
Shareholder message



Dear Shareholder,

First, let me start by saying that it is a real privilege to be given the opportunity to lead Primary Health Care. I have watched your company grow from a successful family-run business to one of Australia's leading listed healthcare companies.

Primary now comprises 12,000 dedicated staff and 1300-plus healthcare practitioners across a network of over 2500 sites. These people strive each and every day to deliver quality, affordable and accessible healthcare to the Australian community.

I am a strong advocate for frontline healthcare and, prior to Primary, I worked at both ends of the spectrum: as a general practitioner and as CEO of the country's largest primary care provider, Sonic Clinical Services which is part of Sonic Healthcare Limited.

The delivery of health services in the community is an essential element of any sustainable and superior healthcare system. The services Primary supports and delivers through its multi-disciplinary medical centres, diagnostic imaging sites and pathology laboratories are becoming increasingly important in this context.

The health sector is a complex environment with many competing interests. As the cost of healthcare continues to rise, the way Australia funds this cost is becoming an important issue on the national agenda; with debate around the extent to which health services should be provided by the government or paid for by individuals; or fee-for-service funding versus outcomes-based care. It is clear that Primary has a key role to play in shaping this conversation.

Furthermore, we are seeing a shift from a provider-oriented to a patient-oriented industry, as patients become more engaged with the management of their health than ever before. The healthcare sector is where the banks were in the 1970s when one went into a branch and dealt with a teller as the main point of contact. Now we can do most of our

banking transactions online, we have a concierge in our local branch and a mobile lender who will come to us. The healthcare sector is changing and demands for flexibility will only increase as a new generation of tech-savvy people use health services. Primary is responding to this evolution with an increased focus on innovation in the digital arena and in the delivery of patient-centricity across our modalities.

As Primary moves into 2018, we have a great core business and the building blocks to cement our position as a leading healthcare services provider and deliver growth to you, our shareholders. We have a flexible cost base, increased cash flow, and a pipeline of investments for growth. Our three divisions – Medical Centres, Pathology and Diagnostic Imaging – are diversifying their revenue streams away from government funding, while Medical Centres is changing the way it contracts and engages with healthcare practitioners and in its offerings and services to patients.

Importantly, the long-term drivers that underpin your company are strong. Australia's population is ageing and growing, and an unprecedented rise in chronic conditions is occurring. One in three Australians have a chronic disease, and two in three have risk factors for heart disease, diabetes or chronic kidney disease.

We continue to believe Primary's multi-disciplinary medical centres are the best way to deliver efficient frontline care. Our centres make medical care more easily accessible and more cost efficient, while at the same time enabling the coordination and continuity of patients' care.

Thank you for your ongoing support and I look forward to addressing you at the company's upcoming 2017 Annual General Meeting.

DR MALCOLM PARMENTER
MANAGING DIRECTOR & CEO