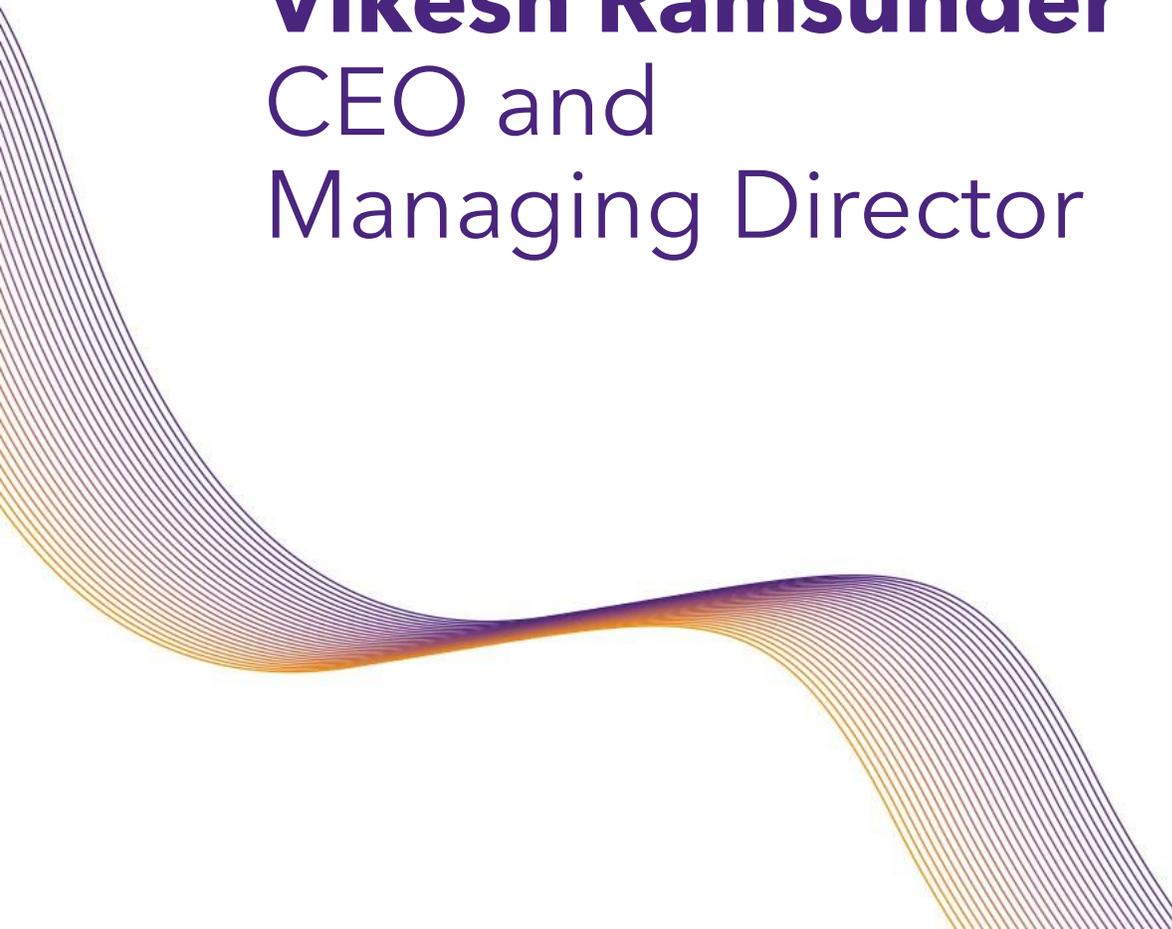




FY22 Results Announcement

29 March 2022





Vikesh Ramsunder
CEO and
Managing Director





Overview

- Review of the year
- Financial Performance
- Business update
- Strategic focus
- Outlook

