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# API Analyst Update

**May 2003**



## API Group

- Group Vision and Guiding Principles
- History of Development
- Performance Targets for the Group
- Expectations per Business Unit
- Summary of group-wide strategies

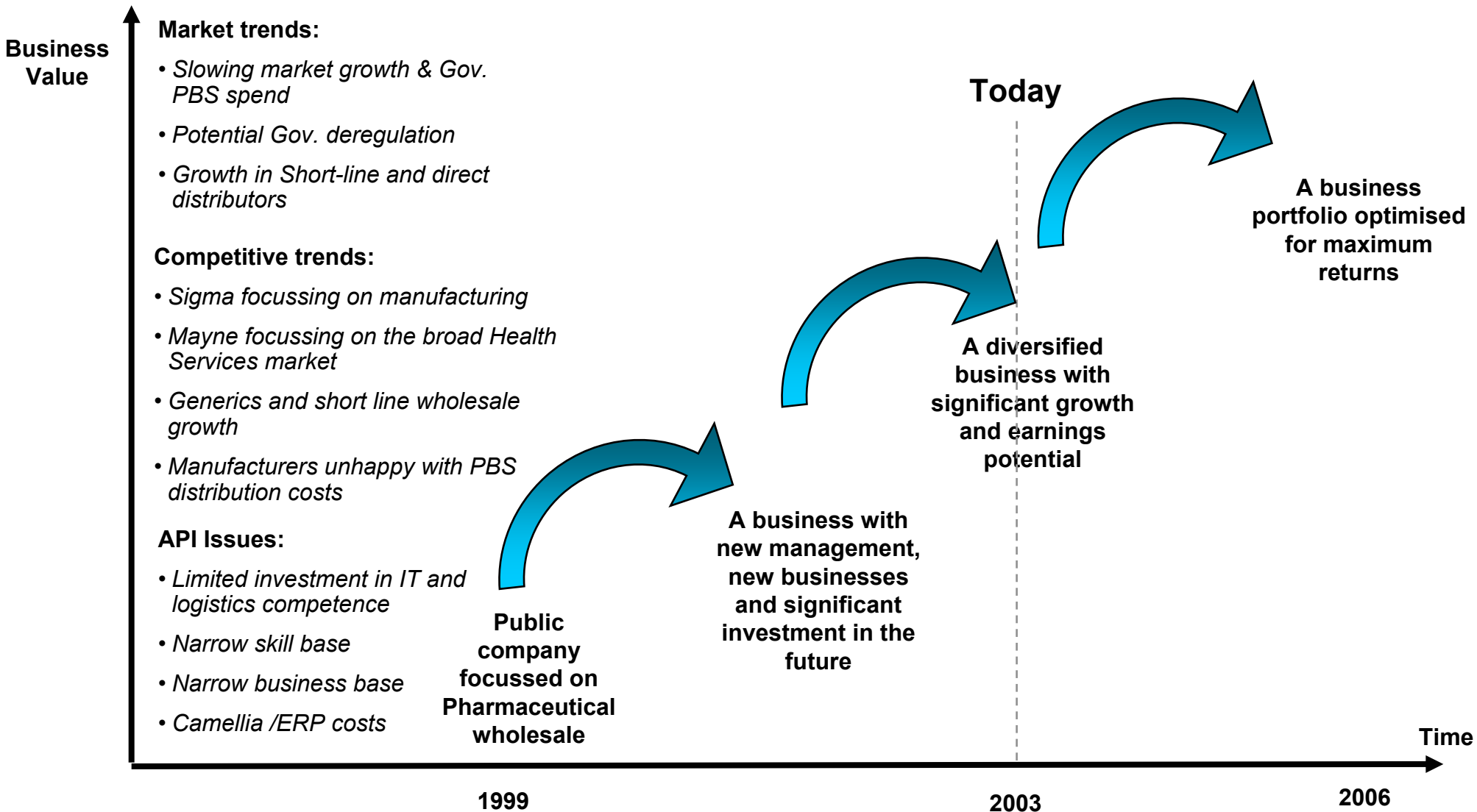
API Group will consist of a portfolio of businesses operating in the health, well-being and logistics markets. Each business will be a market leader and leverage its own core competencies and those of the Group to create competitive advantage. A continued focus on delivering EBIT whilst optimising funds employed will ensure that maximum returns to shareholders are realized.

