PRIMARY HEALTH CARE LIMITED

ANNUAL GENERAL MEETING 2017

CHAIRMAN'S ADDRESS

AV – SLIDE 2 (ROBERT FERGUSON – CHAIRMAN)

Good morning ladies and gentlemen.

Welcome to the 2017 Annual General Meeting of Primary Health Care Limited.

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

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

AV – SLIDE 3 (BOARD OF DIRECTORS)

Here with me today are, from your left to right:

- Gordon Davis, Non-executive Director
- Robert Hubbard, Non-executive Director
- Dr Malcolm Parmenter, our new Managing Director and CEO
- Charles Tilley, Company Secretary
- Arlene Tansey, Non-executive Director
- Dr Paul Jones, Non-executive Director
- Dr Errol Katz, Non-executive Director

Brian Ball, our longest standing Non-executive Director, unfortunately cannot be here today as he is in hospital. I will talk about him a little later.

As Malcolm Parmenter only took the helm as CEO after our year-end, I will run through the key highlights of the 2017 financial year with you, before turning to board and management changes and remuneration.

AV – SLIDE 4 (FY 2017 HIGHLIGHTS)

2017 was a busy year for your Company, as we focussed on building a business that can scale and grow with the changing healthcare needs of the Australian community.

In the year, Primary delivered underlying revenue of $1.7 billion, up 2.5 per cent on the prior year, and underlying net profit after tax of $92 million.

This result reflected above-market revenue growth from the Pathology division and a strong result in the Imaging division.

The result also reflected the changing shape of the Medical Centres' division. New GP contractual arrangements aim to deliver a more sustainable business model for the future. In the near term, the metrics of the division have moved to better cash generation but lower earnings.

For the Group as a whole, free cash flow was up two and a half times the 2016 level at over $80 million. This enabled us to fund capital and dividend requirements and to reduce net debt.

Our reported results included an impairment charge of $587 million. The impairment was non-cash and mainly related to Medical Centres' goodwill, including from the old Symbion sites.

With further amounts in restructuring and non-recurring items, we recorded statutory loss after tax of just under $517 million.

This is the reported number, whereas the underlying profit of $92 million reflected our core operating performance.

Your Directors approved a final, fully franked dividend of 5.8 cents per share, which was paid in September.

The total dividend for the year was 10.6 cents per share. This equated to a payout ratio of 60% of underlying net profit after tax, a ratio that has been set to reflect your Company's growth strategy.

AV – SLIDE 5 (DIVISIONAL FY17 HIGHLIGHTS)

Turning to our operational performance…

As I mentioned, our Medical Centres division is being repositioned to deliver a more sustainable business model.

In the year, we continued to invest in the recruitment and retention of high quality GPs, underpinned by flexible contracts which attract a wider cohort AND significantly reduce upfront capital expenditure.

Pleasingly, we recruited a record 153 GPs across the country, up 38% on the prior year. Retention rates improved to 92%, evidencing the success of our engagement initiatives.

We opened our first new Medical Centre in five years at Corrimal in New South Wales in January 2017 and our Brisbane IVF clinic last November.

We invested in patient services, including dental, occupational health and integrated care.

These initiatives are critical to support future growth and we expect them to deliver good returns once they have matured.

In January 2017 we launched Health & Co, to present an attractive option for established practices looking to partner with us.

Health & Co had five practices within its network at August and is benefiting from the expertise of our brand ambassador Professor Kerryn Phelps.

Turning to Pathology…the division's top-line continued to perform well, reporting above-market revenue growth of 4%.

The division's profit grew by a more modest 1%, with increased rental costs from our Approved Collection Centre network.

Rental pressures are a major issue facing all pathology operators in the competitive domestic market.

Greater clarification of Government policy is enabling the division to focus on limiting growth in rental costs in the 2018 financial year.

The 2017 financial year proved to be a standout for the Imaging division and its performance was up 30%.

The portfolio grew with new centres at River City and Kawana in Queensland and Holmesglen Private Hospital in Victoria.

The 2017 financial year also saw greater investment in our people and culture.

