



## A better future together

Annual Review 2017/18



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Sigma is committed to supporting pharmacists to be innovative providers of professional services, helping shape the future effectiveness of patient care.



Sigma Healthcare plays a pivotal role in the Australian healthcare landscape as the preferred partner for connecting health solutions.

## Our Priorities



Create innovative, differentiated and sustainable business models



Develop our team for success



Build strategic partnerships for growth



Optimise core capabilities

# Chairman's Report



## I am pleased to present to you Sigma's Annual Review for 2017/18.

The last seven years has seen Sigma management and the Board maintain an unwavering focus on implementing our core strategy. This has delivered a sustained period of business improvement and structural enhancements, as evidenced again this year.

Unfortunately, a number of challenges which arose in the 2017/18 financial year resulted in the financial results not reaching our own expectations. Whilst disappointing, we remain committed to the strategic direction we have set and are as determined as ever to drive for successful implementation.

Our strategy guided the change in name from Sigma Pharmaceuticals to Sigma Healthcare, approved by shareholders in May 2017. This change is an important marker in our history, designed to better encapsulate our direction and aspirations to expand into a broader healthcare services business.

## Financial Performance

The current year financial results were impacted by general softer consumer expenditure and the resolution of some complex supply and customer issues. As a result, Sigma has delivered:

- Revenue of \$4.13 billion, down 5.4%.
- Underlying NPAT of \$59.9 million, down 10.5%.
- Underlying Return on Invested Capital of 16.6%.
- Earnings per share of 5.6 cents, up 3.7%.
- Dividend payout ratio of 88.7% of Underlying NPAT.

As a consequence of the financial results not reaching our own internal targets set at the start of the year, senior management did not achieve their requisite performance hurdles in order to receive incentives, other than for safety. This alignment to shareholders is a critical value of the Company.

## Investment Cycle

This period has seen Sigma continue to invest in opportunities that expand our business model and enhance our efficiency and effectiveness in servicing our customers.

In September 2017, we announced the acquisition of the Medication Packaging Systems (**mpps**) business. **mpps** is a natural adjacency for Sigma, providing a national dose administration aid service to community patients, aged care facilities and hospitals. Whilst it is early days as part of the Sigma group, **mpps** has performed exceedingly well, delivering above original financial expectations and providing a strong pipeline of growth prospects.

Our investment in new infrastructure is in full steam, with over \$200 million committed over the next three years.

Our new Berrinba distribution centre in Queensland commenced operation in February 2018. This is a highly efficient facility that significantly enhances our ability to better and more efficiently service our customers. The unfortunate reality of progress is change for some of our people at Mansfield, who we thank for their exceptional support in operating a facility that was stretched beyond capability. Management have been diligent in caring for our team members through this transition process.

Construction of our new facility in Canning Vale in Western Australia is well advanced, and is expected to commence operations in the last quarter of the 2018 calendar year. This is a major investment in delivering improved health services for the geographically largest state of Australia. Land has also been acquired in New South Wales to develop a new facility that will significantly enhance Sigma's ability to meet the growing needs within the highest populated state of Australia.

These are exciting times in Sigma's long and proud history, and once the planned new facilities are completed will be a cornerstone in establishing a stronger business base for our future plans.

Meanwhile the Sigma Hospital Services business continued to expand as a strong participant that will accelerate our presence in the market through differentiated offerings to hospitals. Success in retaining existing and winning new contracts has been strong, creating the capacity to reinvest in enhanced business resources to further accelerate our growth.

Our long term strategic focus has not wavered and our focus on sustainable long term growth has been strengthened with a dedicated team actively pursuing investment opportunities that will contribute to creating shareholder value.

## Regulatory Environment

Whilst our endeavours to diversify our business will intensify, a regulated market will remain a constant. What is more important is ensuring we have a strong voice in ensuring that the regulatory framework is robust, equitable and enforced.

This is why we seek active input at a policy level through membership of the National Pharmaceutical Services Association (NPSA), and through engagement with the Government and the Department of Health, the Pharmacy Guild of Australia, Medicines Australia, and other representative bodies.

## Capital Management

Capital management remains a high priority for Sigma management and the Board.

A strong balance sheet has been a feature of Sigma for some time, and puts us in the fortunate position of leveraging into business acquisition opportunities as well as supporting development of infrastructure that will sustain the long term aspirations of the business.

Our disciplined approach has also supported our ongoing share buy-back program. In this financial year, an additional \$12.0 million was invested to buy back 14.6 million shares, whilst still rewarding shareholders with a dividend in respect of the year of 5.0 cents per share.

Whilst net debt, which was \$113.6 million at year end, will rise next year as we move towards completion of our investment cycle, this is a very serviceable and manageable level that does not constrain our ability to consider future opportunities that present.

## Our Future

The 2017/18 financial year performance was below our expectations, however we are confident our path forward is more positive.

We have responded to the market by adjusting our business model to drive improved operational performance. We have, and continue to invest in, opportunities to expand our horizons and improve our efficiency and effectiveness in better servicing our customers.

The depth of the connections between our logistics capability, retail footprint, hospital pharmacy business, service catalogue and our people is growing each day.

It gives us the utmost confidence that we are on the right path to continue to build a better future together.



**Brian Jamieson**  
Chairman

Sigma Healthcare Limited

**\$4.13b**

Sales  
Revenue

**\$90.3m**

Underlying  
EBIT

**16.6%**

Underlying  
ROIC

**\$59.9m**

Underlying  
NPAT

**88.7%**

Underlying  
Dividend  
Payout Ratio



# CEO and Managing Director's Report



The Sigma team is proud of our long and successful history in healthcare in Australia. By the same token, we actively seek opportunities to evolve the business to set Sigma up for future success.

Through the year, we have been asked a number of questions by our shareholders about the Sigma business. I thought I would reflect on some of these questions in this report.

## What have been the major highlights for the 2017/18 year?

This year has seen our team achieve significant progress in setting up the business for future success.

The change in name to Sigma Healthcare was more than symbolic. It is an important change in setting the overarching vision of what we want to become – a more holistic healthcare services business that connects healthcare solutions more effectively throughout the supply chain.

We have also made significant inroads in renewing our Distribution Centre infrastructure this year. These are cornerstone investments in securing a step change in the way we effectively and efficiently service our customers. Our Berrinba site in Queensland is now operational, our new Canning Vale site in Western Australia is well advanced, and a site has been secured in New South Wales.

At the same time, we have our Project Renew team who are dedicated to achieving improvements in our end to end processes. This is a critical piece in our ongoing transformation to improve the way that we operate. The recent launch of our Sigma Connect customer portal is a great example, enhancing and simplifying the way that we and our customers interact.

The acquisition of **mps** has also been an important one. This business delivers dose administration support to patients and provides a tremendous opportunity to leverage functional capability across the Sigma business.

## Your financial results were not what you set out to achieve. What caused this, and is it isolated to this current year?

The financial results didn't meet our own expectations, which was disappointing. It was a function of a perfect storm of events – general softer consumer retail spending during the year, the loss of a large customer group, the mediation process with our largest customer in Chemist Warehouse, and the ongoing impact of regulatory issues.

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“The acquisition of **mps** has also been an important one. This business delivers dose administration support to patients and provides a tremendous opportunity to leverage functional capability across the Sigma business.”

