2 August 2017

API updated full year profit guidance

Australian Pharmaceutical Industries Limited (API) today announced revised profit guidance for the financial year ending 31 August 2017, due to a further decline in consumer sentiment and despite the company maintaining retail market share in the period.

API now expects full year net profit after tax to be approximately 5% up on FY16. Although trading in retail was weaker than anticipated, API's pharmacy distribution business remains on track to meet expectations for the year and the company also expects reported net debt to be positive before December 2017.

CEO and Managing Director, Richard Vincent, said that while the company had forecast soft demand in the second half of the financial year, sentiment had weakened again leading to the revision in full year profit expectations.

"While we continue to see good market share results, solid growth in transactions across our network at 4% up on FY16 and the roll-out of new stores has remained on track, overall like-for-like sales has weakened due to consumers spending less per basket and on lower value items," Mr Vincent said.

"We are experiencing similar consumer sentiment as reported by other retailers over recent weeks.

"Despite conditions in the second half being challenging, we are holding our share of the available market and have significant new product launches to help stimulate demand in coming months. We will also continue to build on the newly enhanced Sister Club loyalty program to further personalise the shopping experience.

"We are in a strong market position, our balance sheet remains healthy and we are confident that we are well positioned to take advantage of any upswing in market sentiment," Mr Vincent said.

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