Review of the Year

- Trading performance
- Operational performance
- ERP implementation
- Distribution Centre investment program
- Final Dividend of 1.0 cent per share fully franked

Revenue up 1.3% to
\$3.45 billion

Reported Net Loss After
Tax (\$7.2m)

Earnings per share
(\$0.7) cps

Final Dividend Per Share
1.0 cps

Jeff Sells

CFO



Financial Performance

Statutory Results (\$'m)	% Change	FY22	FY21*
Net Sales	1.3%	3,446.2	3,400.40
Gross Profit	-5.1%	227.1	239.2
Other Revenue	-18.7%	112.5	138.4
Operating Costs	-0.2%	(309.6)	(309.0)
EBITDA	-56.3%	30.0	68.6
Depreciation and Amortisation	-3.1%	(27.7)	(28.6)
EBIT	-94.2%	2.3	40.0
Net Interest	7.4%	(10.6)	(11.5)
Tax benefit	-88.0%	2.0	16.50
Net controlling interests	39.4%	(0.9)	(1.5)
NPAT	-116.6%	(7.2)	43.5

* FY 21 restated due to SaaS accounting policy change

Sales Revenue up 1.3% to \$3.45bn

- Benefited from:
 - Overall strong sales growth in 1H22
 - Retail brands LFL sales up 6.4% for the full year
 - CW sales up by 13% reflecting full year run rate
 - Hospital sales up 5.6%
 - High volume sales of Rapid Antigen Tests in January 2022
- Impacted by:
 - ERP implementation - lost sales from existing customers and stalled growth from new customers
 - Lower PPE and Export sales compared to prior year

Gross Profit down 5.1% to \$227m

- Reflects a return to a more normal product sales mix following a spike in PPE sales in FY21
- Higher inventory adjustments by \$6.0m due to ERP implementation and DC transfer

Other Revenue - Down 18.8% to \$112m

- FY21 included \$29.4m profit on sale of property
- Excluding this, Other Revenue was up 4.7% from a recovery in commissions and promotional revenue

Total Operating Expenses – up 0.2%

Warehouse and Delivery: Up 5.3% to \$154.9m

- Short term increase in labour and logistics costs to support the business through ERP implementation
- Dual operating and transitional impact on productivity relating to the move from Rowville DC to Truganina DC
- \$4.2m one-off people and warehouse cost due to closure of Rowville DC

