



Market Update Session

Sigma Pharmaceuticals Limited

Dr John Stocker AO

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Tuesday 27 November 2007



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Agenda

- Welcome Address
- Facility Update
- Plant Tour
- Business in review
 - Issues revisited
- Recruitment status
 - CFO & GM Sales
- Current Business Performance



Welcome Address

Dr John Stocker AO



Facility Update

Recent Facility History

- 1999 - Dandenong purchased (SKB)
- 2000 - Baulkham Hills purchased (Aventis)
- 2003 - Tennyson purchased (Herron)
- 2006 - North Croydon closed
- 2007 - Dandenong upgraded
 - Clayton liquids transition

Dandenong - Current Usage

■ Solid dose

- Capacity of 2.2 billion units pa
- Currently running at 77% capacity
 - Based on 2 shifts, could add a third shift

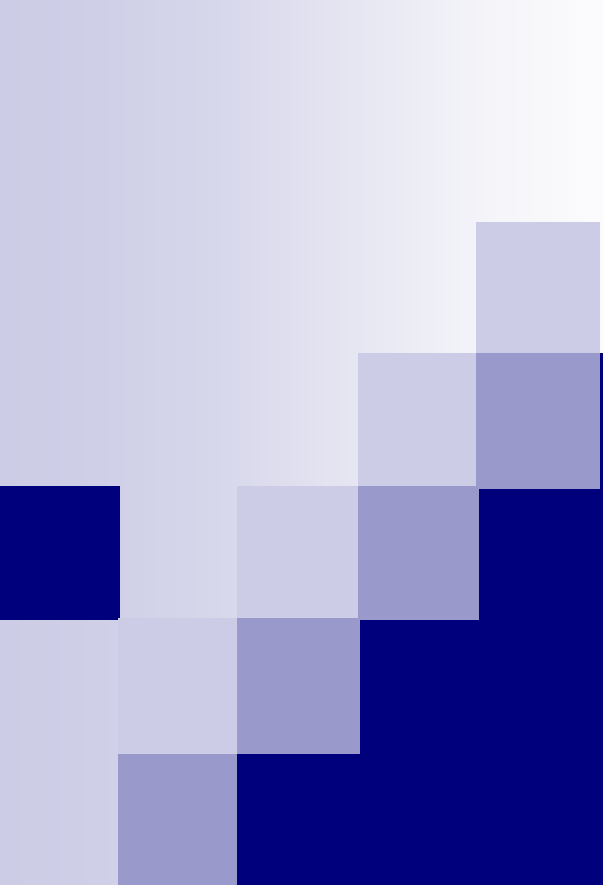
■ Liquids

- Capacity of 20 million units pa
- Currently running at 70% capacity
 - Based on 2 shifts, again could add a third shift



Plant Tour process

- Key highlights tour
 - Liquids
 - Solid dose
- Groups of ten
- Will be called through every 5 minutes
- At conclusion of tour will reassemble back here



Business Update

Mr Elmo de Alwis



Industry update

- CSO
 - API/Alphapharm
 - DHL
 - Expected impact on Sigma
- Symbion
- PBS reforms

Business in Review - H1 Revisited

■ Positives

- Focus on cost efficiency / rationalisation
- Ongoing patent run-off
- Embrace sign-ups
- Market share gains
- Solid base built to leverage Embrace moving forward

■ Negatives

- Increased generics competition
- Changing sales mix
- CSO impact
- Deferred product launches
- Herron underperformance
- Embrace compliance



Increased generics competition

- Ongoing challenge
 - Permanent change in industry parameters
 - Domestic and overseas competitors
- Current Sigma market share
- Future initiatives
 - Key licensed molecules
 - Homegrowns
 - Product pipeline

Changing sales mix

- Home-grown generic range continues to grow
 - Quantity & Value
- Pipeline of new products ready for launch
 - 2008 - 17 new products (PBS value \$440m)
 - 2009 - 14 new products (PBS value \$487m)
 - 2010 - 7 new products (PBS value \$147m)

