



Sigma Pharmaceuticals Limited

Results Presentation for the Full Year ending 31 January 2008

11am 25 March 2008

Flinders Room, Langham Hotel, Melbourne

Elmo de Alwis CEO/MD and Mark Smith CFO



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Underlying NPAT in line with guidance

A\$m	2008				2007	Δ 2008 to 2007
	H2	H1	Δ H2 to H1	Total	Total	
Revenue	1,532.5	1,434.0	▲ 6.9%	2,966.5	2,698.5	▲ 9.9%
EBITDA	120.8	89.3	▲ 35.3%	210.1	211.7	▼ 0.8%
EBIT	101.9	71.3	▲ 42.9%	173.2	177.2	▼ 2.3%
NPAT Underlying	53.6	36.6	▲ 46.4%	90.2	104.6	▼ 13.8%
Less Interest on Share buyback ⁽¹⁾	(2.8)	-	-	(2.8)		
Less Restructure costs ⁽¹⁾	(3.9)	(6.3)	▼ 38.1%	(10.2)		
NPAT Reported	46.9	30.3	▲ 54.8%	77.2		

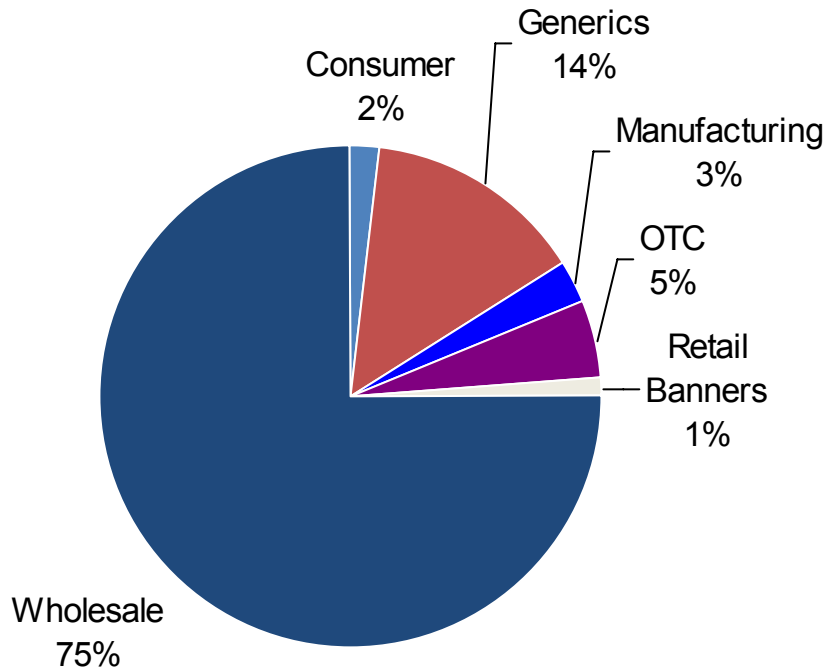
(1) Net of Tax

Additional restructure costs in H2

A\$m Net of tax	2008		
	H2	H1	Total
Redundancies	2.0	2.4	4.4
Inventory write-off	0.3	1.9	2.2
PPE write-off	0.4	1.2	1.6
Rent and other costs	1.2	0.8	2.0
Total	3.9	6.3	10.2