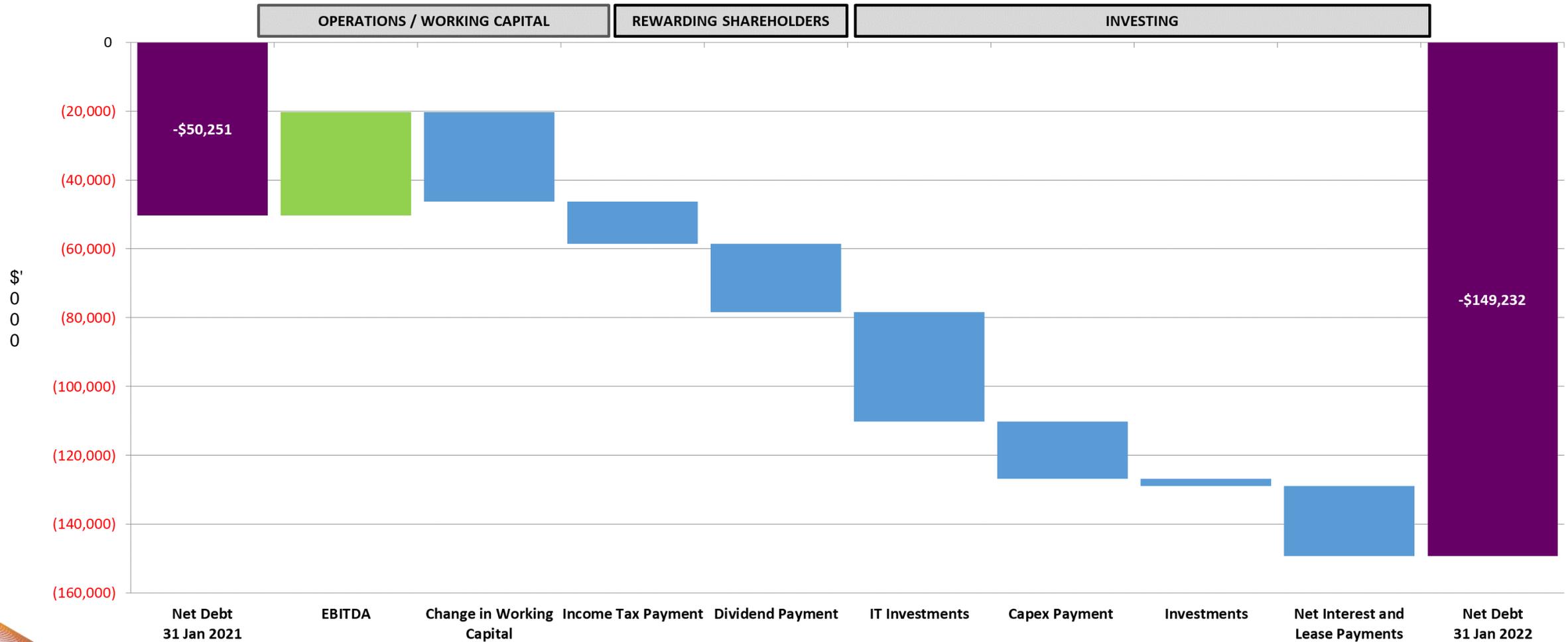
Sales and Marketing: Down 8.5% to \$61.7m

- \$4.1m savings in people and contractor cost due to change in organisational structure
- Efficiency gains in marketing programs of \$1.2m partially offset by higher doubtful debt expense

