

Investor Update

Mark Hooper - CEO & Managing Director

Jeff Sells – Chief Financial Officer

Gary Dunne – Chief Operating Officer

November 29th 2011

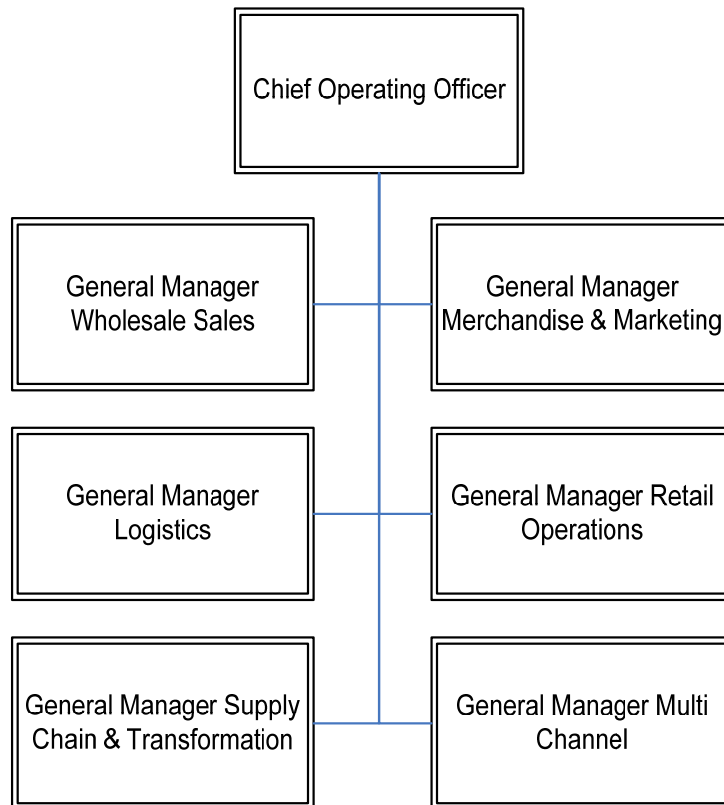
1. Sigma Strategy – Mark Hooper
2. Financial Update – Jeff Sells
3. Operational Progress – Gary Dunne
4. Distribution Centre Tour
5. Refreshments

- Initial strategy signed off by Sigma Board in First Half 2011
- Review of key outputs completed in October 2011 including
 - Assumptions around **future industry conditions** (including competitors)
 - Identification of **Industry Critical Success Factors** (CSFs)
 - Comparative **SWOT** analysis
 - Sigma **Vision**
 - Sigma **Culture**

- The focus remains on our core Wholesaling and Retail operations
- In practice, this means:
 - Continually improving the core parts of our business (People and Performance, Logistics and Inventory Management, Customer Segmentation, Retail, Merchandising, Systems and Analysis)
 - Identifying opportunities to enhance business performance
 - To build a cultural platform that delivers a sustained strong performance
- An innovative Retail offering is a critical component of this

- The roles and responsibilities of the Executive Management team have been expanded and restructured to support and reflect our new strategy, culture and vision.
- “The way we do things at Sigma” has been reinvigorated and redesigned with an emphasis on embedding our cultural vision.

Operations Re-Structure



- Chief Operating Officer
 - Gary Dunne appointed in July 2011
 - Extensive experience and knowledge in retail operations including Coles, Woolworths, Aldi and more recently at RedGroup and Clive Peeters
- Oversees an integrated team with unified goals and customer focus

- Met the challenges from Pfizer exclusive model and initial impact from 2010 reforms
- Further challenges ahead
 - PBS reform (April 2012 and ongoing)
 - minimum of 23% cut in over 180 molecules from April 2012
 - may lead to no PBS growth in 2012 or potentially slightly negative
 - may require further adjustments to customer discounts
- Still some potential for expansion of exclusive supply arrangements
 - Pfizer move has caused considerable disruption within Pharmacy
 - any increase in exclusive supply arrangements may require further review of current service arrangements

