

ASX Release

13 December 2019

Market Update – Short-term guidance revised, with accelerated growth expected in FY21

Sigma Healthcare (Sigma) has updated its FY20 EBITDA guidance following the announcement on 25 November 2019 of a new first-line agreement with the My Chemist/Chemist Warehouse Group (MC/CW Group) for the supply of FMCG products.

The new agreement will result in Sigma's annualised sales increasing by \$700 - \$800 million when at full run rate, which is expected to be from 1 July 2020.

To support the work required, Sigma is reinvesting some of the realised gains from the original exit of MC/CW Group, and has delayed some of the remaining Project Pivot transformation efforts and resulting benefits. This does not impact the targeted gains of \$100+ million which Sigma remains confident of delivering from Project Pivot, with actions already taken and around 55% of these realisable benefits delivered.

Whilst the core business continues to perform ahead of expectations, this reinvestment and the delay in the remaining Project Pivot work streams, has now resulted in anticipated FY20 EBITDA of approximately \$46-47 million (\$57-58 million including the benefit from the adoption of the new accounting standard AASB 16 Leases).

Growth through FY21 is expected to accelerate from both the core business and MC/CW Group, with guidance to be provided at our FY20 results announcement scheduled for 26 March 2020.

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