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API IMPLEMENTS SUCCESSION PLAN AND CONFIRMS FORECAST FOR 17% GROWTH IN UNDERLYING NPAT FOR FY16

- **CEO and Managing Director Stephen Roche to step down in February 2017**
- **Internal appointee, Richard Vincent to succeed Mr Roche**
- **Company in a strong financial and strategic position**
 - **Underlying NPAT guidance upgraded to \$51m - 17% up on the prior year**
 - **Reported net debt at year end to be less than \$30m**
 - **442 stores in Priceline Pharmacy network as at 31 August 2016**

Australian Pharmaceutical Industries Limited (API) has today announced current CEO and Managing Director Stephen Roche will step down to be replaced by Richard Vincent, currently API's General Manager of Business Development, Operations and Strategy, in line with the Company's succession plan.

From today, there will be a structured transition phase with Mr Vincent as CEO-elect working with Mr Roche until he leaves the business in mid-February 2017.

Mr Vincent joined API in 2005 and currently has responsibility for API's pharmacy operations, IT and the consumer manufacturing business in New Zealand. He led API's successful OneERP (SAP) systems implementation program which spanned all facets of API's business.

API Chairman Peter Robinson said that Mr Roche had informed the Board of his intention to step down at a time that would allow the Board to implement a smooth transition. Mr Robinson paid tribute to Mr Roche's contribution to the business in the ten years he has been at the helm.

"Stephen was appointed CEO and Managing Director in 2006 to stabilise the wholesaling business and undertake a major expansion of the Priceline Pharmacy network to create a leading mass market health and beauty retailer. Undoubtedly, he has delivered on that mandate. Since he joined we have built the total Priceline-Pharmacy network to more than 440 stores which has annualised retail turnover of more than \$2 billion. Priceline Pharmacy also has a strong pipeline expected to deliver a minimum of twenty new stores per annum into the foreseeable future.

"The Priceline Pharmacy brand has completely transformed its customer offering. Our like-for-like sales growth has been consistently strong for the last five years and we are the market leader in colour cosmetics and skincare, the two largest beauty categories. Stephen has also successfully managed a major re-engineering of our wholesaling business in the face of major regulatory and structural changes to the sector. Major transformational initiatives include investments of \$57 million in our supply chain and \$45 million in the implementation of a world first wholesale and retail SAP system.

"On behalf of the Board, our shareholders and employees, I extend to Stephen our sincere appreciation of his leadership and success during a major period of transition," Mr Robinson said.

Mr Roche said the time was right for leadership change and that he was very pleased to remain on the Board of the Priceline Sisterhood Foundation.





"After ten years in the role and with the business having delivered successive years of very strong profit growth and with an experienced team in place it is an appropriate time for me to step down. I'm delighted to have been asked to remain as Chairman of the Priceline Sisterhood Foundation. We have already raised more than \$2 million for charities that support women and their families and it has undoubtedly helped increase engagement with our Priceline Pharmacy customers," Mr Roche said.

Mr Robinson said that the Board had conducted a thorough review of the best options for API and concluded that Mr Vincent was the right choice to lead the company.

"Richard has the most relevant experience for this unique role that combines mainstream retailing and pharmaceutical distribution. He has been responsible for major programs across the total business, gaining a thorough understanding of the business drivers. To that end he has the right attributes to lead our strategy with a highly experienced retail team to execute on it," Mr Robinson said.

Mr Vincent said that he was excited about the opportunity to lead API and to continue the company's growth profile.

"I'm confident that we have the right plans and people to deliver further growth. We will remain focussed on delivering a strong consumer offering through Priceline Pharmacy and a highly attractive offering to both our franchise partners and independent pharmacists," Mr Vincent said.

API also updated the guidance it provided in July that underlying NPAT for the 2016 financial year would be at least \$51 million, net debt would be below \$30 million and that the Priceline Pharmacy network reached 442 stores at the end of August. The year end results are subject to final audit.

API's full year results will be released on 20 October.

Ends

Richard Vincent background

Richard started his professional career in finance with Bridgestone before moving to Britax Rainsfords where he was CFO. He joined FH Faulding & Co Limited in 1998 and remained with that company until 2005, during which time he held a number of senior leadership roles, including responsibility for the pharmacy distribution, retail merchandise and generic pharmaceutical development. He joined API in 2005 where he has held a number of General Manager roles that have included pharmacy business development, strategy, supply chain, franchise recruitment, IT, manufacturing and M & A.

Richard is on the board of the National Pharmaceutical Services Association and was also a director of CH2 from 2006 to 2015. Outside work Richard is on the Board of Governors at Lauriston Girls School. Richard has a Bachelor of Business (Accountancy) and is a Certified Practising Accountant.

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