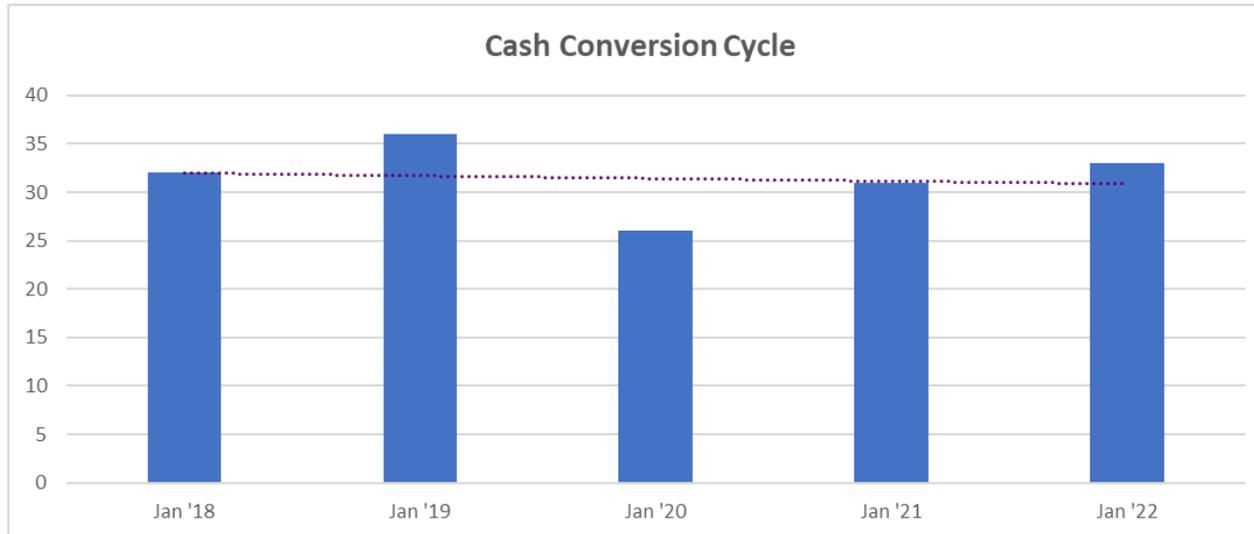
Administration: Down 1.5% to \$93.0m

- Savings in people cost and consultant costs
- Includes \$31.8 million SaaS adjustment in FY22, with FY21 re-stated to reflect new SaaS standard. FY21 amount was \$25.6 million
- Increased software and managed service spend because of new ERP

Cash Management and Debt



Cash Conversion Cycle



- Cash conversion cycle increase by 2 days to 33 days
- Increase in Debtors balance due to Rapid Antigen tests in Jan 22
- Improvement required in the DPO and DIO spread

Cash conversion cycle*	Jan-22	Jan-21
Trade Debtors	343,315	310,525
Inventory	321,640	349,138
Trade Creditors	(352,273)	(365,469)
Working Cap \$'000	312,682	294,194
Days sales outstanding (DSO)	36	33
Days inventory outstanding (DIO)	36	40
Days payables outstanding (DPO)	(40)	(42)
CCC Days	33	31

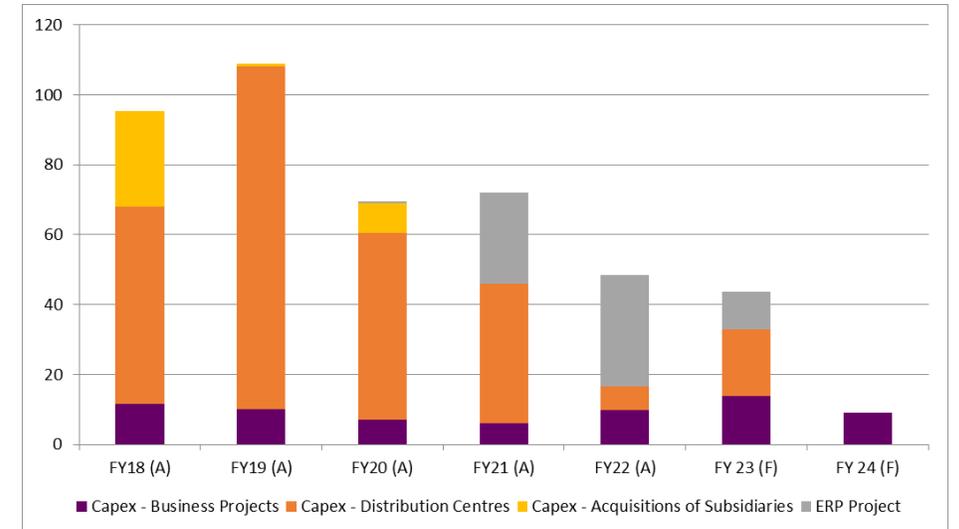
Capital Expenditure and ROIC

Capex

- Capital investment program near completion
- Total spend close to \$390m over the last 5 years
- Expect circa \$40-\$45m capex in FY23 to complete Truganina extension, construct Hobart DC, and finalise IT projects
- Return to normal capex of circa \$5m - \$10m from FY24

ROIC

- At the low point of the cycle given investment program and the current capacity underutilisation
- ROIC is 0.4% adopting unadjusted Statutory EBIT





