



# Sigma Pharmaceuticals Limited

Presentation for the  
UBS Healthcare Conference  
8<sup>th</sup> November 2010

Mark Hooper – CEO/MD  
Jeff Sells – CFO



## Important Notice

The material that follows is a presentation of general information about Sigma's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. No representation or warranty is made as to its completeness, accuracy or reliability. Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. Known and unknown risks, uncertainties and other factors, many of which are beyond Sigma's control, may cause actual results to differ materially. Nothing in this presentation should be construed as a recommendation or forecast by Sigma or an offer to sell or a solicitation to buy or sell shares.

- Sigma in transition – Mark Hooper
- Financial summary – Jeff Sells
- Rebuilding Sigma– Mark Hooper

## Period of Change

- Company restructure
  - Post Aspen sale, core focus in wholesaling/retail
  - Board and Senior Management change
  
- Industry
  - PBS reform



# Financial Summary



A\$m	2011 H1			2010 H1	Δ 2011 to 2010 Underlying
	Reported	Non Recurring	Underlying	Underlying	
Sales	1,621.3	0.0	1,621.3	1,516.5	▲ 6.9%
EBITDA	(156.3)	(244.7)	88.4	101.9	▼ 13.2%
EBIT	(180.2)	(244.7)	64.5	79.5	▼ 18.9%
Interest expense	(37.7)	-	(37.7)	(36.4)	▲ 3.6%
<b>NPAT</b>	<b>(218.5)</b>	<b>(237.3)</b>	<b>18.8</b>	<b>30.2</b>	<b>▼ 37.7%</b>
Invested Capital <sup>(1)</sup>	1,629.2	-	1,629.2	2,136.4	▼ 23.7%
ROIC <sup>(2)</sup>	(22.0)%		7.92%	7.44%	▲ 6.45%

(1) Net Assets *excluding* external debt, cash and tax balances **plus Sigma Rewards debtors**

(2) ROIC Underlying EBIT *divided by* Invested Capital (annualised)

## Key Balance Sheet metrics

A\$m	Jul 2010	Jul 2009	Δ 2010 to 2009
Intangibles	654.2	1,317.8	▼ 50.4%
Working capital & other assets <sup>(1)</sup>	235.0	80.9	▲ 190.5%
Fixed assets	243.2	181.6	▲ 33.9%
Net on balance sheet debt	280.7	365.5	▼ 23.2%
<b>Equity</b>	<b>851.7</b>	<b>1,214.8</b>	▼ 29.9%
Sigma Rewards debt	538.3	518.2	▲ 3.9%
<b>Total debt</b>	<b>819.0</b>	<b>883.7</b>	▼ 7.3%
<b>Debt/(Debt + Equity) <sup>(2)</sup></b>	<b>49.0%</b>	<b>42.1%</b>	▲ 6.9%
<b>Total interest</b>	<b>37.7</b>	<b>36.4</b>	▲ 3.6%

(1) Includes investment in Sigma Rewards of \$58.1m (2010:\$48.9m)

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

- Various transaction documents well progressed
  - includes Sale, Logistics, and transitional services agreements
- ACCC process underway – expected outcome by November 25
- Utilisation of sale proceeds not yet finalised
  - will involve debt repayment and some form of capital management
- Still working towards completion of sale (subject to shareholder and regulatory approval) pre Xmas, however, practically this may slip into the early new year



# Rebuilding Sigma



- Wholesale Division
  - Strong support from loyal customers
  - Growth in market share
  - Investment in core assets
  
- Cost/margin inefficiencies can be addressed
  - Focus on fundamentals - return on assets
  - Improve working capital disciplines
    - Continue credit wind-back program
    - Improve inventory management practices
  - Reduce discounts

- Further enhance the retail support provided to our pharmacy customers
- Improve compliance to attract supplier support by
  - continued rollout of Amcal Max franchise (compliant), 19 stores signed to 5-year agreement
  - strengthen Guardian, Amcal brands
- Improved Security of Tenure to retail brands and Sigma
  - 120+ Amcal & Guardian pharmacies signed to new 3-year agreements
- Opportunity for new Private Label products through access to Aspen portfolio





## The New Sigma

- Is a pharmacy-focused distribution and retail support business
- Growth is underpinned by favourable demographics, albeit with some challenges in regard to the impact of PBS reform
- In this environment, the key asset base is the net funds invested in working capital
- Will renew its focus on efficient return on capital invested
- Will renew its focus on efficient cash flow management
- Will retain some upside to growth in Pharma through its ongoing relationship with Aspen

## Short term focus

- Complete Aspen sale
- Capital management program
- Return on invested capital

*Rebuild sound foundations for next stage of growth*

## Medium-longer term

- Value accretive opportunities in health and related sectors

Questions?



**SIGMA**