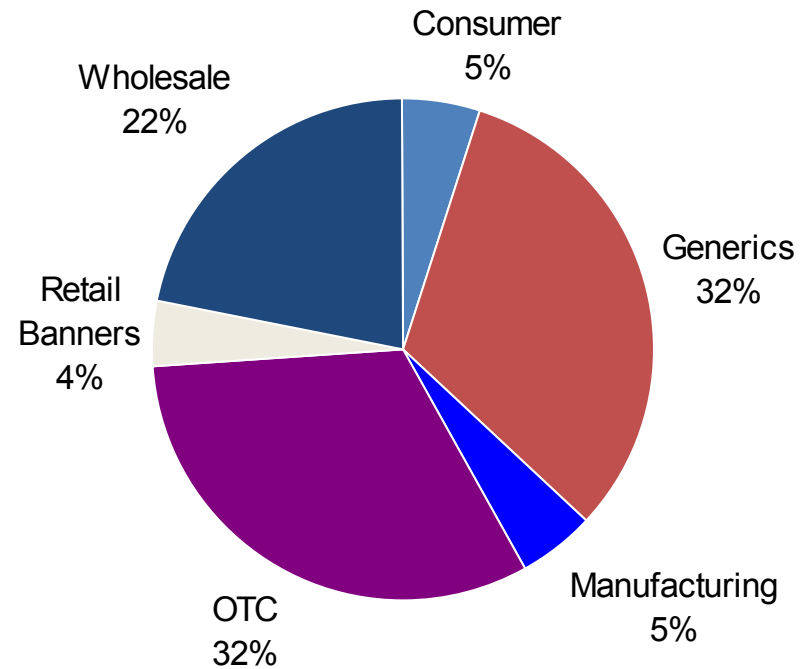
Revised business segment reporting

Group Sales % Split



76% of Sales - Healthcare
24% of Sales - Pharmaceuticals

Group EBITDA % Split



26% of EBITDA - Healthcare
74% of EBITDA - Pharmaceuticals

Pharmaceuticals

Mix-driven EBIT margin uplift in H2

A\$m	2008				2007	Δ 2008 to 2007
	H2	H1	Δ H2 to H1	Total	Total	
External Revenue	307.2	308.6	▼ 0.5%	615.8	629.5	▼ 2.1%
EBITDA	84.7	67.0	▲ 26.4%	151.7	157.1	▼ 3.4%
EBIT	68.9	51.6	▲ 33.5%	120.5	127.4	▼ 5.4%
EBIT Margin ⁽¹⁾	22.4%	16.7%	▲ 5.7%	19.6%	20.2%	▼ 0.6%
Invested Capital ⁽²⁾	1,431.3	1,443.0	▼ 0.8%	1,431.3	1,423.4	▲ 0.6%
ROIC ⁽³⁾				8.4%	9.0%	▼ 0.6%

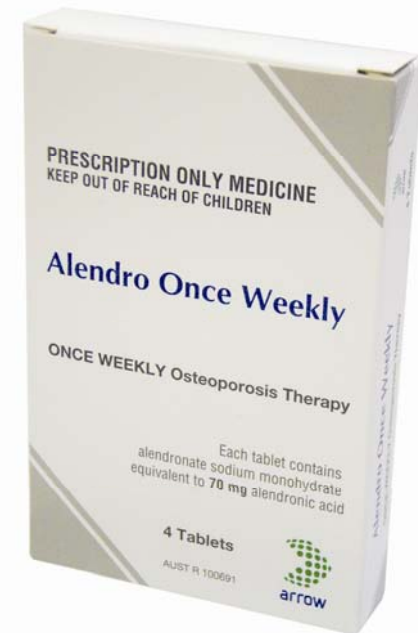
(1) EBIT / External Revenue

(2) Operating Assets less Operating Liabilities

(3) EBIT / Invested Capital

Strong EBIT margin growth from pipeline

- Generics
 - Arrow Group Pipeline
 - 8 new products in 2007/08
 - 20 scheduled for 2008/09 (\$459m current PBS spend)
 - Initiatives to deliver lower COGS
 - PBS reforms
 - Statutory price reductions
- Private prescription
- Distributed



- 6 new products for launch in 2008/09
- Strategic range review underway
- Contemporary packaging
- Shelf repositioning
- Brand Plans established for all Herron categories which have structured marketing plan based on short, medium and long term goals
 - Improved service level

HERRON®



Australia's own for effective pain relief

- 3rd largest OTC portfolio
 - Range expansion
- Chemists' Own endorsed by the Guild
 - Recent 3 year extension
 - Chemists' Own sales growth of 24% on prior year
- Supplied to > 3,500 pharmacies