- 2 key events coincide around April
 - 1) Pfizer's Lipitor comes off patent - Positive
 - no impact from 16% price reduction because Sigma does not distribute Pfizer products
 - additional sales of new generic versions – (expected February to June)
 - 2) 23% minimum price disclosure - Negative
 - generic drugs not yet subject to price disclosure will be subject to 23% minimum price cut from April
 - Impacts approximately 30% of Sigma's PBS sales
 - take measures to offset financial and inventory impact
- Other price changes - Negative
 - Other price disclosure cycles impact in April, August and December
 - Estimated that >\$450m of total PBS pool (excluding Lipitor) will be subject to 16% price reduction over 2012

- Sigma continues to rebuild. H1FY12 performance reflected market share gains and first steps in rebuilding process
- Now implementing strategic phase - focusing on organisation's culture, people and systems. Steady progress
- Results for the second half have continued to be solid, however, there are a number of challenges through to year end and into 2012:
 - preparing for impact of PBS reform in 2012
 - potential for other suppliers to go for an exclusive supply model
 - changes in the competitive landscape
- Having a stronger business puts us in good shape to deal with these issues, however there remains potential for customer terms / service levels to be affected by the first two issues

Financial Update

Jeff Sells

Tuesday 29th November 2011

H1 2012 Income Statement Summary

A\$m	2012 H1	2011 H1*	Change
Revenue	1372.3	1406.5	-34.2
EBIT	38.0	24.5	13.5
Net Financing Costs	2.0	-37.7	39.7
Tax Expense/benefit	-12.1	4.0	-16.1
NPAT	27.9	-9.2	37.1
Discontinued Operations	-1.2	-201.9	200.7
Net profit/(loss) for Sigma Group	26.7	-211.1	237.8

- First half had some benefit from one off gains (approx \$4m)
- Not repeated in second half
- Not expecting any significant one offs in H2 2012

*2011 H1 figures have been adjusted to reflect reclassification of some revenue streams and Retail income previously shown as part of the Pharma results and restatement of a number of inventory and promotional transactions

Second Half Trading Update

- H2 2012 sales and gross profit trading in line with expectations
- H2 2012 will benefit from full 6 months contribution from PAL/IPAG and seasonality effect
- Not expecting any other significant market share gains – some swings and roundabouts
- Operating costs broadly in line with expectations
- Planning now for operational efficiencies for next year
- Capital expenditure likely to be between \$8m-\$9m for full year, FY12

- H1 2012 produced strong operational cash flow of \$106m
 - Function of seasonal factors and improvements in DSO
- Historically, H2 is weaker in cash flow due to year end inventory build/strong December sales
 - H2 2012 will follow similar pattern, plus \$17m dividend payment in this half year
 - Capex of around \$5m for Rowville upgrade
- Continuing focus to leverage all aspects of working capital

Operational Progress

Gary Dunne

Tuesday 29th November 2011

Chief Operating Officer – Background

Woolworths:

83-99 – 17 years

- Operations - Area Manager, Operations Manager
- Logistics & I.T - Automatic Replenishment
- National Implementation Manager

Blue Chip:
Operations
focus,
Start up and
launch

ALDI:

99-05 – 5 years

- Operation Director, Store formats, Culture, all operational aspects
- Regional Managing Director -Warehouse & Distribution, Property, Operations, Marketing, Finance, Store design

Coles:

05-08 - 3.5 years

- Operations - General Manager Coles and Bilo Stores
- Supercentres - General Manager Supercentres and Strategy
- Restructure and pitch business for sale

Blue Chip:
Operations,
strategy and sale
focussed

Clive Peeters:

08 -10 – 2 years

- End to end – Chief Operating Officer
- Restructure and Sale to Harvey Norman – Acting CEO
- Sale of Business to Harvey Norman

Small Cap:
Operations and
restructure
focus. Remove
costs,
reengineer and
sell

RedGroup:

11-11 – 6 months

- Managing Director and Acting CEO
- Restructure, close and Sale of Business A& R and Border stores
- Contract