Business Performance

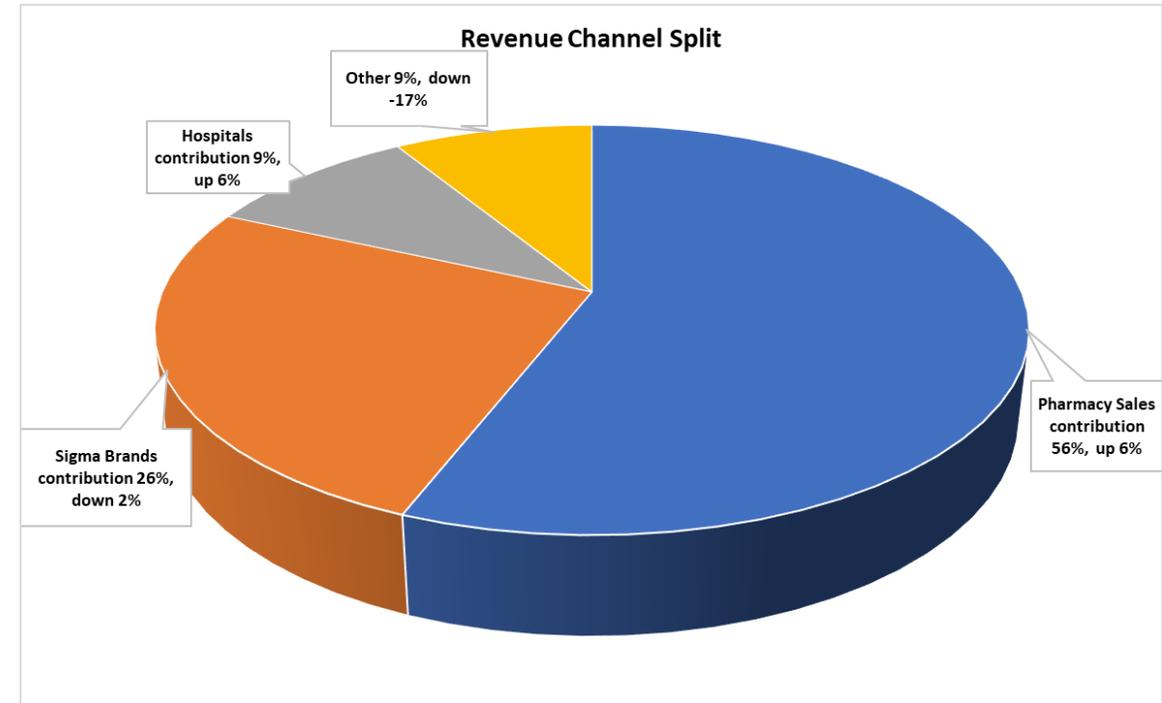
ERP Implementation

- ERP implementation impacted our customers and our business
- Good progress has been made on identifying and resolving system issues
- Focus is on process improvements to enhance customer service
- Targeting 30 April 2022 for full stabilisation
- Targeting January 2023 for full optimisation
- Rebuild customer confidence and trust



Wholesale

- Total revenue of \$3.4 billion
- Core business capability with over 220 million medicines distributed to community and hospital pharmacies
- Pharmacy Wholesale market share currently circa 19.9% - impacted by ERP implementation
- Focus on stabilisation and optimisation



