2016 PRIMARY HEALTH CARE LTD ANNUAL GENERAL MEETING – CHAIRMAN'S ADDRESS

Slide 1: 2016 Annual General Meeting

Welcome

Good morning ladies and gentleman.

Welcome to the 2016 Annual General Meeting of Primary Health Care Limited.

It is 11.00 am and a quorum is present. I declare the meeting open.

Slide 2: Rob Ferguson, Chairman

My name is Rob Ferguson and I am your company's Chairman.

Here with me today are (from left to right):

- Robert Hubbard, Non-executive Director
- Gordon Davis, Non-executive Director
- Errol Katz, Non-executive Director
- Charles Tilley, Company Secretary
- Peter Gregg, Managing Director and CEO
- Paul Jones, Non-executive Director
- Arlene Tansey, Non-executive Director
- Brian Ball, Non-executive Director

It is a pleasure to be reporting to you again on Primary's activities.

Slide 3: FY 2016 Highlights

FY 2016 Highlights

Primary's underlying result in the 2016 financial year was in line with our guidance, with underlying Revenue of $1.7 billion and Net Profit after Tax of $104 million.

Reported Net Profit after Tax was $75 million, reflecting significant business changes during the year.

Your directors declared a final, fully franked dividend of 6.4 cents per share. This brings total dividends for the year to 12 cents per share.

Total dividends equate to a payout ratio of 60% of underlying Net Profit after Tax.

Importantly, the payout ratio has been set to reflect the Company's strategy and capital management policy, enabling us to keep our gearing at a reasonable level while investing for growth and rewarding shareholders.

During the period, the management team, led by Peter Gregg, focused on resetting the Company's foundation and delivering on a range of initiatives that flowed from our 2015 Strategic Review.

This has seen the divestment of non-core assets, the implementation of new healthcare professional recruitment packages, and the diversification of our Medical Centres business into private billing and bulk billing.

Delivering on our strategic commitments has allowed us to bring down debt and strengthen the balance sheet. This has given us the scope to capitalise on growth opportunities and invest in innovation.

Peter will provide more colour on the performance of the business and the outlook for our Company.

Slide 4: Board, Executive & Remuneration

Board, Executive and Remuneration

I would now like to talk about the Board and executive team.

After a period of renewal in financial year 2015, the Board of Primary has been stable in the current year. We are benefiting from the experience of Mr Robert Hubbard and Mr Gordon Davis who joined us in December 2014 and August 2015, respectively.

These directors have given us greater depth of operational and financial experience and have increased the diversity of views around the table.

In my address to shareholders last year I noted that the Board had engaged in a Board Performance Assessment. This assessment is now complete and has led to development of a more comprehensive Board Skills Matrix.

We believe we now have a good spread of skills in place covering healthcare, finance, government, regulation and the listed company space. However we will continue to evolve our requirements as needed

We have two Non-executive Directors who are standing for re-election today; Dr Paul Jones and Dr Erroll Katz. I will introduce them both at the relevant time on the agenda.

Turning to the executive team, under the leadership of Peter Gregg the team has been further enhanced this financial year.

On the operational side we have Dr John Houston leading our bulk billing medical centres and Maxine Jaquet our private billing centres. Dean Lewsam is running our imaging division while an internal and external search is progressing for a new head of pathology.

The strengthening of the functional side of our head office team was highlighted at the last AGM. There has been great improvement in areas including reporting, risk management, strategy and stakeholder communications.

Turning to remuneration, as I highlighted last year an improvement in the remuneration framework was seen as essential.

After gaining feedback from key stakeholders and remuneration experts, a restructure of executive remuneration practices was put in place in the 2016 financial year. The key points I would like to highlight are as follows:

The revised practices seek to ensure senior executives are offered an appropriate mix of both fixed and at risk remuneration, and short term and long term incentives.

Fixed remuneration has been benchmarked to a carefully selected peer group to improve alignment.

An appropriate amount of both short and long term incentives are granted in share rights to ensure strong alignment between executives and shareholders.

Both short and long term incentives have specific and measurable performance metrics based on a blend of financial performance, non-financial objectives and individual performance measures.

And, importantly, the Board has introduced sufficiently stretched performance hurdles relating to all these metrics.

Your Board will continue to improve its remuneration framework and build alignment between shareholders and the senior executives.

You will have a chance to ask questions and vote on our remuneration framework when we come to item two of the formal agenda.

Slide 5: Outlook

Outlook

Before handing over to your Managing Director and CEO, I would like to cover a couple of other points.

This year Jangho, a China-based company with existing investments in the Australian healthcare sector, came onto Primary's register. Together with its related entities, Jangho holds 15.93% of Primary's issued capital.

Primary has updated Jangho as part of our results roadshows and conducted a site tour with them. We have engaged with them and answered questions when requested, as we do with any other investor.

Turning to Primary, the Company today operates 71 medical centres, 138 imaging sites, 100 laboratories and over 2,100 collection centres.

Chronic conditions are on the rise in Australia and hospital costs are increasing. Primary's multi-disciplinary medical centres play a vital role in making services more easily accessible and more cost efficient, while enabling coordination and continuity of patients' care.

Our Company aims to be at the forefront of the efficiency drive in the health sector and cement its position as a leading quality healthcare provider.

We see significant opportunity to capitalise on the growing demand for healthcare and on the increasing consolidation in the sector, by expanding our network.

We aspire to become the preferred place where healthcare professionals and staff want to work and where patients want to come for treatment.

To do this, we remain focused on providing the right conditions for our healthcare professionals to continue to pursue quality care for patients who visit our clinics.

I would like to take this opportunity on behalf of the Board to thank Primary's management team, healthcare professionals and employees for their hard work and commitment over the past 12 months.

I also thank you, our shareholders, for your continued support.

I now welcome Peter to share with you his insights into the performance and achievements of your business over the past year.