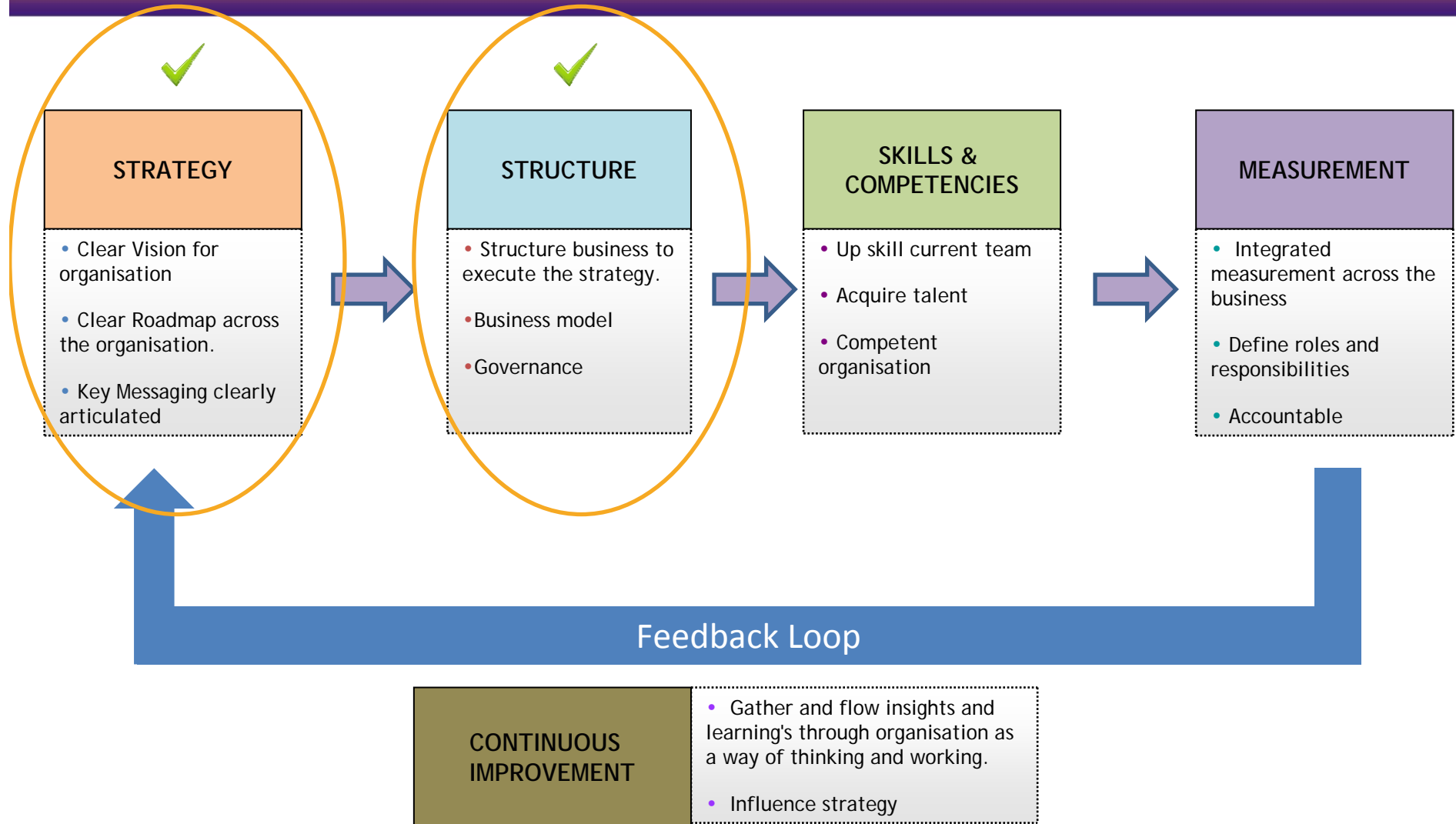
Sigma:

11- current – 4 months
Current

- Chief Operating Officer
- Restructure healthcare business for No.1 market position & grow shareholder value