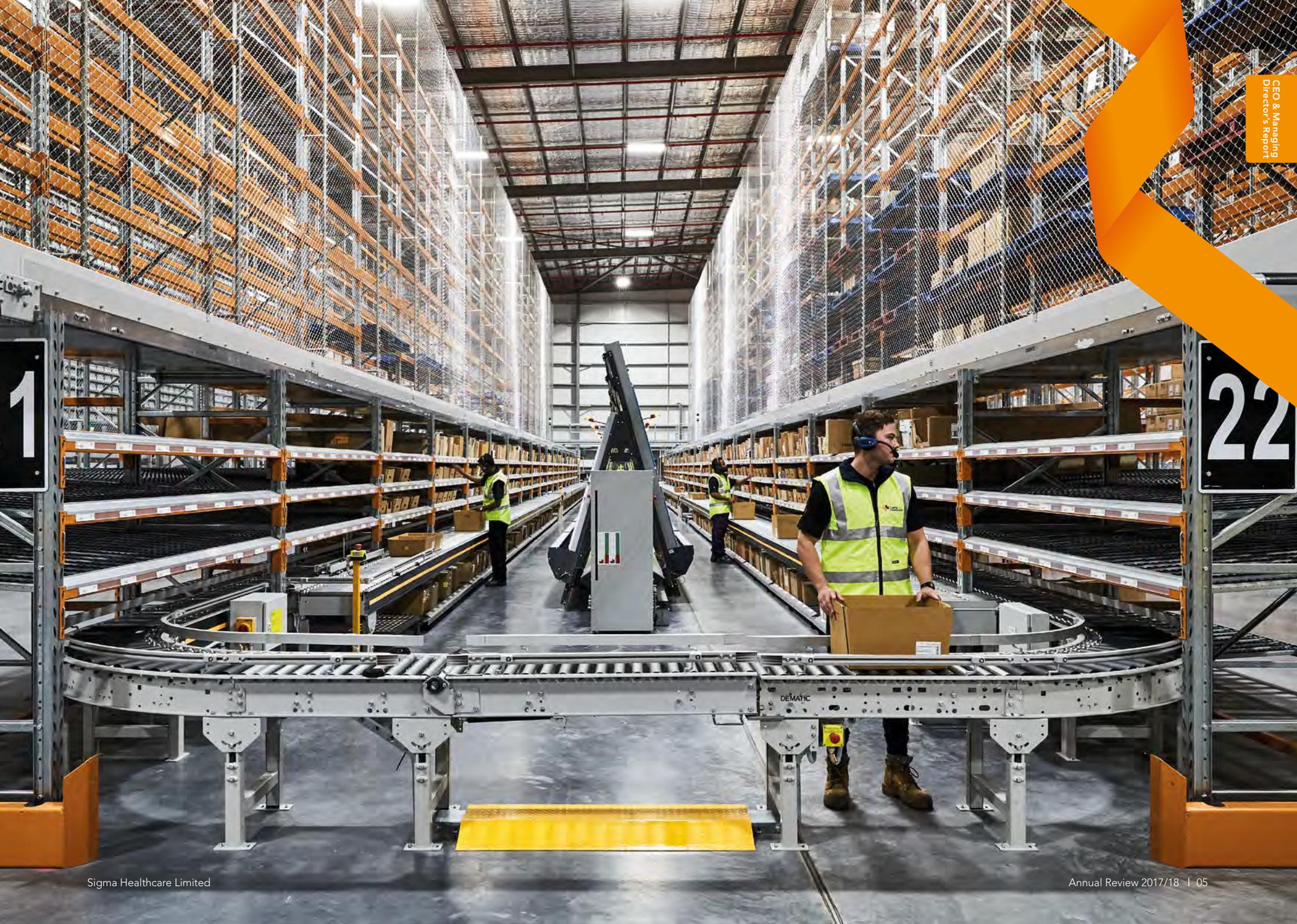
The reality of most businesses is that nothing is linear. What is important is that you identify the areas of concern, you have a clear strategy to address those concerns, and you implement that strategy to drive improved business performance. This remains our clear focus.

## Where are contract negotiations at with Chemist Warehouse?

We continue to have commercial discussions with the Chemist Warehouse Group regarding our existing and potential new arrangements. These will play out over the next 12 months. From my perspective, what is most important is maintaining strong business relationships, but also ensuring that any ongoing arrangements make commercial sense for our shareholders.

## What steps are in place to return Sigma to growth?

We have a number of initiatives that will aid our return to longer term growth, although our expectation is for a largely flat result in 2018/19.



# CEO and Managing Director's Report continued

We have realigned our core wholesaling business in line with a more customer focused value proposition. Whilst this may sound like an obvious and simple thing, it has required realignment of critical roles within the business.

Over the past two years we have been building capability within our Sigma Hospital Services business. We are now beginning to see the results from this strategy and there are positive signs for the years ahead.

The acquisition of the **mps** dose administration aid business is performing above our expectations, and has further upside as we begin to leverage the business capability across Sigma and more broadly.

The next three years will also see the staged introduction of new distribution centres across the country that will significantly improve our ability to service our existing customers and attract new customers, as well as leveraging our cost base.

We remain confident of this delivering further organic growth in the future.

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*"We have realigned our core wholesaling business in line with a more customer focused value proposition. Whilst this may sound like an obvious and simple thing, it has required realignment of critical roles within the business. We remain confident of this delivering further organic growth in the future."*

## Does Sigma have the balance sheet to fund the investment in Distribution Centres, a high dividend payout ratio, and the share buy-back?

Sigma continues to have a strong balance sheet that will support the investment in infrastructure and our ability to reward shareholders, both through dividends and the continuation of the share buy-back. Sigma has a history of rewarding shareholders through a high dividend payout ratio, and based on current expectations, we see no reason for this to change. Given our investment cycle, we will be less aggressive with the share buy-back. Importantly, none of this curtails our appetite or ability to continue to seek acquisition opportunities.

## Are there other acquisition opportunities you are considering?

We have a very strong appetite to continue our efforts to broaden our business base, and as always, have a number of opportunities that we are evaluating. Not all will be executed, but it is important that we identify and pursue the right opportunities for the right reasons, and that will ultimately give the required returns for shareholders.

## How do you think about the regulated environment that Sigma operates in?

We obviously operate in a highly regulated environment, so dealing with it is a natural and core part of our business. My key concern is the impact of regulatory changes on the Federal Government's own National Medicines Policy, which continues to serve the community so well, particularly in ensuring the timely and efficient patient access to medicines. The Community Services Obligation (CSO) wholesalers, including Sigma, are the 'arms and legs' that deliver this, so we need to be fairly remunerated to support the role we play and the reinvestment required to sustain it.

## Any final messages you want to send to shareholders?

It has been a challenging year, but I am confident about our strategy moving forward. We have implemented the changes required to drive the next wave of growth for the business, and we have a highly committed and engaged team ready to take on the year ahead. We are investing heavily in our future, so we look forward to that delivering positive progress for our shareholders long term.



**Mark Hooper**  
CEO & Managing Director





Amcal is an integral part of local communities in every state and territory, delivering a customer-focused healthcare experience based on advice and information to improve health and wellbeing outcomes. We are committed to providing friendly service, value for money and, most importantly, expert advice.

“Our customers are at the very heart of everything we do in our pharmacy. Amcal continues to support us in our customer care by having the industry’s best and largest professional services offer.”

**Bob Holland – Amcal pharmacist for 21 years**  
Springfield Day & Night Chemist



# Retail Pharmacy Services

Sigma Healthcare is proud to have the largest pharmacy network in Australia, with over 1,200 branded and independent stores, including some of Australia's best-known pharmacy retail brands: Amcal+, Chemist King, Discount Drug Stores, Guardian and PharmaSave.

This year saw Sigma continue to extend its patient centric focus with the launch and enhancement of a number of programs and health campaigns. Sigma's programs are designed to make it easier for Australians at risk of health conditions to navigate the healthcare system, speed up diagnosis, and once diagnosed, to more effectively manage their conditions.

Significant clinical benefits were delivered to patients of the Be Good To Yourself Program, Flu Vaccination Program and the Kidney Health Program throughout the year. Amcal became the first national group of pharmacies to roll out point of care HbA1c testing to better support Australians living with diabetes. This program has seen many at-risk patients referred to their GP for discussions around risk reduction together with assisting sufferers to improve management and avoid complications of diabetes.

We were extremely proud of our retail brand, Guardian for being the only pharmacy awarded the 5-star Canstar Blue rating for having Australia's most satisfied customers for pharmacy in 2017. Guardian received the highest possible scores for Service and Advice Provided, Availability and Dispensing of Prescriptions, Availability of Pharmacist, Health Management Programs and Overall Satisfaction. We were also very pleased to see Amcal placing second with 4 stars.



**MOST SATISFIED CUSTOMERS  
PHARMACIES 2017**

In November Sigma launched its new pharmacy communications portal 'Central'. This portal is available to all current Amcal and Guardian members and provides the most up-to-date information on Programs, Promotions, Product and Price. The Central portal assists internal pharmacy communication by granting owners and retail managers the ability to share information, schedule meetings and plan events. Central also provides a meeting place for all members to connect, swap tips and share ideas in an open and friendly forum.

The 2018 financial year continued to see Sigma establish its presence in the Chinese direct to consumer market via the Amcal online store. Whilst the approach has been conservative, this year we have seen revenue growth of 105%, a 50% increase to the customer base and a 16% increase to site traffic.

Leveraging on e-commerce opportunities, Sigma also launched its endless aisle solution to a small pilot group. This solution allows direct sales on over 10,000 products and delivers dynamic marketing content to enhance our shoppers experience. This market leading technology solves a problem facing most physical retailers today, as each store can only hold a certain amount of inventory. We are looking to expand the Sigma Endless Aisle Program pilot in the next financial year to enable the sale of a wider range of products in more of our stores nationwide.

NostraData continued to provide market intelligence and insights to pharmacies, suppliers and manufacturers, from scan data collected from over 4,000 retail pharmacies across Australia this year. This represents more than 70% of the Australian market, making it the largest dataset of its kind. The alignment with Sigma delivered CarePro during the 2017/18 financial year. CarePro is a pharmacy platform uniquely positioned to take advantage of NostraData's predictive analytics capability, and Sigma's retail and manufacturer relationships. NostraData's emphasis on advanced big data platforms, cybersecurity and privacy has positioned them as a technology leader in the pharmaceutical space.