- Largest contract manufacturer and largest manufacturing capability
- Dandenong refurbishment took longer than expected
- Embarking on strategies to deliver investment benefits
 - Two major liquids contracts
 - Bring back in house Sigma product previously outsourced
 - Greater proportion manufactured



Continued shift to high margin business

- Orphan acquisition 22 Feb 08
 - Enhances existing Sigma medical offering
- Niche medical products
 - Licence, market and distribute
- Strategic and financial benefits:
 - High value, high growth
 - Diversify and complement Sigma's growth strategy
 - Incremental sales and profits



Healthcare

Volume driven EBIT uplift in H2

A\$m	2008				2007	Δ 2008 to 2007
	H2	H1	Δ H2 to H1	Total	Total	
External Revenue	1,225.3	1,125.4	▲ 8.9%	2,350.7	2,069.0	▲ 13.6%
EBITDA	39.1	25.4	▲ 53.9%	64.5	60.7	▲ 6.3%
EBIT	36.1	23.0	▲ 57.0%	59.1	56.2	▲ 5.2%
EBIT Margin ⁽¹⁾	2.9%	2.0%	▲ 0.9%	2.5%	2.7%	▼ 0.2%
Invested Capital ⁽²⁾	238.8	183.5	▲ 30.1%	238.8	218.2	▲ 9.4%
ROIC ⁽³⁾				24.7%	25.8%	▼ 1.1%

(1) EBIT / External Revenue

(2) Operating Assets less Operating Liabilities

(3) EBIT / Invested Capital

- Remain largest (Amcal) and second largest (Guardian) retail banners
 - Reversed declining trend in H2
- Continue to add to value proposition
 - Xndo weight loss program
 - Strategic alliances being developed
 - Private label range expansion
 - On-line training
 - Digital interactive health kiosks

new

weight loss?

see your
in-store
Xndo™
qualified
practitioner



- Working capital focus
- Further consolidation of prior growth
- PBS reforms
 - Impact on profitability and competition
- Customer segmentation to balance superior service mix and cost efficiencies



Strong operating cash flow

A\$m	2008				2007	Δ 2008 to 2007
	H2	H1	Δ H2 to H1	Total	Total	
Cash Working Profit ⁽¹⁾	81.1	38.1		119.2	125.9	▼ 5.3%
Change in Working Capital	(27.3)	4.1		(23.2)	(55.7)	▲ 58.3%
Net Cash Flow from Operations	53.8	42.2	▲ 27.5%	96.0	70.2	▲ 36.8%

⁽¹⁾ Cash working profit = EBITDA less interest paid and tax paid



Additional investment in working capital to support growth

A\$m	2008				2007	Δ 2008 to 2007
	H2	H1	Δ H2 to H1	Total	Total	
Balance sheet interest	14.8	9.2	▲ 60.9%	24.0	18.3	▲ 31.1%
Sigma Rewards interest	14.4	10.7	▲ 34.6%	25.1	15.3	▲ 64.1%
Total Interest	29.2	19.9	▲ 46.7%	49.1	33.6	▲ 46.1%
Net balance sheet debt ⁽¹⁾	421.7	311.7	▲ 35.3%	421.7	255.8	▲ 64.9%
Sigma Rewards debt ⁽¹⁾	357.8	311.4	▲ 14.9%	357.8	272.5	▲ 31.3%
Debt/(Debt + Equity) ⁽²⁾				26.0%	16.0%	▲ 10.0%
Debt/(Debt + Equity) ⁽³⁾				39.4%	28.2%	▲ 11.2%

