

Sigma Healthcare 2023 AGM Report

ASX Code	SIG
Meeting Time/Date	11am 17 May 2023
Type of Meeting	Physical with webcast
Monitor	Frank Thompson
Pre AGM Meeting?	No

World Class Systems Fully Implemented – Positive Outlook

What the Company Does

Sigma is mainly a distributor of pharmaceuticals throughout the country, mostly paid for under the Federal Pharmaceutical Benefits Scheme. In addition, due to squeezing of the legislated margins in this business, they are diversifying into adjacencies, such as packaging of daily drugs into pre-packaged doses, some healthcare daily needs such as masks, sanitiser etc and warehousing for other companies.

Comments on Meeting Format

On the initial read of the notice of meeting it seemed that it was to be a hybrid meeting and we prepared to attend via the virtual hook-up. Unfortunately, it turned out to be a physical meeting with an associated broadcast. You could only observe online. This meant no public presence for the ASA and no questions. Fortunately, we were able to submit our proxies prior to the meeting. A lesson learnt – **read the notice of meeting carefully.**

Developments in the Financial Year

The year saw the final completion a 5-year development of its warehousing and distribution system. It also saw the full implementation of a new computer system. These together saw a significant turnaround financially, (particularly TSR) deliveries in full on time and a lifting in customer satisfaction. The last 5 years financials are listed below:

12 months ended 31 January	2023	2022	2021	2020	2019
Share price (\$)	0.607	0.468	0.624	0.586	0.577
Dividends paid in the financial year (cps)	1.5	2.0	n/a	3.0	4.0
TSR	4.28%	(20.4%)	6.5%	9.1%	(29.9%)
Pre-tax ROIC	11.2%	8 7.9%	10.1%	7.1%	12.2%
EBIT (\$m) – Adjusted	\$ 65.08	\$47.6	\$50.1	\$29.1	\$76.2
NPAT (\$m) – Adjusted	\$37.78	\$25.3	\$29.1	\$13.5	\$45.8
NPAT (\$m) – Reported	\$1.8	\$(7.2)	43.5	\$(12.3)	\$36.5

Debate and Voting at the AGM

The AGM was a relatively quiet meeting and well controlled by the chair. Few questions were asked. The main questions asked were around the remuneration report and they were thoroughly answered by the chairman. STI and LTI targets were modified to better align executive rewards with improving shareholder value.

All directors standing for re-election spoke well to their re-election.

All ASA open votes were voted in favour of all motions and all motions were carried.

Outlook Statements from the Company

Focus has now moved to obtaining maximum value from the last 5 years of change. Areas of focus now are continuing to improve deliveries in full on time, re-establishing customer trust and improving the availability of stock. They are moving to only have 2 brands to simplify operations and drive efficiencies. The chair was positive about continuing to improve profitability and predicted EBIT for the next financial year of between \$26- 31 million.

Meeting Statistics

Number of Holdings Represented by ASA	41
Number of Shares represented by ASA	1,400,669
Value of Shares represented by ASA	\$0.97m
Number Attending Meeting	Unknown
Market capitalisation	\$720.3m
Were proxies voted?	Yes

Monitor Shareholding

The individual involved in the preparation of this report has a shareholding in this company.

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