The 2018 financial year was positive for Discount Drug Stores, with members experiencing strong sales and professional service growth. In retail, like for like OTC sales grew by over 4.0%, leveraging the agile distribution solutions offered by CHS and enabled bulk buys, which supported both profit and sales growth. The group's strong professional service growth was shown with the average store achieving 17% more Pharmacy Practice Incentives than the average Australian pharmacy (Guildcare 2017). This year also saw the implementation of a DDS branded Medication Management Service, powered by MedAdvisor, across the network.

## Retail Brands

Sigma has one of the largest networks in the community, with our own branded pharmacies representing around 20% of consumer pharmacy spend. Sigma also offers supply and support services to over 600 independent pharmacies. This scale enables Sigma to continue to invest in infrastructure and turnkey solutions that arm pharmacy members with the tools, training, knowledge and know how to differentiate our brands and deliver improved outcomes for their patients.



# LEAPP & Dispensary Services

Sigma Healthcare is pleased to support its branded dispensary excellence programs such as LEAPP and Dispensary Ready.

The LEAPP Dispensary Excellence Program rolled out to 46 pharmacies this past year, with results showing sustainable increases in key business performance metrics, with those pharmacies that have completed the program achieving above market growth. This program currently works with our Amcal and Guardian members to position stores in the pharmacist led, advice driven space to provide better health outcomes for all patients.

The LEAPP program focuses on the areas of leadership, engagement with customers, analytics, physical design and dispensary workflow, plus the execution of professional services. These areas have been shown to be key enablers to facilitate comprehensive patient health services within our pharmacies.

The LEAPP Dispensary Excellence Program is a structured learning and development program comprising of face-to-face workshops, online learning modules, over the phone coaching sessions, webinars, business performance benchmarking and in-store one-on-one coaching sessions.

The Dispensary Ready Program is a Discount Drug Stores initiative. Designed to help improve workflow and upskill pharmacists and pharmacy staff in elevating conversations, which promote a unique and complete health solution for patients.

Powered by the Next Level, the program aims to support stores in the delivery of professional services. By creating efficiencies within the dispensary, pharmacists are able to spend more time out on the shop floor, engaging with customers.

Professional Services Pharmacists deliver training workshops to the pharmacy team on customer engagement strategies and motivational interviewing, with a view to treat customers conditions holistically and elevate customer interactions. By driving best standard dispensary workflow practices, the program helps pharmacies achieve increased efficiency, increased customer engagement, and introduces the notion of the forward dispensing model.

“The LEAPP Dispensary Excellence Program is a structured learning and development program comprising of face-to-face workshops, online learning modules, over the phone coaching sessions, webinars, business performance benchmarking and in-store one-on-one coaching sessions.”



Leadership | Engagement | Analytics  
Physicals | Professional Services

“I learnt many new ways around how to optimise dispensary workflow to create more time with our patients, how to lead our team through change and then sustain that change, and also engage and counsel our patients to improve their health outcomes.”

**Tom Edwards**

Owner Loxton Amcal+ Pharmacy – small format, single pharmacist, two Dispensary Assistants



LEAPP &  
Dispensary  
Services



Chemist King is a big box model which aims to offer its customers the largest range of trusted brand name pharmacy, health and beauty products at market-leading low prices.

With wide aisles, deep shelves and a large footprint Chemist King is known for its wide product selection and friendly service.

"The buying power the brand has negotiated allows me to promote products at hot prices, which lift turnover and basket size and gross profit dollars. The differential product ranges and services also make my pharmacy a destination within my community."

**Thomas Lee**  
Owner Chemist King, Brown Plains Pharmacy



# Distribution Centres Infrastructure Build

We are committed to reinvesting in our logistics network, to continue to drive operational efficiencies and enhance our ability to better service our valued customers.

The 2017/18 financial year brought about the completion of our new Berrinba Distribution Centre in South East Queensland. This is the first major milestone in our three-year generational change program that will see Sigma invest over \$200 million to upgrade our network and provide a step change in capability. The Berrinba facility will deliver over 200,000 units daily, and will significantly improve Sigma's ability to efficiently and effectively service the Queensland and northern New South Wales markets.

Sigma's major investment program continues to gain momentum with the construction of the new Canning Vale

facility in Western Australia. Construction commenced in June 2017 and is now well advanced. The project is running on schedule and within budget, and is planned to be operational in the last quarter of the 2018 calendar year. The new facility is planned to deliver over 90,000 units daily, supporting the healthcare needs of communities as far away as Kununurra, over 3,300 kilometres north, and Esperance, some 700 kilometres south, plus everywhere in-between.

Importantly, both new sites include a number of environmental design features, including solar power, to contribute to the sustainability of the communities in which we operate.

Sigma has also acquired land in Kemps Creek, in the outer western suburbs of Sydney to provide options for enhancing the services Sigma provides in the highest populated state in Australia.

"Sigma's major investment program continues to gain momentum with the construction of the new Canning Vale facility in Western Australia."

## Berrinba – QLD

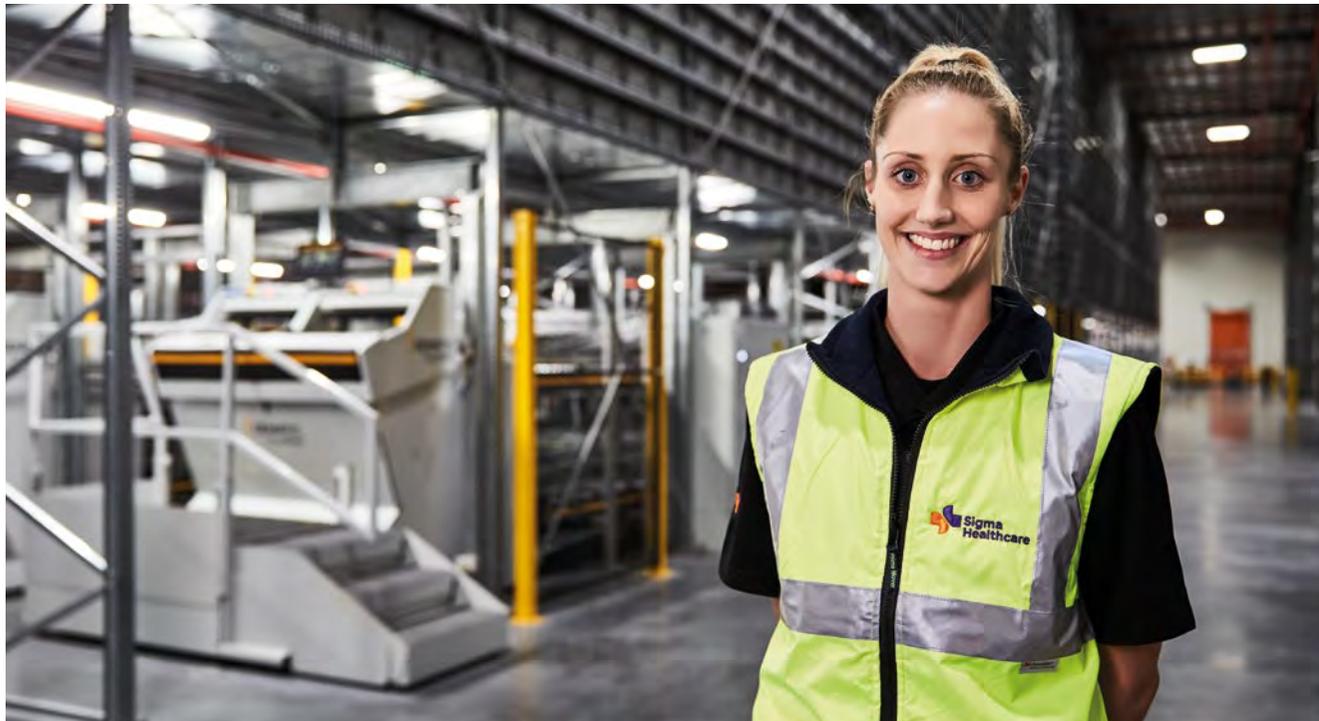
- 15,000 square metre footprint.
- Stocks our full range of 14,000 stock keeping units (sku's).
- Semi-automated, goods to person (GTP) system.
- Site fully operational from April 2018.

## Canning Vale – WA

- 15,000 square metre footprint.
- Will stock our full range of 14,000 sku's.
- Semi-automated, goods to person (GTP) system.
- Site is planned to be operational in Q4 2018.

## Kemps Creek – NSW

- 40,000 square metre footprint.
- Site will bring an even greater capacity for future growth.
- Construction commencing April 2018.
- Site planned to be operational in Q1 2020.