AV – SLIDE 6 (BOARD AND SENIOR MANAGEMENT)

If I can now turn to comment on the Board and senior management

I believe the Board of Primary has a good spread of skills in place covering finance, government, regulation and the listed company space.

You can see our skills matrix on this slide. The areas where we have the least experience, Clinical and Healthcare Administration and Policy, have received a boost from the appointment of Dr Parmenter.

This year our longest-standing director, Mr Brian Ball, is retiring at the end of the AGM. Brian's experience and expertise will be missed at the boardroom table.

I thank him, in absentia, for all his endeavours on behalf of your company over the last 23 years and wish him well for the future.

We are already progressed with a search for a suitable replacement. Our new director will, of course, be up for election by shareholders at next year's AGM.

In the meantime, we have Mr Robert Hubbard standing for re-election today. Rob will speak at the relevant time on the agenda before your consideration of his re-election.

If I can now turn to our CEO change in the year…

In January, the Board of Primary accepted the resignation of Mr Peter Gregg as Managing Director and Chief Executive Officer.

Peter agreed to remain in his role while a search for his replacement was undertaken and he continued to serve until the end of May.

During his time at Primary, Peter successfully led the company through a period of balance sheet repair. He developed and implemented a strategy for diversification and growth. On behalf of the Board, I would like to thank Peter for his dedication and wish him well in the future.

In May, we announced the appointed of Dr Malcolm Parmenter as Managing Director and Chief Executive Officer of Primary, effective from 6 September.

We were fortunate that Mr Malcolm Ashcroft, our Chief Financial Officer, took on the Acting role in the intervening period. The Board is grateful for Malcolm's commitment and energy during this time.

Looking to the future, Dr Parmenter brings a wealth of knowledge and practical experience in the operations of medical centres in Australia, including more than nine years at the helm of Sonic Clinical Services, Sonic Healthcare's medical centres division.

He is also well-credentialled in healthcare policy regulation, having been a member of the Health Minister's Primary Healthcare Advisory Group into chronic and complex illnesses.

Dr Parmenter has certainly hit the ground running. We have every confidence that he is the right person to lead your company through the next stage of its evolution.

AV – SLIDE 7 (REMUNERATION)

Moving now to remuneration…

As you may remember, the Board restructured your Company's remuneration policies in 2016 in response to shareholder and proxy feedback. These policies were further refined in 2017.

Our framework aims to ensure that remuneration packages are linked to company performance and build alignment with shareholders.

The key points are as follows:

- Senior executives receive a blend of fixed and at-risk remuneration.
- Fixed remuneration sits at the midpoint of a range of comparable companies.
- An appropriate amount of both short and long-term at-risk remuneration is granted in share rights.
- Short term incentives are linked to financial and non-financial incentives. The non-financial incentives are predominantly linked to specific projects which will drive shareholder value.
- Long term incentives are based on relative TSR and ROIC targets.

This year I should point out:

- The short-term financial incentives linked to group performance were not granted; and
- We have published our ROIC targets which show challenging vesting conditions for all LTIs for FY16, 17 and 18.

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

As always, we will seek to improve the remuneration framework based on feedback we receive.

I would also like to mention that we have chosen new auditors in Ernst & Young, after Deloittes have been auditors for over 20 years. Our final resolution seeks your approval of this appointment.

AV – SLIDE 8 (ROBERT FERGUSON – CHAIRMAN)

I will leave narrative on the outlook and future direction to Malcolm.

In summing up, I believe financial year 2017 was a year of change for Primary as your Board and management began repositioning the Medical Centres division to a more sustainable business model.

Our free cash flow was up significantly enabling us to self-fund our requirements and reduce net debt, while investing in frontline care and diagnostic services.

We will continue to strive for growth against a backdrop of strong long-term drivers for healthcare in this country.

We believe frontline care is the most effective means of delivering healthcare and our large-scale multi-disciplinary medical centres are efficient providers of this care.

On behalf of the Board of Directors I would like to thank all the healthcare practitioners, employees and the management team for their hard work and commitment over the last twelve months.

I would also like to thank you, as shareholders, for your continued support.

I now welcome Dr Parmenter to share with you his vision for Primary and his views on Australia's healthcare sector.

Thank you.