

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING 2019

Welcome ladies and gentlemen and thank you for taking the time to be here today.

We would like to acknowledge that the land we meet on today is the traditional lands of the Kaurna people and we respect their spiritual relationship with their Country. We also acknowledge the Kaurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kaurna people today. We pay our respects to their Elders past, present and emerging.

Now in its 108th year our organisation continues to focus on providing quality and professional health services to our members and the wider community.

The current trading environment remains a challenging one. Ongoing PBS pricing reforms coupled with low levels of consumer confidence means that the organisation will continue to focus on disciplined operations and business activities. However we are confident that the new initiatives undertaken to protect and grow our business will achieve our goals.

Earlier this year, our Managing Director, Mr Tony Wojciechowski, announced his retirement. Tony made an enormous contribution in his 16 years at National Pharmacies, the first 10 of which were as General Manager of Operations and, since March 2013, as Managing Director. Tony steered National Pharmacies through the challenges of Pharmaceutical Benefits Scheme (PBS) and industry reform and oversaw a significant change program over the past three years with the replacement of all back office and customer facing technology. The Board thanks Tony for his commitment and member focus.

Following an extensive national search process, Mr Vito Borrello, who had been the General Manager Operations since 2013, was appointed as National Pharmacies new Chief Executive Officer. It is a testament to our maturity and the application of our values that we are able to successfully grow our own future leaders.

The Board is confident in Vito's abilities and energy to not only lead National Pharmacies but also to grow the business for the future and for the benefit of our members.

Last year I advised that National Pharmacies would be the naming rights sponsor of the 2019 Adelaide Christmas Pageant. The first National Pharmacies Christmas Pageant was held on Saturday, 9 November 2019 and was a resounding success, attended by approximately 325,000 people. We are delighted that we were able to give our employees and members the opportunity to participate in such a wonderful event. Mr Borrello will discuss the pageant further in his presentation.

Today we vote on two resolutions. The first is to modify the constitution to allow the organisation to issue mutual capital instruments (MCIs), a bespoke share that has been created for the mutual sector. The ability to issue MCIs provides mutual entities with access to a broader range of capital raising and investment options without risking their mutual structure or status. Whilst the Company has no current plans to issue MCIs, or any other class of shares, the proposed changes to the constitution (if approved) would provide the ability for the Company to consider additional funding mechanisms for growth opportunities in the future. In addition there is a minor change to the director rotation provisions.

The second resolution is the re-election of Linda Heron. Linda's performance has been reviewed by the Board and without hesitation the Board recommends her for re-appointment.

My thanks go to all of our members for their loyalty and continued support. I also take this opportunity to thank our employees, management and my fellow directors for their dedication to the provision of benefits, services and value to our members and customers.

P F CARR
CHAIRMAN