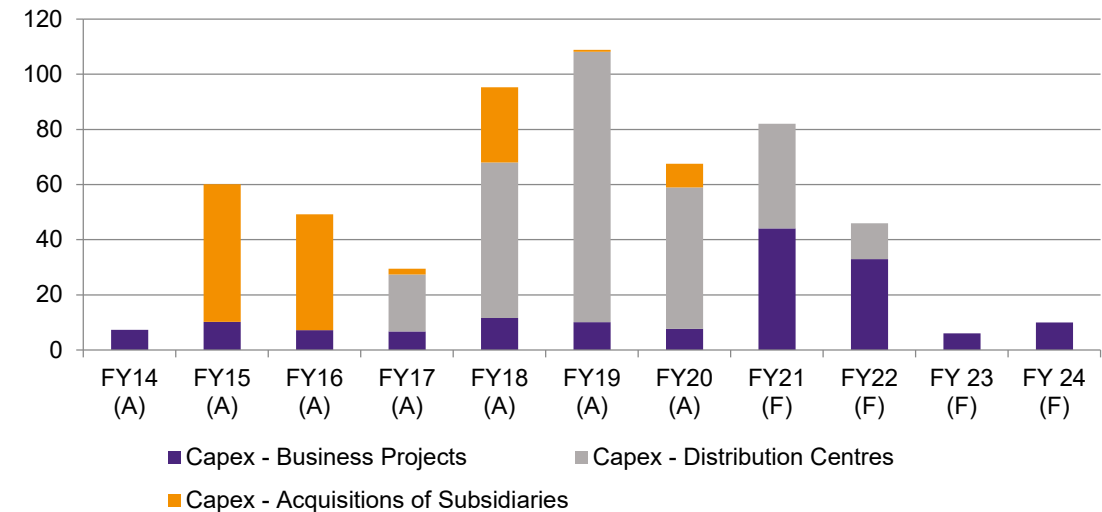
January 2020
Kemps Creek NSW
\$105m

Investment in critical IT Infrastructure

ERP replacement

- Project kicked off in Feb 20, and is expected to conclude in Q4 2021
- Partnered with experienced System Integrators Accenture and Infosys
- Specialist team members recruited
- Selected SAP S/4 HANA and SAP Next Generation product suite
- 7-10 year expected payback

Capital Expenditure cycle



Merger proposal rejected during the year

- Full consideration given to API proposal which was ultimately rejected
- API exited Sigma's share register in December 2019
- Right decision for Sigma shareholders:
 - Clear road map established for Sigma's medium to long term future as standalone business
 - Good progress being made on achievement of \$100m of efficiency gains through Project Pivot
 - Capital investment program nearing completion and already delivering strong results

Corporate Social Responsibility

- Continuing efforts to minimise our environmental footprint
- Partnered with Essential Services to overcome challenges and ensure medicines were delivered to isolated areas
- Financial and product support provided to affected communities
- Ongoing support for Vinnies and The Summer Foundation



We have been blown away with the generosity of all the Sigma team in regard to the time spent and emotional support given to Stanthorpe and Tenterfield through this tough time.