Community Pharmacy

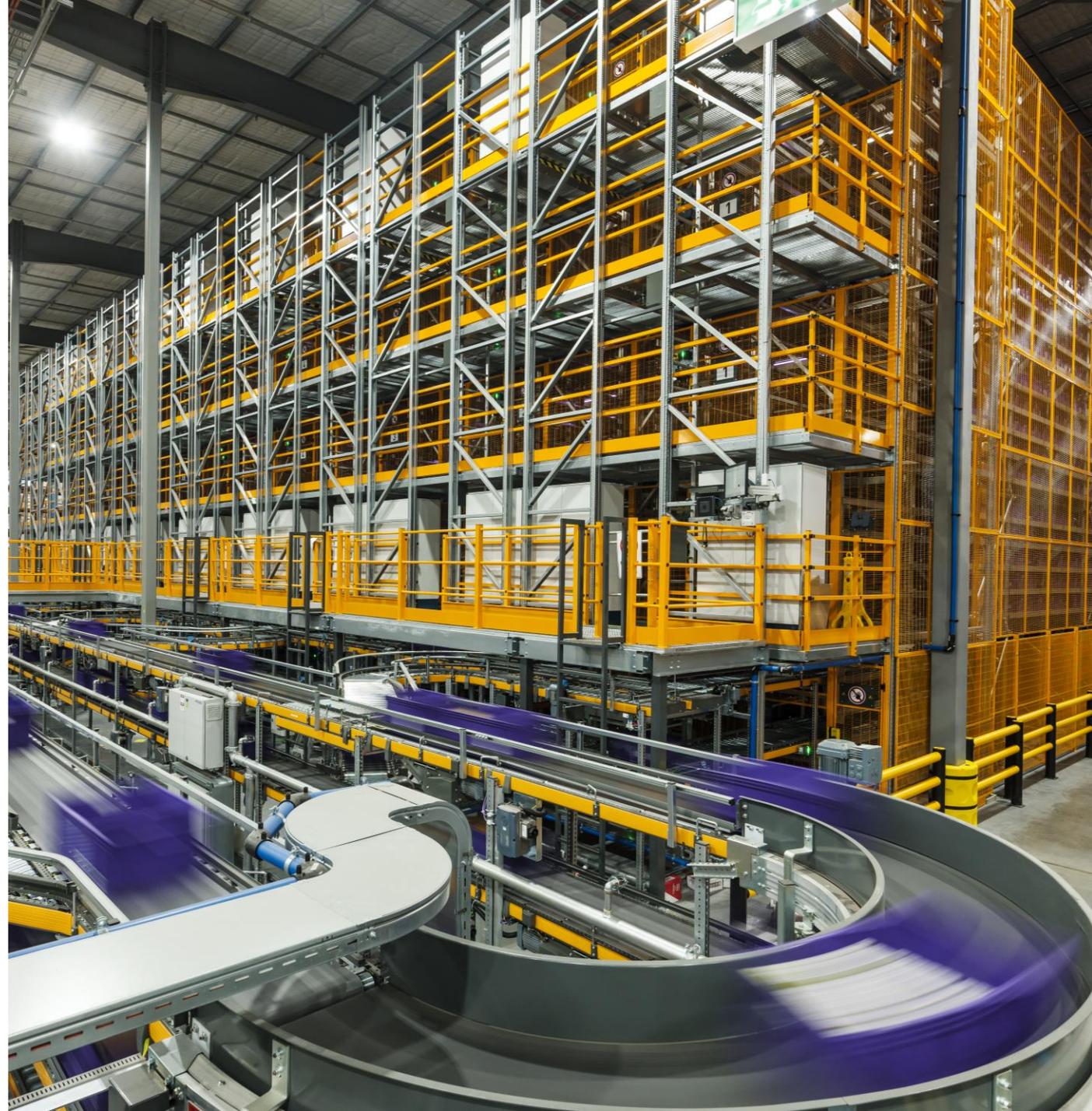
- Over 530 pharmacies operating under one of our pharmacy brands
- Sales at the pharmacy level - circa 17%* of consumer spend in pharmacy
- FY22 Sales to our pharmacy brands down 2%
- Almost 650,000 Covid-19 vaccines administered across the network since June
- Private Label range over 500 products
- Focus on improving consumer value proposition