# DISCOUNT DRUG STORES

## DISCOUNT DRUG STORES

It is our mission to ensure all Discount Drug Stores make a positive difference to their customers' wellbeing by providing healthcare solutions at everyday low prices, with an uncompromising approach toward the delivery of professional health advice and exemplary customer service.

"Due to the highly competitive environment we trade in, a brand with a strong focus on competition was a must. However, we also want to be a great destination for our customers and the Discount Drug Stores model provides this."

**Elke Linton**  
Proprietor Discount Drug Stores, Sunbury



# Supply and Logistics Services

Sigma Healthcare's investment in network optimisation will continue to enhance and differentiate its service offering within the wholesale market.

Sigma's wholesaling network is proud to continue to support over 4,000 pharmacy customers across Australia. This year saw over one million products delivered daily from our:

- 11 Sigma Distribution Centres, servicing community pharmacy; and
- four CHS distribution centres servicing community pharmacy, hospital pharmacy and third-party logistics customers.

Significant work continues in the supply chain area with the development of a new predictive forecasting and planning tool which will replace existing legacy systems. This will support the enablement of improved customer service levels and continue to drive efficiencies within our network.

December 2017 brought the implementation of a specific generics planning tool which aims at supporting the Sigma Generics Program and differentiated product offerings. Pleasingly, the execution of sourcing strategies in the indirect spend area has already produced a minimum of 10% savings in some of the target spend areas.

CHS was successful in winning the tender for several major contracts during the FY2018 period and has already commenced supplying products and services to the Commonwealth Department of Defence. The exclusive five-year agreement supports one of Australia's largest and most important employers with daily deliveries to Defence sites nation-wide. CHS also signed an exclusive five-year agreement with Linear Medical for the supply of products to its network. Linear Medical is a wholly owned subsidiary of Ramsay Health Care and supplies medical consumable products to a range of customers, including Ramsay Hospitals.

**260m+**  
Units Distributed  
Throughout the  
Year

**3.97%**  
Line Volumes  
Growth

"Pleasingly, the execution of sourcing strategies in indirect spend has already produced a minimum of 10% savings in some of the target spend areas."



# Sigma Hospital Services

Sigma Hospital Services is continuing to grow rapidly. The strategic focus and investment in expanding the service offering now sees Sigma Hospital Services having a national presence with annualised revenue of around \$250 million and a strong pipeline of growth opportunities.

This year has seen our Hospital Pharmacy Services team expand in response to the strong growth and rising need for customer support.

In September 2017, we announced the expansion of our market share in Victoria with Sigma Hospital Services being the successful tenderer of two key contracts, for Northern Health and Western Health. Together these new contracts are worth close to \$40 million in sales a year. Supply of pharmacy products to Northern Health's five major healthcare campuses has already commenced and organic business growth has been seen across the existing business.

The New South Wales portion of Sigma Hospital Services continues to bring growth and will build nicely into FY2019. Feedback from customers suggest this is largely related to the relationships of our people backed by improved stock on hand and service levels out of the purpose-built distribution centre.

Sigma Hospital Services continues to seek opportunities to accelerate our growth through bringing innovative, competitive and compelling solutions to the market.

There has been a consistent increase in the use of complex, difficult to access and expensive medicines by the general patient population. Growth of these medicines is now greater than non-speciality drugs.

Many patients are initiated on therapy in a hospital setting, before being discharged into the primary care environment, which can be largely fragmented.

Opportunities exist for Sigma Hospital Services to leverage existing capabilities and networks to deliver a differentiated service offering with sustainable growth.



"Sigma Hospital Services is driven to make it easier for patients to access and effectively use complex medicines by solving challenges in the existing care model."

**7%**  
National  
Market Share

**\$250m**  
Annualised  
Revenue



## Guardian

Guardian pharmacies are proud to deliver advice, trust and care to Australian families. Every single Guardian pharmacy exists to serve and support the health of its local community with familiar faces delivering ongoing personalised advice you can trust. Guardian's pharmacists put people at the heart of one-to-one care.

"My edge is my connection with my local community and its people. Guardian understands this and provides me all the retail support to keep my retail offer relevant in a crowded market – loyalty club, private label, buying and merchandising support."

**Glenn Bennett-Hullin**

Owner of Guardian Vines Road Pharmacy



PharmaSave strives to provide care, value and service across its network of over 100 stores.

PharmaSave offers competitive pricing and trusted brands. PharmaSave are a self-managed community pharmacy model with a strong reputation amongst its customers for innovation and value.

*“Very happy with the support that PharmaSave provides. From better store appearance, good supportive team members, to increased buying power, they have got it all!”*

**Chee Chen**  
Owner of PharmaSave Seaford Pharmacy



# Acquisitions – mps and MIA

**mps** and MIA were welcome additions to the Sigma business during the year, continuing our pursuit of a broader business base that connects patients to healthcare solutions.

In September 2017, Sigma expanded into dose manufacturing with the acquisition of the **mps** business. **mps** is more than a packing house, providing medication management services, and individual medication sachet doses packaged at one of three TGA-approved facilities.

**mps** complements Sigma's existing business to now offer pharmacists, their community patients and the residents of Residential Aged Care (RAC) facilities, Dose Administration Aid (DAA) solutions to better support their ongoing healthcare needs.

This service allows pharmacies, some of who are dispensing to multiple facilities and over 500 residents, to efficiently meet the medication management needs of their RAC facility customers.

**mps** was founded in Brisbane in 1997, and is today Australia's largest provider of medication management solutions with approximately 20% market share in the RAC facility market. In addition, **mps** began servicing the community pharmacy market three years ago and has rapidly grown to now support over 15,000 patients. Further strong growth is anticipated, supported by solutions that cover the spectrum of patient requirements, including **mps** Packettes, DIY Blister Packing, and the new **mps** RediPack solution, which will more than double the capacity of pharmacists to service their customers' needs. **mps** continue to develop proprietary software solutions that empower customers to better manage their health.

In December 2017, Sigma also acquired the business of Medical Industries Australia (MIA), a distributor of medical devices and consumables to hospitals, pharmacy and aged care across Australia.



Since 2010, MIA has compiled an extensive range of TGA registered and trade mark proprietary products, such as Platinum sterile surgical packs, gels and gloves, and the Proxi-mate falls prevention devices.

Both **mps** and MIA complement and are well aligned with the broader Sigma Healthcare business. Each will draw product, services and support from Sigma's distribution centres across Australia. They both operate in highly fragmented market segments, providing significant opportunity to open broader market access in conjunction with Sigma's existing business servicing retail pharmacy, our Hospital Services business, and the potential to enhance our aged care and Department of Defence services.

**“Both **mps** and MIA complement and are well aligned with the broader Sigma Healthcare business. Each will draw product, services and support from Sigma's distribution centres across Australia.”**

# Supporting Our Team

Recognising that our people are our greatest asset, Sigma is committed to creating a safe and engaging workplace, where our team members can be their best.

A significant focus was placed on aligning our culture to support our transformation agenda this 2017/18 financial year and to better understand how we can continue to attract, retain and motivate our talent. To leverage this, a large investment was made in a cultural change program called 'Build our Tribe'. This program involved the formation of a group of change agents across all functions and levels of the company to develop and lead initiatives and new ways of working that support continuous improvement and our transformation agenda.

We are pleased that the grassroots approach to change management has been a success. One of the many outputs is the development and launch of a new set of behaviours that our team have embraced and committed to exhibit as a member of Team Sigma.

## Culture and Engagement Survey

We changed the way we measure team member satisfaction this year by working with an external partner, Best Practice Australia, to measure both engagement and organisational culture. The survey results provided Sigma with over 54,000 pieces of qualitative data and 19,000 narrative comments which in turn gave valuable insight into how our team experiences life at Sigma.

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We are pleased that the grassroots approach to change management has been a success. One of the many outputs is the development and launch of a new set of behaviours that our team have embraced and committed to exhibit as a member of Team Sigma.

Some of our strengths from the survey included:

- 91% of our team reported their workplace as a safe place to work.
- Indicators of job satisfaction, pay, flexibility and workloads all benchmarked above average against the external workforce.
- 74% of our team feel confident in their ability to respond to future challenges and change, positioning us well for our transformation agenda.

The results of the survey have been widely embraced by our team, with 84 separate team reports generated which provide local leaders with specific feedback that they can action. KPI's are in place for senior leaders to develop and deliver on engagement and culture action plans that respond to their team's specific feedback.

Areas for enhancement that were identified included improving our internal communication around strategy and developing the skills of our line managers. Sigma has responded to the survey feedback, and is working on initiatives to improve the quality of our internal communications and provide more context to our team about our strategic direction and how they contribute to it. We've also declared 2018 as 'The Year of the Line Manager', recognising that by investing in the capability and skills of our leaders and providing them with better information and tools, they will be well placed to drive increased engagement and a positive culture.