Herron underperformance

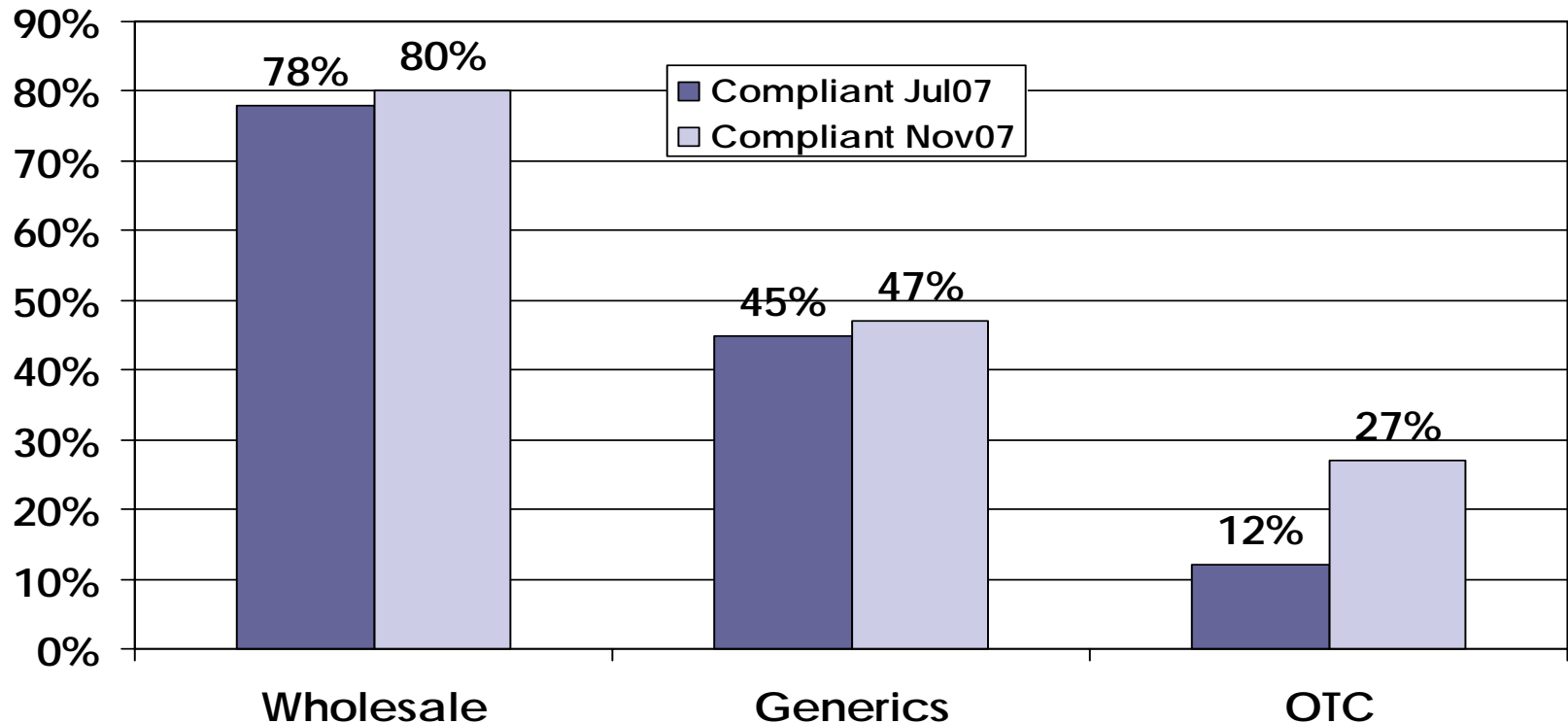
- New management team
- Focus for 2007 includes:
 - Rebuild the sales team
 - Redesign product look & feel
 - Category reviews & new product development
- Focus for 2008/9 includes:
 - Launch Product repacking & repositioning
 - Rebuilding key customer relationships
 - Potential of new channels for selling product
 - Leverage Embrace harder

Plans in place for 2 year turnaround of the brand

Embrace

- Currently 1,450 members
- Sales growth not delivering required NPAT
 - Skewed to lower margin sales
- Steps undertaken to address
 - Focus on compliance not new members
 - Focus groups - internal & external
 - Discount terms adjusted for non-compliance
 - Detrimental impact on member numbers < 5%