### Guiding Principles:

- Develop and maintain a **culture** that is **performance oriented, focussed on customers**, and encourages **open two- way communication**
- Ensure the organisational structure, **culture** & incentives will encourage the desired performance and outcomes
- Develop and maintain an **entrepreneurial spirit** in each business
- Be **passionate** about winning and gaining **competitive advantage**
- Manage capital investments to **ensure optimal returns** from all businesses
- Employ robust **risk management** practices to fully understand and mitigate risks
- Ensure **appropriate governance** controls exist
- Focus on Health, well being and logistics businesses that leverage the core competencies of the Group and strive to achieve **lowest possible cost of operations**
- Maximise Group benefits by **leveraging operational expertise** and knowledge across the group

# API Group

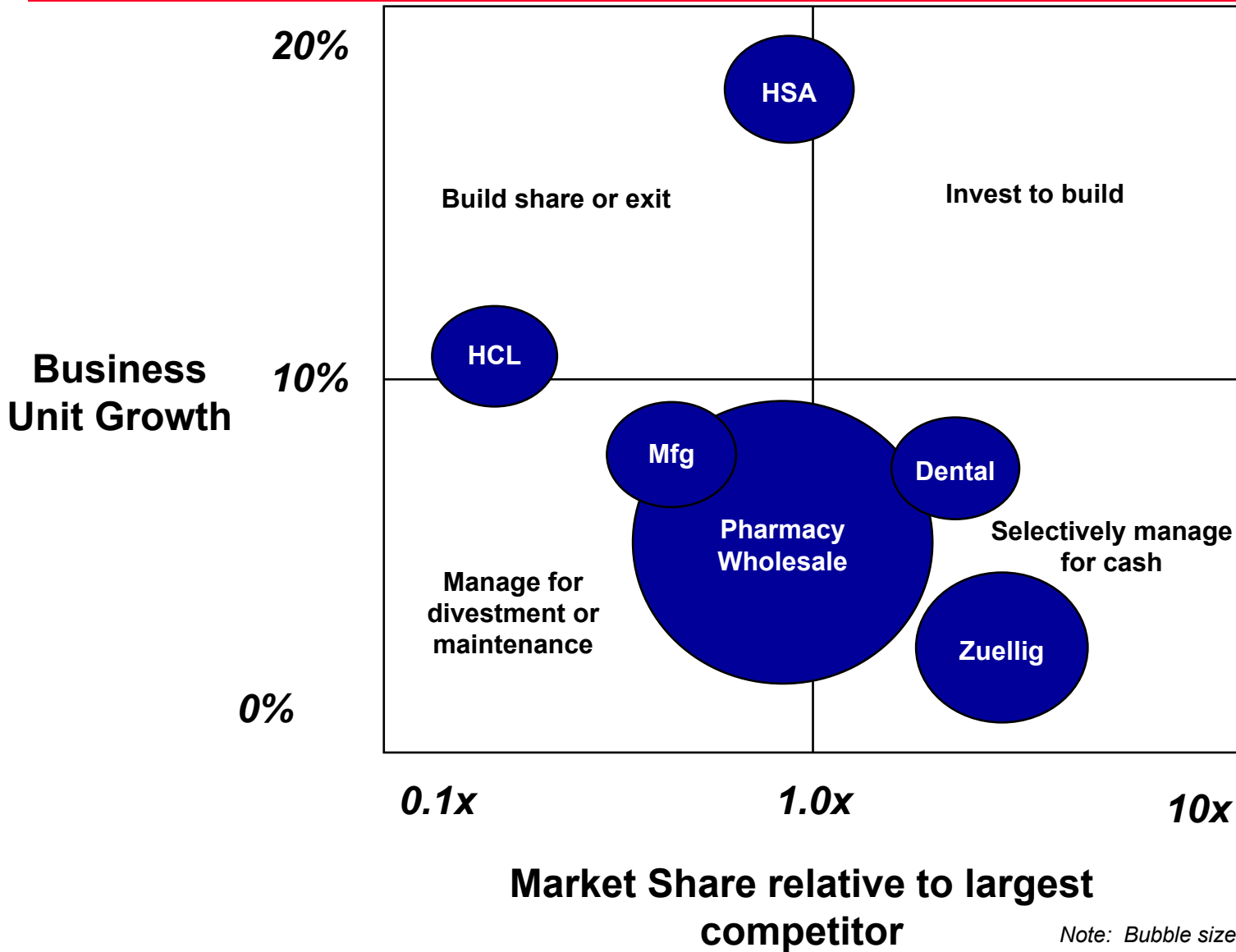
## History of development



- **Integration of Soul Pattinson**
- **Acquisition of HSA**
- **Acquisition of Zuellig**
- **New Group structure**
- **Re-focussed management team**
- **Relocation to Camellia**
- **Initiated ERP project**