## Health and Safety Performance

This year Sigma continued to build on its strong culture of safety and commitment in providing a safe and healthy environment for team members to thrive.

Safety is a key focus of our culture, and is linked to incentives. With safety reporting provided monthly, right up to Board level, our 'safety-first' approach is well embedded and reinforced by regular training, audits and campaigns.

Our three major incident types in 2017 included muscular skeletal, impact with objects and cuts/lacerations. Initiatives to reduce these incident types included:

- development of a program to pilot wearable devices on team members' shoulders and backs to identify poor practices and spot early intervention opportunities;
- introduction of plant impact and safety monitoring equipment to record impacts against operators and identify opportunities for training and task adjustment; and
- the introduction of compulsory wearing of cut resistant gloves when team members are using box cutters in our warehouses to reduce the risk of cuts and lacerations.

Other initiatives delivered this year to reinforce and build on our safety culture included:

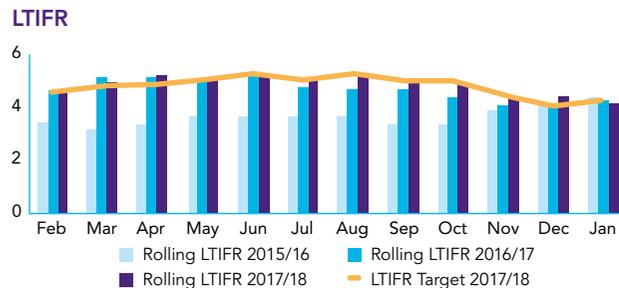
- the development of a mental health strategy and action plan, recognising the prevalence of mental illness in our community, and the importance of providing a work environment and culture that can support team members who may be experiencing mental health issues;
- continued focus on our drug and alcohol awareness training, including random drug testing;
- providing a free flu vaccination service to all team members; and
- extending our Employee Assistance Program to the immediate family members of our team.

## Health and Safety Management System Audits

Health and Safety Management System compliance audits of our sites are a key element of our health and safety governance. Audits are conducted throughout our operational sites by accredited management systems auditors within our safety team, to measure compliance against the relevant Australian Standards and Legislation. This year's result was 93.09% compliance, a pleasing 2.06% increase over last year's result of 91.03% compliance.

## LTI/LTIFR

Sigma recorded ten lost time injuries (LTI's) for the year (LTI = one or more lost time days per the yearly accounting period). This data includes newly acquired subsidiary businesses. Our LTI frequency rate or LTIFR was 4.91, up from 4.25 the previous year, with the main cause for the increase being two LTI's sustained within our subsidiary businesses and no appreciable increase in the total hours worked used for calculation. Sigma has implemented a review of safety induction and training modules, along with implementation of our health and safety management system into subsidiary businesses, to help ensure the ongoing safety of our team members.



## Shine at Sigma

We recognise the efforts of our team members who demonstrate Sigma's values in an outstanding way. This year saw 48 teams or team members nominated by peers for Shine Awards, with 24 of those nominees selected as Shine at Sigma winners during the year.

Our overall Shine at Sigma winner for 2017 was Neda Bagaric (Inventory Team Leader at the Rowville DC in Victoria). Neda won the award due to her extremely hard work to ensure key objective monitoring was adhered to, overall managing of daily tasks and her consistent efforts to positively lead and motivate her team.

Rowville DC Manager, Yasine Akkari, commented that "the outcome of Neda's hard work and commitment has enormously assisted team members at the Rowville DC with order fulfilment and has made a positive impact on how we service our customers".

In line with Sigma's philosophy of supporting the communities in which we operate, Neda was eligible as part of her award to select a charity of her choice to which Sigma would make a financial donation. Neda's chosen charity, the Summer Foundation, will use her donation to create two digital clips to communicate their new national online platform, The Housing Hub (which exclusively lists specialist disability accommodation) nationally via social media, forums and direct communication. The clips will each be the length and format of a television commercial and will be instrumental in the Summer Foundation connecting its targeted 500 young people with disability to a new home over the coming three years.



Mark Hooper and Neda Bagaric.

As per Sigma's philosophy of supporting the communities in which we operate, Neda was eligible to select a charity of her choice to which Sigma would make a financial donation.

# Supporting the Community

Sigma's continued commitment to supporting the community in which we operate is a key driver for supporting charities throughout our network.

At a corporate level, Sigma provides support for the amazing work of the Summer Foundation, which works actively to create, lead and demonstrate long-term sustainable changes that give young people with acquired disability alternatives to being forced into nursing homes. The Summer Foundation utilises a range of strategies which cross research and government policy to identify and construct real life working solutions for its target audience.

In November 2017, Kirby, an ambassador for The Summer Foundation, and her family were guests at our annual Supplier Gala Dinner where \$55,000 was raised and donated to support the Summer Foundation. Admiration for Kirby's courage and her parents dedication was the inspiration for an additional donation of a much needed family holiday.

Sigma also supports the work of Carers Australia through its Amcal+ and Guardian network. Carers Australia is the national peak body which represents Australia's unsung heroes in the community who are committed to caring for those in need. In May 2017, Sigma team members attending the Amcal+ and Guardian Retail Conference assembled and donated bikes to Carers Queensland, along with a cheque for \$5,000. These bikes were then presented to carers of all ages and demographics in recognition of the tremendous caring role they play. In addition, at the 2017 Sigma Supplier Gala Dinner, \$55,000 was donated to support the ongoing work of Carers Australia.

"Sigma also supports the work of Carers Australia through its Amcal+ and Guardian network. Carers Australia is the national peak body which represents Australia's unsung heroes in the community who are committed to caring for those in need."

Discount Drug Stores continues to be a long-time supporter of Assistance Dogs Australia who provides a free service to people with disabilities. Recipients include those born with developmental and acquired disabilities, autism and sufferers of post-traumatic stress disorder. DDS sponsored one more puppy in 2017, which means nine assistance dogs have been sponsored by the group since 2012. The Western Australian Discount Drug Stores also banded together again this year to raise and donate an impressive \$15,700 in support of Assistance Dogs Australia.

Free To Be is a charity based in Kolkata, India and aims to protect children in the community from vulnerabilities. Discount Drug Stores is proud to support this charity who not only provide a residential care facility for children in need but also improve access to education, food security and gender equality. Along with financial support, DDS conducts an annual 'Get a Shot, Give a Chance' campaign with \$2 from every flu vaccination being donated to the charity. Last year's campaign raised \$22,000 to support Free To Be.

PharmaSave has a long and proud association with I Give A Buck Foundation of Australia (IGAB). IGAB works to harness the power of individuals, local businesses and local media to allow them to make a real difference in the lives of severely disadvantaged children. IGAB run individual appeals for each child that they help with 100% of donations made going to that child.

Our productive relationship with Sigma is highly valued by Carers Australia and continues to go from strength to strength.

Unpaid carers underpin many of the nation's health services and without them many of these services would simply cease to exist. Through their valuable contributions and engagement, Sigma plays a central role in giving unpaid carers a greater chance of recognition and support among the wider community.

**Ara Cresswell**  
Chief Executive Officer Carers Australia



<https://youtube.com/watch?v=h9eY1phYV74>

The Summer Foundation operates in a way which influences policy and practice to change systems, ultimately to resolve the need for young people with disability to live in Residential Aged Care (nursing homes) because they have no other options. Our work often involves piloting new ideas, testing the validity of these ideas, then advocating to have these changes embedded in systems. We work across the health, disability and aged care system, as well as the housing sector. The partnership between Sigma Healthcare and the Summer Foundation has in the past enabled us to mobilise quickly, responding to opportunities by providing support to action an idea or project in a timely manner. Often these projects are things we'd like to do, but are limited in achieving quickly due to the time restrictions involved in seeking funding sources.

The Summer Foundation is very grateful for the ongoing committed and generous assistance that Sigma Healthcare provides. This dependable support enables us to continue moving forward, and delivering the work we believe will have the greatest impact and bring us closer to our ultimate goal, that of young people with disability having real choice in relation to where and how they live.

**Carolyn Finis**  
Chief of Staff The Summer Foundation

*"Choice, control and privacy are really important. I want to decide when to go to bed and what time to get up"*

*Young woman living in group home*

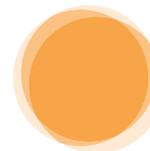
*"I didn't ask to live here; I came here from hospital because there was a vacancy. It's just a building in the middle of nowhere"*

*Young man living in a nursing home*



<https://youtu.be/zJfafZTJnFI>

SUMMER  
FOUNDATION



## Supporting the Environment

Sigma is constantly looking to improve our environmental impact and control our footprint where possible.