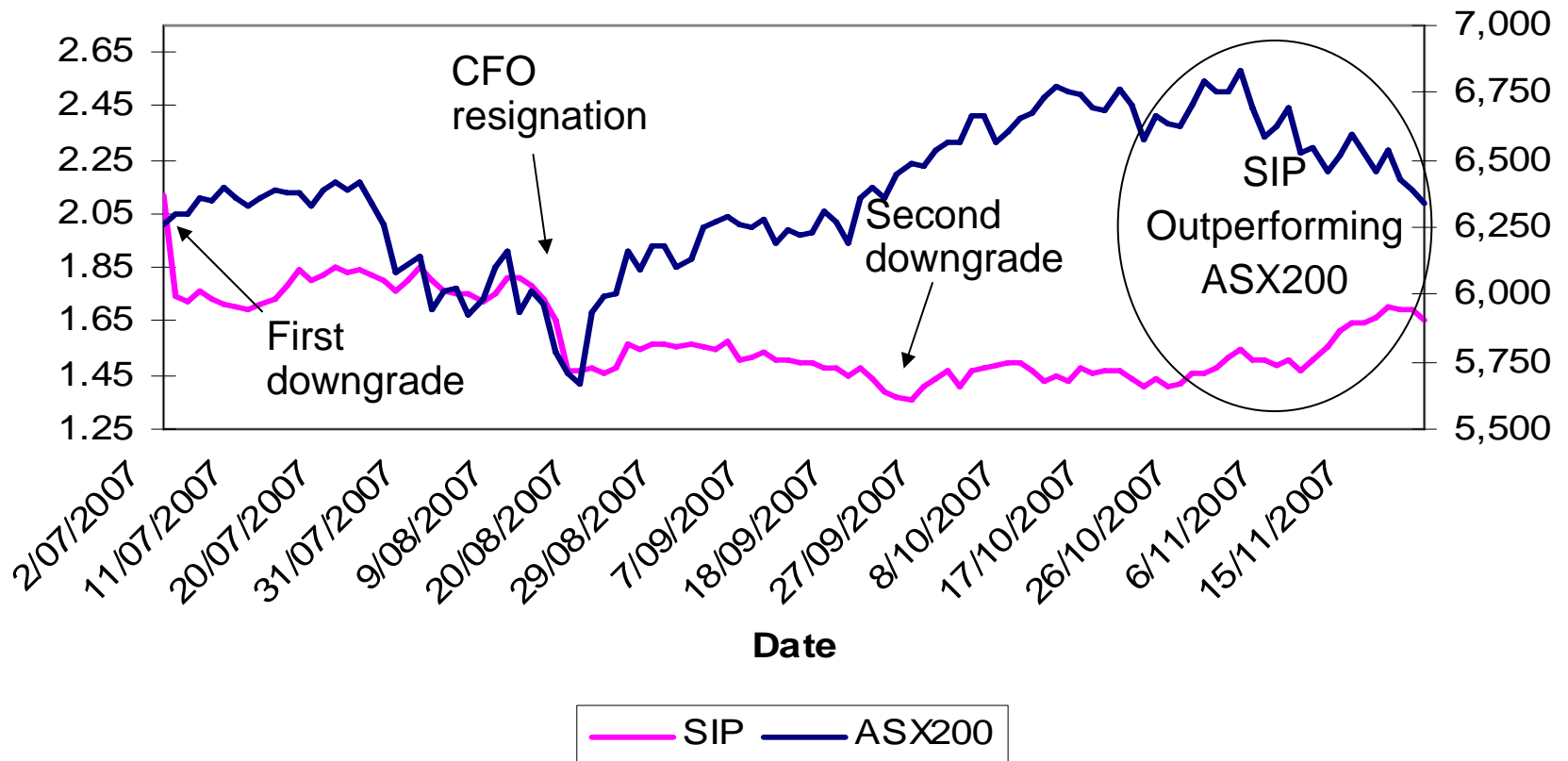
Compliance continues to improve



- Focus remains on improving OTC & generics compliance

SIP showing signs of recovery

SIP vs ASX200
2 Jul 07 - 22 Nov 07





Summary of Business Review

- Key issues
 - Identified
 - Being addressed
 - Profit turnaround underway
- Confidence remains in Embrace
- Uniquely positioned for future growth



Share Buyback

Buyback update (to 20 Nov 07)

Month	Shares Purchased To date	Cost To date	Ave Cost	Issued Capital	SIP volume (month)	SIP price (EOM)
Jul 07	25.5m	\$46.3m	\$1.82/share	2.7%	348.8m	\$1.85
Aug 07	49.9m	\$83.7m	\$1.68/share	5.2%	181.9m	\$1.56
Sep 07	50.7m	\$84.8m	\$1.67/share	5.3%	111.9m	\$1.47
Oct 07	76.3m	\$122.1m	\$1.60/share	8.0%	100.6m	\$1.52
Nov 07	83.3m	\$133.0m	\$1.60/share	8.7%	62.0m	\$1.69

- Full year FY07/08 interest impact to be circa \$4m
- Board continues to evaluate other capital management initiatives
- Gearing post buyback expected to be circa 25%

Debt capacity

- Impact of credit market conditions manageable
 - Staggered maturity profile over 3 years
 - Diversified funding base
 - Term debt & Trade receivables securitisation
- Considerable headroom on existing committed facilities
- Confident that additional facilities will be available should need arise
 - Future capital management initiatives
 - Support growth
 - Acquisitions, Organic



Recruitment



Recruitment of Key Executives

- CFO and GM Sales roles
 - 2 shortlisted candidates for each
 - Expect Formal Offers to be made this week
 - Successful candidates to be announced thereafter
 - Expected commencement date early 2008



Outlook for the Remainder 2007/08



Guidance update

- On track to meet guidance
 - Underlying NPAT is forecast to be in the range of \$88 million to \$93 million, excluding the interest impact associated with the Buyback and the one off costs of restructuring



Summary

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- Acknowledge mistakes were made
 - Corrective action underway
 - Will take time for full benefit to accrue
- Remain committed to Embrace
 - Board & Senior Executives confident of long term future of Sigma
 - Sigma unique provider across all categories
- On track to deliver guidance



Thankyou