(1) Net of Sigma's 9.3% investment in the Sigma Rewards facility

(2) Debt excludes Sigma Rewards; Equity measured at book value

(3) Debt includes Sigma Rewards; Equity measured at book value

A\$m	2008	2007	Δ 2008 to 2007
Net debt	421.7	255.8	▲ 64.9%
Equity	1,200.7	1,344.5	▼ 10.7%
Invested capital ⁽¹⁾	1,622.4	1,600.3	▲ 1.4%
Intangibles	1,195.2	1,209.8	▼ 1.2%
Fixed assets	202.4	189.7	▲ 6.7%
Working capital	224.8	200.8	▲ 12.0%
Underlying EBIT	173.2	177.2	▼ 2.3%
ROIC ⁽²⁾	10.7%	11.1%	▼ 0.4%

(1) Net debt + Equity

(2) Underlying EBIT / Invested Capital

Facility	At call \$m	1 Year \$m	2 Years \$m	3 Years \$m ⁽¹⁾	Total \$m
Overdraft	4.0	—	—	—	4.0
Uncommitted	70.0	—	—	—	70.0
Bilaterals	—	227.5	220.0	42.5	490.0
Waratah	—	100.0	—	—	100.0
Sigma Rewards ⁽²⁾	—	—	—	495.0	495.0
Total	74.0	327.5	220.0	537.5	1,159.0

(1) Excludes \$130 million bilateral facility for acquisition of Orphan Australia - Feb 2011

(2) \$550 million facility net of Sigma investment

- Manage the balance sheet and cash flow to deliver enhanced shareholder returns
 - ROIC focus
 - Working capital optimisation
 - Focus across entire supply chain
 - Inventory, debtors, creditors
 - Capital expenditure
 - Maintenance phase - less than depreciation
 - Target financial risk profile investment grade

- Final dividend of 4.0c declared
 - Fully-franked and payable on 23 April 2008
 - Full year dividends of 7.0c
 - Adding back restructure costs and amortisation of intangibles, represents payout ratio of 60%
 - Currently \$84 million of excess franking credits

A\$m	2008 SIP	2009 SIP	Δ 2008 to 2009
EBITDA	210.1	250 - 260	▲ 16% - 19%
EBIT	173.1	200 - 210	▲ 14% - 18%
Interest	(49.1)	(81) - (85)	▲ 39% - 42%
PBT	109.5	119 - 125	▲ 8% - 12%
Tax	(32.3)	(36) - (37)	▲ 10% - 12%
Reported NPAT	77.2	83 - 88	▲ 7% - 12%
Basic EPS (cps)	8.5	9.7 - 10.3	▲ 14% - 22%
Restructure costs net of tax	10.2	-	
Interest on share buy back net of tax	2.8	9.1	
Underlying NPAT	90.2	92 - 97	



Outlook - Net Interest breakdown

	A\$m
Prior year Net Interest excluding share buyback	45
Increased rates ⁽¹⁾	14
Orphan ⁽²⁾	11
Buyback ⁽³⁾	13
Forecast Net Interest for 2008/09	83

(1) All-up rate assumption for 2008/09 is 1.75% to 2% higher than prior year

(2) Orphan \$130m debt

(3) Share buyback of \$151.2m for full year



Questions?
Thank you



Appendices

Interest Rate Hedging

Year ending	% Hedged of forecast exposure	Implied 30 day BBSY @ 31/1/08	Hedged & Forward Rate outcome	\$m impact if rates rise by 0.5%
31 Jan 09	66%	7.34%	6.95%	(1.1)
31 Jan 10	58%	7.29%	7.11%	(1.4)
31 Jan 11	31%	7.27%	7.25%	(2.3)

Fair value of IR hedge book booked in Other Comprehensive Income at 31 Jan 08 \$5.1m

Month	Cumulative Shares (m)	Cost (\$m)	Ave cost (\$/share)
Jul 07	25.5	46.3	1.82
Aug 07	49.9	83.7	1.68
Sep 07	50.7	84.8	1.67
Oct 07	76.3	122.1	1.60
Nov 07	86.7	138.6	1.60
Dec 07	94.6	151.2	1.60

- Full 9.9% completed - final purchase on 20 Dec 07
- Full year interest cost for 2007/08 \$4.0 million



SIGMA