This year saw Sigma significantly improve our waste diversion as a whole, which has in turn decreased our general waste and costs nationally. Waste going to landfill decreased by 12.2% across the business and the average amount of recycling diverted from landfill increased by 4.8% over all sites. Pleasingly this improvement in recycling now means that over 75% of product, which equates to an extra 34.14 tonnes of average waste, are now being diverted from landfill.

We are also continuing to integrate environmentally friendly initiatives into our new Distribution Centres going forward, with the following already rolled out in our Berrinba site:

- LED lighting installed throughout with movement detectors to control switching in most areas to avoid lights being left on unnecessarily.
- Cooling controlled by an environmental monitoring system which will accurately monitor and control the required temperature.
- Solar hot water to be utilised in the amenities and lunch room.
- 250kW roof-mounted solar power systems which has produced over 120mW of electricity in our Berrinba DC. Per annum the solar systems will generate up to 20% of electricity usage and will save up to 340 tonnes of CO<sub>2</sub> emission.
- Stormwater collection of at least 40,000 litres is utilised for flushing toilets and irrigation of landscaping.
- Water used in monthly fire pump test is recycled back into the water storage tanks.

FREE SCRIPT REMINDER SERVICE

KEEP YOUR SCRIPTS ON

Don't go 'til you know



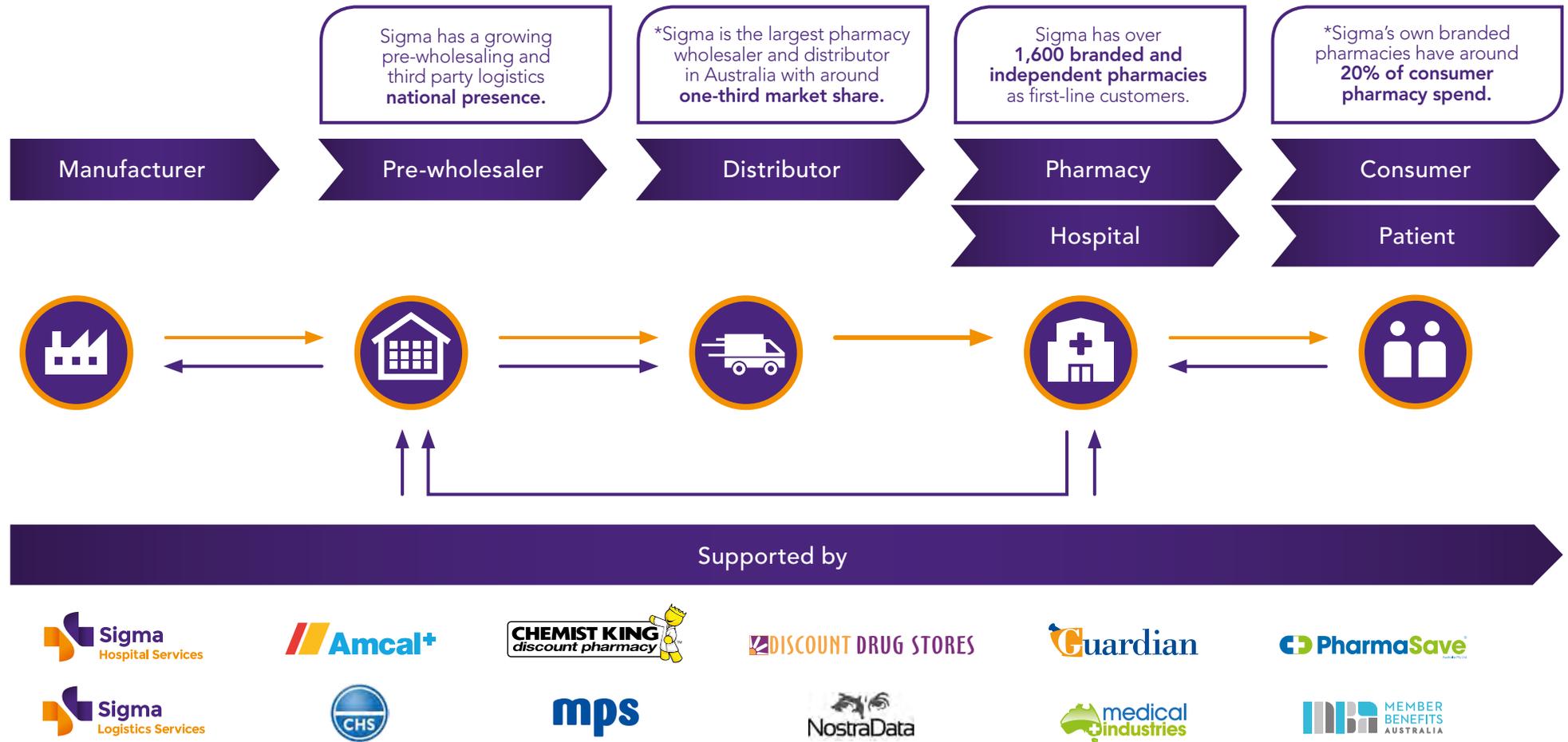
PHARMACIST ON DUTY



APOTEX ADVANCING GENERICS

# Sigma's Role in Health

Sigma Healthcare is committed to **connecting health solutions** that enhance patient outcomes.



Sigma's Role  
In Health

\*IBIS World Industry Reports dated October 2017 and March 2018.

# Board of Directors



**Mr Brian Jamieson  
(Chairman)**

FCA, FAICD

Non-Executive Chairman and Director



**Mr Mark Hooper  
(CEO & Managing Director)**

BBus (Acc), CPA, FFTP, MAICD

Executive Director



**Mr David Bayes**

FAICD

Non-Executive Director, Chairman of the People and Remuneration Committee, Member of the Risk Management and Audit Committee



**Ms Kathryn (Kate) D Spargo**

LLB (Honours), BA, FAICD

Non-Executive Director, Member of Risk Management and Audit Committee

Appointed a Director of Sigma Healthcare Limited in May 2003, and Chairman of Sigma Healthcare Limited in June 2010. He is also Chairman of Mesoblast Limited and a Director at the Bionics Institute. He is a former Managing Partner of Minter Ellison Lawyers Melbourne, former Chief Executive of KPMG Australia and former director of Bank of Western Australia Limited, CareAustralia, HBOS Australia Limited, Tigers Realm Coal Limited, Oz Minerals Limited and Tatts Group Limited. Mr Jamieson has over 30 years' experience in providing advice and audit services to a diverse range of public and large private companies. He has not held any directorships of listed entities in addition to those set out above during the last three years.

Appointed Managing Director of Sigma Healthcare Limited in August 2010. Mr Hooper has a broad range of experience in finance, commercial and operational matters primarily in the mining and pharmaceutical industries. Mr Hooper is a former Chief Financial Officer and Executive Director of PaperlinX Limited. From 2006 to 2008 Mr Hooper was the Chief Financial Officer and Chief Operating Officer for the Pharmacy and Consumer business for Symbion Health Limited. Prior to that Mark was Chief Financial Officer of Sigma from 2001 to 2006. Mr Hooper has not held a directorship of any other listed entity during the last three years.

Appointed a Director of Sigma Healthcare Limited in June 2007. Mr Bayes has held a variety of board and executive positions including former Chief Executive Officer of Choice Hotels Australasia, Chief Operating Officer of Mortgage Choice, Chief Executive Officer and Director of Bakers Delight, former Non-Executive Director of Chiquita Brands South Pacific Ltd, former Non-Executive Director of North Western Healthcare Network and former Vice President and Director of McDonald's Australia. Mr Bayes is a Non-Executive Director of the Australian Institute of Company Directors and is the current President of the Victoria Council, Australian Institute of Company Directors. Mr Bayes has over 35 years' experience in multi-outlet retail business. Mr Bayes has not held any directorships of listed entities in addition to those set out above during the last three years.

Appointed a Director of Sigma Healthcare Limited in December 2015. Ms Spargo holds a Bachelor of Law with Honours and an Arts degree from the University of Adelaide. She has gained broad business experience as both an adviser, having worked in private practice and government, and as a director of listed and unlisted companies. Ms Spargo is currently Non-Executive Director at Sonic Healthcare Limited, Adairs Limited, CIMIC Ltd and Xenith IP Ltd. Ms Spargo has held a directorship in a listed entity over the past three years as Chairman in UGL Limited and Non-Executive Director in Fletcher Building Limited. In addition, Ms Spargo's current directorships in unlisted companies include Director of ColInvest Limited and the Geelong Football Club. Ms Spargo is a fellow of the Australian Institute of Company Directors.



