2015 ANNUAL GENERAL MEETING – CHAIRMAN'S ADDRESS

Slide 2: Rob Ferguson

Ladies and Gentlemen, welcome to the 2015 Annual General Meeting of Primary Health Care Limited.

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

My name is Rob Ferguson, the Chairman of Primary and with me are:

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

In addition, we have with us today Stephen Gustafson and Sarah Avis of Deloitte's, the Company's Auditors.

Before we begin the formal part of the meeting, I would like to address you all on this year's results and on some substantial changes we have made to our Board, senior management team and remuneration structure.

Slide 3: 2015 Financial Year

Looking at the 2015 financial year, as you can see from this slide the highlights of our performance were:

- Revenue of 1.6 billion, up 6%
- Reported Net Profit After Tax of $136.5 million, up 19%
- Underlying Net Profit After Tax of $119 million, up 4%
- Earnings per share of 26.7 cents, up 18%
- Underlying Earnings per share of 23.3 cents, up 3%.

Your Board declared dividends totalling 20 cents per share for the year, in line with the previous year. The final dividend for 2015 of 11 cents per share was 50% franked.

Peter Gregg will make more comments on the last year's achievements shortly.

Slide 4: Dr Bateman

I believe the solid performance of your company during the year was commendable in light of the changes that were taking place behind the scenes. In particular, I note the sad passing of Primary's founder Dr Bateman in September this year and I commend the management team, staff and clinical teams for their professionalism and support for one another during this challenging time.

Dr Bateman founded the first Primary Medical centre in 1985 on the Northern Beaches of Sydney at Brookvale. Primary now operates 71 medical centres with over eight million patient visits a year. It also carries out around a third of all private pathology tests in Australia and provides over three million diagnostic imaging examinations each year.

In fact, the enormous scale and growth of Primary has helped to shape the Australian healthcare system. The company's original ambition of making high quality healthcare affordable and accessible to all Australians remains core to its operations today.

Dr Bateman's impact on the Australian healthcare system will continue to be felt for years to come. He will be missed by all.

Slide 5: Executive and Board

In March 2015, Peter Gregg joined Primary as CEO and Managing Director following a thorough internal and external executive search. Peter was the unanimous first choice of your Board. He has a strong commercial background in transformation, change management and strategy, having worked in large and complex listed companies in Australia.

In the short time since Peter's appointment, he has already:

- Negotiated a settlement with the Australian Taxation Office to support our healthcare practitioners and provide clarity on future GP acquisitions;
- Completed a strategic review of the company and set a clear direction for the business; and
- Taken a leadership role in dialogue with the Federal Government and other industry stakeholders around quality healthcare in Australia.

It is exciting to see the new direction of Primary under Peter's leadership, as the implementation of the strategic review begins to take effect.

I also note the resignation of Mr Andrew Duff as Chief Financial Officer in June and appointment of Mr Malcolm Ashcroft as his replacement in July this year. On behalf of the Board, I would like to thank Andrew for his many years of service to Primary and its shareholders. I also warmly welcome Malcolm to the role. In his short time as CFO we have already seen a rigorous approach to analysing our monthly results, cash flow and return on invested capital. We look forward to his continued contribution to the company.

Peter has also increased the bench strength of his executive team including the appointment of a Group Director of Strategy and a Group Director of Government Relations. These appointments broaden the skills base of the company and will greatly assist in our engagement with external stakeholders.

The 2015 financial year was also a period of transformation and regeneration for the Primary Board.

During the year, three Executive Directors stepped down to focus on their respective executive roles. We appointed two independent Non-executive Directors, Mr Robert Hubbard in December 2014 and Mr Gordon Davis in August 2015. We now have a majority independent Board.

These changes have given us greater depth of operational and financial experience and increased the diversity of views. The changes have also broadened the succession options available on both the main Board and the committees.

The Board is currently engaged in a Board Performance Assessment, which will include the development of a Board Skills Matrix. Through this exercise, we will look for any areas in which to further enhance the Board's collective skills and experience.

Slide 6: Remuneration

At the 2014 AGM, Primary received votes against its Remuneration Report of greater than 25% and hence recorded a "first strike".

Since then, the Board has listened to the feedback from the proxy advisers and other stakeholders, sought the advice of remuneration experts and taken steps to improve the remuneration framework. We are implementing new practices appropriate for Primary's circumstances and strategy.

Given the time frame of receiving the "first strike" at the end of November 2014 and developing the new framework, these changes will come into effect in financial year 2016 onwards.

In brief our response to the issues raised by the proxy advisers are as follows:

- Remuneration packages for senior executives have been benchmarked to a peer group to improve alignment with the performance of the business and to ensure the appropriate mix of fixed and at-risk remuneration.
- 25% of short-term incentives and 100% of long-term incentives will be awarded in share rights rather than cash. These rights will be deferred for 2 and 3 years respectively.
- Short term incentives will have specific and measurable performance metrics based on a blend of group financial performance, non-financial objectives and individual performance measures. The group financial performance metric will be based on net profit after tax.
- Long term incentives will be measured on relative total shareholder return and return on invested capital.
- The Board will introduce sufficiently stretched performance hurdles relating to all these metrics.

In addition, for financial year 2015, the Board exercised its discretion in relation to the appropriate metric against which to measure the short and long-term incentives awarded to executives. The group target was Earnings per Share growth of between 5% and 12%.

Notwithstanding reported Earnings per Share growth for the year was over 17% and exceeded the target, your Board determined the appropriate metric should be underlying Earnings per Share growth of 2.6%. The underlying figure excluded one-off items including the ATO refund and associated settlement for the potential tax liabilities of our GPs.

As a result, no long-term or short-term incentives linked to Earnings per Share growth were awarded to executives for Financial Year 2015, even though management spent considerable time and effort in securing the ATO refund and settlement.

Your Board will continue to improve its remuneration framework and build alignment between the business and the remuneration of the senior executives who are tasked with achieving important outcomes in an increasingly complex healthcare environment.

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

Slide 7:

The Board is looking to further enhance the company's governance framework in areas such as risk management, executive succession planning and diversity. This year has seen updates to the Charters of both the Audit Committee and the Risk Management Committee. The work in these areas will continue through this year and beyond, looking to increasingly modernise Primary's governance model in conjunction with the implementation of the Group strategy.

Turning to this year, disappointingly we had to issue a trading update last Friday. We expect our results for the 2016 financial year to be down five per cent on 2015 levels. This is due to a subdued revenue environment and consequent margin compression. Peter will talk more on this in his address.

As you are well aware our share price has also been under some pressure this year and is currently trading in the $3.20 range. Again this is disappointing. The Board and management team is fully focussed on driving performance in the business, on improving short-term results with a strong focus on cost control, and on the strategic transformation of the Group to position it for a sustainable future.

It is a future where we believe Primary will be well positioned to continue to grow. It is one of the leading providers of high quality, affordable front-line medical care with a unique platform of assets. Front-line care itself is the most cost-effective form of healthcare in Australia and the best way to respond to the multiple challenges facing the Australian healthcare system.

On behalf of the Board, thank you for your continued investment, support and commitment to Primary. I would also like to thank the senior executives, all the staff at Primary and the clinical teams for their hard work and contribution to this company during the year.

Slide 8: Peter Gregg

I would now like to invite the Managing Director and CEO of the Company, Peter Gregg, to address the meeting.