Michael Lane, Stanthorpe Pharmacy Group



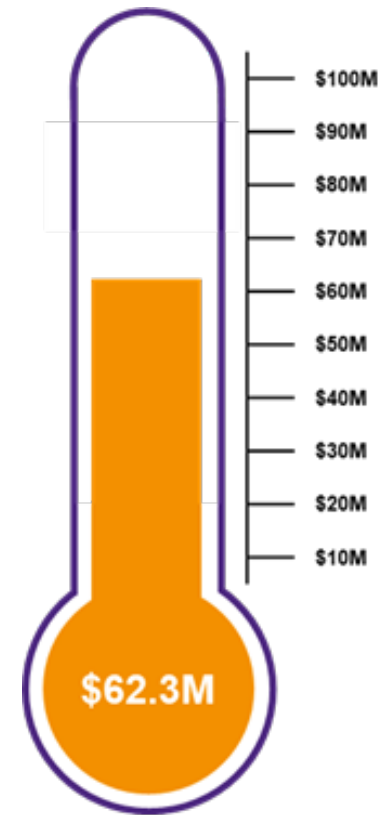
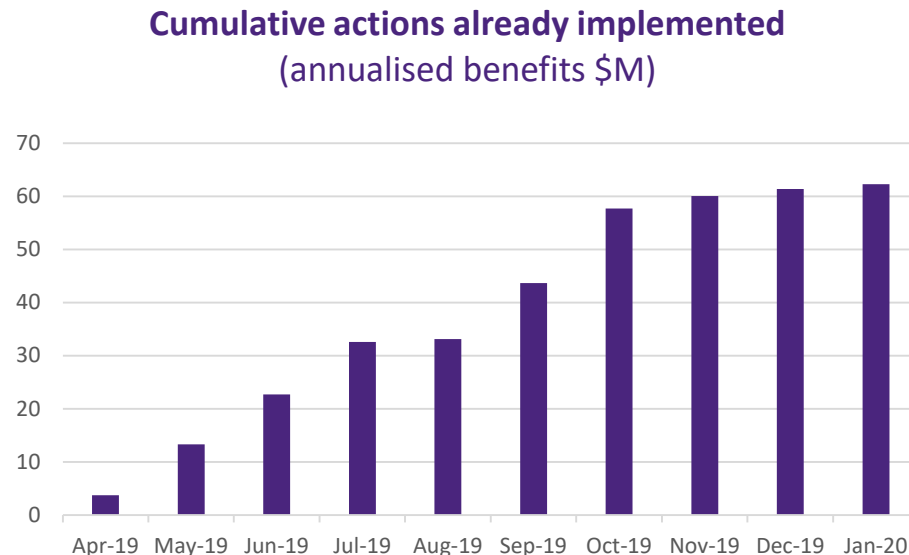
Brian Jamieson
Chairman



Mark Hooper
CEO &
Managing Director

Project Pivot – Delivering on target

- Action taken to achieve \$62.3m of targeted annualised benefit at 31 Jan 2020, in line with initial Year 1 expectations
- Now anticipate some delays in realisation in Year 2 due to reinvestment to support the return of MC/CW FMCG, impacts from bushfires and COVID-19
- Remain on target to deliver \$100+m of benefits, however some realisation will now be in Year 3 (FY22)



Chemist Warehouse FMCG contract – on track



- Approximately \$700 - \$800 m annual sales (including second line PBS)
- 4-year supply agreement to June 2024
- Commercially acceptable trading and credit terms to both parties
- On boarding commenced Nov 2019 with over 80% of FMCG volume now being supplied
- Expect full run rate from June 2020