### Mr Raymond M Gunston

BComm (Hons), DipEd, FCPA, FTA, GAICD

Non-Executive Director, Chairman of the Risk Management and Audit Committee, Member of the People and Remuneration Committee

Appointed a Director of Sigma Healthcare Limited in July 2010. Mr Gunston is a Non-Executive Director and Chairman of the Board, Audit and Risk Committee of Hotel Property Investments Limited. He has over 35 years of extensive corporate and financial services experience in the public and private sectors across many industry segments, specialising in finance, treasury, mergers and acquisitions, and accounting. He is a former Chief Financial Officer of Tatts Group Limited, and a former director of many of the Tatts Group's subsidiary and associate companies, and the former Interim CEO for the Essendon AFL Football Club. Mr Gunston is currently General Manager – Infrastructure, Major Projects and Investment of the Australian Football League and Chairman of Etihad Stadium. Mr Gunston has not held any directorships of listed entities in addition to those set out above during the last three years.



### Mr David G Manuel

BPharm, MPS, MAICD

Non-Executive Director, Member of the People and Remuneration Committee

Appointed a Director of Sigma Healthcare Limited in October 2009. Mr Manuel is a community pharmacist and an active participant in industry affairs with a special interest in cognitive services such as Opiate Dependency treatments, Compounding, and Aged Care pharmacy services. Mr Manuel is a Director of Black Swan Healthcare Ltd (formerly Perth North Metro Medicare Local Ltd). He is the current Western Australian representative on the Amcal Guardian National Council (AGNC). He is a current Branch Committee Member of The Pharmacy Guild of Australia (WA Branch). Mr Manuel has not held a directorship of any other listed entity during the last three years.



### Ms Christine Bartlett

BSc, MAICD

Non-Executive Director, Member of People and Remuneration Committee

Appointed a Director of Sigma Healthcare Limited in March 2016. Ms Bartlett holds a Bachelor of Science (Pharmacology and Physiology) from the University of Sydney and has completed the Harvard University Advanced Management Training and Global Executive Program. As an experienced CEO and senior executive, Ms Bartlett has broad commercial expertise, with a particular focus in areas of financial discipline, risk management, innovation, technology, and strategy execution. Ms Bartlett's current directorships in listed entities include Non-Executive Director at Mirvac Group and GBST Ltd. Ms Bartlett has not held any other directorships in listed entities over the past three years. In addition, Ms Bartlett's current directorships in unlisted companies include Non-Executive Director of Clayton Utz and TAL, and Chairman of The Smith Family. Ms Bartlett is a member of UNSW Australian School of Business Advisory Board, Chief Executive Women, and the Australian Institute of Company Directors.



### Mr Sam Lawson

BComm, LLB (Hons – 1st Class)  
Barrister and Solicitor (VIC), High Court  
General Counsel and Company Secretary

Mr Lawson commenced with Sigma Healthcare Limited in January 2016. Before joining Sigma, he was a Senior Associate at Minter Ellison for over six years, specialising in mergers and acquisitions, corporate, securities transactions and contracts. Mr Lawson has also worked for Slaughter and May in London and Freehills (now Herbert Smith Freehills) in Melbourne.

# Executive Leadership Team



**Mr Mark Hooper**  
BBus (Acc), CPA, FFTP, MAICD  
CEO & Managing Director



**Ms Iona MacPherson**  
BAdmin (Acc), CA, GAICD  
Chief Financial Officer



**Mr Jeff Sells**  
BBus (Acc), CA, MAICD  
Harvard Business School – Advanced  
Management program  
Executive General Manager Retail Pharmacy



**Mrs Jackie Pearson**  
BAppSc (Psych) (Hons), MBA  
Executive General Manager Business Transformation

Appointed Managing Director of Sigma Healthcare Limited in August 2010. Mr Hooper has a broad range of experience in finance, commercial and operational matters primarily in the mining and pharmaceutical industries. Mr Hooper is a former Chief Financial Officer and Executive Director of PaperlinX Limited. From 2006 to 2008 Mr Hooper was the Chief Financial Officer and Chief Operating Officer for the Pharmacy and Consumer business for Symbion Health Limited. Prior to that Mark was Chief Financial Officer of Sigma from 2001 to 2006. Mr Hooper has not held a directorship of any other listed entity during the last three years.

Ms MacPherson was appointed Chief Financial Officer of Sigma Healthcare Limited in November 2016 and assumed responsibility for business development and strategy from March 2018. Before joining Sigma, Ms MacPherson held CFO and Company Secretarial roles at UXC Limited (2015-2016), Boom Logistics Limited (2007-2014) and Australian Air Express (2003-2007). Prior to this she worked with KPMG for 13 years in their Edinburgh, Hong Kong and Melbourne offices. Ms MacPherson is a highly experienced executive with the combination of financial, commercial and operational acumen and a demonstrated ability to execute transformational change.

Mr Sells rejoined Sigma Healthcare Limited as CFO in August 2010 having previously worked for Sigma as Group Treasurer from 2001 to 2004. In 2016 he moved into the new role of Executive General Manager Strategy and Business Development where he had responsibility for strategy development activities, as well as the strategic and operational leadership for the CHS business. Mr Sells was appointed Executive General Manager Retail Pharmacy in March 2018. From September 2008 to August 2010 Mr Sells was CFO of Citadel Resources Group Ltd, and for a four-year period from 2004 to 2008 he was the CFO for Oxiana Limited. Prior to this, from 1991 to 2000, Mr Sells held various treasury and finance roles at Ashton Mining Limited.

Mrs Pearson commenced with Sigma Healthcare Limited in August 2005, spending much of her time as Executive General Manager Human Resources. In May 2016 she was appointed Executive General Manager Business Transformation and is responsible for delivering complex cross-functional business transformation solutions from concept and design through to deployment and benefit measurement. Mrs Pearson holds a Bachelor of Applied Science – Psychology (Honours) and a Master of Business Administration.



**Mr Richard Church**

FCILTA

Executive General Manager Operations



**Ms Paula Jeffs**

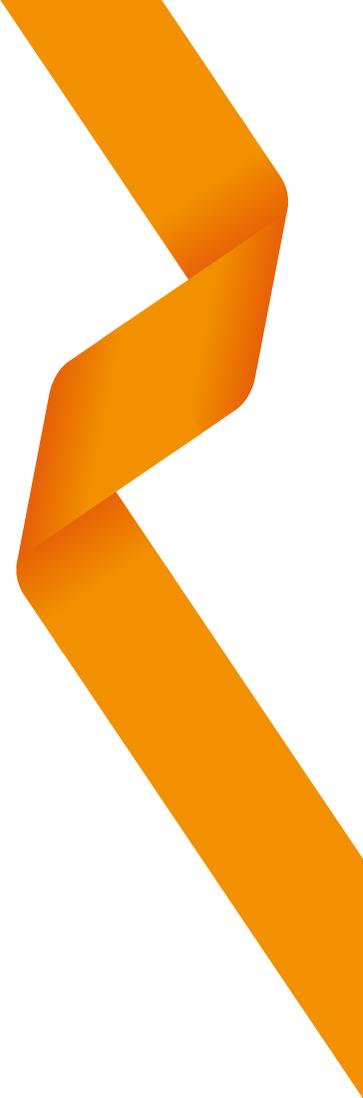
BA (Psych & Media), Grad Dip Business (HR/IR), GAICD

Executive General Manager Human Resources

Mr Church joined Sigma Healthcare Limited as General Manager Logistics in November 2012, and was subsequently appointed Executive General Manager Operations in March 2018, responsible for future network design, development and implementation, and day to day supply chain, logistics and inventory. Prior to joining Sigma, Mr Church held a number of roles with Wesfarmers, including General Manager Logistics Operations Vic/Tas/SA/WA and Programme Manager DC Network Optimisation. Prior to this Mr Church held Senior Supply Chain and Retail roles with Sainsburys Supermarkets in the UK.

Ms Jeffs was appointed Executive General Manager Human Resources of Sigma Healthcare Limited in February 2017. Prior to joining Sigma, Ms Jeffs was Executive Director HR at Austin Health (2011-2017) and spent the previous 15 years with ANZ Banking Group Ltd in various human resource roles including with Retail and Commercial Banking, and leading ANZ's Group Talent and Succession portfolio. Ms Jeffs brings to Sigma strong experience as a HR Executive Leader including aligning cultures to business strategy, building organisational capability and driving transformational change.

At Sigma, we believe a **United** team and **Safe** environment promote culture. We do this by **Trusting** our team and partners. We openly communicate and hold each other **Accountable** in a **Respectful** way.



