



Pharmaxis Ltd

Annual General Meeting

13 November 2017

Sydney

Chairman's Address by Malcolm J McComas

Welcome to the Pharmaxis 2017 Annual General Meeting, a meeting that follows another successful year for the Company in terms of revenue, drug development initiatives and shareholder value.

On 22 September 2017, something we had pointed to for some time happened as expected. It was however something that is not common in the pharmaceutical research sector. Without going out to the stock market and asking shareholders for new money, Pharmaxis banked \$27m cash. This was the second payment received from Boehringer Ingelheim and together with their initial \$41m payment received in May 2015, total cash received to date is \$68m. This is equivalent to approximately 21 cents per share.

Boehringer's initial work with the Pharmaxis compound (formerly known PXS-4728A) is aiming to develop a treatment for the common and debilitating liver disease known as fatty liver or NASH.

Three weeks after banking the \$27 million, Boehringer confirmed that it was initiating a parallel study with our compound, this time investigating a new treatment for diabetic retinopathy – the leading cause of vision-loss. This will deliver another payment to Pharmaxis of \$15m (approximately 4.7 cents per share) when the first patient is dosed in the study.

The Boehringer relationship demonstrates Pharmaxis' capabilities to develop an early stage compound that is of high value and our ability to engage with a large pharmaceutical company who is prepared to acquire such compounds and then advance them through a broad ranging clinical program, at their cost, paying significant milestones to Pharmaxis as the programs progress.

The Pharmaxis business model is built around these capabilities and uses our own funds to build-out and commercialise our drug pipeline to a point where we can partner or sell these compounds. The investment in our pipeline has been very fruitful. The Pharmaxis drug discovery team has delivered five lead candidates over the past four years and our next drug discovery will enter phase 1 human clinical trials this quarter.

Our financial results reported a reduction in the loss of the Bronchitol & Aridol segment, corporate expenses that were unchanged and an increased investment in our new drug development efforts. Our cash burn was \$17.7m for the year. We ended the year with \$21.5m cash which, at the end of September 2017 was \$38.6 million, with more expected this year from Boehringer.

Shortly, Gary Phillips (Chief Executive Officer) and David McGarvey (Chief Financial Officer) will outline our progress in more detail but before they do, I would like to welcome our newest Board member Dr Kathleen Metters who is attending her first Pharmaxis Annual General Meeting.

We are delighted that Dr Metters has joined the Board. She brings considerable experience in the pharma and research space and has previously held the position as Worldwide Head of Basic Research at Merck (MSD) and has also been CEO of a successful US biotech company.

I am pleased that we have been able to attract a person of Dr Metters reputation to the Board that already has significant depth and the commitment to help shape a successful future for Pharmaxis and its shareholders.

I also note the Board's frustration that the substantive increase in the underlying value and prospects of the Company over this past year has not as yet been reflected in the Company's share price, despite consistent engagement with the capital markets. We are of the view that our first priority is to retain our focus on delivering new drugs and new partnership deals for those drugs. Ultimately and hopefully soon, the capital markets will see value, something that is already understood by the pharma companies with whom we work. We know that many of our shareholders (including our largest shareholder BVF Partners who hold 20%) share our resolve to stay focused on what we can control.

I would like to acknowledge the capabilities and commitment of our CEO Gary Phillips and the members of the management team including David McGarvey (CFO), Wolfgang Jarolimek (Drug Discovery), Brett Charlton (Medical) and Kristen Morgan (Alliance Management) who continue to show first class leadership and initiative in delivering on the company's objectives.

MJ McComas
Chairman
Sydney
13 November 2017