## ADDRESS GIVEN BY THE CEO & MANAGING DIRECTOR OF SIGMA PHARMACEUTICALS LIMITED, MARK HOOPER, AT THE ANNUAL GENERAL MEETING ON WEDNESDAY 8 MAY 2013 IN MELBOURNE, AUSTRALIA

Thank you for the opportunity to update you on Sigma's performance for the financial year ending 31 January, 2013 and our plans for future growth.

It is pleasing to report that Sigma continues to be in a strong financial position and that we have delivered on the undertakings we made last year to maintain positive momentum and build a platform for growth.

With PBS reform now a well established feature of the healthcare landscape, Sigma continues to work with its customers to both reduce costs and discounts to negate this impact.

We have continued to increase underlying profitability and our balance sheet is strong, finishing the year with a net cash position of \$83 million.

As Brian mentioned, Sigma's full year results were impacted by net litigation settlement expenses following the settlement of the class action.

Excluding this, our full year EBIT was \$71.1 million up from \$70.3 million last year.

Our continued focus on higher profitability and reducing invested capital has resulted in a record Return On Invested Capital (ROIC) of 13.5% for the underlying operations, which is an increase from 12.4% last year. Our efforts in reducing working capital have also played a big role here.

Our expectation is that we will deliver a further improvement in ROIC in FY 2013/14.

Total shareholder dividends of 4.0 cents per share means that around 90% of underlying profits for the year ending January 2013 have been returned to shareholders.

As we have said in the past, subject to the normal caveats, it is our intention to maintain a high dividend payout ratio underpinned by strong operating cash flows, combined with a healthy balance sheet.

At an operational level, the Sigma team is committed to growing our business. We have now completed all our senior management appointments, complementing the depth of experience in our existing team.

As I told, you last year that we were committed to investing in the people, processes and systems necessary to build a strong foundation of growth and enable the implementation of our strategy. This year I am happy to report that we have made investments in a range of areas including multi-channel, supply chain, loyalty, data warehouse and private and exclusive label.

I am also pleased to report that our brand members have enthusiastically embraced our strategy which aims to reinvigorate their business and in turn ours.

Our focus on providing superior customer service was recognised by winning two key industry awards. Guardian Pharmacy won both the 2012 Roy Morgan Research Customer Satisfaction Award for Pharmacy and the 2012 Canstar Blue Most Satisfied Customer Award. Amcal, in its 75<sup>th</sup> year, remains the most recognised pharmacy brand in the country. Together Amcal and Guardian provide the platform for Australia's largest pharmacy led network.

I am very pleased that in our centenary year I have been able to report a continued improvement in the Sigma business. Just as importantly, we have built a strong base for the business to deliver shareholder returns, continue the on-market buy-back and also be in a position to consider new opportunities as they arise.

Sigma has come a long way in just a few years. Our strategy is aligned throughout the business and the company is well positioned for growth.

Thank You

Mark Hooper CEO & Managing Director 8 May 2013