Distribution Centres

Capacity | Efficiency | Value

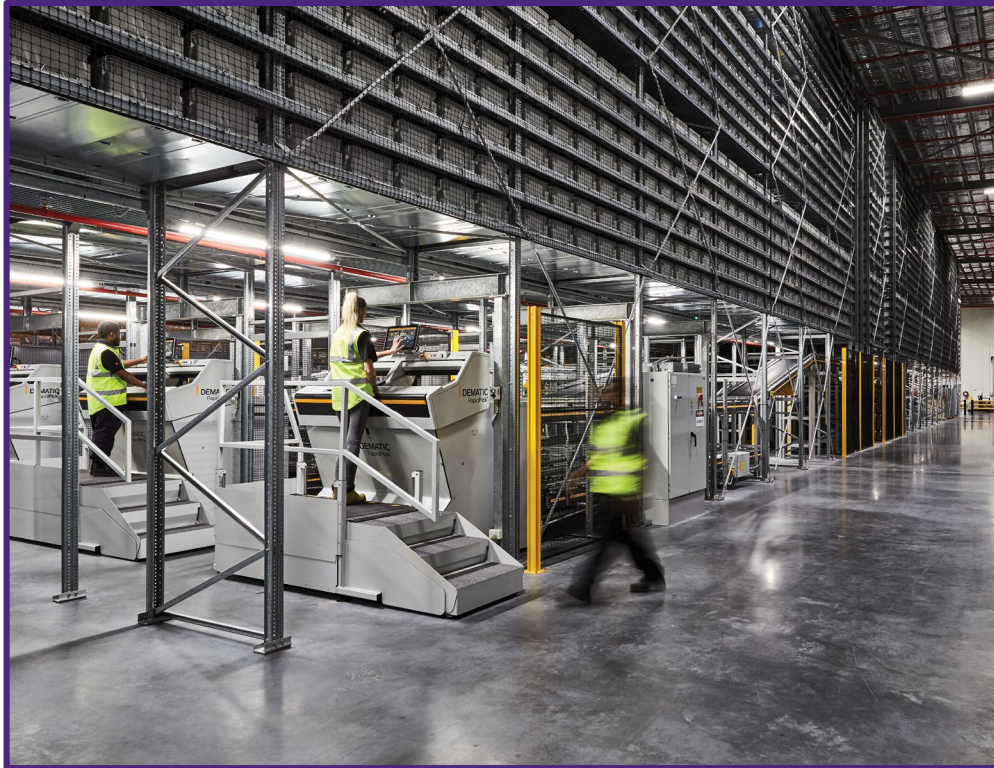


- Operationalised four new Distribution Centres in the last four years with the latest automation
- Created physical and operational capacity that absorbed the spike in volume seen through the Covid-19 peak

Sale and Leaseback

- Have created significant increase in value that we now look to release
- Information Memorandum released in April 2020
- 12 expressions of interest received
- Anticipate completion third quarter of this year

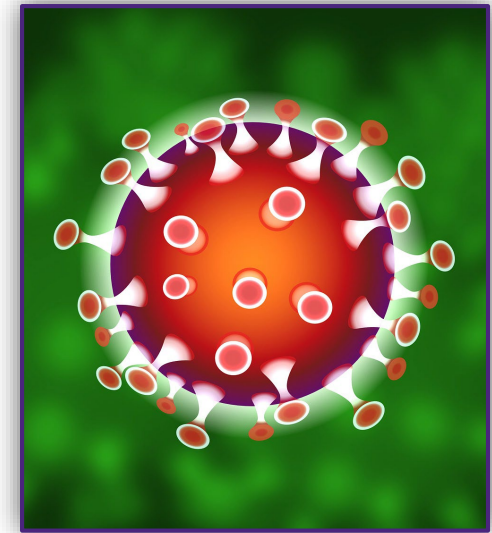
Regulatory Environment



- Discussions continue on the Community Pharmacy Agreement and Community Service Obligation Agreement
- Engagement has been encouraging
- Seeking investment to maintain the critical national infrastructure that supports community access to essential medicines

COVID-19 update

- Assessment completed and action taken across the business to minimise risk
- Introduced a resource hub to support our team members in the workplace and working from home
- Implemented several initiatives to support community pharmacies and their patients
- Volumes peaked in March, up 70%, with some weeks up over 80%.
- Sigma's team members and new DC network has absorbed the unprecedented demand



Outlook

- Entered FY21 with good momentum
- Combination of actions and a more diversified business provides the platform for sustainable earnings growth
- Opportunities created as we emerge from the Covid-19 pandemic will enhance this growth profile
- No formal guidance being provided



