



Company	Australian Pharmaceutical Industries
Code	API
Meeting	AGM
Date	20 January 2020
Venue	Virtual meeting
Monitor	Attended by Stewart Burn and Mike Robey

Number attendees at meeting	Unknown
Number of holdings represented by ASA	39
Value of proxies	\$1.55m
Number of shares represented by ASA	1,261,615
Market capitalisation	\$625m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with chairman Ken Gunderson-Briggs and Director Jennifer MacDonald

Putting a brave face on a new skincare line.

Mr Gunderson-Briggs opened the meeting and welcomed shareholders to the meeting, stating that he hoped that we will soon be able to return to in person AGMs.

He introduced the board members and gave brief details on the value of each to the board and their role, which was a refreshing and not often done by many companies. He then gave some details of the activities of API over the past year saying API gave a solid result despite the challenges over the past year. I am not sure many shareholders would agree with this considering the decline in profit. He stated that APIs strategic business is sturdy with a clear runway forward and a strong balance sheet. He declared a final dividend of 2c per share. He gave a rundown of API's endeavours in energy conservation etc etc as part of an ESG (Environmental, Social Governance) segment.

The CEO Richard Vincent then gave a comprehensive rundown of Priceline and ClearSkincare, both of which remain the preferred path for growth. Total revenue was up slightly, but EBIT was down 46%, which was attributed to COVID. More financial detail was given, in which he tried to put a positive spin on what was a disastrous year, with falls in demand for cold and flu treatments and cosmetics being the main reason for the profit decline. With the closure of stores due to low foot

traffic and the opening of the new distribution centre in Sydney cost savings should be achieved next year. Click and collect scripts have been sky-rocketing and are expected to grow again in the coming year. Opportunities are seen in telehealth and their Sisterclub is expected to grow further. New brands have been released to Priceline Pharmacies and these have performed well, highlighting the benefits of targeting beauty and cosmetics. They still see “Clearskincare” as a major opportunity for growth for cosmetic services and they are now number 2 in the market. He thinks that this should provide shareholders with confidence for the future. They expect the first half to be lower than the first half in 2020, but expect solid improvements in the second half, and have thus not provided profit guidance for 2021.

All resolutions were passed, remuneration report (98.4%) re-election of Lee Ausburn (98.8%), re-election of Jennifer MacDonald (98.7%), election of Janine Allis (99.9%), election of Clive Stiff (99.8%) and granting of performance rights to the CEO (80.9%). The ASA voted in favour of all resolutions. The reasons for the lower support for the performance rights for the CEO are not known, but it is presumed that this is smaller shareholders who often vote against the awarding of such rights.

Lee Ausburn addressed the meeting and stated that it will be her last term. She is a pharmacist and obviously has skills that API would find of value. She said that with the appointment of Janine and Clive, that API has the necessary skills to take it forward.

Jennifer MacDonald addressed the meeting as well and gave details of her role and her background, but nothing about her vision for the future. Janine Allis and Clive Stiff also gave details on their background with Janine indicating she would be focusing on customer interactions, especially leveraging of initiatives such as Sisterhood, whilst Clive indicated he would focus on consumers, strategy and branding.

Apart from a question re disappointment with Priceline’s customer loyalty program (which is under review), there were no questions apart the questions asked by the ASA which regarded future directions for the company, how API is addressing online shopping, Ms Allis vision for the future and the LTI options for the CEO in the future.