# Consolidated Statement of Comprehensive Income

For the year ended 31 January 2018

	2018 \$'000	2017 \$'000
Sales revenue	4,129,819	4,366,208
Cost of goods sold	(3,845,456)	(4,076,662)
<b>Gross profit</b>	<b>284,363</b>	<b>289,546</b>
Other revenue	83,478	77,153
Warehousing and delivery expenses	(145,055)	(131,817)
Sales and marketing expenses	(64,343)	(74,665)
Administration expenses	(65,609)	(59,607)
Litigation settlement expense	-	(11,368)
Depreciation and amortisation	(9,087)	(8,287)
<b>Profit before financing costs and tax expense (EBIT)</b>	<b>83,747</b>	<b>80,955</b>
Finance income	1,462	1,735
Finance costs	(6,474)	(6,021)
<b>Net finance costs</b>	<b>(5,012)</b>	<b>(4,286)</b>
<b>Profit before income tax</b>	<b>78,735</b>	<b>76,669</b>
Income tax expense	(23,349)	(23,163)
<b>Profit for the year</b>	<b>55,386</b>	<b>53,506</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net change in fair value of financial asset	833	(192)
Exchange differences on translation of foreign operations	(139)	120
Income tax relating to components of other comprehensive income	(208)	22
<b>Other comprehensive income/(loss) for the year (net of tax)</b>	<b>486</b>	<b>(50)</b>
<b>Total comprehensive income for the year</b>	<b>55,872</b>	<b>53,456</b>
<i>Profit attributable to:</i>		
Owners of the Company	55,059	53,184
Non-controlling interest	327	322
<b>Profit for the year</b>	<b>55,386</b>	<b>53,506</b>
<i>Total comprehensive income attributable to:</i>		
Owners of the Company	55,545	53,134
Non-controlling interest	327	322
<b>Total comprehensive income for the year</b>	<b>55,872</b>	<b>53,456</b>
<b>Earnings per share (cents) attributable to owners of the Company</b>		
Basic earnings per share	5.6	5.4
Diluted earnings per share	5.2	5.0

The above Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements in the Annual Report 2017/18.

# Consolidated Balance Sheet

As at 31 January 2018

	2018 \$'000	2017 \$'000
<b>Current assets</b>		
Cash and cash equivalents	82,249	24,403
Trade and other receivables	577,870	566,895
Inventories	353,981	322,000
Income tax receivable	3,819	-
Prepayments	6,376	5,427
Assets classified as held for sale	9,123	-
<b>Total current assets</b>	<b>1,033,418</b>	<b>918,725</b>
<b>Non-current assets</b>		
Trade and other receivables	868	3,459
Property, plant and equipment	128,515	77,870
Goodwill and other intangible assets	125,371	102,694
Other financial assets	2,292	1,458
Net deferred tax assets	17,775	14,676
<b>Total non-current assets</b>	<b>274,821</b>	<b>200,157</b>
<b>Total assets</b>	<b>1,308,239</b>	<b>1,118,882</b>
<b>Current liabilities</b>		
Bank overdraft	-	32,129
Trade and other payables	568,804	523,770
Borrowings	195,014	14
Income tax payable	-	581
Provisions	17,530	15,893
Deferred income	3,159	2,220
<b>Total current liabilities</b>	<b>784,507</b>	<b>574,607</b>
<b>Non-current liabilities</b>		
Other payables	344	426
Borrowings	788	1,016
Provisions	4,777	4,050
Deferred income	2,564	196
<b>Total non-current liabilities</b>	<b>8,473</b>	<b>5,688</b>
<b>Total liabilities</b>	<b>792,980</b>	<b>580,295</b>
<b>Net assets</b>	<b>515,259</b>	<b>538,587</b>
<b>Equity</b>		
Contributed equity	1,200,755	1,226,904
Reserves	14,272	10,552
Accumulated losses	(701,919)	(700,693)
Non-controlling interest	2,151	1,824
<b>Total equity</b>	<b>515,259</b>	<b>538,587</b>

The above Consolidated Balance Sheet is to be read in conjunction with the Notes to the Consolidated Financial Statements in the Annual Report 2017/18.

# Five Year Summary

	2018 \$m	2017 \$m	2016 \$m	2015 \$m	2014 \$m
<b>Operating results</b>					
Sales revenue	4,129.8	4,366.2	3,461.1	3,142.1	2,973.5
EBITDA	92.8	89.2	90.3	85.6	76.6
EBIT	83.7	81.0	80.4	78.0	70.3
Profit/(loss) before tax	78.7	76.7	76.8	75.6	68.3
Profit/(loss) after tax	55.4	53.5	50.5	52.8	53.5
<b>Financial position</b>					
Working capital	378.9	387.1	490.4	455.6	416.8
Fixed assets (including intangibles)	253.9	180.6	160.1	156.0	75.4
Other assets/(liabilities)	(3.8)	(20.4)	(40.2)	(72.2)	19.1
Capital employed	628.9	547.3	610.3	539.4	511.3
Net debt/(net cash)	113.6	8.7	56.6	(33.7)	(67.5)
Net assets	515.3	538.6	553.7	573.1	578.8
<b>Shareholder related</b>					
Dividend					
– ordinary per share	5.0c	5.5c	5.0c	2.0c	4.0c
– special per share	-	-	-	1.0c	-
– total dividends (\$ millions)	53.1	59.2	54.0	32.8	44.9
Earnings/(loss) per share	5.6c	5.4c	5.0c	5.1c	4.9c
Dividend payout ratio	97%	111%	107%	62%	84%
Net tangible asset backing per share	37c	41c	42c	43c	50c
Market capitalisation (year-end)(\$ millions)	949	1,302	885	875	672
<b>Ratio and returns</b>					
EBIT margin <sup>1</sup>	2.0%	1.9%	2.3%	2.5%	2.4%
Gearing <sup>2</sup>	18.1%	1.6%	9.3%	n/a	n/a
Interest cover <sup>3</sup>	18.5x	20.8x	26.0x	34.8x	38.7x

1. EBIT/Sales Revenue.

2. Net debt/Capital employed (year-end). In 2014 and 2015, the Group had cash and cash equivalents over and above total debt.

3. Reported EBITDA/Net Financing Costs (times).

# Contacts

## Company Details

### Sigma Healthcare Limited

Registered Office  
3 Myer Place  
Rowville VIC 3178 Australia  
[www.sigmahealthcare.com.au](http://www.sigmahealthcare.com.au)

### Corporate Head Office

3 Myer Place  
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**Tel** +61 (0)3 9215 9215  
**Fax** +61 (0)3 9215 9188

### Directors and Senior Management

Refer to pages 26 to 29  
of this review or visit  
[www.sigmahealthcare.com.au](http://www.sigmahealthcare.com.au)

### Company Secretary

**Sam Lawson**  
General Counsel and  
Company Secretary  
3 Myer Place  
Rowville VIC 3178 Australia

### Auditors

Deloitte Touche Tohmatsu

### Share Registry Details

Link Market Services  
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Sydney South  
NSW 1235 Australia  
**Tel** (within Australia) 1300 554 474  
**Tel** (international) +61 (0)2 8280 7111  
**Email** [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Healthcare Offices

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McKay Avenue Grove Estate  
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17–19 Windsor Street  
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### CHS Offices

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12 William Dean Street  
Eastern Creek NSW 2766 Australia  
**Tel** +61 (0)2 9435 0625

14 Access Avenue  
Yatala QLD 4207 Australia  
**Tel** +61 (0)7 3330 2401

10 Hugh Edwards Drive  
Perth Airport WA 6105 Australia

### PharmaSave Office

151–153 Clarendon Street  
South Melbourne VIC 3205 Australia  
**Tel** +61 (0)3 9981 1200

### Discount Drug Stores Office

56–58 Jephson Street  
Toowong QLD 4066 Australia  
**Tel** +61 (0)7 3720 5500

### mps Office

8 Clunies Ross Court  
Eight Mile Plains QLD 4113 Australia  
**Tel** (within Australia) 1800 003 938

### Medical Industries Australia Office

87 Mars Road  
Lane Cove West NSW 2066 Australia  
**Tel** +61 (0)2 9490 6200  
**Fax** +61 (0)2 9490 6298

## Recent Dividends

Dividend	Date Paid	Cents Per Share
2018 Final	20 April 2018	2.50
2018 Interim	5 October 2017	2.50
2017 Final	21 April 2017	3.00
2017 Interim	3 October 2016	2.50
2016 Final	21 April 2016	3.00
2016 Interim	7 October 2015	2.00
2015 Special	16 April 2015	1.00
2015 Final	16 April 2015	2.00
2015 Interim	-	-.#

# Due to insufficient franking credits, no 2015 interim dividend was paid.

## Shareholder Calendar\*

2017/18 AGM	16 May 2018
Half-year results	6 September 2018
Ex-dividend date	18 September 2018
Record date	19 September 2018
Interim dividend payment	4 October 2018
Full-year results	21 March 2019
Ex-dividend date	3 April 2019
Record date	4 April 2019
Final dividend payment	18 April 2019
2018/19 AGM	15 May 2019

\* Dates may be subject to change.

### For investor, media or government enquiries in relation to Sigma

**Gary Woodford**  
Corporate Affairs Manager

**Tel** +61 (0)3 9215 9215  
**Email** [investor.relations@sigmahealthcare.com.au](mailto:investor.relations@sigmahealthcare.com.au)





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