# API Group

## History of development – Status during 2002/03

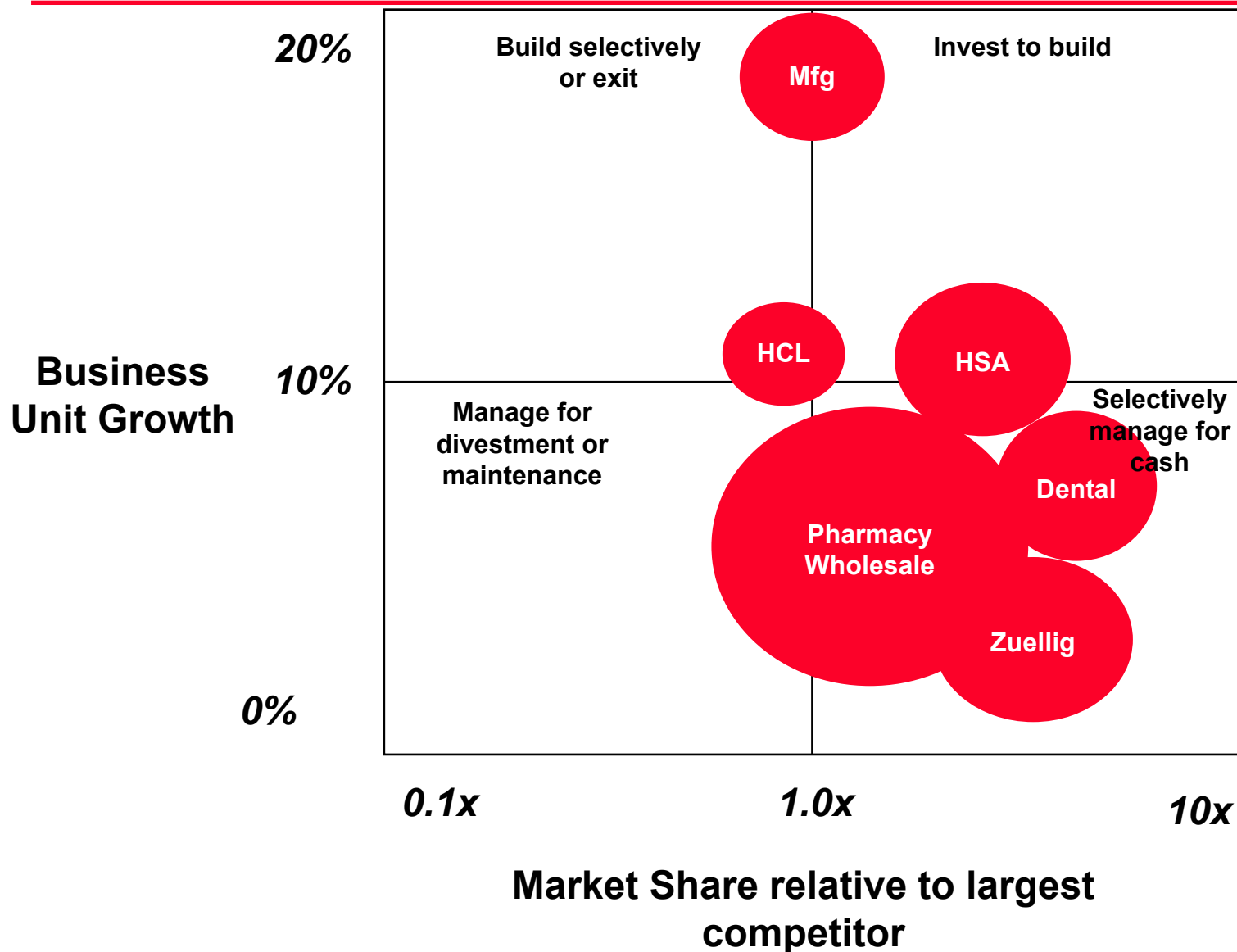


Note: Bubble size indicates revenue - scale is indicative only



# API Group

## Performance Targets for 2005/06



Note: Scale is indicative only



# API Group

## Strategy – Key Actions

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### **Improve working Capital management**

- Improved stock turns
- Reduced DSO

### **Grow API Pharmacy market share**

- Leverage API Finance as a tool to target competitor pharmacies
- Low margin terms to attract large competitor groups
- Take on short line wholesalers through lower margin “shelf pack” pricing

### **Turn around HSA**

- Implement strategy plan
- Achieve budget

### **Achieve aggressive growth forecasts for manufacturing**

- Drive national and own brand focus
- Maximise Australian market opportunity
- Develop combined PSM and SPM strategy

### **Implement ERP**

- On time and on budget

### **Launch Healthcare Logistics Australia**

- Appoint GM
- Set up API related business and aggressively tender for others

# API Group

## Strategy – Key Actions

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### Reduce Costs

- Prove ROI on Camellia operation for potential further role out of automation (Qld / Vic )
- Range reduction
- Group benchmarking

### Align the structure

- Implement independent business structure for API Pharmacy
- Implement remuneration strategies to enhance performance focus of executive team
- Strengthen management team