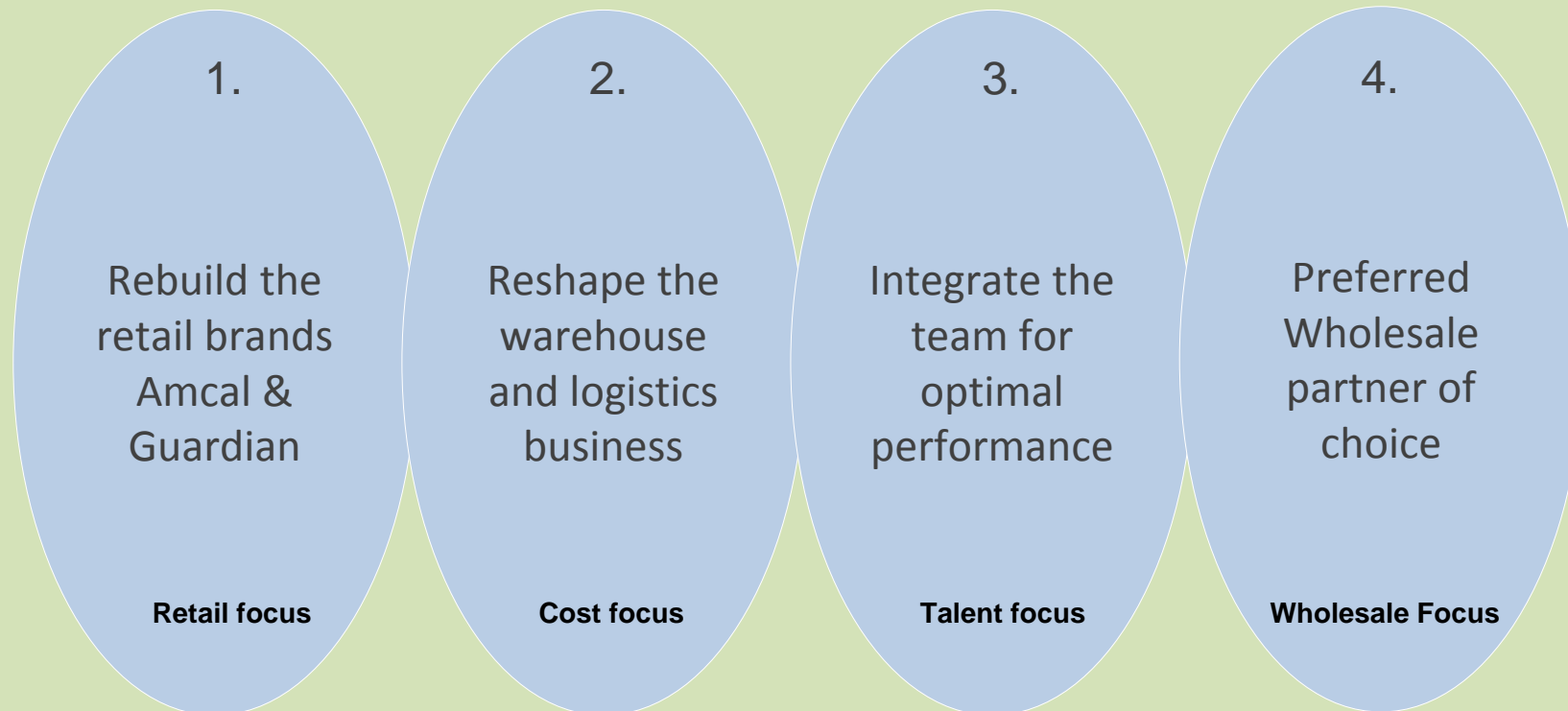
Mid Cap:
Turnaround and
reinvigorate

Healthcare Strategic Framework



4 key strategic planks – Healthcare

“Customer Value Proposition”



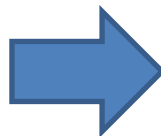
Invest and create a sophisticated back end of resources

Requires a single minded focus

Sigma to focus on leverage

Retail sales of similar size:

1. Myer	\$3.2 Billion	✓
2. David Jones	\$2.1 Billion	✓
3. JB -hifi	\$2.9 Billion	✓
4. Channel 10	\$1.1 Billion	✓
5. Officeworks	\$1.5 Billion	✓
6. K-Mart	\$4.0 Billion	✓
7. Target	\$3.6 Billion	✓
8. Big W	\$4.1 Billion	✓
9. Metcash	\$7.5 Billion	✓
10. Foodworks	\$2.2 Billion	✓



We are \$4.2 Billion at retail:

\$2.8 billion at Wholesale:

Combine healthcare assets and use size in more dynamic ways with our customers and partners

