



3 September 2014

Market Update - API FY14 results update

- **API upgrades underlying net profit after tax* guidance due to strong trading results**
- **Priceline and Priceline Pharmacy comparable store growth 6.0% for the year ending 31 August 2014**
- **Pharmacy Distribution underlying growth of 11.9% for the year ending 31 August 2014**
- **OneERP implementation moved to protect Christmas trading period**

Australian Pharmaceutical Industries Limited (API) today upgraded underlying net profit after tax* (NPAT) based on continued strong sales results from its Priceline and Priceline Pharmacy stores combined with the solid performance from its Pharmacy Distribution business.

The change in outlook is primarily due to the strong Priceline and Priceline Pharmacy comparable store sales of 6.0% for the year ending 31 August 2014. This sales growth has been achieved by a core focus on the customer, despite a challenging retail sector in which the company has also been able to maintain store margins. There has also been net growth of 27 stores during the year, lifting the Priceline network to 390 stores. Pharmacy Distribution achieved underlying sales growth of 11.9% after adjusting for the effect of PBS Reforms.

While the results are still subject to finalisation and audit, on current information the company expects to report an underlying NPAT* of between \$31.0m to \$31.5m, a significant increase on previous guidance of \$28m-\$30m. This underlying result represents up to a 31.8% uplift on the prior full year result.

API also advised that, following a review of the OneERP (SAP) program, the company has decided to safeguard the current sales momentum during the Christmas period and delayed the go-live date to the first quarter of calendar 2015. The company has taken a conservative view in relation to the timing of the roll out to ensure no disruptions to this important trading period for both API and its Franchise Partners.

Details of the additional project costs, and expected benefits in future earnings periods, will be provided in the company's full year earnings announcement in October. This change does not impact the overall benefits expected from the new system.

*Underlying net profit after tax is before associates and impairments

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