* IBIS World Report

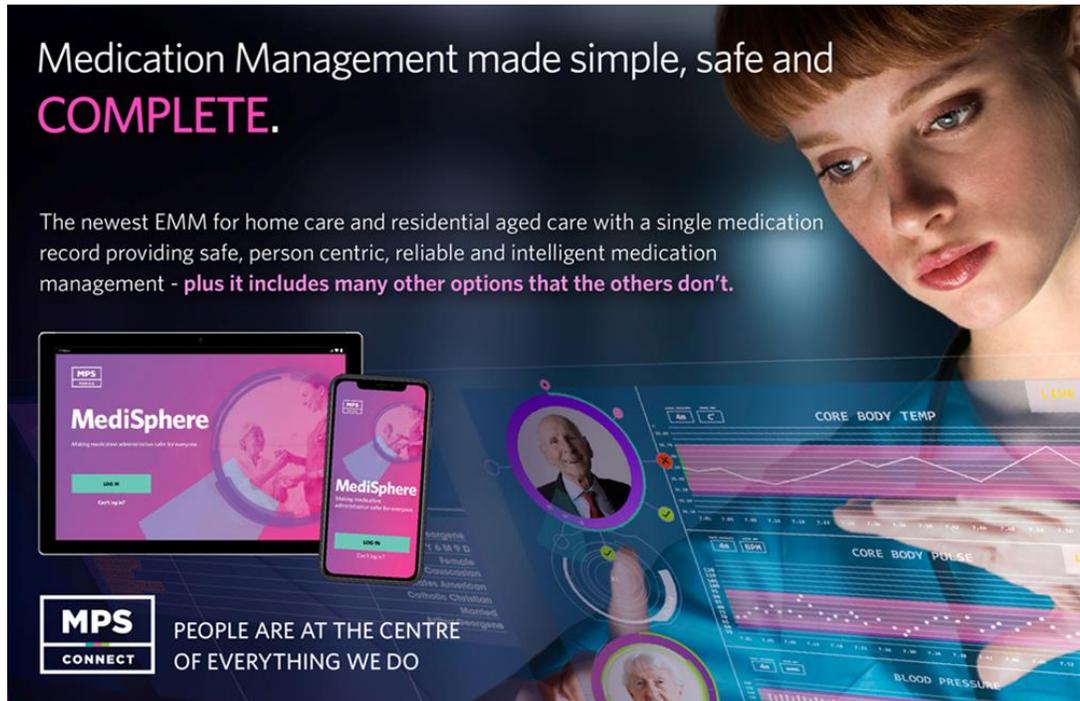


Contract Logistics

- Growth of 15.8% over the last 12 months
- Currently managing 30,000 pallets of medicines for customers (nationally)
- Servicing 11 clients
- Truganina DC expansion to add 20,000 pallet capacity



MPS CONNECT



Medication Management made simple, safe and **COMPLETE.**

The newest EMM for home care and residential aged care with a single medication record providing safe, person centric, reliable and intelligent medication management - **plus it includes many other options that the others don't.**

MPS
CONNECT

PEOPLE ARE AT THE CENTRE
OF EVERYTHING WE DO

- Growth in MPS sales despite Covid-19 restrictions
- 20% of market share of packing services to Residential Aged Care (RAC) patients
- Business growth opportunity – reach and market penetration
- In FY22 MPS launched market leading integrated software solutions to RAC that opens access to a broader market
- Improve operational efficiencies

Outlook - moving the business forward

1. No FY23 guidance, but expect to return to profit

2. Immediate focus

- ERP - stabilisation and optimisation
- Truganina DC, Victoria - enhance operational performance

3. Short term focus

- Get the basics right - obsessed with servicing the customer
- Simplify the business - ensure accountability and execution
- Improve decision making - clear and transparent reporting

4. Long term focus

- Provide market update on strategy at half year results

Focus on leveraging world class assets to enable a competitive advantage that can deliver long term sustainable growth

Thank you



Appendix – Reconciliation to Underlying guidance

Reconciliation or Reported to Underlying EBITDA		Jan-22
Reported EBITDA		30,004
Add Back One-Off Adjustments		
Restructuring, transformation, and dual operating costs		30,078
SaaS adjustment		31,811
Other		255
Underlying EBITDA		92,148

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- an overview of the financial and operational highlights for Sigma for the full year period ending 31 January 2022; and
- a high level overview of aspects of the operations of Sigma, including comments about Sigma's expectations of the outlook for FY2022 and future years, as at 29 March 2022.

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