



22 January 2018

## API trading update and outlook

Australian Pharmaceutical Industries (API) today said that it expected its half year net profit after tax (NPAT) for the period ending 28 February 2018 will be approximately \$26.5 million, and that full year NPAT is expected to be marginally above that of FY17. The half year result is therefore expected to be down approximately 9 per cent on the prior corresponding period.

API said the first half result was driven by the suppressed retail conditions experienced by its Priceline Pharmacy network, which persisted until late in the key Christmas trading period. The company said overall network sales, including dispensary, for the financial year to date were up 2% while the like-for-like front-of-store sales in its network had declined 2.4 per cent for the period.

"In contrast to the strong sales we experienced during 2016, consumer spending remained subdued throughout the 2017 calendar year and we did not see that change during the Christmas period," API's CEO and Managing Director, Richard Vincent said.

"We expect to see benefits flow from the steps we have taken to address the tougher retail environment. Foremost among these are investments to enhance our total customer experience, both in-store and via our digital transformation program that is designed to enrich our Sister Club loyalty program and advance our on-line capability into the future. We have adjusted the business cost base while we've strengthened and streamlined our retail leadership team to drive a more responsive business in the changing consumer environment, particularly in the important beauty segment. "

API said its expectations for growth in store numbers for its Priceline and Priceline Pharmacy network remain unchanged and that its Pharmacy Distribution business continued to perform to expectations. The company also confirmed that its balance sheet and cash flow position remain strong and that it continues to evaluate options to deliver further value to its shareholders. The dividend payment for the first half is expected to remain in line with the prior corresponding period.

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