Incoming Chairman



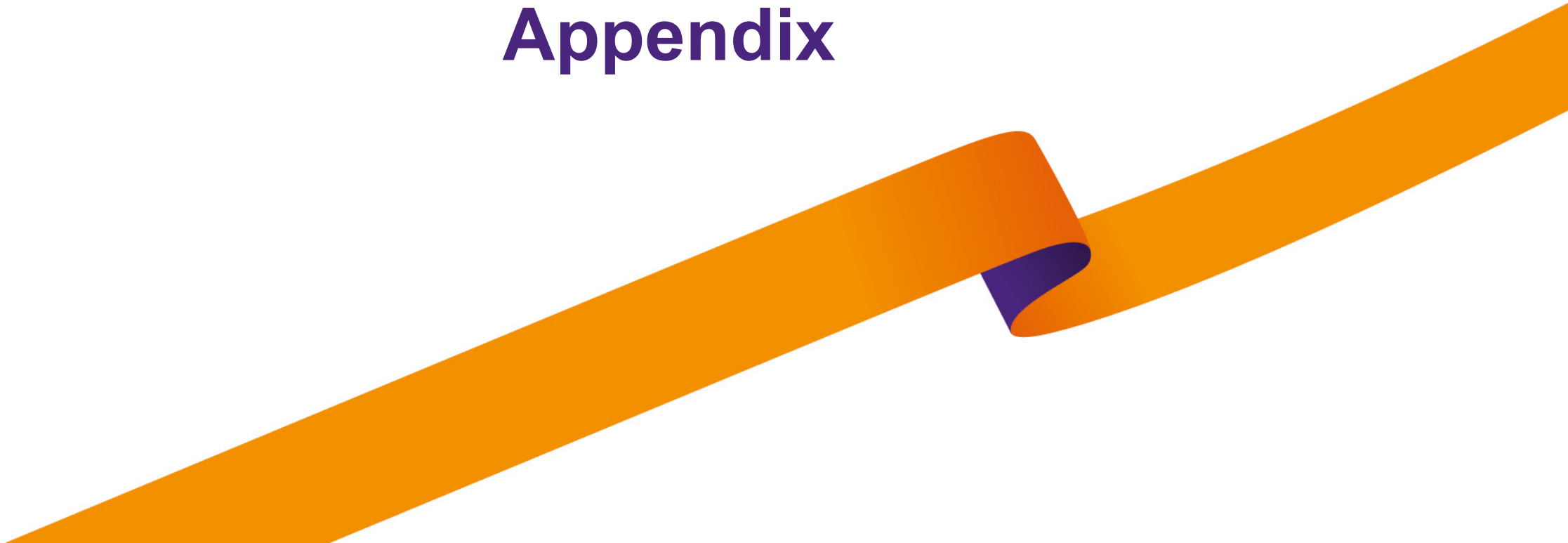
Mr Ray Gunston

B.Comm (Hons), DipEd, FCPA, FTA, GAICD

Thank you



Appendix



Group Financial Performance

	REPORTED	UNDERLYING*			
\$m	FY2020	FY2020	FY2019	Variance	Change
Sales Revenue	3,244.3	3,244.3	3,976.8	-732.5	-18.4%
Gross Profit	215.0	215.0	273.2	-58.2	-21.3%
Other Revenue	98.1	98.1	99.5	-1.4	-0.01%
Operating Costs	-288.9	-255.4	-282.2	16.0	5.7%
EBITDA	24.2	48.1	90.5	-43.6	-48.2%
EBITDA Margin	0.01%	0.01%	2.28%	-2.27%	N/A
Depreciation and Amortisation	-27.3	-17.6	-13.5	-4.1	-30.4%
Non-controlling interests	0.0	-1.4	-0.9	-0.7	-77.8%
EBIT	-3.1	29.1	76.2	-47.1	-61.84%
EBIT Margin	-0.0%	0.01%	1.91%	-1.9%	N/A
Net Financial Expense	-12.7	-12.7	-11.1	-1.6	-14.4%
Tax Expense	4.3	-3.8	-18.8	15.0	79.8%
NPAT	-11.5	12.6	46.3	-33.7	-72.8%

* Refer Appendices for a reconciliation of Reported to Underlying

Reported to Underlying Reconciliation

\$m	FY20	FY19
Reported EBITDA	24,200	76,550
Add Back (before tax)		
Restructuring and dual operating costs	39,662	13,115
Due Diligence and Legal Costs	(4,261)	863
Impact of Adoption of AASB 16	(11,517)	-
Underlying EBITDA	48,084	90,528
Less Reported Depreciation and Amortisation	(27,258)	(13,522)
Add Depreciation and right of use assets under AASB 16	9,611	-
Underlying EBIT	30,437	77,005
Less Non-controlling interests before interest and tax	(1,372)	(855)
Underlying EBIT attributable to owners of the company	29,065	76,150

Reported to Underlying Reconciliation

\$m	FY20	FY19
Reported NPAT	(12,330)	36,520
Add Back (after tax)		
Restructuring and dual operating costs	27,763	9,180
Due Diligence and Legal Costs	(2,983)	604
Impact of Adoption of AASB 16	157	-
Underlying NPAT	12,607	46,304

Cash Flow