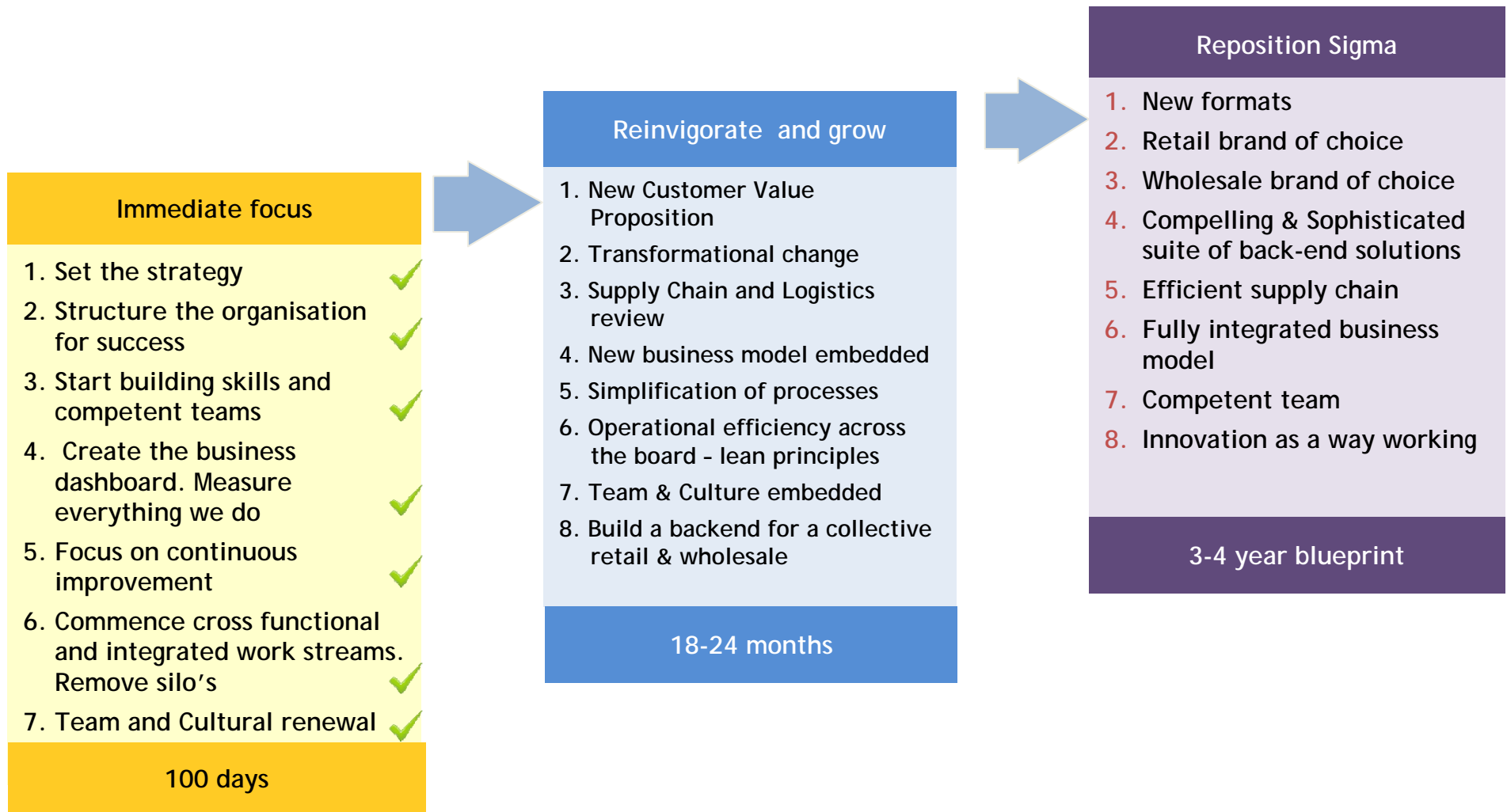
Reinvestment with our pharmacies and strategic partners will produce strategic leverage given our size

Create value and equity for our pharmacy and strategic partners through leveraged partnerships & leveraged asset base



Initiating Change – 2012/13

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Outstanding asset base together with a clear Customer Value Proposition forms the foundation